COVER SHEET

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SEC Registration Number

D M C I   H O L D I N G S , I N C .

(Company's Full Name)

3 R D   F L R . D A C O N   B L D G .   2 2 8 1

P A S O N G   T A M O   E X T . M A K A T I   C I T Y

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

HERBERT M. CONSUNJI	888-3000
Contact Person	Company Telephone Number

(Last Wednesday of July)

1 2	3 1	**SEC Form 17-Q** **First Quarter Interim Report 2011**	0 7	3 0
Month	Day	FORM TYPE	Month	Day
Fiscal Year			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

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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, 2011**

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

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

5. Philippines   6. [ ] (SEC Use Only)

   Province, Country or other jurisdiction of incorporation or organization   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	3,780	3,780.00
TOTAL	2,655,497,780	Php2,655,497,780.00

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, 2011** are contained herein.

MANAGEMENT DISCUSSION AND ANALYSIS OF RESULTS OF CONSOLIDATED OPERATIONS AND CONSOLIDATED FINANCIAL CONDITION FOR THE QUARTER AND PERIOD ENDED MARCH 31, 2011.

I. RESULTS OF OPERATIONS

DMCI Holdings, Inc. (the "Company") reported a jump of 61% in its first quarter consolidated attributable net income to P2.2 billion this year. Despite a slight dip in general construction contributions and the non-inclusion of the steel fabrication business, significant growth in the mining segments along with the sustained improvement in the real estate, water and power segments caused the increase in the Company's bottom line.

Below is a table on the 1st quarter net income contributions of the Company's businesses for 2011 and 2010:

NET INCOME (after Minority)

(in Php Millions)	For the period		Variance	%
	2011	2010		
Coal Sales	739	312	427	137%
Nickel Ore Sales	197	6	191	3186%
MINING	936	318	618	194%
CONSTRUCTION	362	390	(27)	-7%
REAL ESTATE	224	166	58	35%
ELECTRICITY	262	32	230	719%
WATER	498	391	107	27%
STEEL FABRICATION	-	111	(111)	-100%
PARENT & OTHERS	(16)	(1)	(15)	1500%
TOTAL	**2,267**	**1,406**	**861**	**61%**

For the quarter, mining was the main driver of the extensive growth of the Company's bottom figure due to higher coal prices and the improved operations in the direct shipping nickel ore business. The water and real estate segments registered modest improvements as well. This year marks the non-inclusion of Atlantic Gulf & Pacific Company of Manila, Inc., the Company's previously owned steel fabrication as this entity was sold in December 2010.

WATER

The Company's investment in the water sector is recognized mainly through the equity investment in the partnership with Metro Pacific Investments Corp. (MPIC) with the actual operations under Maynilad Water Services, Inc. (Maynilad). Maynilad handles the water distribution and sewer services for the western side of Metro Manila.

The Company's first quarter net contributions from water investments reported a 27% increase from P391 million last year to P498 million this year.

Below is a table which details the breakdown of the consolidated 1st quarter operating results of the water investments of the Company:

(in Php millions)	**Q1 2011**		**Q1 2010**	
	Consortium	**DMCI share**	**Consortium**	**DMCI share**
Operating Net Income (Maynilad level)	1,400		1,068	
Less: Minority	113		62	
Operating Net Income after Minority	1,287	**574**	1,006	**449**
Less: Consoritum Items				
Fair Value/ Goodwill	131	**58**	58	**26**
Forex Losses (Gain)	19	**8**	13	**6**
Depreciation	7	**3**		**-**
Minority Adjustments		**-**	59	**26**
Others	12	**5**		**-**
Subtotal	169	75	130	58
Net Income (Loss)	1,118	498	876	391

Water operating efficiencies continued to improve as Maynilad reported an increase in first quarter net income from P1 billion in 2010 to P1.4 billion in 2011, of which DMCI's beneficial share is P449 million and P574 million respectively. Billed volume was up 4.2%, despite a 7.5% dip in water supply that mainly caused non-revenue water (NRW) to go down to 51% this year from 57% last year. Billed services also grew 10.5% to 918 thousand accounts but growth was mainly on residential connections, the tariff rates and consumption of which are essentially lower. As a result, Maynilad water service revenue was slightly up. Non-cash opex showed a 7% growth while cash opex reported a 16% increase 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.

CONSTRUCTION

The construction business experienced a marginal decrease from its unprecedented growth last year as there were no additional projects worked on in the 1st quarter this year. Majority of the revenues came from the tail-end works from the Skyway Extension project and the continuing activity from the 168 Residences and the delayed but now fully resumed Raffles Hotel. These projects contributed but with no new contracts to realize, construction revenues and income marginally fell.

Despite the seeming slowdown, D.M. Consunji, Inc. (DMCI), the Company's heritage company and flagship construction subsidiary, was awarded significant vertical building contracts in the 1st quarter of 2011, the works of which will start only after the period. These projects are the Casino-Hotel project of ICTSI owner Enrique Razon, located at the Pagcor Entertainment City in Pasay City with a project cost of around P8.6 billion; and other significant building contracts amounting to P1.4 billion including a residential condo in Makati for San Miguel and a corporate headquarters located in Fort Bonifacio, Taguig. These projects are envisioned to provide the much needed additional revenues moving forward.

In addition, DMCI expects the completion and finalization of the MRT-7 and Trans-Asia Coal Power Plant contracts to be in place within the year. These contracts were essentially awarded to DMCI but still pending finalization of details. Hopefully, these additional infrastructure contracts will generate the much needed lift in revenues in the future.

Although delayed, we believe the infrastructure development programs of the current Philippine government will inevitably materialize. As such, the Company, thru DMCI, is very much interested in the construction of these initiatives. The Company believes it is well positioned to be a driver and a beneficiary of the country's 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 already in compliance with International Accounting Standards. There was a plan to adopt this in the country 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 P166 million last year to P224 million this year. Realized housing sales for the period grew by 52% to P1.1 billion this year from P752 million last year as realized sales from the completion of of existing projects: East Raya, Magnolia Place, Ohana Residences and Rosewood Pointe all contributed to improvement in real estate revenues.

A better representative of current demand would be sales and reservations for the period which experienced an increase of 41% from P3.8 billion in 2010 to P5.4 billion in 2011. Increasing demand for DMCI housing units coming mainly from new projects: La Verti Residences in Taft, Pasay City; the Redwoods in Fairview, Novaliches; Siena Park in Bicutan Paranaque and Stellar Place in Quezon City pushed sales take-up higher. Moreover, increased take up from existing projects East Raya and Magnolia Place also added to the growth in sales and reservations.

Housing net interest income for the period dropped by 21% is due mainly to a decrease in realized interest from housing receivables and an increase in interest expense from receivables discounting.

Operating expenses in the real estate segment were higher by 14% due to:

- Increase in selling and marketing activities such as advertising, sales incentives, marketing tools, ads, project launches, etc.
- Increase in employee salaries & wages
- Increase in utilities

Note that most of the Company's housing units have a selling price below P3 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 incentives. With this the Company's housing segment enjoys income tax holidays for units sold under P3 million.

MINING & POWER

Coal Mining & Power (Calaca)

The Company's coal mining business which owns the major power generating asset, Calaca are both lodged under the 56%-owned and publicly listed Semirara Mining Corp (SMC). SMC reported an improvement in first quarter operating results from a net contribution of P739 million for coal mining and P262 million for power generation in 2011 compared to P312 million and P57 million respectively in 2010. This was mainly due to higher coal prices and the growth in period results for the Calaca operations.

Below is SMC's management discussion and analysis of results of operations and financial condition for the period ending and as of March 31, 2011 compared to March 31, 2010 as lifted from its first quarter financial report with the PSE and SEC:

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

2011 FIRST QUARTER OPERATION

Mining capacity increased in 2010 when the Company invested in new equipment. This increase in capacity is reflected in high total material movement of 26,850,240 bank cubic meters (bcm) in the first quarter of operations this year. With strip ratio standing at 14.03:1, run-of-mine (ROM) coal produced totaled to1,821,530 metric tons (MTs), comprised of 1,413,665 MTs of clean coal and 407,865MTs of washable coal. Net product coal produced during the period totaled to 1,641,800MTs.

In its pursuit to increase mineable coal reserve inventory, the Company conducts exploration activities. Currently, drilling activities are done at the Eastern part of the island. Once the in-house program is concluded, the Company plans to have the additional reserves certified by a local competent person on coal resource and mineable reserve and have it further certified in accordance with JORC standards.

Meanwhile, increase in production and sales necessitated corresponding improvement in logistic support. To augment the existing three (3) loading facilities, the Company is currently constructing another barge loading facility proximate to the auxiliary stockpile area to hasten coal transfer.

Domestic demand for Semirara coal during the period remained strong. However, with healthy inventory levels in China as at the end of 2010, export sales is not as robust compared to previous periods. Nonetheless, total coal sold during the quarter is still impressive at 1,641,514 MTs. Ending coal inventory closed at 469,429 MTs.

On the other hand, the power segment generated 432 GWhr this period. Unit 2, the newly rehabilitated plant, underwent several post rehabilitation shutdowns, for fine tuning. Meanwhile, Unit 1 registered an average capacity of 160 MW with 53% utilization and Unit 2 at 171 MW with 57% utilization during the period. Energy generation by Unit 1 and 2 registered at 243GWhr and 189GWhr, respectively.

2011 FIRST QUARTER FINANCIAL CONDITION

Consolidated Revenues for the first three months of operations posted at PHP5.90 billion, while Cost of Sales totaled to PHP3.17 billion. Net of eliminating entries, the coal and power segments generated Revenues of PHP3.95 billion and PHP1.95 billion, respectively. At the parent level, there is a positive sales variance of 16% resulting from *improvement in average coal price, offset by reduction in volume sold compared to Q1 of prior year. In contrast, the power subsidiary recorded a 22% reduction in energy sales due to lower average price per kwhr than Q1 2010 and 12% decline in volume sold.*

Meanwhile, the coal business recorded Cost of Sales of PHP1.92 billion, while the power segment incurred PHP1.25 billion. At the parent level, cost of sales decreased by 2% resulting from the decrease in number of unit sold, offset by the impact in increase in cost of coal sold per unit. The power subsidiary on the other hand, recorded a decline in Cost of Sales by 32% resulting from lower volume in power sold and lower volume and cost of spot purchase.

The resulting consolidated Gross Profit stood at PHP2.73 billion, with the coal and power segments each contributing PHP2.03 billion and PHP700.77 million, respectively.

Consolidated Operating Expenses totaled to PHP958.68 million. The coal segment's Operating Expenses of PHP718.95 million is inclusive of provision for Government Share of PHP582.97 million. Meanwhile, management fees of PHP172.90 million is the biggest item in the power segment's Operating Expenses of PHP239.72 million.

To finance its capital expenditures and rehabilitation of Unit 1 of Calaca Power Plants, the Company availed of loans with consolidated accrued Interest Expenses of PHP124.94 million for the period. Of this amount, PHP38.39 million is attributed to the coal segment, while the remaining PHP86.56 million was incurred by the power segment. For both segments, the 38% decline in finance cost is essentially due to lower interest rates.

Meanwhile, due to cash accumulation from healthy sales levels, the coal segment recorded Interest Income of PHP10.96 million from short-term placements compared to last year same period where utilization of internally generated cash was maximized for the Company's investment in power asset.

As the peso further strengthened against the US dollar, the Company booked consolidated Forex Gains of PHP16.02 million during the period. The coal and power segments each accounted for gains of PHP14.89 million and PHP1.13 million, respectively.

The coal segment recognized Other Income of PHP17.14 million. This is mainly comprised of gains on sale of assets which amounted to PHP16.39 million for the period.

The resulting consolidated Income Before Tax stood at PHP1.69 billion. The coal and power segments' contribution was at PHP1.31 billion and PHP375.62 million, respectively.

Both business segments enjoy Income Tax Holidays as Bureau of Investments (BOI)-registered companies. Hence, consolidated Income Tax Provision is at minimal level of PHP3.52 million. The coal and power segments each accounted for PHP1.59 million and PHP1.93 million, respectively.

As a result, consolidated Income After Tax stood at PHP1.69 million, the coal and power segments' contribution was at PHP1.31 billion and PHP373.69 million, respectively. The group's EPS for Q1 stood at P4.73 per share.

Consolidated Current Assets closed at PHP12.67 billion, posting a 20% increase from beginning balance of PHP10.28 billion. The coal and power segments respectively accounted for PHP8.01 billion and PHP4.65 billion.

Consolidated Cash and Cash equivalents grew by 8% at PHP4.11 billion, from beginning balance of PHP3.81 billion. Positive income generation from the coal and power segments boosted ending cash levels at PHP2.74 billion and PHP1.37 billion, respectively.

Consolidated Receivables stood at PHP4.17 billion, reflecting a 31% increase from beginning level of PHP3.18 billion. The coal and power segments Receivables of PHP2.03 billion and PHP1.96 billion are mainly trade related. Included in this account is Due from Related Parties of PHP177.41 million from the coal segment, representing operating advances.

Consolidated Net Inventories likewise increased by 24% at PHP2.96 billion from PHP2.38 billion beginning balance. This is mainly due to high ending levels of spare parts and supplies for both business segments, resulting from facilities expansion and increase in equipment complement. The coal and power segments ending Inventories for the period stood at PHP1.98 billion and PHP974.94 million, respectively.

Consolidated Other Current Assets closed at PHP1.42 billion, registering a significant increase of 56% from beginning level. The coal segment's Other Current Assets of PHP1.07 billion is mainly comprised of advances to suppliers and security deposits, pre-paid rent and insurance. Meanwhile, the power segment's Other Current Assets amounting to PHP339.54 million mainly accounted for advances to suppliers and pre-paid insurance.

Consolidated Non-Current Assets remained flat at PHP20.14 billion from PHP20.21 billion beginning balance. The coal and power segments each contributed PHP3.54 billion and PHP16.60 billion, respectively.

Acquisitions of additional equipment during the period were offset by depreciation. Hence, consolidated Property Plant and Equipment (PPE) also remained flat at PHP19.55 billion from PHP19.58 billion beginning balance. The coal and power segments accounted for PHP3.40 billion and PHP16.16 billion, respectively.

Consolidated Investments and Advances posted a minimal 1% growth at PHP313.86 million from PHP310.23 million. The coal and power segments accounted for PHP2.50 million and PHP311.36 million, respectively.

The movements of the foregoing accounts resulted to an 8% growth in consolidated Total Assets which closed at PHP32.80 billion from beginning balance of PHP30.50 billion. The coal segment's Total Assets stood at PHP11.55 billion, while the power segment'sclosed at PHP21.25 billion.

Consolidated Total Liabilities likewise increased by 3% at PHP18.77 billion from PHP18.16 billion as at the start of the year. The coal and power segments accounted for PHP7.39 billion and PHP11.38 billion, respectively.

Consolidated Total Current Liabilities recorded an increase of 6%, closing at PHP7.37 billion from PHP6.93 billion beginning balance. The coal and power segments' portions closed at PHP4.35 billion and PHP3.02 billion, respectively.

Consolidated Trade and Other Payables closed at PHP5.82 billion, recording an increase of 9% from beginning level of PHP5.35 billion. Bulk of coal segment's Trade and Other Payables of PHP3.93 billion is trade related, amounting to PHP2.85 billion, while provision for Government share was at PHP582.97 billion. Payable to other government *agencies, accrued expenses and due to related parties accounted for the balance. Meanwhile, the power segment posted Trade and Other Payables of PHP1.89 billion as at the end of the quarter, which is mainly comprised of trade related payables totaling to PHP1.85 billion. Other payables are accrued expenses and due to related parties.*

The coal segment recorded Short-term loans amounting to PHP417.70 million. These are mainly letters of credits issued to suppliers for various materials and parts.

Meanwhile, the power segment posted Current-portion of Long Term Debt of PHP1.13 billion. This pertains to the current portion of the PHP9.6 billion project financing debt availed in 2010 related to the acquisition of the power business.

Consolidated Total Non-Current Liabilities amounted to PHP11.40 billion, registering a 2% growth from beginning balance of PHP11.22 billion. The coal and power segments accounted for PHP3.04 billion and 8.36 billion, respectively.

The 2% growth in consolidated Long-Term Debt at PHP11.34 billion from PHP11.16 billion as at the start of the year is attributed to the additionalloan availed by the coal segment to finance its capital expenditures.. Meanwhile, the power segment's Long-Term portion of its debt dropped after reclassification to short-term portion. The coal and power segments' long-term portion of debts closed at PHP2.98 billion and PHP8.36 billion, respectively.

There were no other significant movements in other non-current liabilities during the period. The coal segment recorded Pension Liability, Provision for Decommissioning and Site Rehabilitation, and Deferred Tax Liabilities remained at PHP20.00 million, PHP11.88 million, and PHP28.09 million, respectively.

Consolidated Stockholders' Equity showed a 14% growth at PHP14.03 billion from PHP12.34 billion as at the start of the year. Income generation during the period accounted for the growth. The coal and power segments' Equity closed at PHP12.12 billion and 1.91 billion, respectively.

2011 COMPARATIVE REPORT

I. PRODUCTION

Good weather conditions complement increased mining capacity, such that Total Material movement increased by 38% quarter on quarter. This year's material movement reached 26,850,240 bcm as compared to Q1 2010 material movement of 19,447,774bcm.

Strip ratio in the current quarter is 43% higher at 14.03:1 compared to 9.8:1 in Q1 2010 as there were more equipment that handled advance stripping of coal overburden. As a result, ROM coal production dipped by 1% at 1,821,530 MTs compared to 1,849,130 MTs in Q1 2010. Similarly, net product coal dropped by 2% at 1,641,800 MTs versus 1,672,346 in Q1 2010.

Meanwhile, ending inventory increased by 14% at 469,429 MTs this period as against 413,372 MTs in Q1 2010.

The power segment on the other hand only generated 432 GWhr, down by 7% compared to Q1 last year as the newly rehabilitated plant, Unit 2, underwent several post rehabilitation shutdowns to undergo further reconditioning and refinement of the rehabilitation works to reinstate it back to its rated capacity. Nevertheless, Unit 2 *registered at 300MW capacity when it was operating post-rehab but not yet on a continuous basis. It has yet to be subjected to reliability test before it can be officially declare that it is operating at rated capacity. Meanwhile, Unit 1 registered an average capacity of 160 MW with 53% utilization and Unit 2 at 171 MW with 57% utilization during the period. Energy generation by Unit 1 and 2 registered at 243GWhr and 189GWhr, respectively.*

II. MARKETING

Domestic demand for Semirara coal significantly increased as reflected by the impressive 58% increase in total local sales at 1,179,608 MTs this period compared to 747,880 MTs in Q1 2010. On the other hand, export demand softened as shown by the 63% drop in total export sales at 461,906 MTs from 1,262,887 MTs last year. As a result, total volume sold dropped by 18% from 2,010,767 MTs in Q1 2010 to 1,641,514 MTs.

The increase in local sales is largely attributed to the higher off-take by the power industry this year which totaled to 787,255 MTs, registering a 98% increase over Q1 2010 volume of 397,929 MTs. The power segment is the biggest single consumer of Semirara coal, buying 411,608 MTs this year, 49% higher than Q1 2010 total deliveries of 276,013 MTs. Meanwhile, the 208% increase in sales to other power plants, which reached 375,647 MTs this year as against 121,916 MTs in Q1 2010, is due to the commissioning of new plants that use Semirara coal in the Visayas region. The Company entered into a long-term coal supply contract these new plants.

Cement plants likewise posted an increase of 21% in the current quarter at 210,016 MTs as compared to 174,030 MTs last year. Other industrial plants registered a slighter 4% growth at 182,337 MTs from 175,921 in Q1 last year.

Most of export deliveries are to China. Since customers in China built up inventory during the last quarter of 2010, most orders for coal are scheduled for delivery starting Q2 this year. This mainly explains the drop in export sales quarter on quarter.

Meanwhile, composite average FOB price per MT recorded a robust growth of 42% at PHP3,040 per MT vis-à-vis PHP2,142 per MT in Q1 2010. Since the Company already benchmarks its prices with current market price, the increase in global coal prices correspondingly benefited the Company. This is notwithstanding the weakening of the dollar against the peso, which negatively impacts export revenues.

On the other hand, the power segment sold a total of 455 Gwhr, of which 79.5% was served to transition/bilateral supply contracts, while the rest were sold to the sport market. Total volume sold is 12% lower than Q1 2010 as generated power was lower, just about enough to supply contracted energy demand with lower excess generated power sold to the spot market. The composite average price for the period is PHP3.47 per kwhr against PHP5.31 per kwhr in Q1 2010. BCQ price is almost the same as last year, however, average spot price is low at only PHP2.70 per kwhr compared to Q1 last year which is at PHP8.03 per kwhr. The lower spot price was driven by the availability of hydro power plants.

III. FINANCE

A. Sales and Profitability

Net of eliminating entries, consolidated Revenues dropped by 3% at PHP5.90 billion in the current period as against PHP6.09 billion last year. High composite average FOB *price per MT offset the decrease in coal sales volume quarter on quarter. As a result, coal Revenues even posted a 10% growth at PHP3.95 billion over Q1 2010's PHP3.60 billion. On the other hand lower average price per KWh at PHP3.47 this year versus PHP5.31 in Q1 2010 and decreased energy sales of 455 GWh this quarter versus 469GWh last year caused the 22% drop in Energy Revenues at PHP1.95 billion in the current period as compared to last year's PHP2.49 billion.*

Meanwhile, consolidated Cost of Sales recorded a steeper decline by 25% at PHP3.17 billion as against PHP4.25 billion in Q1 2010. This is mainly due to an 18% decline in volume of coal sold which resulted to a 20% drop in Cost of Sales at PHP1.92 billion versus PHP2.41 billion in Q1 2010. The power segment likewise reflected improvement in Cost of Sales with a 32% decrease compared to last year's level, due to lower total fuel cost resulting from lower generated power, and lower spot purchase in both volume and cost. Cost of Sales in the power segment is at PHP1.25 billion in the current period as against PHP1.83 billion in Q1 2010.

The resulting consolidated Gross Profit posted a 48% growth at PHP2.73 billion from PHP1.85 billion in Q1 2010. The coal and power segments accounted for PHP2.03 billion and PHP700.77 million, respectively. Consolidated Gross Profit Margin is higher at 46% this quarter versus 30% last year.

Meanwhile, consolidated Operating Expenses registered a 7% decrease at PHP958.68 million from PHP1.03 billion in Q1 2010. Higher coal Revenues correspondingly resulted to higher Government Share, hence the coal segment's Operating Expenses increased by 13% at PHP718.95 million as against PHP634.29 million in Q1 2010. On the other hand, the power segment recorded a significant 39% drop at PHP239.72 million from PHP394.02 in Q1 last year mainly due to lower recorded local taxes, licenses and fees. This effectively pulled down the consolidated Operating Expenses.

Lower interest rates brought down consolidated Financing Costs at PHP124.94 million from PHP202.24 in Q1 2010. The coal and power segments accounted for PHP38.39 million and PHP86.56 million respectively. The power segment's interest-bearing liabilities is more than the coal segment after it availed of PHP9.6 billion project financing loan in 2010.

With a healthy cash position, the coal segment recognized Finance Revenues of PHP10.95 million as at the end of the period. This is 956% higher than Q1 2010 generation of PHP1.04 million. In 2010, both business segments' cash were fully utilized to pre-pay PSALM debt to minimize interest expenses.
Consolidated Forex Gains improved by 45% at PHP16.02 million from PHP11.04 million in Q1 2010. This is due to the continuous strengthening of the peso against the dollar. The coal and power segments recognized PHP14.89 million and PHP1.13 million, respectively, this year.

The coal segment recognized Other Income of PHP17.14 million, mainly from gain on sale of retired assets. In Q1 2010, it incurred net Other Expenses of PHP8.33 million from bank charges, offset by meager interest income.

Consolidated Income Before Tax registered a 172% growth at PHP1.69 billion from PHP620.96 million in Q1 2010. The power segment obtained BOI registration in Q2 2010,.Since both companies have Income Tax Holidays this year as BOI-registered businesses, consolidated Provision for Income Tax is minimal at PHP3.52 million as compared to PHP27.12 million in Q1 last year.

The resulting Net Income After Tax reflected a 184% growth at PHP1.68 billion over last year's PHP593.84 million. The increase in Earnings per Share (EPS) is lower at 121% as the Company increased its outstanding shares after selling its treasuring shares in Q2 2010 and going into a stock rights offering in July 2010. Q1 2011 EPS stood at PHP4.73 this period as against PHP2.14 in Q1 2010.

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

Consolidated Net Cash Provided by Operations totaled to PHP757.36 million, 69% lower than PHP2.41 billion in Q1 2010. Although Operating Income Before Working Capital Changes is 73% higher this year at PHP2.60 billion as against PHP1.51 billion in Q1 2010, the decrease in Inventories of PHP726.19 million and substantial increase by PHP1.71 billion in Trade and Other Payables largely contributed to the net positive change in working capital in Q1 of prior year. Notably, increased mining capacity this year correspondingly necessitated an increase in Inventories of parts, supplies and materials amounting to PHP581.91 million. The build up of trade receivables resulted to increase in receivables by PHP988.26 million. The net increase of Current Assets and Current Liabilities of P1.84 billion resulted to net cash generated from operations of PHP757.36 million.

Meanwhile, lesser Capex this year translated to lower additions to PPE at PHP568.44 million, as compared to PHP1.13 billion in Q1 2010.

The Company's loan availment of PHP961.31 million this year was partially offset by loan payments amounting to PHP780.90 million. Hence, it booked additional cash generated from financing activities amounting to PHP180.42 billion. On the other hand, loan payments in Q1 2010 was higher at PHP9.70 billion as compared to loan availments totaling to PHP8.46 billion, thus recording net cash used in financing activities of PHP1.24 billion.
Net cash inflow in the current period is 51% lower at PHP293.09 million compared to PHP595.62 million in Q1 2010. However, with healthier beginning balance, Cash End is 281% higher this period at PHP4.11 billion as against PHP1.08 billion in Q1 2010.

The Company's robust cash position greatly accounted for the improvement in Current Ratio at 1.70x as against 0.50x in Q1 2010. Debt-to-Equity ratio likewise improved at 1.34:1 as compared to 1.43:1 in Q1 2010.

IV. PERFORMANCE INDICATORS:

1. ***<u>Earnings per Share</u>*** *– The 184% growth in the Company's Net Income resulted to a significant improvement in EPS, despite a bigger capital base this year. This indicates growth sustainability as the Company succesfully expanded its business.*

2. ***<u>Debt-to-Equity Ratio</u>*** *– The improving leverage position of the Company indicates that management is in the right track in operating its business. The timely expansion in capital base afforded the Company to finance its mining capacity expansion and rehabilitation of one power plant without unduly leveraging the business.*

3. ***<u>Business Expansion</u>*** *– The coal segment's capacity is at a record high. Meanwhile, unit 2 of the Calaca power plants has been successfully rehabilitated. Despite the costs that these activities required, the financial condition of the Company remains strong.*

4. ***Expanded Market*** – *It is worthy to note that during the quarter, the power segment successfully renegotiated an expiring bilateral contract and gained a new off-taker. Meanwhile, the coal segment has a long-term contract to supply new power plants in the Visayas region.*

5. ***Improved coal quality*** – *Enhancing the quality of its coal is a challenge that the Company continuously takes on. Customer satisfaction is an important aspect of the Company's operations. The Company recognizes that its marketing success stemmed from improving coal quality.*

Nickel

The Company's venture into nickel mining was revived in 2010 when a mining contract with Benguet Mining was finalized in March of 2010. DMCI Mining, Corp., the Company's nickel and metals (non-coal) mining company, set out to mine and market relatively high concentration nickel ore (1.8%-2% nickel content) at the Benguet mine in Zambales with the agreement to effectively share in the net proceeds from the sale of nickel ore. This has proved a good venture for DMCI Mining as first quarter operations for 2011 led to P197 million net income compared to just P6 million net income in 2010 since operations in Benguet only went full stream starting April 2010. First quarter nickel ore shipments reached 490 thousand wet metric tons (WMT) this year compared to only 126 thousand WMT last year. Both selling price and volume was much better this year. Note that the Company co-owned DMCI Mining with SMC 50:50 until the Company purchased SMC's equity in DMCI Mining late in 2010.

Evident of the Company's competence in mining and having arguably the best working port in the area, DMCI Mining has quickly taken the opportunity to mine and ship nickel ore proving its resilience to the commodities market movements.

II. FINANCIAL CONDITION

December 31, 2010 (Audited) – March 31, 2011 (Unaudited)

The Company's financial condition for the period improved as total assets and net assets increased by 13% and 10% respectively.

Cash increased by a significant 61% due mainly from operations of the different business and the syndicated loan raised by the real estate business.

Total receivables (current and non-current) went up by 14% due mainly to new sales in all sectors except construction.

Consolidated inventories reported a 14% increase as coal and real estate inventories grew due to the current business demands.

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

Property plant & equipment didn't move significantly with not much acquisitions in the period.

Accounts & other payables increased mostly as a result of the syndicated loan at the real estate segment. Also, trade operations, deferred revenues and accruals helped increase payables.

Customer's deposits grew with the growing demand for DMCI Homes units despite their completion. Receipts from these customers helped push-up the customer's deposit account.

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

Current ratio slightly dipped from 1.78 to 1.74 due mainly from reclassification of receivables-current to non-current.

Debt to equity ratio went-up due to the syndicated debt issued at the real estate business but only slightly from 1.20 to 1.27 as earnings for the period helped improve the equity position.

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 Millions)	For the period		Variance	%
	2011	2010		
Coal Sales	3,952	3,602	349	10%
Nickel Ore Sales	956	211	745	354%
MINING	4,907	3,813	1,094	29%
CONSTRUCTION	2,622	2,787	(165)	-6%
REAL ESTATE	1,140	752	388	52%
ELECTRICITY	2,113	2,491	(378)	-15%
PARENT & OTHERS	33	33	0	0%
TOTAL	**10,815**	**9,875**	**939**	**10%**

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 mining and real estate sectors (*see Part I. Results of Operations – different segments for a detailed discussion per business)*.

SEGMENT NET INCOME

NET INCOME (after Minority)

(in Php Millions)	For the period		Variance	%
	2011	2010		
Coal Sales	739	312	427	137%
Nickel Ore Sales	197	6	191	3186%
MINING	936	318	618	194%
CONSTRUCTION	362	390	(27)	-7%
REAL ESTATE	224	166	58	35%
ELECTRICITY	262	32	230	719%
WATER	498	391	107	27%
STEEL FABRICATION	-	111	(111)	-100%
PARENT & OTHERS	(16)	(1)	(15)	1500%
TOTAL	**2,267**	**1,406**	**861**	**61%**

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 in earnings from all businesses except construction (*see Part I. Results of Operations – different segments for a detailed discussion per business)*.

EARNINGS PER SHARE

The Company's consolidated earnings per share (EPS) for the period was P0.85/share accounting for a 60% increase over P0.53/share EPS of the same period last year. Same as segment net income, all the businesses except construction all contributed to the improvement in earnings (*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 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 0.50 per common share paid on July 15, 2010 to the holders of record of June 22, 2010.
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 18, 2011

DMCI HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

For the period ended March 31, 2011 and December 31, 2010

(Amounts in Thousands of Philippine Pesos,

Except Par Value and Number of Shares)

		AUDITED
	2011	**2010**
ASSETS		
Current Assets		
Cash and cash equivalents	16,028,971	9,946,666
Available-for-sale financial assets - net	226,798	222,203
Receivables - net	12,834,313	9,125,086
Costs and estimated earnings in excess of billings on uncompleted contract	358,632	449,196
Inventories - net	14,427,610	12,704,544
Other current assets	1,824,354	3,920,594
Total Current Assets	45,700,678	36,368,289
Noncurrent Assets		
Noncurrent receivables - net	741,116	2,782,287
Investments in associates, jointly controlled entities and others - net	10,298,336	9,387,673
Investment properties - net	384,908	358,590
Property, Plant and Equipment - net	21,593,326	21,540,724
Deferred tax assets	0	10,191
Other noncurrent assets - net	2,077,614	824,822
Total Noncurrent Assets	35,095,300	34,904,287
	80,795,978	71,272,576
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Bank Loans	648,660	753,534
Current portion of liabilities for purchased land	0	660,622
Accounts and other payables	17,115,400	10,108,213
Billings in Excess of Costs and estimated earnings on uncompleted contracts	390,438	586,880
Customers' advances and deposits	5,975,162	4,437,999
Current portion of long-term debt	1,137,642	3,165,102
Income tax payable	254,766	146,079
Payable to related parties	774,399	517,384
Total Current Liabilities	26,296,468	20,375,813
Noncurrent Liabilities		
Long-Term Debt - net of current portion	16,928,436	15,858,722
Liabilities for purchased land - net of current portion	0	731,262
Deferred tax liabilities - net	543,891	496,766
Pension liabilities	206,543	216,784
Other Noncurrent Liabilities	1,219,325	1,170,027
Total Noncurrent Liabilities	18,898,195	18,473,561
Total Liabilities	45,194,662	38,849,374
Equity		
Equity attributable to equity holders of the DMCI Holdings, Inc.:		
Paid-up capital (Note 3)	7,420,814	7,421,415
Deposit for future subscription	0	0
Retained earnings	21,960,191	19,693,115
Premium on acquisition of non-controlling interests		(161,033)
Other comprehensive income	0	(2,781)
	29,381,006	26,950,716
Non-controlling interests	6,220,310	5,472,486
Total Equity	35,601,316	32,423,202
	80,795,978	71,272,576

DMCI HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

For the period ended March 31, 2011 and 2010 and for the quarter ended March 31, 2011 and 2010

(Amounts in Thousands of Philippine Pesos)

	For the period		For the quarter	
	2011	**2010**	**2011**	**2010**
REVENUE (Note 4)				
Coal Sales	3,951,842	3,602,369	3,951,842	3,602,369
Nickel Ore Sales	955,507	210,550	955,507	210,550
Construction contracts	2,622,006	2,786,653	2,622,006	2,786,653
Electricity sales	2,112,852	2,491,077	2,112,852	2,491,077
Real estate sales	1,139,796	751,976	1,139,796	751,976
Merchandise sales and others	32,736	32,620	32,736	32,620
	10,814,739	**9,875,245**	**10,814,739**	**9,875,245**
COST OF SALES AND SERVICES				
Coal Sales	1,923,388	2,411,910	1,923,388	2,411,910
Nickel Ore Sales	643,267	191,406	643,267	191,406
Construction contracts	2,135,924	2,229,454	2,135,924	2,229,454
Electricity sales	1,364,565	1,834,379	1,364,565	1,834,379
Real estate sales	607,862	406,466	607,862	406,466
Merchandise sales and others	20,417	17,662	20,417	17,662
	6,695,423	**7,091,277**	**6,695,423**	**7,091,277**
GROSS PROFIT	**4,119,316**	**2,783,968**	**4,119,316**	**2,783,968**
OPERATING EXPENSES (Note 5)	(1,412,632)	(1,424,239)	(1,412,632)	(1,424,239)
	2,706,684	1,359,729	2,706,684	1,359,729
OTHER INCOME (LOSSES)				
Equity in net earnings of associates	498,500	391,374	498,500	391,374
Finance income	201,228	193,611	201,228	193,611
Finance costs	(294,596)	(207,012)	(294,596)	(207,012)
Other income (charges) - net	175,553	(3,226)	175,553	(3,226)
INCOME BEFORE INCOME TAX	3,287,369	1,734,476	3,287,369	1,734,476
PROVISION FOR INCOME TAX	281,162	189,471	281,162	189,471
INCOME BEFORE CONTINUING OPERATIONS	3,006,207	1,545,005	3,006,207	1,545,005
AFTER TAX INCOME FROM DISCONTINUED OPERATIONS	0	112,603	0	112,603
NET INCOME (LOSS)	**3,006,207**	**1,657,608**	**3,006,207**	**1,657,608**
NET INCOME ATTRIBUTABLE TO				
Equity holders of DMCI Holdings, Inc. (Note 4)	**2,267,076**	**1,406,077**	**2,267,076**	**1,406,077**
Non-controlling interests	739,131	251,531	739,131	251,531
	3,006,207	1,657,608	3,006,207	1,657,608
Basic/Diluted Earnings Per Share	0.85	0.53	0.85	0.53

DMCI HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the period ended March 31, 2011 and March 31, 2010 and for the quarter ended March 31, 2011 and March 31, 2010

(Amounts in Thousands of Philippine Pesos)

	For the period		For the quarter	
	2010	**2009**	**2010**	**2009**
NET INCOME	7,263,656	3,772,038	2,019,441	1,315,651
OTHER COMPREHENSIVE INCOME				
Change in fair value unrealized loss on AFS financial assets	-	-	-	-
Unrealized gain (loss) on AFS financial assets transferred to statement of income	-	-	-	-
Exchange differences on translating foreign operation	-	-	-	-
Recognized revaluation increment	-	-	-	-
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEAR, NET OF TAX	**-**	**-**	**-**	**-**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**7,263,656**	**3,772,038**	**2,019,441**	**1,315,651**
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO				
Equity holders of DMCI Holdings, Inc.	5,772,615	3,231,847	1,591,810	1,075,414
Minority interests	1,491,041	540,191	427,631	240,237
	7,263,656	**3,772,038**	**2,019,441**	**1,315,651**

DMCI HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended March 31, 2011 and 2010

(Amounts in Thousands of Philippine Pesos)

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (Loss)/ Income	3,006,207	1,657,608
Adjustments to reconcile net income (loss) to net cash:		
Equity in net losses (earnings) of affiliates, depreciation, depletic		
amortization and other non-cash items (net)	(1,314,447)	(414,123)
Income (Loss) applicable to Minority Interest	739,131	251,531
Changes in assets and liabilities:		
Decrease / (Increase) in :		
Receivables- net	(1,668,056)	(3,124,027)
Inventories - net	(1,723,066)	(207,839)
Prepaid expenses and other current assets	2,096,240	2,237,005
Increase/ (Decrease) in :		
Accounts payable and accrued expenses	8,140,743	4,271,190
Current portion of long-term debt	(2,027,460)	4,174,141
Non current liabilities	424,634	(5,521,417)
Billings in excess of cost of uncompleted contracts	(105,878)	333,547
Income tax payable	108,687	103,029
Net cash provided by operating activities	7,676,735	3,760,645
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease (increase) in:		
Available for sale investments	(4,595)	71,096
Investments - net	(936,981)	(1,836,706)
Property, plant and equipment - net	(52,602)	(535,614)
Deferred charges and other assets - net	(1,242,601)	(1,405,702)
Net cash provided by investing activities	(2,236,779)	(3,706,926)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net availments (payments) of:		
Notes payable	(104,874)	(856,363)
Additional subscription of common shares		
Capital Stock at P1.00 par value	0	0
Additional paid-in capital	(601)	(1)
Deposit for future subscription	0	0
Acquisition of preferred shares to treasury	0	0
Redemption of preferred shares		
Capital Stock at P1.00 par value	0	0
Additional paid-in capital	0	0
Redemption of preferred shares from treasury	0	0
Payment of Dividends	0	0
Net increase (decrease) in minority interest	747,824	1,575,558
Net cash provided by financing activities	642,349	719,194
NET INCREASE (DECREASE) IN CASH		
AND CASH EQUIVALENTS	6,082,305	772,913
CASH AND CASH EQUIVALENTS, BEGINNING	9,946,666	3,262,290
CASH AND CASH EQUIVALENTS, ENDING	16,028,971	4,035,203

DMCI HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIOD ENDED MARCH 2011 AND 2010

	MARCH 2011	MARCH 2010
CAPITAL STOCK		
Cumulative and convertible		
Preferred stock - P1 par value		
Authorized - 100,000,000 shares		
Issued - 2,400,000 shares	2,400,000	2,400,000
Retirement of preferred shares	(2,396,220)	(2,395,620)
	3,780	4,380
Common stock - P1 par value		
Authorized - 5,900,000,000 shares		
Issued - 2,255,494,000 shares	2,655,494,000	2,655,494,000
Additional subscription - 400,000,000 shares	-	-
	2,655,494,000	2,655,494,000
	2,655,497,780	2,655,498,380
ADDITIONAL PAID-IN CAPITAL		
Balance at the beginning	4,765,316,671	4,765,916,071
Retirement of Preferred Shares	-	-
Additional Paid-in Capital of new subscribed shares	-	-
	4,765,316,671	4,765,916,071
DEPOSITS FOR FUTURE SUBSCRIPTION		-
RETAINED EARNINGS (DEFICIT)		
Balance at beginning of the period	19,693,115,974	13,135,744,178
Net income(loss) for the period	2,267,075,492	1,406,076,639
Dividends paid	-	-
Balance at end of the period	21,960,191,466	14,541,820,817
Cumulative Translation Adjustment	-	-
PREFERRED SHARES HELD IN TREASURY		
Balance at beginning of the period	-	-
Acquisitions for the period	-	-
Redemption/Retirement of preferred shares	-	-
Balance at end of the period	-	-
TOTAL STOCKHOLDERS' EQUITY	**29,381,005,917**	**21,963,235,268**

DMCI HOLDINGS, INC.
AGING OF ACCOUNTS RECEIVABLE
AS OF MARCH 31, 2011

TYPE OF ACCOUNTS RECEIVABLE	T O T A L	1 MONTH	2 -3 MONTHS	4 - 6 MONTHS	7 MONTHS TO 1 YEAR	1 - 2 YEARS	3 - 5 YEARS	5 YEARS - ABOVE	Past Due Accts & Items for Litigation
A. TRADE RECEIVABLE - CONTRACT									
D.M. Consunji, Inc.	2,559,604,172.16	2,029,847,296.01	170,080,286.20	94,840,732.61	83,332,907.16	181,502,950.18	-	-	-
DMCI International, Inc.	24,686,393.00						24,686,393.00		
OHKI-DMCI Corporation	2,966,841.00	-	-	-	2,966,841.00				
Beta Electric Corporation	61,250,747.94	37,279,954.20	1,560,832.48	10,734,193.04	11,675,768.22	-	-		
Raco Haven Automation	11,306,701.00	-	-	-	-	11,306,701.00			
Sub-total	2,659,814,855.10	2,067,127,250.21	171,641,118.68	105,574,925.65	97,975,516.38	192,809,651.18	24,686,393.00	-	-
DMCI Project Developers, Inc.	4,070,580,007.00	3,148,255,937.69	74,913,196.17	197,421,888.11	168,237,555.40	481,751,429.63	-	-	-
Semirara Mining Corporation	4,014,893,377.00	2,468,673,566.00	831,472,634.00	42,255,135.00	666,847,875.00	24,771.00	5,619,396.00	-	
DMCI Mining Corporation	174,226,117.00	174,226,117.00							
DMCI Power Corporation	192,603,435.40	192,603,435.40							
Wire Rope Corporation of the Philippines	44,700,947.70	20,398,511.19	12,094,036.67	5,259,648.23	6,054,119.61	-	-		894,632.00
Sub-total	8,497,003,884.10	6,004,157,567.28	918,479,866.84	244,936,671.34	841,139,550.01	481,776,200.63	5,619,396.00	-	894,632.00
RETENTION RECEIVABLE - TRADE									
D.M. Consunji, Inc.	1,102,794,202.97	1,102,794,202.97							-
Beta Electric Corporation	102,568,898.63	102,568,898.63							
Sub-total	1,205,363,101.60	1,205,363,101.60	-	-	-	-	-	-	-
Total Contract/Retention Receivable - Trade	12,362,181,840.80	9,276,647,919.09	1,090,120,985.52	350,511,596.99	939,115,066.39	674,585,851.81	30,305,789.00	-	894,632.00
Less: Allowance for Doubtful Accounts	153,399,533.51								
Net Trade Receivable	**12,208,782,307.29**								

B. NON-TRADE RECEIVABLES	
ADVANCES -	
D.M. Consunji, Inc.	8,934,835.30
Beta Electric Corporation	7,249,706.10
Oriken Dynamix Company, Inc.	3,588,758.00
Sub-total	19,773,299.40
DMCI Holdings, Inc.	439,881.28
DMCI Mining Corporation	228,685,893.00
DMCI Project Developers, Inc.	356,001,386.00
DMCI Power Corporation	20,630,228.00
Sub-total	625,530,687.68
AFFILIATES -	
DMCI Holdings, Inc.	71,684.53
DMCI Project Developers, Inc.	144,300,065.00
Semirara Mining Corporation	15,636,023.65
	160,007,773.18
Sub-total	160,007,773.18

OTHER RECEIVABLES -	
D.M. Consunji, Inc.	206,470,567.83
Raco Haven Automation	3,602,481.00
Beta Electric Corporation	8,128,177.68
	218,201,226.51
DMCI Holdings, Inc.	61,324.14
DMCI Project Developers, Inc.	322,171,528.00
Semirara Mining Corporation	40,673,960.00
Sub-total	581,108,038.65
Total Non-trade Receivables	1,366,646,499.51
Less: Allowance for Doubtful Accounts	-

DMCI HOLDINGS, INC.
ACCOUNTS RECEIVABLE DESCRIPTION
MARCH 31, 2011

Type of Receivable	Nature/Description	Collection Period
1) Contracts/Retention Receivable	Construction contract billings, sale of Goods and services pertaining to construction and related businesses of subsidiaries; real estate sales like sale of condominium units; development, improvements and construction of real estate projects; and coal mining sales	Contract Receivable - 20 to 30 days upon submission of progress billing Retention Receivable (10%) - depends on the agreement: 1) usually, 60 days after completion and acceptance of the project 2) if 50% completed, can bill 50% of retained amount as specified in the contract agreement Coal Mine Receivable - 1) Average standard term 80% of sales - 30 days upon presentation of invoice 20% of sales - 35 to 45 days term upon receipt of test results 2) Actual term - 45 to 60 days after billing Real Estate Receivable terms: Upon sale - 1) Reservation Fee - P 20,000.00 2) Balance paid through in-house or pag-ibig financing
2) Advances	Includes Advances to Suppliers, sub-contractors, and advances to employees/subject for liquidation	
3) Affiliates	Includes Advances to Subsidiaries and Affiliates	
4) Other Receivables	Includes refundable deposits, claims from some government agency like SSS, BIR and other receivables from miscellaneous billings	

Normal Operating Cycle

1.) Construction and Real Estate - positive net working capital
2) Mining - positive net working capital

DMCI HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

DMCI Holdings, Inc. (the Parent Company) was incorporated and is domiciled in the Philippines. The Parent Company's registered office address and principal place of business is at 3rd Floor, Dacon Building, 2281 Don Chino Roces Avenue, Makati City.

The Parent Company is the holding company of the DMCI Group (collectively referred to herein as the Group), which is primarily engaged in general construction, mining, power generation, infrastructure, real estate development and manufacturing.

2. Summary of Significant Accounting Policies

Basis of Preparation
The consolidated financial statements of the Group have been prepared using the historical cost basis, except for available-for-sale (AFS) financial assets that have been measured at fair value. The Group's functional and presentation currency is the Philippine Peso (₱). All amounts are rounded to the nearest thousand (₱000), unless otherwise indicated.

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

Basis of Consolidation
Basis of consolidation from January 1, 2010
The consolidated financial statements comprise the financial statements of the Group as of December 31, 2010 and 2009 and for each of the three years in the period ended December 31, 2010. Under PFRS, it is acceptable to use, for consolidation purposes, the financial statements of subsidiaries for fiscal periods differing from that of the Parent Company if the difference is not more than three months.

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All significant intercompany balances and transactions, including income, expenses and dividends, are eliminated in full. Profits and losses resulting from intercompany transactions that are recognized in assets are eliminated in full.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not wholly owned by the Group and are presented separately in consolidated statement of income, consolidated statement of comprehensive income and consolidated statement of changes in equity and within equity in the consolidated statement of financial position, separately from equity holders' of the Parent Company.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary, the carrying amount of any non-controlling interest and the cumulative translation differences, recorded in equity.

- Recognizes the fair value of the consideration received, the fair value of any investment retained and any surplus or deficit in profit or loss.

- Reclassifies the Parent Company's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate.

Basis of consolidation prior to January 1, 2010
Certain of the above-mentioned requirements were applied on a prospective basis. The following differences, however, are carried forward in certain instances from the previous basis of consolidation:

- Acquisitions of non-controlling interests, prior to January 1, 2010, were accounted for using the parent entity extension method, whereby, the difference between the consideration and the share in the book value of the net assets acquired were recognized in goodwill.

- Losses incurred by the Group were attributed to non-controlling interest until the balance was reduced to nil. Any further excess losses were attributed to the parent, unless non-controlling interest had a binding obligation to cover these. Losses prior to January 1, 2010 were not reallocated between non-controlling interest and the parent shareholders.

- Upon loss of control, the Group accounted for the investment retained at its proportionate share of net asset value at the date control was lost. The carrying value of such investments at January 1, 2010 has not been restated.

The consolidated financial statements include the financial statements of the Parent Company and the following subsidiaries (which are all incorporated in the Philippines):

	Effective Percentages of Ownership	
	March 31, 2011	2010
General Construction:		
D.M. Consunji, Inc. (DMCI) [1]	**100.00%**	100.00%
DMCI International, Inc. (DMCII) [2]	**100.00**	100.00
OHKI-DMCI Corporation (OHKI) [2]	**100.00**	100.00
Atlantic, Gulf and Pacific Company of Manila, Inc. and Subsidiaries (AG&P)	**–**	–
DMCI-Laing Construction, Inc. (DMCI-Laing) [2]	**60.00**	60.00
Beta Electric Corporation (Beta Electric) [2]	**50.77**	50.77
Raco Haven Automation Philippines, Inc. (Raco) [2]	**50.14**	50.14
Mining:		
Semirara Mining Corporation (Semirara)	**56.32**	56.32
DMCI Mining Corporation (DMC)	**100.00**	100.00

	Effective Percentages of Ownership	
	March 31, 2011	2010
Real Estate Development:		
DMCI Project Developers, Inc. (PDI)	**100.00**	100.00
Hampstead Gardens Corporation (Hampstead) [3]	**100.00**	100.00
Riviera Land Corporation (Riviera) [3]	**100.00**	100.00
DMCI-PDI Hotels, Inc. (PDI Hotels) [3]	**100.00**	100.00
DMCI Homes Property Management Corporation (DHPMC) [3]	**100.00**	100.00
Manufacturing:		
Semirara Cement Corporation (SemCem) *	**100.00**	100.00
Oriken Dynamix Company, Inc. (Oriken) [2]	**89.00**	89.00
Wire Rope Corporation of the Philippines (Wire Rope)	**61.70**	61.70
Marketing Arm:		
DMCI Homes, Inc. (DMCI Homes) [3]	**100.00**	100.00
Power:		
DMCI Power Corporation (DPC) (formerly DMCI Energy Resources Unlimited Inc.) *	**100.00**	100.00
DMCI Masbate Power Corporation (DMCI Masbate)	**100.00**	100.00
DMCI Concepcion Power Corporation (DMCI Concepcion)	**–**	–
DMCI Calaca Power Corporation	**100.00**	100.00
Sem-Calaca Power Corporation (SCPC) [4]	**56.32**	56.32

* Organized on January 29, 1998 and October 16, 2006, respectively, and has not yet started commercial operations.

[1] Also engaged in real estate development

[2] DMCI's subsidiaries

[3] PDI's subsidiaries

[4] Semirara's subsidiary

AG&P

On December 22, 2010, the Parent Company (the "Seller") and AGP Philippines Holdings, Inc. (AGPPHI or "Buyer") entered into a Stock Purchase Agreement (the "SPA"), wherein the Seller agreed to sell and the Buyer agreed to purchase nine hundred seventy-three million eighty-nine thousand forty-two (973,089,042) shares of stock (the "Shares") representing 98.19% of the AG&P's total issued and outstanding capital stock (see Note 39).

PDI Hotels

On September 2, 2009, PDI Hotels was incorporated to engage in hotel business, including but not limited to the ownership of, establishment, maintenance and operation of hotels, condotels, apartelles, and similar establishments, as well as to engage in the development of, design, and implementation of hotel management systems or manual of operations. PDI Hotels started commercial operations on November 1, 2009.

PDI

In 2008, DMCI and PDI entered into a debt-to-equity conversion agreement for the equivalent 32.19% interest in PDI. On December 9, 2009, PDI, DMCI and the Parent Company, entered into a property-for-share swap wherein certain parcels of land owned by DMCI and the Parent Company were transferred to PDI in exchange of equity interest in PDI.

DPC

Sale of Shares in DMCI Concepcion and land in Concepcion, Iloilo

On August 16, 2010, DPC entered into a Sale and Purchase Agreement (the Agreement) with Palm Thermal Consolidated Holdings Corporation and Panay Consolidated Land Holdings Corporation (the Buyers) for the sale of its 2.50 million shares in DMCI Concepcion, representing its entire investment in the said company, and its 300,000 sq/m land located in Concepcion, Iloilo with aggregate book value of ₱58.95 million for a total consideration of ₱ 80.00 million to be paid in accordance with the following schedule:

a. ₱1.00 million as earnest money payable on the date of the Agreement; and,
b. ₱79.00 million upon full compliance of the conditions set forth in the Agreement.

On November 11, 2010, DPC received ₱79.00 million from the Buyers representing the remaining balance of the agreed consideration. Net gain from said transaction amounted to ₱ 19.05 million after deducting commissions paid to brokers in 2010 amounting to ₱2.00 million.

DMCI Masbate

Power Supply Agreement with Masbate Electric Cooperative, Inc. (Maselco)

In May 4, 2007, Maselco and the DMCI Masbate entered into a Power Supply Agreement (PSA) wherein DMCI Masbate shall deliver a guaranteed dependable capacity of 13,000 kW, which Maselco may dispatch for its load and ancillary services requirements.

The PSA has a term commencing on the date on its execution and expiring on the last day of the fifteenth (15th) year of the commercial operations period as provided therein, unless extended or earlier terminated. The commercial operations period shall commence not later than eighteen (18) months from effective date. Maselco shall only pay for actual energy delivered, not on a take or pay basis, except in extraordinary circumstances as provided in the PSA. In exceptional circumstances, payments shall be based on a pre-defined net expected energy rate.

Transitory Agreement with Maselco

On March 3, 2010, DMCI Masbate entered into a Transitory Agreement, which shall have a term of five (5) years commencing from the date of the agreement, wherein Maselco shall avail of the generating capacity of DMCI Masbate and shall pay for such energy output according to the approved Subsidized/Approved Generation Rate of ₱3.65 for Masbate.

Also, under this agreement, DMCI Masbate shall deliver the coal-fired power plant barring any political and social situation preventing the construction and development thereof pursuant to the PSA not later than the 5th year anniversary of this agreement. If it is determined anytime during the term that the construction and commissioning of a coal-fired power plant in Masbate cannot be completed prior to the lapse of the term, the parties may extend the term of this agreement, amend the existing PSA or terminate this agreement and negotiate for a new PSA.

DMC

On October 7, 2009, Benguet Corp. (BC) has signed a mining contractorship and off-take agreement with DMC covering a portion of Benguet’s 1,406-hectare Sta. Cruz nickel project located in Sta. Cruz, Zambales. The agreement allows DMC to explore, develop, mine and sell up to 200,000 metric tons of two percent high grade nickel ore for a period of three (3) years. All cost and related expenses for the exploration, development and mining of the above mentioned areas shall be for the sole account of DMC. All profits accruing from this

Agreement, after deducting the costs and expenses connected with the production of the product, and over and above payment of all taxes and royalty, shall be divided equally between them.

In March 2010, the Company and Benguet Corp Nickel Mines, Inc., an affiliate of BC, agreed to establish and maintain a Mine Rehabilitation Fund as a reasonable environmental deposit to ensure the availability of funds for its satisfactory compliance with the commitments and performance of activities stipulated in its Environment Protection and Management Program/Annual Environmental Protection and Enhancement Program during a specific project phase.

SCPC
SCPC, a wholly-owned subsidiary of Semirara, was incorporated on November 19, 2009, primarily to acquire, expand and maintain power generating plants, develop fuel for generation of electricity, and sell electricity to any person or entity through electricity markets, among others.

Semirara
Semirara and the Parent Company have 50%-50% shareholdings in both DPC and DMC. On December 8, 2010, a Deed of Assignment was made and executed between Semirara and the Parent Company, the former being the “Assignor” and the latter being the “Assignee”. Semirara offered to assign, transfer and convey all of its rights, ownership and interest over its shares in DPC and DMC.

<u>Changes in Accounting Policies</u>
The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those of the previous financial year except for the following new and amended PFRS and Philippine Interpretations of International Financial Reporting Interpretations Committee (IFRIC) effective as of January 1, 2010.

New and Amended Standards and Interpretations
- PFRS 2, *Share-based Payment: Group Cash-settled Share-based Payment Transactions* (effective January 1, 2010)
- PFRS 3, *Business Combinations (Revised),* and Philippine Accounting Standards (PAS) 27, *Consolidated and Separate Financial Statements (Amended)* (effective July 1, 2009, including consequential amendments to PFRS 2, PFRS 5, PFRS 7, PAS 7, PAS 21, PAS 28, PAS 31 and PAS 39)
- PAS 39, *Financial Instruments: Recognition and Measurement - Eligible Hedged Items* (effective July 1, 2009)
- Philippine Interpretation IFRIC 17, *Distributions of Non-cash Assets to Owners* (effective July 1, 2009)
- Improvements to PFRSs 2008, with respect to PFRS 5, *Noncurrent Assets Held for Sale and Discontinued Operations*
- Improvements to PFRSs 2009

Standards or interpretations that have been adopted by the Group are described below. However, the adoption of these standards and interpretations did not have an impact on the consolidated financial statements of the Group, unless otherwise stated.

- PFRS 2, *Share-based Payment (Amendment) - Group Cash-settled Share-based Payment Transactions*
  The amendment to PFRS 2 clarified the scope and the accounting for group cash-settled share-based payment transactions.

- PFRS 3 (Revised), *Business Combinations,* and PAS 27 (Amended), *Consolidated and Separate Financial Statements*

  PFRS 3 (Revised) introduces significant changes in the accounting for business combinations occurring after becoming effective. Changes affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognized, the reported results in the period that an acquisition occurs and future reported results.

  PAS 27 (Amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners. Therefore, such transactions will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The changes by PFRS 3 (Revised) and PAS 27 (Amended) affect acquisitions or loss of control of subsidiaries and transactions with non-controlling interest after January 1, 2010.

- PAS 39, *Financial Instruments: Recognition and Measurement (Amendment) - Eligible Hedged Items*
  The amendment clarifies that an entity is permitted to designate a portion of the fair value changes or cash flow variability of a financial instrument as a hedged item. This also covers the designation of inflation as a hedged risk or portion in particular situations.

- Philippine Interpretation IFRIC 17, *Distributions of Non-cash Assets to Owners*
  This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends.

Improvements to PFRSs
Improvements to PFRSs, an omnibus of amendments to standards, deal primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The adoption of the following amendments resulted in changes to accounting policies but did not have any impact on the financial position or performance of the Group.

- PFRS 8, *Operating Segments*, clarifies that segment assets and liabilities need only be reported when those assets and liabilities are included in measures that are used by the chief operating decision maker. As the Group's chief operating decision maker does review
  segment assets and liabilities, the Group has continued to disclose this information in Note 33.

Other amendments resulting from Improvements to PFRSs to the following standards did not have any impact on the accounting policies, financial position or performance of the Group:

- PFRS 2, *Share-based Payment*

- PFRS 5, *Non-current Assets Held for Sale and Discontinued Operation*
- PAS 1, *Presentation of Financial Statements*
- PAS 7, *Statement of Cash Flows*
- PAS 17, *Leases*
- PAS 34, *Interim Financial Reporting*
- PAS 36, *Impairment of Assets*
- PAS 38, *Intangible Assets*
- PAS 39, *Financial Instruments: Recognition and Measurement*
- Philippine Interpretation IFRIC 9, *Reassessment of Embedded Derivatives*
- Philippine Interpretation IFRIC 16, *Hedge of a Net Investment in a Foreign Operation*

Future Changes in Accounting Policies
The Group has not applied the following PFRS and Philippine Interpretations which are not yet effective as of December 31, 2010. This list consists of standards and interpretations issued, which the Group reasonably expects to be applicable at a future date. The Group intends to adopt those standards when they become effective. The Group does not expect the adoption of these standards to have a significant impact in the consolidated financial statements, unless otherwise stated.

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

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

- PAS 12, *Income Taxes (Amendment) - Deferred Tax: Recovery of Underlying Assets*
  The amendment to PAS 12 is effective for annual periods beginning on or after January 1, 2012. It provides a practical solution to the problem of assessing whether recovery of an asset will be through use or sale. It introduces a presumption that recovery of the carrying amount of an asset will normally be through sale.

- PFRS 7, *Financial Instruments: Disclosures (Amendments) - Disclosures - Transfers of Financial Assets*
  The amendments to PFRS 7 are effective for annual periods beginning on or after July 1, 2011. The amendments will allow users of financial statements to improve their understanding of transfer transactions of financial assets (for example, securitizations), including understanding the possible effects of any risks that may remain with the entity that transferred the assets. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period.

- PFRS 9, *Financial Instruments: Classification and Measurement*
  PFRS 9 as issued reflects the first phase of the IASB's work on the replacement of PAS 39 and applies to classification and measurement of financial assets as defined in PAS 39. The standard is effective for annual periods beginning on or after January 1, 2013. In subsequent phases, hedge accounting and derecognition will be addressed. The completion of this project is expected in second quarter 2011. The adoption of the first phase of PFRS 9 will have an effect on the classification and measurement of the Group's financial assets. The Group will quantify the effect in conjunction with the other phases, when issued, to present a comprehensive picture.

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

- Philippine Interpretation IFRIC 15, *Agreements for the Construction of Real Estate*
  This Philippine Interpretation, effective for annual periods beginning on or after January 1, 2012, covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The Interpretation requires that revenue on construction of real estate be recognized only upon completion, except when such contract qualifies as construction contract to be accounted for under PAS 11, *Construction Contracts*, or involves rendering of services in which case revenue is recognized based on stage of completion. Contracts involving provision of services with the construction materials and where the risks and reward of ownership are transferred to the buyer on a continuous basis will also be accounted for based on stage of completion.

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

Improvements to PFRSs (issued in May 2010)
Improvements to PFRSs is an omnibus of amendments to PFRSs. The amendments are effective for annual periods beginning on or after January 1, 2011, except when otherwise stated. The Group, however, expects no impact from the adoption of the amendments on its consolidated financial position or performance.

- PFRS 3, *Business Combinations*
  The amendment to PFRS 3 is effective for annual periods beginning on or after July 1, 2010. It clarifies that the amendments to PFRS 7, PAS 32 and PAS 39, *Financial Instruments:*
  Recognition and Measurement, that eliminate the exemption for contingent consideration, do not apply to contingent consideration that arose from business combinations whose

acquisition dates precede the application of PFRS 3 (as revised in 2008). The amendment will be applied retrospectively.

The amendment also limits the scope of the measurement choices that only the components of non-controlling interest that are present ownership interests that entitle their holders to a proportionate share to the entity's net assets, in the event of liquidation, shall be measured either at fair value or at present ownership instrument's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interest are measured at their acquisition date fair value, unless another measurement basis is required by another PFRS.

Further, the amendment requires an entity in a business combination to account for the replacement of the acquiree's share-based payment transactions, whether obliged or voluntarily, such as split between considerations and post-combination expenses. However, if the entity replaces the acquiree's awards that expire as a consequence of the business combination, these are recognized as post-combination expenses. The amendment also specifies the accounting for share-based payment transactions that the acquirer does not exchange for its own awards: if vested - they are part of non-controlling interest and measured at their market-based measure; if vested - they are measured at market-based value as if granted at acquisition date, and allocated between non-controlling interest and post-combination expenses.

- PFRS 7, *Financial Instruments: Disclosures*
  PFRS 7 emphasizes the interaction between quantitative and qualitative disclosures and the nature and extent of risks associated with financial instruments. The amendment will be applied retrospectively.

- PAS 1, *Presentation of Financial Statements*
  The amendment to PAS 1 clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements. The amendment will be applied retrospectively.

- PAS 27, *Consolidated and Separate Financial Statements*
  The amended standard is effective for annual reporting periods beginning on or after July 1, 2010. It clarifies that the consequential amendments from PAS 27 made to PAS 21, *The Effect of Changes in Foreign Exchange Rates*, PAS 28, *Investments in Associates*, and
  PAS 31, *Interests in Joint Ventures*, apply prospectively for annual periods beginning on or after July 1, 2009 or earlier when PAS 27 is applied earlier. The amendment will be applied retrospectively.

- Philippine Interpretation IFRIC 13, *Customer Loyalty Programmes*
  This Philippine Interpretation clarifies that when the fair value of award credits is measured based on the value of the awards for which they could be redeemed, the amount of discounts or incentives otherwise granted to customers not participating in the award credit scheme, is to be taken into account. The amendment will be applied retrospectively.

Cash and Cash Equivalents

Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less and that are subject to an insignificant risk of changes in value.

Financial Instruments

Date of recognition

The Group recognizes a financial asset or a financial liability in the consolidated statement of financial position when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the settlement date.

Initial recognition of financial instruments

All financial assets are initially recognized at fair value. Except for financial assets at fair value through profit or loss (FVPL), the initial measurement of financial assets includes transaction costs. The Group classifies its financial assets in the following categories: financial assets at FVPL, held-to-maturity (HTM) investments, AFS financial assets, and loans and receivables. The Group classifies its financial liabilities as financial liabilities at FVPL and other financial liabilities at amortized cost. The classification depends on the purpose for which the investments were acquired and whether these are quoted in an active market. Management determines the classification of its investments at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity net of any related income tax benefits.

As of December 31, 2010 and 2009, the Group's financial instruments are classified as AFS financial assets, loans and receivables and other financial liabilities.

Determination of fair value

The fair value for financial instruments traded in active markets at the reporting date is based on its quoted market price or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. When current bid and ask prices are not available, the price of the most recent transaction provides evidence of the current fair value as long as there has not been a significant change in economic circumstances since the time of the transaction.

For all other financial instruments not listed in an active market, the fair value is determined by using appropriate valuation methodologies. Valuation methodologies include net present value techniques, comparison to similar instruments for which market observable prices exist, option pricing models, and other relevant valuation models.

Day 1 difference

Where the transaction price in a non-active market is different to the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a Day 1 difference) in the consolidated statement of income unless it qualifies for recognition as some other type of asset or liability. In cases where the valuation technique used is made of data which is not observable, the difference between the transaction price and model value is only recognized in the consolidated statement of income when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the 'Day 1' difference amount.

Loans and receivables
Loans and receivables are financial assets with fixed or determinable payments and fixed maturities that are not quoted in an active market. These are not entered into with the intention of immediate or short-term resale and are not designated as financial assets at FVPL or AFS financial assets. These are included in current assets if maturity is within 12 months from the reporting date; otherwise, these are classified as noncurrent assets. This accounting policy relates to the consolidated statement of financial position captions "Cash and cash equivalents", "Receivables", "Noncurrent receivables" and Security deposits included under "Other noncurrent assets".

After initial measurement, loans and receivables are subsequently measured at amortized cost using the effective interest rate method, less allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate and transaction costs. The amortization is included in "Finance income" in the consolidated statement of income.

AFS financial assets
AFS financial assets are those non-derivative financial assets that are designated as AFS financial assets or are not classified in any of the three preceding categories. After initial measurement, AFS financial assets are measured at fair value with unrealized gains or losses being recognized in the consolidated statement of comprehensive income and are reported as "net unrealized gain on AFS financial assets" in equity. When the investment is disposed of, the cumulative gain or loss previously recorded in equity is recognized in the consolidated statement of income. Interest earned or paid on the investments is reported as interest income or expense using the effective interest rate. Dividends earned on investments are recognized in the consolidated statement of income when the right to receive payment has been established. The Group's AFS financial assets pertain to quoted and unquoted securities (see Note 5).

When the fair value of AFS financial assets cannot be measured reliably because of lack of reliable estimates of future cash flows and discount rates necessary to calculate the fair values of unquoted equity instruments, then instruments are carried at cost less any allowance for impairment losses.

Other financial liabilities
Other financial liabilities include interest bearing loans and borrowings. All loans and borrowings are initially recognized at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, short-term and long-term debts are subsequently measured at amortized cost using the effective interest method.

Other financial liabilities relate to the consolidated statement of financial position captions, "Accounts and other payables", "Liabilities for purchased land", "Payable to related parties", "Bank loans", "Long-term debt - including current portion" and "Other noncurrent liabilities".

Gains and losses are recognized under the “Other income” and “Other expense” accounts in the consolidated statement of income when the liabilities are derecognized or impaired, as well as through the amortization process.

Impairment of Financial Assets

The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred ‘loss event’) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Loans and receivables

For loans and receivables carried at amortized cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses for impairment. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors’ ability to pay all amounts due according to the contractual terms of the assets being evaluated. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment for impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial assets’ original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through the use of an allowance account and the amount of loss is charged to the consolidated statement of income during the period in which it arises. Interest income continues to be recognized based on the original effective interest rate of the asset. Receivables, together with the associated allowance accounts, are written off when there is no realistic prospect of future recovery and all collateral has been realized.

If, in a subsequent year, the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the consolidated statement of income, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of such credit risk characteristics as industry, customer type, customer location, past-due status and term. Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group to reduce any differences between loss estimates and actual loss experience.

Financial assets carried at cost
If there is an objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, the amount of the loss is measured as the difference between the carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

AFS financial assets
In case of AFS financial assets classified as equity investments, impairment would include a significant or prolonged decline in the fair value of the investments below its cost. Where there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in the consolidated statement of income - is removed from equity and recognized in the consolidated statement of income under “Other charges” account. Impairment losses on equity investments are not reversed through the consolidated statement of income. Increases in fair value after impairment are recognized directly in consolidated statement of changes in equity.

Offsetting Financial Instruments
Financial assets and financial liabilities are only offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to set off the recognized amounts and the Group intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

Derecognition of Financial Assets and Liabilities
Financial asset
A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a ‘pass through’ arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either: (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risk and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group’s continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liability
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statement of income.

Inventories
Inventories are valued at the lower of aggregate cost or net realizable value (NRV). NRV is the estimated replacement cost or the selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

Coal inventory
The cost of coal inventory is determined using the weighted average production cost method. The cost of extracted coal includes all stripping costs and other mine related costs incurred during the period and allocated on per metric ton basis by dividing the total production cost with the total volume of coal produced. Except for shiploading cost, which is a component of total minesite cost, all other costs are charged to production cost.

Nickel ore and chromites inventory
The cost of extracted nickel ore and chromites includes all direct materials, labor, fuel, outside services and other mine-related costs incurred during the period and allocated on per metric ton basis by dividing the total production cost with total volume of nickel ore produced. Except for shiploading cost, which is a component of total cost of sales, all other production related costs are charged to production cost.

Materials-in-transit
Cost is determined using the specific identification basis.

Equipment parts and supplies
The cost of equipment parts, materials and supplies is determined principally by the average cost method (either by moving average or weighted average production cost).

Real estate held for sale and development
Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as Real estate held for sale and development. Real estate held for sale and development consists of residential units for sale and development, subdivision land for sale and development. Costs include those costs of acquisition, development, improvement and construction of the real estate projects. Borrowing costs are capitalized while the development and construction of the real estate projects are in progress, and to the extent that these are expected to be recovered in the future.

Investments in Associates, Jointly Controlled Entity and Others

Investments in associates and jointly controlled entity (investee companies) are accounted for under the equity method of accounting.

An associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture. A joint venture is a contractual arrangement whereby two or more

parties undertake an economic activity that is subject to joint control, and a jointly controlled entity is a joint venture that involves the establishment of a separate entity in which each venturer has an interest.

Under the equity method, the investments in the investee companies are carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share in the net assets of the investee companies, less any impairment in value. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortized. The Group's share in the investee's post acquisition profit or loss is recognized in the consolidated statement of income. Profit and losses resulting from transactions between the Group and the investee companies are eliminated to the extent of the interest in the investee companies.

The Group discontinues applying the equity method when their investments in investee companies are reduced to zero. Accordingly, additional losses are not recognized unless the Group has guaranteed certain obligations of the investee companies. When the investee companies subsequently report net income, the Group will resume applying the equity method but only after its share of that net income equals the share of net losses not recognized during the period the equity method was suspended.

The reporting dates of the investee companies and the Group are identical and the investee companies' accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

After application of the equity method, the Group determines whether it is necessary to recognize an additional impairment loss on the Group's investment in its associate. The Group determines at each reporting period whether there is any objective evidence that the investment in the associate is impaired. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in the "Equity in net earnings of associates, jointly controlled entities and others" in the consolidated statement of income.

Upon loss of significant influence over the associate, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in the consolidated statement of income.

Interest in a Joint Venture

The Group has an interest in a joint venture, whereby the venturers have a contractual arrangement that establishes joint control over the economic activities of the entity. The agreement requires unanimous agreement for financial and operating decisions among the venturers. The Group recognizes its interest in the joint venture using the proportionate consolidation method. The Group combines its proportionate share of each of the assets, liabilities, income and expenses of the joint venture with similar items, line by line, in its consolidated financial statements. The financial statements of the joint venture are prepared for the same reporting period as the Group. Adjustments are made where necessary to bring the accounting policies in line with those of the Group.

Adjustments are made in the Group's consolidated financial statements to eliminate the Group's share of intragroup balances, transactions and unrealised gains and losses on such transactions between the Group and its jointly controlled entity. Losses on transactions are recognized immediately if the loss provides evidence of a reduction in the net realisable value of current assets or an impairment loss. The joint venture is proportionately consolidated until the date on which the Group ceases to have joint control over the joint venture.

Investment Properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties, except land, are stated at cost less accumulated depreciation and any impairment in value. Land is stated at cost less any impairment in value. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the consolidated statement of income in the period of derecognition.

Depreciation and amortization is calculated on a straight-line basis using the following estimated useful lives (EUL) from the time of acquisition of the investment properties:

	Years
Buildings and building improvements	5-25
Condominium units	5

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Mining Reserves

Mining reserves are estimates of the amount of coal that can be economically and legally extracted from the Semirara's mining properties. Semirara estimates its mining reserves based on information compiled by appropriately qualified persons relating to the geological data on the size, depth and shape of the coal body, and requires complex geological judgments to interpret the data. The estimation of recoverable reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements, and production costs along with geological assumptions and judgments made in estimating the size and grade of the coal body. Changes in the reserve estimates may impact upon the carrying value of property, plant and equipment, provision for decommissioning and site rehabilitation, recognition of deferred tax assets, and depreciation charges.

Property, Plant and Equipment
Property, plant and equipment, except land, are stated at cost less accumulated depreciation and amortization, and any impairment in value. Land is stated at cost, less any impairment in value.

The initial cost of property, plant and equipment comprises its purchase price, including import duties, taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Costs also include decommissioning and site rehabilitation cost. Expenditures incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to operations in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional cost of property, plant and equipment.

Construction in progress included in property, plant and equipment is stated at cost. This includes the cost of the construction of property, plant and equipment and other direct costs.

Depreciation, depletion and amortization of assets commences once the assets are put into operational use.

Depreciation, depletion and amortization of property, plant and equipment are calculated on a straight-line basis over the following EUL of the respective assets or the remaining contract period, whichever is shorter:

	Years
Land improvements	5-17
Power plant, buildings and building improvements	5-25
Construction equipment, machinery and tools	5-10
Office furniture, fixtures and equipment	3-5
Transportation equipment	4-5
Conventional and continuous mining properties and equipment	2-13
Leasehold improvements	5-7

The EUL and depreciation, depletion and amortization methods are reviewed periodically to ensure that the period and methods of depreciation, depletion and amortization are consistent with the expected pattern of economic benefits from items of property, plant and equipment.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated statement of income in the year the item is derecognized.

Intangible Assets
Intangible assets acquired separately are capitalized at cost and these are shown as part of the other noncurrent assets account in the consolidated statement of financial position. Following initial recognition, intangible assets are measured at cost less accumulated amortization and provisions for impairment losses, if any. The useful lives of intangible assets with finite life

are assessed at the individual asset level. Intangible assets with finite life are amortized over their EUL. The periods and method of amortization for intangible assets with finite useful lives are reviewed annually or earlier where an indicator of impairment exists.

Costs incurred to acquire and bring the computer software (not an integral part of its related hardware) to its intended use are capitalized as part of intangible assets. These costs are amortized over their EUL ranging from 3 to 5 years. Costs directly associated with the development of identifiable computer software that generate expected future benefits to the Group are recognized as intangible assets. All other costs of developing and maintaining computer software programs are recognized as expense when incurred.

Gains or losses arising from the derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of income when the asset is derecognized.

Input Value Added Tax (VAT)
Input VAT represents VAT imposed on the Group by its suppliers and contractors for the acquisition of goods and services required under Philippine taxation laws and regulations.

The input VAT that will be used to offset the Group's current VAT liabilities is recognized as a current asset. Input VAT representing claims for refund from the taxation authorities is recognized as a noncurrent asset. Input taxes are stated at their recoverable amount.

Impairment of Nonfinancial Assets
This accounting policy applies primarily to the Group's property, plant and equipment, investment properties, investments in associates and jointly controlled entities and intangible asset.

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment testing for an asset is required, the group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less cost to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, depletion and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

Intangible assets with indefinite useful lives are tested for impairment annually as of reporting date either individually or at the cash-generating unit level, as appropriate.

Equity
The Group records common stocks at par value and additional paid-in capital in excess of the total contributions received over the aggregate par values of the equity share. Incremental costs incurred directly attributable to the issuance of new shares are deducted from the proceeds.

Retained earnings represent accumulated earnings of the Group less dividends declared.

Treasury Shares
Treasury shares are recorded at cost and are presented as a deduction from equity. When the shares are retired, the capital stock account is reduced by its par value. The excess of cost over par value upon retirement is debited to the following accounts in the order given: (1) additional paid-in capital to the extent of the specific or average additional paid-in capital when the shares were issued; and, (2) retained earnings.

Non-controlling Interests
Non-controlling interests represent the portion of profit or loss and the net assets in subsidiaries not wholly-owned and are presented separately in the consolidated statement of income, consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from total equity attributable to owners of the Parent Company. Any losses applicable to a minority shareholder of a consolidated subsidiary in excess of the minority shareholder's equity in the subsidiary are charged against the non-controlling interests to the extent that the minority shareholder has binding obligation to, and is able to, make good of the losses.

Revenue and Cost Recognition
Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Mining
Revenue from mining is recognized upon delivery when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably. Revenue from local and export coal sales are denominated in Philippine Peso and US Dollar, respectively.

Electricity sales
Revenue from sale of electricity is derived from its primary function of providing and selling electricity to customers of its generated and purchased electricity. Revenue derived from the generation and/or supply of electricity is recognized based on the actual delivery of electricity as agreed upon between parties.

Real estate sales
Real estate sales are generally accounted for under the full accrual method. Under this method, the gain on sale is recognized when: (a) the collectibility of the sales price is reasonably assured; (b) the earnings process is virtually complete; and (c) the seller does not have a substantial continuing involvement with the subject properties. The collectibility of the sales price is considered reasonably assured when: (a) the buyers have actually confirmed their acceptance of the related loan applications after the same have been delivered to and approved by either the banks or other financing institutions for externally-financed accounts; or (b) the full down payment comprising a substantial portion of the contract price is received

and the capacity to pay and credit worthiness of buyers have been reasonably established for sales under the deferred cash payment arrangement.

If the above criteria is not met, the deposit method is applied until all the conditions for recording a sale are met. Pending recognition of sale, cash received from buyers are presented under the "Customers' advances and deposits" account in the liabilities section of the consolidated statement of financial position.

Construction contracts
Revenue from construction contracts is recognized using the percentage-of-completion method of accounting and is measured principally on the basis of the estimated completion of a physical proportion of the contract work. Contracts to manage, supervise, or coordinate the construction activity of others and those contracts wherein the materials and services are supplied by contract owners are recognized only to the extent of the contracted fee revenue. Revenue from cost plus contracts is recognized by reference to the recoverable costs incurred during the period plus the fee earned, measured by the proportion that costs incurred to date bear to the estimated total costs of the contract.

Contract costs include all direct materials and labor costs and those indirect costs related to contract performance. Expected losses on contracts are recognized immediately when it is probable that the total contract costs will exceed total contract revenue. The amount of such loss is determined irrespective of whether or not work has commenced on the contract; the stage of completion of contract activity; or the amount of profits expected to arise on other contracts, which are not treated as a single construction contract. Changes in contract performance, contract conditions and estimated profitability, including those arising from contract penalty provisions and final contract settlements that may result in revisions to estimated costs and gross margins are recognized in the year in which the changes are determined. Profit incentives are recognized as revenue when their realization is reasonably assured.

The asset "Costs and estimated earnings in excess of billings on uncompleted contracts" represents total costs incurred and estimated earnings recognized in excess of amounts billed. The liability

"Billings in excess of costs and estimated earnings on uncompleted contracts" represents billings in excess of total costs incurred and estimated earnings recognized. Contract retentions are presented as part of "Trade receivables" under the "Receivables" account in the consolidated statement of financial position.

Merchandise sales
Revenue from merchandise sales is recognized upon delivery of the goods to and acceptance by the buyer and when the risks and rewards are passed on to the buyers.

Dividend income
Revenue is recognized when the Group's right to receive payment is established.

Rental income
Rental income arising from operating leases on investment properties and construction equipment is accounted for on a straight-line basis over the lease terms.

Interest income
Revenue is recognized as interest accrues using the effective interest method.

Operating Expenses

Operating expenses are expenses that arise in the course of the ordinary operations of the Group. These usually take the form of an outflow or depletion of assets such as cash and cash equivalents, supplies, investment properties and property, plant and equipment. Expenses are recognized in the consolidated statement of income.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest that an entity incurs in connection with the borrowing of funds.

The interest capitalized is calculated using the Group's weighted average cost of borrowings after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amounts capitalized is the gross interest incurred on those borrowings less any investment income arising on their temporary investment. Interest is capitalized from the commencement of the development work until the date of practical completion. The capitalization of finance costs is suspended if there are prolonged periods when development activity is interrupted. Interest is also capitalized on the purchased cost of a site property acquired specially for development but only where activities necessary to prepare the asset for development are in progress.

The Group capitalized borrowing costs for all eligible assets where construction commenced on or after January 1, 2009. The Group continues to expense borrowing costs relating to construction projects that commenced prior to January 1, 2009.

Foreign Currency Translations

The functional and presentation currency of the Parent and its Philippine subsidiaries (except for AG&P Nouvelle Caledonie), is the Philippine Peso. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. All differences are taken to the consolidated statement of income.

The functional currency of the foreign operations, AG&P-Nouvelle Caledonie, is the Pacific Franc (XPF). As at the reporting date, the assets and liabilities of this subsidiary are translated into the presentation currency of the Group at the rate of exchange ruling at the reporting date and its statement of income accounts are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are recognized in the consolidated statement of comprehensive income and reported as a separate component of equity. On disposal of a foreign entity, the deferred cumulative amount recognized in the consolidated statement of comprehensive income relating to that particular foreign operation shall be recognized in the consolidated statement of income.

The Group's share in the associate's translation adjustments is likewise included under the cumulative translation adjustments account in the consolidated statement of financial position.

Commission Expense
The Group recognizes commission expense when services are rendered by the broker. The commission expense is recognized upon receipt of down payment from the buyer comprising a substantial portion of the contract price and the capacity to pay and credit worthiness of buyers have been reasonably established for sales under the deferred cash payment arrangement.

Pension Expense
The Group has a non-contributory defined benefit retirement plan.

The retirement cost of the Group is determined using the projected unit credit method. Under this method, the current service cost is the present value of retirement benefits payable in the future with respect to services rendered in the current period. The defined benefit asset or liability comprises the present value of the defined benefit obligation less past service costs not yet recognized, if any, less the fair value of the plan assets out of which the obligations are to be settled directly and less any actuarial gains or losses not recognized. The value of any asset is restricted to the sum of any past service costs not yet recognized, if any, and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using prevailing interest rate on government bonds that have terms to maturity approximating the terms of the related retirement liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are credited to or charged against income when the net cumulative unrecognized actuarial gains and losses at the end of the previous period exceeded 10% of the higher of the present value of the defined benefit obligation and the fair value of plan assets at that date. These gains or losses are recognized over the expected average remaining working lives of the employees participating in the plan.

Past service costs, if any, are recognized immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortized on a straight-line basis over the vesting period.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value is based on market price information and in the case of quoted securities it is the published bid price. The value of any defined benefit asset recognized is restricted to the sum of any past service costs and actuarial gains and losses not yet recognized and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

The retirement benefits of officers and employees are determined and provided for by the Group and are charged against current operations.

Leases
The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement

is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Group as a lessee
Operating lease payments are recognized as an expense in the consolidated statement of income on a straight basis over the lease term.

Group as a lessor
Leases where the Group retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same bases as rental income.

<u>Income Tax</u>
Current tax
Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Deferred tax
Deferred income tax is provided, using the liability method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits from excess minimum corporate income tax (MCIT) and unused net operating loss carry over (NOLCO), to the extent that it is probable that taxable income will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused NOLCO can be utilized except:

- where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable income or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable income will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable income will allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rate (and tax laws) that have been enacted or substantively enacted at the reporting date.

Income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statement of income.

Earnings per Share

Basic earnings per share (EPS) is computed by dividing the net income for the year attributable to common shareholders (net income for the period less dividends on convertible redeemable preferred shares) by the weighted average number of common shares issued and outstanding during the year and adjusted to give retroactive effect to any stock dividends declared during the period.

Diluted EPS is computed by dividing the net income for the year attributable to common shareholders by the weighted average number of common shares outstanding during the year adjusted for the effects of dilutive convertible redeemable preferred shares. Diluted EPS assumes the conversion of the outstanding preferred shares. When the effect of the conversion of such preferred shares is anti-dilutive, no diluted EPS is presented.

Operating Segment

The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The Group generally accounts for intersegment revenues and expenses at agreed transfer prices. Income and expenses from discontinued operations are reported separate from normal income and expenses down to the level of income after taxes. Financial information on operating segments is presented in Note 33 to the consolidated financial statements.

Provisions

General

A provision is recognized only when the Group has: (a) a present obligation (legal or constructive) as a result of a past event; (b) it is probable (i.e., more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Provision for decommissioning and site rehabilitation costs

The Group is legally required to fulfill certain obligations as required under its Environmental Compliance Certificate (ECC) issued by Department of Environment and Natural Resources

(DENR). The Group recognizes the present value of the liability for these obligations and capitalizes the present value of these costs as part of the balance of the related property, plant and equipment accounts which are depreciated, depleted and amortized on a straight-line basis over the EUL of the related property, plant and equipment or the contract period, whichever is shorter. The decommissioning and site rehabilitation costs are determined based on the provisions of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*. The Group recognizes the liability for these obligations as "Provision for decommissioning and site rehabilitation" under "Other noncurrent liabilities" in the consolidated statement of financial position (see Note 19).

Contingencies

Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized but are disclosed in the consolidated financial statements when an inflow of economic benefits is probable.

Events After the Reporting Period

Post year-end events up to the date of the auditors' report that provide additional information about the Group's position at reporting date (adjusting events) are reflected in the consolidated financial statements. Any post year-end events that are not adjusting events are disclosed in the the consolidated financial statements when material.

Business Combinations and Goodwill

Business combinations from January 1, 2010

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognized in accordance with PAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss.

Following initial recognition, goodwill is measured at cost less any accumulated impairment loss. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For purposes of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGUs), or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is allocated should:

- represent the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- not be larger than an operating segment determined in accordance with PFRS 8.

Impairment is determined by assessing the recoverable amount of the CGU (or group of CGUs), to which the goodwill relates. Where the recoverable amount of the CGU (or group of CGUs) is less than the carrying amount, an impairment loss is recognized. Where goodwill forms part of a CGU (or group of CGUs) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in these circumstances is measured based on the relative values of the operation disposed of and the portion of the CGU retained. If the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the acquirer shall recognize immediately in the consolidated statement of comprehensive income any excess remaining after reassessment.

Business combinations prior to January 1, 2010
In comparison to the above-mentioned requirements, the following differences applied:

Business combinations were accounted for using the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as separate steps. Any additional acquired share of interest did not affect previously recognized goodwill.

When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree were not reassessed on acquisition unless the business combination resulted in a change in the terms of the contract that significantly modified the cash flows that otherwise would have been required under the contract.

Contingent consideration was recognized if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent adjustments to the contingent consideration were recognized as part of goodwill.

Goodwill acquired in a business combination is initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquired entity at the date of acquisition.

If the initial accounting for a business combination can only be determined on a provisional basis by the end of the period in which the combination is effected because either the fair values to be assigned to the acquiree's identifiable assets, liabilities or contingent liabilities or the cost of the combination can be determined only provisionally, the Parent Company accounts for the combination using those provisional values. The Parent Company recognizes any adjustment to those provisional values as a result of completing the initial accounting within 12 months from the acquisition date.

Discontinued Operation
A discontinued operation is a component of an entity that has been disposed of and represents a separate major line of business. In the consolidated statement of income of the reporting period, and of the comparable period of the previous years, income and expenses from discontinued operations are reported separately from income and expenses from continuing operations, down to the level of profit after taxes. The resulting income or loss (after taxes) is presented separately in the statements of income.

Acquisition of Non-controlling Interest in a Subsidiary
Acquisition of non-controlling interest is accounted for using the parent entity extension method, whereby the difference between the fair value of consideration given and the share in the net book value of the net assets acquired is recognized as goodwill. When the consideration is less than the net assets acquired, the difference is recognized as a gain in the consolidated statement of income. In an acquisition without consideration involved, the difference between the share of the non-controlling interests in the net assets at book value before and after the acquisition is recognized either as goodwill or a gain from acquisition of non-controlling interests.

3. Preferred and Common Stock

The changes in the number of shares follow:

	March 31, 2011	December 31, 2010
Preferred stock - ₱1 par value cumulative and convertible to common stock		
Authorized number of shares	100,000,000	100,000,000
Issued and outstanding		
Balance at beginning of year	4,380	4,380
Cancellation/retirement of issued preferred shares	600	0
Balance at end of year	3,780	4,380

Common stock - ₱1 par value		
Authorized number of shares	5,900,000,000	5,900,000,000
Issued and outstanding	2,655,494,000	2,655,494,000
Additional subscription	-	-
Preferred shares held in treasury		
Balance at beginning of year	0	0
Redemption of preferred shares	600	0
Cancellation/retirement of issued preferred shares	(600)	0
Balance	0	0

The preferred stock is redeemable, convertible, non-voting, non-participating and cumulative with par value of ₱1.00 per share. The preferred shareholders' right of converting the preferred shares to common shares expired in March 2002. Aside from the issued and outstanding 3,780 preferred shares, all the preferred shares were essentially redeemed, retired, cancelled and paid.

Appropriation
Retained earnings is restricted to the extent of the acquisition cost of the treasury shares amounting to ₱1.10 million and ₱187.21 million as of December 31, 2006 and 2005, respectively. No retained earnings have been currently appropriated for acquisition of treasury shares.

Dividends declared
On June 4, 2010 and May 21, 2009 the Parent Company's BOD approved and declared cash dividend of ₱0.50 and P0.20 per share or ₱1,328 million and ₱531 million respectively to stockholders of record as of June 22, 2010 and June 5, 2009, respectively. The cash dividend was paid on July 15, 2010 and on June 30, 2009 respectively as well.

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4. **Business Segments**

The following tables present the net income of the specific business segments for the period and quarter ended March 31, 2011 and 2010 (amounts in thousand):

Revenues

	For the period		For the Quarter	
	2011	2010	2011	2010
Construction	2,622,006	2,786,653	2,622,006	2,786,653
Mining	4,907,349	3,812,919	4,907,349	3,812,919
Water	-	-	-	-
Real Estate Development	1,139,796	751,976	1,139,796	751,976
Electricity	2,112,852	2,491,077	2,112,852	2,491,077
Parent Company and Others	32,736	32,620	32,736	32,620
TOTAL	**10,814,739**	**9,875,245**	**10,814,739**	**9,875,245**

Net Income After Minority

	For the period		For the Quarter	
	2011	2010	2011	2010
Construction	362,006	389,607	362,006	389,607
Mining	936,351	318,315	936,351	318,315
Water	498,500	390,761	498,500	390,761
Real Estate Development	223,752	165,550	223,752	165,550
Electricity	262,102	32,313	262,102	32,313
Steel Fabrication	-	110,790		110,790
Parent Company and Others	(15,636)	(1,259)	(15,636)	(1,259)
TOTAL	**2,267,075**	**1,406,077**	**2,267,075**	**1,406,077**

5. **Operating Expenses**

The following tables present the consolidated operating expenses for the period ended March 31, 2011 and 2010 (amount in Php thousands):

	MARCH 31, 2011	**MARCH 31, 2010**
Government Share	582,971	582,307
Salaries, Wages & Employees benefits	227,117	134,995
Advertising and Marketing Expense	139,921	56,720
Commission	85,900	76,822
Outside Services	33,150	10,015
Taxes and Licenses	105,347	419,346
Depreciation Expense	45,021	21,535
Professional Fees	66,660	26,410
Entertainment, amusement and recreation	10,110	10,682
Rental Expense	12,079	8,078
Transportation and Travel	7,738	5,353
Communication, light and water	11,843	3,457
Repairs and Maintenance	31,191	13,825
Gasoline and Oil Expense	3,739	2,254
Supplies	10,706	15,192
Insurance	9,105	14,984
Other Operating Expense	30,026	22,257
TOTAL	**1,412,631**	**1,424,239**

6. **Related Party Transactions**

In the regular course of business, the Group's significant transactions with related parties consisted primarily of the following:

(a) Comprehensive surety, corporate and letters of guarantee issued by the Company and DMCI for various credit facilities granted to and for full performance of certain obligations by certain related parties.
(b) Certain assets of the Group, associates and other related parties were placed under accommodation mortgages to secure the indebtedness of the Group, its associates and other related parties.
(c) Interest and non interest-bearing cash and operating advances made by the Group to and from various associates and other related parties.
(d) Engineering and construction works of the water business is contracted to the construction segment of the Company. These projects are bid out to various contractors and are awarded on arms length transactions. The interrelated contracts amounted to Php 3,415,189,814.99 and Php 3,182,591,462.08 as of March 31, 2011 and March 31, 2010 respectively, where Php 334,753,593.92 and Php 498,122,761.33 were booked for the period ended March 31, 2011 and March 31, 2010 respectively.

7. **Financial Instruments and Financial Risk**

For interim reporting purposes, financial assets and liabilities are recognized at historical cost which is the fair value of the consideration given (in the case of the asset) or received (in the case of liability). Debt issuance costs are included in the initial measurement of all financial assets and liabilities except those that are designated as fair value through profit and loss.

DMCI HOLDINGS, INC.
AGING OF ACCOUNTS RECEIVABLE
AS OF MARCH 31, 2011

TYPE OF ACCOUNTS RECEIVABLE	T O T A L	1 MONTH	2 -3 MONTHS	4 - 6 MONTHS	7 MONTHS TO 1 YEAR	1 - 2 YEARS	3 - 5 YEARS	5 YEARS - ABOVE	Past Due Accts & Items for Litigation
A. TRADE RECEIVABLE - CONTRACT									
D.M. Consunji, Inc.	2,559,604,172.16	2,029,847,296.01	170,080,286.20	94,840,732.61	83,332,907.16	181,502,950.18	-	-	-
DMCI International, Inc.	24,686,393.00						24,686,393.00		
OHKI-DMCI Corporation	2,966,841.00	-	-	-	2,966,841.00				
Beta Electric Corporation	61,250,747.94	37,279,954.20	1,560,832.48	10,734,193.04	11,675,768.22	-	-		
Raco Haven Automation	11,306,701.00	-	-	-	-	11,306,701.00			
Sub-total	2,659,814,855.10	2,067,127,250.21	171,641,118.68	105,574,925.65	97,975,516.38	192,809,651.18	24,686,393.00	-	-
DMCI Project Developers, Inc.	4,070,580,007.00	3,148,255,937.69	74,913,196.17	197,421,888.11	168,237,555.40	481,751,429.63	-	-	-
Semirara Mining Corporation	4,014,893,377.00	2,468,673,566.00	831,472,634.00	42,255,135.00	666,847,875.00	24,771.00	5,619,396.00	-	
DMCI Mining Corporation	174,226,117.00	174,226,117.00							
DMCI Power Corporation	192,603,435.40	192,603,435.40							
Wire Rope Corporation of the Philippines	44,700,947.70	20,398,511.19	12,094,036.67	5,259,648.23	6,054,119.61	-	-		894,632.00
Sub-total	8,497,003,884.10	6,004,157,567.28	918,479,866.84	244,936,671.34	841,139,550.01	481,776,200.63	5,619,396.00	-	894,632.00
RETENTION RECEIVABLE - TRADE									
D.M. Consunji, Inc.	1,102,794,202.97	1,102,794,202.97							-
Beta Electric Corporation	102,568,898.63	102,568,898.63							
Sub-total	1,205,363,101.60	1,205,363,101.60	-	-	-	-	-	-	-
Total Contract/Retention Receivable - Trade	12,362,181,840.80	9,276,647,919.09	1,090,120,985.52	350,511,596.99	939,115,066.39	674,585,851.81	30,305,789.00	-	894,632.00
Less: Allowance for Doubtful Accounts	153,399,533.51								
Net Trade Receivable	**12,208,782,307.29**								

B. NON-TRADE RECEIVABLES	
ADVANCES -	
D.M. Consunji, Inc.	8,934,835.30
Beta Electric Corporation	7,249,706.10
Oriken Dynamix Company, Inc.	3,588,758.00
Sub-total	19,773,299.40
DMCI Holdings, Inc.	439,881.28
DMCI Mining Corporation	228,685,893.00
DMCI Project Developers, Inc.	356,001,386.00
DMCI Power Corporation	20,630,228.00
Sub-total	625,530,687.68
AFFILIATES -	
DMCI Holdings, Inc.	71,684.53
DMCI Project Developers, Inc.	144,300,065.00
Semirara Mining Corporation	15,636,023.65
	160,007,773.18
Sub-total	160,007,773.18

OTHER RECEIVABLES -	
D.M. Consunji, Inc.	206,470,567.83
Raco Haven Automation	3,602,481.00
Beta Electric Corporation	8,128,177.68
	218,201,226.51
DMCI Holdings, Inc.	61,324.14
DMCI Project Developers, Inc.	322,171,528.00
Semirara Mining Corporation	40,673,960.00
Sub-total	581,108,038.65
Total Non-trade Receivables	1,366,646,499.51
Less: Allowance for Doubtful Accounts	-

DMCI HOLDINGS, INC.
ACCOUNTS RECEIVABLE DESCRIPTION
MARCH 31, 2011

Type of Receivable	Nature/Description	Collection Period
1) Contracts/Retention Receivable	Construction contract billings, sale of Goods and services pertaining to construction and related businesses of subsidiaries; real estate sales like sale of condominium units; development, improvements and construction of real estate projects; and coal mining sales	Contract Receivable - 20 to 30 days upon submission of progress billing Retention Receivable (10%) - depends on the agreement: 1) usually, 60 days after completion and acceptance of the project 2) if 50% completed, can bill 50% of retained amount as specified in the contract agreement Coal Mine Receivable - 1) Average standard term 80% of sales - 30 days upon presentation of invoice 20% of sales - 35 to 45 days term upon receipt of test results 2) Actual term - 45 to 60 days after billing Real Estate Receivable terms: Upon sale - 1) Reservation Fee - P 20,000.00 2) Balance paid through in-house or pag-ibig financing
2) Advances	Includes Advances to Suppliers, sub-contractors, and advances to employees/subject for liquidation	
3) Affiliates	Includes Advances to Subsidiaries and Affiliates	
4) Other Receivables	Includes refundable deposits, claims from some government agency like SSS, BIR and other receivables from miscellaneous billings	

Normal Operating Cycle

1.) Construction and Real Estate - positive net working capital
2) Mining - positive net working capital