

**COVER SHEET**

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SEC Registration Number

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(Company's Full Name)

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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  
Contact Person

888-3000  
Company Telephone Number

(Last Wednesday of July)

1 2      3 1  
Month      Day  
Fiscal Year

**SEC Form 17-Q**  
**First Quarter Interim Report 2013**  
FORM TYPE

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Annual Meeting

N.A.  
Secondary License Type, If Applicable

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Dept Requiring this Doc

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Amended Articles Number / Section

\_\_\_\_\_  
Total No. of Stockholders

Total Amount of Borrowings

\_\_\_\_\_  
Domestic

\_\_\_\_\_  
Foreign

To be accomplished by SEC Personnel concerned

\_\_\_\_\_  
File Number

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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  No

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

Yes  No

## PART I--FINANCIAL INFORMATION

### Item 1. Financial Statements.

The Financial Statements for the quarter and period ended **March 31, 2013** are contained herein.

### MANAGEMENT DISCUSSION AND ANALYSIS OF RESULTS OF CONSOLIDATED OPERATIONS AND CONSOLIDATED FINANCIAL CONDITION FOR THE QUARTER AND PERIOD ENDED MARCH 31, 2013.

#### March 31, 2013 vs March 31, 2012

#### I. RESULTS OF OPERATIONS

Real estate and power segments continue to report very strong growths but significant drops in coal, nickel and general construction brought down core net income for the period from P2.7 billion in 2012 to P1.9 billion in 2013. Despite the growth in water operations this quarter, the Company received a lower net earnings share for the current period compared to last year as a result of the sale of 16% effective interest in Maynilad. The one-time gain from the partial sale of the water business buoyed up consolidated net income after non-controlling interests for the period to P10.2 billion this year compared to last year's P2.7 billion.

Below is a table of the segmented 1<sup>st</sup> quarter net income contributions of the Company's businesses for 2013 and 2012:

#### NET INCOME (after Non-controlling interests)

<i>(in Php Millions)</i>	For the period & quarter		Variance	%
	2013	2012		
COAL MINING	(85)	650	(735)	-113%
NICKEL MINING	2	269	(267)	-99%
CONSTRUCTION	84	282	(198)	-70%
REAL ESTATE	636	405	231	57%
ELECTRICITY	686	400	286	72%
WATER	539	611	(72)	-12%
PARENT & OTHERS	(5)	57	(62)	-109%
<i>CORE NET INCOME</i>	1,857	2,674	(817)	-31%
<i>ONE-TIME GAIN ON SALE (Parent)</i>	8,354	-	8,354	-
<b>TOTAL</b>	<b>10,211</b>	<b>2,674</b>	<b>7,537</b>	<b>282%</b>

#### 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. On February 13, 2013, MCNK JV Corporation, a subsidiary of Marubeni Corporation, acquired 20% effective ownership in Maynilad which reduced the Company's effective interest in Maynilad from 40.98% to 25.24%. The entry of MCNK is expected to help provide Maynilad with access to additional sources of funding.

The Company's first quarter equity in net earnings reported a 12% decline from P611 million last year to P539 million this year due to a lower effective interest as mentioned.

Water operating efficiencies continued to improve as Maynilad reported an increase in first quarter net income from P1.64 billion in 2012 to P1.76 billion in 2013. Billed volume was up 1.6%, despite an effective 5.6% dip in water supply. Average non-revenue water (NRW) for the year-to-date consequently improved to 41.30% this year from 45.43% last year. Continued expansion into the southern areas of Muntinlupa, Las Piñas and Cavite brought connections up to a total of 1,080,886 billed services, a 6.9% growth from the end of the same period last year. As a result, Maynilad's water service revenue for the quarter was up by 10% from P3.0 billion in 2012 to P3.3 billion in 2013.

Total non-cash operating expenses decreased by P144 million or 26.0% to P411 million from P555 million last year as a result of the shift to the unit-of-production method of amortization. Meanwhile, total cash opex increased by 12.7% to P1.15 billion versus P1.02 billion last year.

As part of its strategic business expansion, Maynilad participated and won the bid to acquire 10% of Subic Water and Sewerage Company Inc. (Subic Water) from the city of Olongapo for P211 Million. After the expiry of the right of first refusal of Subic Water's existing shareholders to acquire the shares, Maynilad signed the deed of sale for the acquisition on March 15, 2013. Subic water operates the water supply and sewerage system in the Subic Bay Freeport and the water system in Olongapo City, under a franchise term until 2027.

## **CONSTRUCTION**

Despite growth in revenues, the Company's construction business posted a lower net income for the first quarter of the year with P84 million compared to last year's P282 million. This is a result of the lower margins realized from the recently completed and ongoing building projects and variation orders awaiting approval as of reporting date. Most notable of its accomplishments is the completion of Phase 1 of the Solaire Project.

With the completion of the big building projects in 2012, DMCI's orderbook (balance of work) as of March 31, 2013 dipped to P14.9 billion coming from a P15.7 billion end-2012 balance. and compared to March 31, 2012 balance of P20 billion. The power plant construction contracts in Batangas comprise the bulk of the balance of work from Semirara's 2x150MW Calaca expansion of P5.2 billion to the 1x135MW Coal-Fired Power Plant of the South Luzon Thermal Energy Corporation of 2.9 billion. The orderbook however, does not include the MRT-7 railway project, which had been awarded to DMCI but is still awaiting financial closing.

Although delayed, the Company is confident that the infrastructure development programs of the current Philippine government through the Public-Private Partnership (PPP) projects will inevitably materialize. It believes it is well positioned to be both a driver and a beneficiary of the country's infrastructure progress.

## **REAL ESTATE**

The Group's real estate business is focused on residential development. It is led by the Company's wholly owned subsidiary DMCI Project Developer's Inc. The segment posted a 57% growth in net income during the period on the back of a strong 26% increase in recognized revenues year-on-year, reaching P2.2 billion this quarter compared to P1.7 billion last year. It is worth to note that the company recognizes real estate revenues using the full accrual method, where sales are booked when the unit is fully complete and the downpayment of 15% has already been paid. Revenue growth outpaced the rise in cost of sales and expenses, resulting in gross and net margin improvements brought about by continued cost containment efforts and actualization of project cost.

A better representative of current demand would be sales and reservations for the period which experienced a 15% surge from P4.6 billion in 2012 to P5.3 billion in 2013. Sustained demand for condominium units coming mainly from new projects: Levina Place and Verawood in Taguig and

Torre de Manila in Manila pushed sales take-up higher. Moreover, increased take up from existing projects added to the growth in sales and reservations.

With the current increase of VAT-free housing price threshold to around P3.2 million, the Company has leveraged on the tax advantage to become more price competitive in the market. Notably, most of the Company's housing units have a selling price of around P3 million per unit.

## **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).

Below is SMC's management discussion and analysis of results of operations and financial condition for the period ending and as of March 31, 2013 as lifted from its first quarter financial report with the PSE and SEC:

## **MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

### **I. PRODUCTION – COMPARATIVE REPORT Q1 2013 vs. Q1 2012**

#### **Coal**

*Mining operations was disrupted last February 14 after the Panian west wall incident, where a section of the wall gave way affecting some mining equipment and mine personnel. Management voluntarily stopped all mining activities in the site immediately, hence, the Department of Energy (DOE) find it not necessary to issue order to stop operations.*

*On 5 March 2013, DOE issued clearance to the Company to do preparatory activities for the new area, the North Panian, after it has reviewed and evaluated the work program for the site. The clearance was however limited to preparatory activities, which excluded coal extraction, pending final evaluation of all safety measures to be undertaken to prevent similar case to happen again in the future.*

*Subsequently, on 19 April 2013, the Company received full clearance from DOE to resume normal coal mining operations.*

*The 19-day total stop operations resulted to a decline in the materials and coal movement, such that total materials moved decreased by 28% year-on-year at 16.00 million bank cubic meters (bcm) from 22.30 million bcm in Q1 2012. Run-of-mine (ROM) coal dropped by 55% at 820 thousand metric tons (MTs) from 1.81 million MTs in 2012; while total product coal (after survey adjustment) dropped by 47% at 880 thousand MTs from 1.65 million MTs in 2012. The Company's power assets, Sem-Calaca Power Corporation (SCPC), used unwashed coal, which was blended with regular coal, for fuel during the period, such that washable coal remarkably dropped by 76% at 83 thousand MTs from 344 MTs in Q1 2012. Coal recovery remained the same at 60%.*

*Meanwhile, after receiving clearance from DOE to resume mine preparatory activities, stripping activities resumed at the North Panian area. This resulted to a spike in stripping ratio to 18.79:1, posting a 61% increase over Q1 2012 strip ratio of 11.64:1 as there was no coal extracted for the meantime.*

*Despite the drop in production, total volume sold was maintained at almost the same level, even posting a 6% growth at 1.78 million MTs from 1.67 million MTs last year, as beginning coal inventory was high at 1.38 million MTs. The current period closed with ending inventory of 460 thousand MTs, around half of last year's 950 thousand MTs.*

The table below shows the comparative production data for Q1 2013 and Q1 2012.

<b>COMPARATIVE PRODUCTION DATA</b>				
<i>(in '000, except Strip Ratio)</i>				
	<b>Q1 '13</b>	<b>Q1 '12</b>	<b>Inc (Dec)</b>	<b>% Inc (Dec)</b>
<b>Total Materials (bcm)</b>	16,001	22,303	(6,302)	-28%
<b>ROM Coal (MT)</b>	820	1,805	(985)	-55%
<b>Strip Ratio</b>	18.79:1	11.64:1	7	61%
<b>Net TPC (MT)</b>	880	1,651	(771)	-47%
<b>COAL WASHING</b>				
<b>Washable Coal (MTs)</b>	83	344	(261)	-76%
<b>Washed Coal (MTs)</b>	50	206	(157)	-76%
<b>% recovery</b>	60%	60%	0	1%
<b>Beg. Inventory (MTs)</b>	1,383	992	391	39%
<b>End Inventory (MTs)</b>	460	950	(490)	-52%

### **Power**

Plant performance in Q1 2013 hit the target as both units were operational with total gross generation of 816,262 MWH. Total plant's average load reached 485 MW, a 98% increase over the same quarter last year. This is attributed to Unit 2's improved average load of 257MW from 245MW, similarly, average load of Unit registered at 228MW for Q1 2013 post rehab.

#### *Unit Two*

Gross generation of Unit 2 for Q1 2013 was 350,695 MWH. This is lower than the comparative quarter last year due to less operating hours brought by the planned/maintenance outage between December to January 2013. However, while gross generation is lower, its average load factor is higher at 257 MW, a 5% improvement from previous year. Moreover, there was no forced outage recorded after the scheduled shutdown, and the unit's March production was remarkable as capacity factor hit above 90% and plant availability was at its peak.

Unit load was restricted to 280MW because of the leaking high pressure heaters 7 and 8. The replacement for heaters 6, 7 and 8 were delivered in September 2012. Heaters 7 and 8 were scheduled for replacement in the December 2012 planned outage but this was postponed since replacement units were found to be defective. The new units are expected to arrive in time for the scheduled maintenance shutdown in December this year.

#### *Unit One*

Gross generation of Unit 1 in Q1 2013 was recorded at 465,567 MWH. After its rehabilitation, the unit went online beginning August 2012. Average load was at 228MW using 100% Semirara coal. Capacity factor stayed in the range of 65% to 75% with only 117 forced outage hours.

Unit capability was increased to 235MW from 230MW starting December 2012 with the aid of Nalco 9F-01 soot remove. The Nalco 9F-01 soot remove chemical spray is used to manage the fouling rate at the backpass of the boiler and consequently increase the unit capability.

The table below shows the comparative production data for Q1 2013 and Q1 2012.

<b>COMPARATIVE PLANT PERFORMANCE DATA</b>			
<i>As of Q1'13 vs As of Q1'12</i>			
	<b>Q1'13</b>	<b>Q1 '12</b>	<b>%Inc (Dec)</b>
<b>Gross Generation, Gwh</b>			
<b>Unit 1</b>	466	-	
<b>Unit 2</b>	351	473	-26%
<b>Total Plant</b>	816	473	73%
<b>% Availability</b>			
<b>Unit 1</b>	95%	0%	
<b>Unit 2</b>	63%	88%	-29%
<b>Total Plant</b>	79%	44%	79%
<b>Capacity Factor</b>			
<b>Unit 1</b>	72%	0%	
<b>Unit 2</b>	54%	72%	-25%
<b>Total Plant</b>	63%	36%	75%

## II. MARKETING – COMPARATIVE REPORT Q1 2013 vs. Q1 2012

### Coal

Despite the incident that caused temporary stoppage of mining operations, total coal sales volume posted a 6% growth at 1.78 million MTs versus Q1 2012 sales volume of 1.67 million MTs.

The table below shows the comparative sales volume data for Q1 2013 and Q1 2012.

<b>COMPARATIVE SALES VOLUME DATA</b>						
<i>(in '000 MTs)</i>						
<b>CUSTOMER</b>	<b>Q1 '13</b>	<b>%</b>	<b>Q1 '12</b>	<b>%</b>	<b>Inc (Dec)</b>	<b>% Inc (Dec)</b>
<b>Power Plants</b>						
Calaca	608	34%	205	12%	<b>403</b>	<b>196%</b>
Other PPs	256	14%	325	19%	<b>(69)</b>	<b>-21%</b>
<b>TOTAL PPs</b>	<b>864</b>	<b>66%</b>	<b>531</b>	<b>59%</b>	<b>334</b>	<b>63%</b>
<b>Other Industries</b>						
Cement	361	20%	272	16%	<b>90</b>	<b>33%</b>
Others	92	5%	98	6%	<b>(6)</b>	<b>-6%</b>
<b>Total Others</b>	<b>454</b>	<b>26%</b>	<b>370</b>	<b>22%</b>	<b>84</b>	<b>23%</b>
<b>TOTAL LOCAL</b>	<b>1,318</b>	<b>74%</b>	<b>901</b>	<b>54%</b>	<b>417</b>	<b>46%</b>
<b>EXPORT</b>	461	26%	771	46%	<b>(310)</b>	<b>-40%</b>
<b>GRAND TOTAL</b>	<b>1,778</b>	<b>100%</b>	<b>1,672</b>	<b>100%</b>	<b>107</b>	<b>6%</b>

Offtake of SCPC almost tripled this year at 608 thousand MTs from last year's 205 thousand MTs. Although power Unit 2 was down for maintenance shutdown most of January, Unit 1 was up and running fresh from a successful rehab. The increase in offtake by SCPC is mainly due to the increase in coal consumption by the 2 power units as both were operating in Q1 2013, compared to same quarter last year where only Unit 2 was running as Unit 1 was still down for rehabilitation.

Conversely, sales to other power plants dropped by 21% at 256 thousand MTs from 325 thousand MTs last year. Since global coal prices dropped, some customers took advantage of importing coal this quarter due to lower coal price available from offshore market.

On the other hand, sales to cement plants increased by 33% at 361 thousand MTs from 272 thousand MTs, which is reflective of the increasing demand of cement given the noted boom in the construction industry during the period.

Sales to other industries recorded a 6% drop at 92 thousand MTs from 98 thousand MTs due to decrease in offtake of two customers.

Total sales to domestic customers increased by 46% at 1.32 million MTs from 901 thousand MTs last year. On the contrary, export sales dropped by 40% at 461 thousand MTs from 771 thousand MTs last year. Local customers were given the priority in coal deliveries after the temporary suspension of coal production resulting from the incident in order to serve the company's commitment relative to its long term coal supply contract with these customers while exports, apart from spot arrangements only, command lower price compared to domestic sales.

The softening of the global prices of coal adversely impacted on this year's composite average FOB price per MT which posted a 24% decline at PHP2,182 from PHP2,879 in Q1 last year.

## **POWER**

SCPC's recorded sales for Q1 2013 increased to 770 GWh, 57% higher than the recorded sales of 489 GWh for the same period in 2012. This is attributed to the higher energy generation of the power plant resulting from the completion of its rehabilitation.

Of the total energy sold, 98% or 751 GWh were sold to bilateral contracts and the remaining 2% to the spot market.

SCPC's sales to bilateral contracts went up by 54% from 489 GWh sales in 2012. The improvement was due to the increase of contract quantities for MERALCO from the initial 210 MW to 420 MW starting 31 January 2013 and the additional 30 MW non-firm contract capacity for TRANS-ASIA, on top of its existing 15 MW firm contracted capacity. The non-firm additional contract capacity arrangement with Trans-Asia which is effective starting 16 February 2013, enables SCPC to sell its excess capacity at any given time.

MERALCO maintained to be the biggest customer of SCPC comprising 85% share of the total energy sales for SCPC's bilateral contracts, followed by BATELEC I and Trans-Asia at 7% and 5% shares, respectively.

Spot Market Sales is higher at 19 GWh against 0.59 GWh in Q1 2012.

Of the total energy sold, 99% was sourced from own generation and 1% was purchased from the spot market. SCPC procured power from the spot market during hour intervals where power units are down, or was running at a derated capacity in order to be able to supply committed capacity to some of its customers. Contracts with some of its customer still cover the supply of replacement power under a "pass-thru" cost arrangement.

SCPC bilateral contracts yielded lower prices at an average price of 3.90 P/KWh compared to the 4.14 P/KWh of same period of 2012. This is due to lower prices of pass-thru coal fuel indexed to the declining Newcastle prices in 2013.

The table below shows the comparative sales volume data for Q1 2013 and Q1 2012.

<b>COMPARATIVE SALES VOLUME DATA</b>			
<i>(in GWh)</i>			
<b>CUSTOMER</b>	<b><u>Q1 '13</u></b>	<b><u>Q1 '12</u></b>	<b><u>%Inc (Dec)</u></b>
Bilateral Contracts	751	489	54%
Spot Sales	19	1	3095%
<b>GRAND TOTAL</b>	<b>770</b>	<b>489</b>	<b>57%</b>
<b>Composit Ave Price</b>	<b>3.89</b>	<b>4.14</b>	<b>-6%</b>

### III. FINANCE

#### *Sales and Profitability*

*Consolidated Revenues, net of eliminating entries, dropped by 11% at PHP5.68 billion in Q1 2013 as against PHP6.36 billion last year. Coal Revenues, before elimination, decreased by 20% at PHP3.88 billion this quarter from PHP4.34 billion last year. The decline is mainly attributed to lower coal prices this year. On the other hand, the 70% increase in energy sales volume compensated for the 13% decrease in average price per KWh, resulting to a 48% increase in energy Revenues at PHP3.00 billion from PHP2.03 billion last year.*

*Consolidated Cost of Sales remained at almost the same level of PHP4.06 billion from PHP4.07 billion last year. Coal Cost of Sales before elimination increased by 8% at PHP3.72 billion from PHP3.45 billion last year. Strip ratio was at a historical high this period since no coal extraction was done in the second half of the quarter as a consequence of the accident at the pit. Net of elimination, Cost of Coal Sold likewise dropped by 12% YoY at PHP2.46 billion from PHP2.78 billion. Cost of Coal Sold per MT increased by 1% at PHP2,095 from PHP2,066 last year due to lower units of coal produced to absorb the mine's fixed cost. This was mitigated by decrease in production cost due to lower fuel cost and maintenance brought about by the temporary suspension of mine operations.*

*Meanwhile, power Cost of Sales before elimination also increased by 26% at PHP1.51 billion from PHP1.19 billion last year; and 35%% after elimination at PHP1.59 billion from PHP1.18 billion last year. Increase in volume sold accounted for the increase in total cost. However, Cost of Sales per KWh decreased by 24%% at PHP1.96 from PHP2.57 last year due to minimal spot purchases for replacement power and lower coal fuel average cost this year.*

*The resulting consolidated Gross Profit decreased by 32% at PHP1.63 billion, with the coal power segments each contributing PHP221.00 million and PHP1.41 billion, respectively. Last year's consolidated Gross Profit stood at PHP2.41 billion, PHP1.56 billion from coal and PHP849.71 million from power. Consolidated Gross profit margin decreased by 24% at 29% from 38% last year.*

*Consolidated Operating Expenses dropped by 15% at PHP675.92 million from PHP797.94 million last year. Net of eliminating entries, the coal segment's Operating Expenses dropped by 33% at PHP397.6 million from last year's PHP594.44 million as lower coal Revenues decreased Government Share by 38% at PHP302.11 million from PHP488.19 million last year. Meanwhile, the power segment's Operating Expenses after elimination increased by 34% at PHP272.43 million from PHP203.49 million last year due to full year payment of real property tax to avail of discount. The pre-operating Southwest Luzon Power Generation Corp. (SLPGC), a wholly-owned subsidiary of the Company incorporated to expand its power capacity with the construction of 2 x 150 MW power plants, incurred PHP5.76 million pre-operating expenses, representing salaries and other administrative expenses incurred during the period. Another subsidiary, Sem-Cal Industrial Park Developers, Inc. (SCIP) and Semirara Claystone Inc. (SCI) also incurred Pre-operating Expenses of PHP51 thousand and PHP71 thousand for the quarter, respectively.*

Consolidated Forex Gains dropped by 8% at PHP68.32 million as against PHP74.66 million last year. The PHP continued to strengthen against the USD during the year. Since most of its loans are USD-denominated, bulk of this year's Forex Gains is attributed to the coal segment which recognized PHP69.91 million versus last year's gains of PHP74.26 million. Meanwhile, with minimal Forex exposure, the power segment incurred Forex Losses of PHP1.58 million as against Gains of PHP40 thousand last year.

Lower cash and lower placement interest rates resulted to the decrease in consolidated Finance Income by 80% at PHP7.31 million from PHP36.60 million last year. The coal segment's investible funds reduced after using most of its cash to pay off debts toward the end of 2012, thus its Finance Income decreased by 87% at PHP478 thousand from PHP3.79 million last year. On the other hand, the power segment's Finance Income increased by 18% at PHP6.38 million from PHP5.81 million last year with higher cash level from increased sales.

Consolidated Finance Costs decreased by 34% at PHP72.29 million from PHP109.96 million last year. The coal segment's interest-bearing loans closed at almost the same level at PHP5.57 billion from PHP5.56 billion last year. Coal Finance Costs increased by 28% at PHP24.95 million from PHP19.53 million last year due to higher short term working capital availment during the quarter. Meanwhile, the power segment's total ending interest-bearing loans balance dropped to PHP6.53 billion from PHP7.98 billion last year. As a result, its Finance Cost dropped by 48% at PHP47.03 million from PHP90.43 million last year. SLPGC incurred Finance Cost of 303 thousand representing interest expenses for its drawn amount of PHP550 million from its project finance facility.

Consolidated Other Income dropped by 56% at PHP54.83 million from PHP125 million last year. Bulk of last year's Other Income came from gain on sale of retired assets of the coal segment. Notably, the power segment's Other Income increased by 278% at PHP54.02 million from PHP14.28 million last year. Power Unit 2 used more unwashed coal this year, thus producing more fly ash which is sold to a cement company.

The resulting consolidated Net Income Before Tax (NIBT) stood at PHP1.01billion, posting a 42% decrease over last year's PHP1.74 billion. Bulk of the current quarter's NIBT came from SCPC at PHP1.15 billion. The coal segment incurred net loss amounting to PHP130.44 million, while the pre-operating SLPGC, SCI, and Semirara Energy Utilities, Inc. (SEU), a company incorporated to serve the franchise area in Semirara island as a qualified third party (QTP), incurred losses of PHP6.07 million, PHP51 thousand, and PHP71 , respectively.

Both operating business units enjoy Income Tax Holidays (ITH) as Board of Investments-registered companies. With these tax holidays, consolidated Provision for Income Tax remained minimal at PHP1.38 million in the current quarter, posting a 76% drop from last year's PHP5.77 million as a result of lower taxable income.

The resulting consolidated Net Income After Tax (NIAT) posted a 42% decline at PHP1.01billion from PHP1.73 million last year. The power segment generated NIAT of PHP1.15 billion, while the coal segment incurred net losses of PHP130.44 million. SLPGC, SCI and SEU respectively incurred losses amounting to PHP6.07 million, PHP51 thousand and PHP71 thousand, respectively. Earnings per Share (EPS) decreased by 42% at PHP2.83 from PHP4.86 last year.

## **POWER - SPUG**

An added growth area of the power segment is under DMCI Power Corporation, a wholly-owned subsidiary of the Parent Company. The Company and its subsidiaries are focused on getting power supply contracts with the National Power Corporation-Small Power Utilities Group.

It has power generating units in the provinces of Masbate (24.4 MW diesel power plant) and Palawan (5 x 1.25MW diesel power plant). Masbate started power generation in late 2010 while Palawan just started in December 2012. With a surge in off take demand within a few years of operations brought about by increase in number of connections and development in these areas, the

Company is now expanding its current generation capacity. An addition of 21MW diesel generator sets in Palawan by 2013.

Masbate operations reported revenues of P229 million this year compared to P224 million same period last year. Its net income increased by 65% to P38 million this year from P23 million last year.

### **Nickel**

DMCI Mining, Corp., the Company's nickel and metals (non-coal) mining company, continued to mine and sell nickel ore from existing stockpile.

DMCI Mining reported net income this quarter of only P2 million, compared to same period last year of P269 million due to lower volume, ore grade and price compared to last year. Nickel ore shipments for the quarter decreased to 189 thousand wet metric tons (WMT) from last year's 655 thousand WMT. Average sales price this year is at USD23 per WMT compared to last year's USD35 per WMT. Average nickel content of shipment this year is 1.67% compared to 1.77% last year.

Amidst continued weak global nickel ore price, DMCI Mining's margins have significantly declined, prompting the company to temporarily scale back the operations in the coming months. Also, with the end of mining contract for Benguet in 2012 and the Acoje-ENK Mine having some transitory and permitting issues, DMCI Mining is looking at other opportunities for mine acquisition to enhance the segment's future operations.

### **Acquisitions**

On February 15, 2013, DMCI Mining increased its stake to 37.7% in Toledo Mining Corporation PLC (TMC) with the acquisition of an additional 20.7% for GBP 5.2 million. As a result, DMCI Mining launched a mandatory cash offer to acquire the entire issued and to be issued share capital of Toledo not already owned by DMCI Group. The offer will comprise 50 pence in cash for each Toledo share, valuing the whole of Toledo's existing issued share capital at approximately GBP 24.9 million. As of March 31, 2013, DMCI Mining has a 37.9% interest in TMC.

## **II. FINANCIAL CONDITION**

### **March 31, 2013 (Unaudited) vs December 31, 2012 (Audited)**

The Company's financial condition for the period improved as consolidated total assets and net assets amounted to P108.0 billion and P58.7 billion as of March 31, 2013, posting an increase of 13% and 22%, respectively.

Consolidated cash increased from P9.7 billion in December 31, 2012 to P15.4 billion in March 31, 2013 due mainly to first tranche proceeds received from the sale of Maynilad interest.

Total receivables (current and non-current) went up by 68% due mainly to normal trade in the consolidated businesses mostly from the milestone billings from the construction segment and recognized receivable from newly completed project from real estate segment. Also, receivable from MCNK amounting to P6.1 billion is still included. This was subsequently collected in April 5, 2013.

Consolidated inventories grew slightly by 4% coming mainly from the continuing work in progress at the real estate segment.

Other current assets decreased by 52% mainly due to recoupment/application of advances to suppliers, brokers, contractors and mine rights owners.

Investments decreased by 22% as a result of the Company's partial disposal of interest in the water consortium company.

Property plant & equipment marginally increased by 1% coming from normal equipment acquisitions in the consolidated businesses.

Accounts & other payables increased by 25% mostly as a result of normal trade operations and accruals especially progress billings from subcontractors.

Customers' deposits decreased by 17% due to the realization of revenues from completed real estate projects.

Short-term debt decreased by 73% due to lower acceptances and trust receipts payable which are used by the Group to facilitate payment for importations of materials, fixed assets and other assets.

Long term debt marginally changed due to regular debt payments being made mostly at the real estate, coal and power sectors.

Retained earnings grew by 31% primarily due to the increase in consolidated net income.

### 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

##### REVENUES

<i>(in Php Millions)</i>	For the period		Variance	%
	2013	2012		
COAL MINING	2,679	4,336	(1,657)	-38%
NICKEL MINING	174	974	(800)	-82%
CONSTRUCTION	4,413	3,675	738	20%
REAL ESTATE	2,172	1,720	452	26%
ELECTRICITY	3,238	2,255	983	44%
PARENT & OTHERS	191	50	141	282%
<b>TOTAL</b>	<b>12,867</b>	<b>13,010</b>	<b>(143)</b>	<b>-1%</b>

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

## SEGMENT NET INCOME

### NET INCOME (after Non-controlling interests)

<i>(in Php Millions)</i>	For the period & quarter		Variance	%
	2013	2012		
COAL MINING	(85)	650	(735)	-113%
NICKEL MINING	2	269	(267)	-99%
CONSTRUCTION	84	282	(198)	-70%
REAL ESTATE	636	405	231	57%
ELECTRICITY	686	400	286	72%
WATER	539	611	(72)	-12%
PARENT & OTHERS	8,349	57	8,292	14,547%
<b>TOTAL</b>	<b>10,211</b>	<b>2,674</b>	<b>7,537</b>	<b>282%</b>

The net income (after non-controlling interest) 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. For the period, power and real estate posted strong growth in earnings while coal and nickel mining and construction businesses reported steeped declines (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 P3.85/share accounting for a 281% increase from the P1.01/share EPS last year affected by the one-time gain on sale. (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*).

OTHER RELEVANT FINANCIAL SOUNDNESS RATIOS

	Mar. 31 2013	Dec. 31 2012
Current Ratio	232%	183%
Debt to Equity Ratio	42%	52%
Interest Coverage Ratio	4,525%	1,303%
Return on Assets Ratio	10%	13%
Return on Equity Ratio	18%	26%
Asset to Equity Ratio	184%	198%
Gross Margin Ratio	26%	33%
Net Profit Margin Ratio	83%	24%

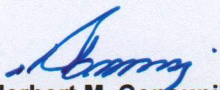
## PART II--OTHER INFORMATION

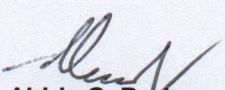
1. The Company's operation is a continuous process. It is not dependent on any cycle or season;
2. Economic and infrastructure developments in the country may affect construction business; Interest rate movements may affect the performance of the real estate industry; Mining activities are generally hinge on the commodities market. Businesses not affected by known cycle, trends or uncertainties are power and water.
3. On April 11, 2013, the BOD of the Parent Company has declared cash dividends amounting P1.20 regular dividends and P1.00 special cash dividends in favor of the stockholders of record as of April 26, 2013. This is due to be paid on May 10, 2013 with a total amount of P5,842.09 million.
4. There were no undisclosed material subsequent events that have not been disclosed for the period that the company have knowledge of;
5. There are no material contingencies during the interim period; events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.
6. There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period
7. Except for commitments in the normal course of business and loan obligations, the Company does not have any significant commitment that may affect liquidity
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 Group does not have any offering of rights, granting of stock options
10. No transfer of assets were made except the partial sale of the water interest and transfer in the normal course of business was done during the relevant interim period
11. The Group's material commitments for capital expenditures are the same as disclosed in the December 31, 2012 annual consolidated financial statements, namely, the expansion of the power plant operated by Semirara's subsidiary and Semirara's capital commitment on acquisition of mining equipment in relation to its income tax holiday registration with the Board of Investments (BOI)
12. All necessary disclosures were made under SEC Form 17-C

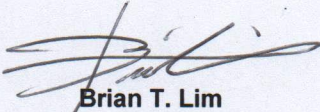
**SIGNATURES**


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

Issuer                      DMCI Holdings, Inc.

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

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

  
**Brian T. Lim**  
Finance Officer

  
**Ma. Luisa C. Austria**  
Accounting Officer

Date                              May 20, 2013

**DMCI HOLDINGS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**For the period ended March 31, 2013 and December 31, 2012**  
**(Amounts in Thousands of Philippine Pesos,**  
**Except Par Value and Number of Shares)**

	2013	AUDITED 2012
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	15,386,324	9,739,025
Financial assets at fair value through profit or loss	72,940	71,260
Available-for-sale financial assets - net	98,106	88,553
Receivables - net	22,816,521	11,175,527
Costs and estimated earnings in excess of billings on uncompleted contrac	0	122,737
Inventories - net	22,305,893	21,515,161
Other current assets	2,619,583	5,493,252
<b>Total Current Assets</b>	<b>63,299,367</b>	<b>48,205,515</b>
<b>Noncurrent Assets</b>		
Noncurrent receivables - net	4,795,421	5,242,743
Investments in associates, jointly controlled entities and others - net	11,254,481	14,357,000
Investment properties - net	713,561	276,447
Property, Plant and Equipment - net	25,634,664	25,724,232
Deferred tax assets	1,804	10,741
Pension asset	11,412	6,211
Other noncurrent assets - net	2,266,372	1,431,998
<b>Total Noncurrent Assets</b>	<b>44,677,716</b>	<b>47,049,372</b>
	<b>107,977,083</b>	<b>95,254,887</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current Liabilities</b>		
Short-term debt	1,097,922	632,971
Current portion of liabilities for purchased land	0	929,379
Accounts and other payables	15,369,343	12,338,919
Billings in Excess of Costs and estimated earnings on uncompleted contracts	250,879	355,247
Customers' advances and deposits	4,350,624	5,258,050
Current portion of long-term debt	5,492,738	6,642,262
Income tax payable	25,665	89,442
Payable to related parties	691,665	61,215
<b>Total Current Liabilities</b>	<b>27,278,836</b>	<b>26,307,485</b>
<b>Noncurrent Liabilities</b>		
Long-Term Debt - net of current portion	19,222,900	18,190,853
Liabilities for purchased land - net of current portion	201,022	215,945
Deferred tax liabilities - net	853,952	818,441
Pension liabilities	158,256	203,550
Other Noncurrent Liabilities	1,597,746	1,527,655
<b>Total Noncurrent Liabilities</b>	<b>22,033,876</b>	<b>20,956,444</b>
<b>Total Liabilities</b>	<b>49,312,713</b>	<b>47,263,929</b>
<b>Equity</b>		
Equity attributable to equity holders of the DMCI Holdings, Inc.:		
Paid-up capital	7,420,814	7,420,815
Retained earnings	43,449,426	33,238,094
Premium on acquisition of non-controlling interests	(161,033)	(161,033)
Other comprehensive loss	28,910	28,910
	<b>50,738,117</b>	<b>40,526,786</b>
<b>Non-controlling interests</b>	<b>7,926,253</b>	<b>7,464,172</b>
<b>Total Equity</b>	<b>58,664,370</b>	<b>47,990,958</b>
	<b>107,977,083</b>	<b>95,254,887</b>

**DMCI HOLDINGS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF INCOME**

For the period ended March 31, 2013 and 2012 and for the quarter ended  
March 31, 2013 and 2012

(Amounts in Thousands of Philippine Pesos)

	For the period		For the quarter	
	2013	2012	2013	2012
<b>REVENUE</b>				
Coal Sales	2,678,903	4,335,847	2,678,903	4,335,847
Nickel Ore Sales	173,558	974,485	173,558	974,485
Construction contracts	4,413,078	3,674,601	4,413,078	3,674,601
Electricity sales	3,237,614	2,255,029	3,237,614	2,255,029
Real estate sales	2,172,250	1,720,521	2,172,250	1,720,521
Merchandise sales and others	191,343	49,773	191,343	49,773
	<b>12,866,746</b>	<b>13,010,256</b>	<b>12,866,746</b>	<b>13,010,256</b>
<b>COST OF SALES AND SERVICES</b>				
Coal Sales	2,472,911	2,778,067	2,472,911	2,778,067
Nickel Ore Sales	183,896	572,392	183,896	572,392
Construction contracts	3,986,852	3,229,357	3,986,852	3,229,357
Electricity sales	1,849,333	1,355,736	1,849,333	1,355,736
Real estate sales	774,006	818,850	774,006	818,850
Merchandise sales and others	312,623	31,915	312,623	31,915
	<b>9,579,621</b>	<b>8,786,317</b>	<b>9,579,621</b>	<b>8,786,317</b>
<b>GROSS PROFIT</b>	<b>3,287,125</b>	<b>4,223,939</b>	<b>3,287,125</b>	<b>4,223,939</b>
<b>OPERATING EXPENSES</b>	(1,240,957)	(1,393,794)	(1,240,957)	(1,393,794)
	2,046,168	2,830,145	2,046,168	2,830,145
<b>OTHER INCOME (LOSSES)</b>				
Equity in net earnings of associates	538,619	610,862	538,619	610,862
Finance income	161,058	205,741	161,058	205,741
Finance costs	(242,449)	(309,052)	(242,449)	(309,052)
Gain on Sale of Shares	8,354,528	0	8,354,528	0
Other income (charges) - net	113,140	479,858	113,140	479,858
<b>INCOME BEFORE INCOME TAX</b>	10,971,064	3,817,554	10,971,064	3,817,554
<b>PROVISION FOR INCOME TAX</b>	323,605	377,933	323,605	377,933
<b>NET INCOME</b>	10,647,459	3,439,621	10,647,459	3,439,621
<b>NET INCOME ATTRIBUTABLE TO</b>				
<b>Equity holders of DMCI Holdings, Inc.</b>	<b>10,211,332</b>	<b>2,673,939</b>	<b>10,211,332</b>	<b>2,673,939</b>
<b>Non-controlling interests</b>	436,127	765,682	436,127	765,682
	10,647,459	3,439,621	10,647,459	3,439,621
<b>Basic/Diluted Earnings Per Share</b>	3.85	1.01	3.85	1.01

**DMCI HOLDINGS, INC. AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME****For the period ended March 31, 2013 and 2012 and for the quarter ended  
March 31, 2013 and 2012****(Amounts in Thousands of Philippine Pesos)**

	For the period		For the quarter	
	2013	2012	2013	2012
<b>NET INCOME</b>	10,647,459	3,439,621	10,647,459	3,439,621
<b>OTHER COMPREHENSIVE INCOME</b>				
Change in fair value 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	-	-	-	-
<b>OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEAR, NET OF TAX</b>	-	-	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>10,647,459</b>	<b>3,439,621</b>	<b>10,647,459</b>	<b>3,439,621</b>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO</b>				
Equity holders of DMCI Holdings, Inc.	10,211,332	2,673,939	10,211,332	2,673,939
Minority interests	436,127	765,682	436,127	765,682
	<b>10,647,459</b>	<b>3,439,621</b>	<b>10,647,459</b>	<b>3,439,621</b>

**DMCI HOLDINGS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**For the period ended March 31, 2013 and 2012**  
**(Amounts in Thousands of Philippine Pesos)**

	<b>2013</b>	<b>2012</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Net Income</b>	10,647,459	3,439,621
Adjustments to reconcile net income (loss) to net cash:		
Equity in net losses (earnings) of affiliates, depreciation, depletion and other non-cash items (net)	(872,254)	(1,369,242)
Income (Loss) applicable to Minority Interest	436,127	765,682
Changes in assets and liabilities:		
Decrease / (Increase) in :		
Receivables- net	(11,193,672)	(6,004,523)
Inventories - net	(790,732)	(1,691,218)
Prepaid expenses and other current assets	2,873,669	2,785,861
Increase/ (Decrease) in :		
Accounts payable and accrued expenses	1,824,068	3,444,285
Current portion of long-term debt	(1,149,524)	(1,087,595)
Non current liabilities	1,077,433	963,726
Billings in excess of cost of uncompleted contracts	18,369	465,760
Income tax payable	(63,777)	191,306
<b>Net cash provided by operating activities</b>	<b>2,807,166</b>	<b>1,903,663</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Decrease (increase) in:		
Financial assets at fair value through profit or loss	(1,680)	71,400
Available for sale financial assets	(9,553)	(9,552)
Investments in associates, jointly controlled entities and others	3,102,519	(1,208,161)
Investment properties	(437,114)	(505,012)
Property, plant and equipment - net	89,568	(1,642,590)
Deferred charges and other assets - net	(830,638)	(784,890)
<b>Net cash used by investing activities</b>	<b>1,913,102</b>	<b>(4,078,805)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net availments (payments) of:		
Notes payable	464,951	1,056,311
Additional subscription of common shares		
Capital Stock at P1.00 par value	0	0
Additional paid-in capital	(1)	(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
<b>Net increase (decrease) in minority interest</b>	<b>462,081</b>	<b>749,505</b>
<b>Net cash provided by financing activities</b>	<b>927,031</b>	<b>1,805,815</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>5,647,299</b>	<b>(369,327)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	<b>9,739,025</b>	<b>15,065,748</b>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<b>15,386,324</b>	<b>14,696,421</b>

DMCI HOLDINGS, INC.  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED MARCH 2013 AND 2012

	<b>MARCH 2013</b>	<b>MARCH 2012</b>
<b>CAPITAL STOCK</b>		
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)	(2,396,220)
	<u>3,780</u>	<u>3,780</u>
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	-	-
	<u>2,655,494,000</u>	<u>2,655,494,000</u>
	<b>2,655,497,780</b>	<b>2,655,497,780</b>
<b>ADDITIONAL PAID-IN CAPITAL</b>		
Balance at the beginning	4,765,316,671	4,765,316,671
Retirement of Preferred Shares	-	-
Additional Paid-in Capital of new subscribed shares	-	-
	<u>4,765,316,671</u>	<u>4,765,316,671</u>
<b>DEPOSITS FOR FUTURE SUBSCRIPTION</b>		
	-	-
<b>RETAINED EARNINGS (DEFICIT)</b>		
Balance at beginning of the period	33,238,094,000	26,633,071,940
Net income(loss) for the period	10,211,331,973	2,673,938,695
Dividends paid	-	-
Balance at end of the period	<u>43,449,425,973</u>	<u>29,307,010,635</u>
Premium on Acquisition of non-controlling interest	(161,033,000)	
Net Unrealized Gain on AFS	28,910,750	-
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>50,738,118,174</b>	<b>36,727,825,086</b>

# DMCI HOLDINGS, INC. AND SUBSIDIARIES

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## NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

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### 1. Corporate Information

DMCI Holdings, Inc. (the Parent Company) was incorporated on March 8, 1995 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 was listed in the Philippine Stock Exchange on December 18, 1995.

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, water concessionaire and manufacturing.

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### 2. Summary of Significant Accounting Policies

#### Basis of Preparation

The interim unaudited condensed consolidated financial statements of the Group have been prepared in accordance with Philippine Accounting Standards (PAS) 34, *Interim Financial Reporting*. Accordingly, the unaudited condensed consolidated financial statements do not include all of the information and disclosures required in the annual audited financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at December 31, 2012.

The interim financial statements have been prepared using the historical cost basis, except for available-for-sale (AFS) financial assets and financial assets at fair value through profit or loss (FVPL) 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

The consolidated financial statements comprise the financial statements of the Group as of December 31, 2012 and 2011, and for each of the three years in the period ended December 31, 2012. 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 (3) 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. The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company, using consistent accounting policies.

Non-controlling interests pertain to the equity in a subsidiary not attributable, directly or indirectly to the Parent Company.

Non-controlling interests (NCI) 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.

Any equity instruments issued by a subsidiary that are not owned by the Parent Company are non-controlling interests including preferred shares and options under share-based transactions.

Losses within a subsidiary are attributed to the NCI 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 NCI 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.

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

	March 2013			2012		
	Direct	Indirect	Effective Interest	Direct	Indirect	Effective Interest
<u>General Construction:</u>						
D.M. Consunji, Inc. (DMCI) <sup>1</sup>	100.00%	–%	100.00%	100.00%	–%	100.00%
DMCI International, Inc. (DMCII) <sup>2</sup>	–	100.00	100.00	–	100.00	100.00
OHKI-DMCI Corporation (OHKI) <sup>2</sup>	–	100.00	100.00	–	100.00	100.00
DMCI-Laing Construction, Inc. (DMCI-Laing) <sup>2</sup>	–	60.00	60.00	–	60.00	60.00
Beta Electric Corporation (Beta Electric) <sup>2</sup>	–	51.77	51.77	–	51.77	51.77
Raco Haven Automation Philippines, Inc. (Raco) <sup>2</sup>	–	50.14	50.14	–	50.14	50.14
<u>Mining:</u>						
Semirara Mining Corporation (Semirara)	56.32	–	56.32	56.32	–	56.32
DMCI Mining Corporation (DMC)	100.00	–	100.00	100.00	–	100.00
<u>Real Estate Development:</u>						
DMCI Project Developers, Inc. (PDI)	84.47	15.53	100.00	84.47	15.53	100.00
Hampstead Gardens Corporation (Hampstead) <sup>3</sup>	–	100.00	100.00	–	100.00	100.00
Riviera Land Corporation (Riviera) <sup>3</sup>	–	100.00	100.00	–	100.00	100.00
DMCI-PDI Hotels, Inc. (PDI Hotels) <sup>3</sup>	–	100.00	100.00	–	100.00	100.00
DMCI Homes Property Management Corporation (DHPMC) <sup>3</sup>	–	100.00	100.00	–	100.00	100.00
<u>Manufacturing:</u>						
Semirara Cement Corporation (SemCem) *	100.00	–	100.00	100.00	–	100.00
Oriken Dynamix Company, Inc. (Oriken) <sup>2</sup>	–	89.00	89.00	–	89.00	89.00
Wire Rope Corporation of the Philippines (Wire Rope)	45.68	16.02	61.70	45.68	16.02	61.70
Semirara Claystone, Inc. (SCI) <sup>4***</sup>	–	56.32	56.32	–	56.32	56.32

	March 2013			2012		
	Direct	Indirect	Effective Interest	Direct	Indirect	Effective Interest
<u>Marketing Arm:</u>						
DMCI Homes, Inc. (DMCI Homes) <sup>3</sup>	–	100.00	100.00	–	100.00	100.00
<u>Power:</u>						
DMCI Power Corporation (DPC) (formerly DMCI Energy Resources Unlimited Inc.) *	100.00	–	100.00	100.00	–	100.00
DMCI Masbate Power Corporation (DMCI Masbate) <sup>5</sup>	–	100.00	100.00	–	100.00	100.00
DMCI Calaca Power Corporation	100.00	–	100.00	100.00	–	100.00
Sem-Calaca Power Corporation (SCPC) <sup>4</sup>	–	56.32	56.32	–	56.32	56.32
Southwest Luzon Power Generation Corporation (SLPGC) <sup>4**</sup>	–	56.32	56.32	–	56.32	56.32
SEM-Cal Industrial Park Developers, Inc. (SIPDI) <sup>4**</sup>	–	56.32	56.32	–	56.32	56.32
DMCI Palawan Power Corporation (DMCI Palawan) <sup>5</sup>	–	100.00	100.00	–	100.00	100.00

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

\*\* Organized on August 31, 2011 and April 24, 2011 and has not yet started commercial operations.

\*\*\* Organized on November 29, 2012 and has not yet started commercial operations.

<sup>1</sup> Also engaged in real estate development

<sup>2</sup> DMCI's subsidiaries

<sup>3</sup> PDI's subsidiaries

<sup>4</sup> Semirara's subsidiaries

<sup>5</sup> DPC's subsidiaries

### General Construction

#### *DMCI*

##### *Subscription to PDI's increase in authorized capital stock*

On October 30, 2009, the PDI BOD and stockholders approved the increase in the PDI's authorized capital stock from ₱3.00 billion, divided into 3,000,000,000 common shares with a par value of ₱1.00 per share, to ₱5.00 billion, divided into 5,000,000,000 common shares with a par value of ₱1.00 per share.

On December 6, 2009, DMCI, the Parent Company and PDI subscribed to the increase in the authorized capital stock of PDI.

Of the said increase in the authorized capital stock of 2 billion common shares at ₱1.00 par value per share, 538,132,578 common shares have been subscribed by the DMCI and the Parent Company, each subscribing 504,862,578 shares and 33,270,000 shares, respectively.

On December 30, 2010, the SEC approved PDI's application for increase in authorized capital stock.

##### *Declaration of Investment in PDI as Property Dividends to the Parent Company*

On October 2011, the DMCI declared majority of its investment in PDI as property dividends to the Parent Company with equivalent value of ₱949.59 million representing 30.57% share in PDI.

On December 5, 2011, the SEC approved the DMCI's application to declare its investment in PDI as property dividend to the Parent Company. The property dividend amounted to ₱949.59 million payable in 949,594,750 shares of stocks in PDI with same par value. As a result, PDI became 88.87% owned by the Parent Company.

Power  
DPC

On February 3, 2011, the Parent Company and DPC executed a Deed of Assignment, whereby the Parent Company conveyed to DPC its subscription on 5,099,995 shares of DMCI Masbate with ₱1.00 par value each of which ₱1.27 million has been paid.

DMCI Masbate

On February 3, 2011, the Parent Company and DMCI Power executed a Deed of Assignment, whereby the Parent Company conveyed all its rights and interest over its subscribed 5,099,995 shares of DMCI Masbate with ₱1.00 par value each, of which ₱1.28 million has been paid. As at December 31, 2011, DMCI Masbate is wholly owned by DMCI Power.

DMCI Palawan

DMCI Palawan Power Corporation, a wholly-owned subsidiary of DPC, was incorporated and domiciled in the Republic of the Philippines. It was registered with the Securities and Exchange Commission (SEC) on September 12, 2012 primarily to acquire, design, develop, construct, invest in and operate power generating plants in the province of Palawan and engage in the business of a generation company in accordance with Republic Act (RA) No. 9136, otherwise known as the Electric Power Industry Reform Act of 2001 (EPIRA) and its implementing rules and regulations, and to design, develop, assemble and operate other power related facilities, appliances and devices.

In 2012, DPC provided equity funding to DMCI Palawan amounting ₱2.50 million.

Mining  
SLPGC

On August 31, 2011, SLPGC, a wholly-owned subsidiary of Semirara, was incorporated to operate electric power plants and to engage in business of a Generation Company.

In 2011, Semirara provided equity funding to SLPGC amounting ₱770.20 million.

SIPDI

On April 24, 2011, SIPDI, a wholly-owned subsidiary of Semirara, was incorporated to acquire, develop, construct, invest in, operate and maintain an economic zone in Calaca, Batangas.

In 2011, Semirara provided equity funding to SIPDI amounting ₱2.50 million.

Manufacturing  
SCI

On November 29, 2012, SCI, a wholly-owned subsidiary of Semirara, was incorporated to engage in, conduct, and carry on the business of manufacturing, buying, selling, distributing, marketing at wholesale and retail of pottery earthenware, stoneware, bricks, tiles, roofs and other merchandise produce from clay.

In 2012, Semirara provided equity funding to SCI amounting ₱2.50 million.

Disposed 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 AG&P’s total issued and outstanding capital stock (Note 39).

### Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the following amended Philippine Financial Reporting Standards (PFRS) which became effective beginning January 1, 2013. The adoption of these standards did not have any significant impact in the consolidated financial statements.

#### *Effective 2013*

- PFRS 7, *Financial instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities* (Amendments) (effective for annual periods beginning on or after January 1, 2013) These amendments require an entity to disclose information about rights of set-off and related arrangements (such as collateral agreements). The new disclosures are required for all recognized financial instruments that are set off in accordance with PAS 32. These disclosures also apply to recognized financial instruments that are subject to an enforceable master netting arrangement or 'similar agreement', irrespective of whether they are set-off in accordance with PAS 32. The amendments require entities to disclose, in a tabular format unless another format is more appropriate, the following minimum quantitative information.

This is presented separately for financial assets and financial liabilities recognized at the end of the reporting period:

- a) The gross amounts of those recognized financial assets and recognized financial liabilities;
- b) The amounts that are set off in accordance with the criteria in PAS 32 when determining the net amounts presented in the statement of financial position;
- c) The net amounts presented in the statement of financial position;
- d) The amounts subject to an enforceable master netting arrangement or similar agreement that are not otherwise included in (b) above, including:
  - i. Amounts related to recognized financial instruments that do not meet some or all of the offsetting criteria in PAS 32; and
  - ii. Amounts related to financial collateral (including cash collateral); and
- e) The net amount after deducting the amounts in (d) from the amounts in (c) above.

The amendments to PFRS 7 are to be applied retrospectively. The amendments affect disclosures only and have no impact on the Group's financial position or performance.

- PFRS 10, *Consolidated Financial Statements* (effective for annual periods beginning on or after January 1, 2013) PFRS 10 replaces the portion of PAS 27, *Consolidated and Separate Financial Statements*, that addresses the accounting for consolidated financial statements. It also includes the issues raised in SIC 12, *Consolidation - Special Purpose Entities*. PFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by PFRS 10 will require management to exercise significant judgment to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in PAS 27.

The Parent Company has concluded its assessment covering its investment in subsidiaries, associates and jointly controlled entities as of December 31, 2012 where in the adoption of PFRS 10: a.) all direct subsidiaries of the Parent Company shall remain to be consolidated; and, b.) all direct associates and jointly controlled entities of the Parent Company will not be consolidated based on the provisions of the Standard.

- PFRS 11, *Joint Agreements* (effective for annual periods beginning on or after January 1, 2013) PFRS 11 replaces PAS 31, *Interests in Joint Ventures*, and SIC 13, *Jointly Controlled Entities - Non-Monetary Contributions by Venturers*. PFRS 11 removes the option to account for

jointly controlled entities using proportionate consolidation. Instead, jointly controlled entities that meet the definition of a joint venture must be accounted for using the equity method.

The application of this new standard will impact the financial statements of the Group. Upon adoption of PFRS 11, the DMCI's investment in DMFB Joint Venture, a joint venture, will be accounted for under the equity method (Note 32). Currently, proportionate consolidation is applied for this joint venture. The change in the accounting for the joint venture will decrease total assets by ₱70.33 million and ₱96.39 million as of December 31, 2012 and 2011, respectively, and total liabilities by ₱55.01 million and ₱75.97 million as of December 31, 2012 and 2011, respectively. Finance income will also decrease by ₱0.40 million and ₱0.59 million for the years ended December 31, 2012 and 2011, respectively, while income before income tax will decrease by ₱0.40 million and ₱0.59 million for the years ended December 31, 2012 and 2011, respectively.

- PFRS 12, *Disclosure of Interests in Other Entities* (effective for annual periods beginning on or after January 1, 2013)  
PFRS 12 includes all of the disclosures related to consolidated financial statements that were previously in PAS 27, as well as all the disclosures that were previously included in PAS 31 and PAS 28, *Investments in Associates*. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required.

The adoption of PFRS 12 will affect disclosures only and have no impact on the Group's financial position or performance.

- PFRS 13, *Fair Value Measurement* (effective for annual periods beginning on or after January 1, 2013)  
PFRS 13 establishes a single source of guidance under PFRSs for all fair value measurements. PFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under PFRS when fair value is required or permitted. This standard should be applied prospectively as of the beginning of the annual period in which it is initially applied. Its disclosure requirements need not be applied in comparative information provided for periods before initial application of PFRS 13.

The Group does not anticipate that the adoption of this standard will have a significant impact on its financial position and performance.

- PAS 1, *Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income* (Amendments) (effective for annual periods beginning on or after July 1, 2012)  
The amendments to PAS 1 change the grouping of items presented in other comprehensive income (OCI). Items that can be reclassified (or "recycled") to profit or loss at a future point in time (for example, upon derecognition or settlement) will be presented separately from items that will never be recycled. The amendments affect presentation only and have no impact on the Group's financial position or performance. The amendments will be applied retrospectively and will result to the modification of the presentation of items of OCI.
- PAS 19, *Employee Benefits* (Revised) (effective for annual periods beginning on or after January 1, 2013)  
Amendments to PAS 19 range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and rewording. The revised standard also requires new disclosures such as, among others, a sensitivity analysis for each significant actuarial assumption, information on asset-liability matching strategies, duration of the defined benefit obligation, and disaggregation of plan

assets by nature and risk. The Group reviewed its existing employee benefits and determined that the amended standard has significant impact on its accounting for retirement benefits. The Group obtained the services of an external actuary to compute the impact to the financial statements upon adoption of the standard. The effects are detailed below:

	As at December 31, 2012	As at January 1, 2012
Increase (decrease) in:		
<u>Consolidated balance sheet</u>		
Net defined benefit asset/liability	<b>₱550,714</b>	₱470,335
Other comprehensive income	<b>(227,636)</b>	(34,141)
Retained earnings	<b>33,763</b>	19,881

#### **December 31, 2012**

#### Consolidated income statement

Net benefit cost	<b>₱38,684</b>
Actuarial gains during the year	<b>65,886</b>

- PAS 27, *Separate Financial Statements* (as revised in 2011) (effective for annual periods beginning on or after January 1, 2013)

As a consequence of the issuance of the new PFRS 10, *Consolidated Financial Statements*, and PFRS 12, *Disclosure of Interests in Other Entities*, what remains of PAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in the separate financial statements. The adoption of the amended PAS 27 will not have a significant impact on the separate financial statements of the entities in the Group.
- PAS 28, *Investments in Associates and Joint Ventures* (as revised in 2011) (effective for annual periods beginning on or after January 1, 2013)

As a consequence of the issuance of the new PFRS 11, *Joint Arrangements*, and PFRS 12, *Disclosure of Interests in Other Entities*, PAS 28 has been renamed PAS 28, *Investments in Associates and Joint Ventures*, and describes the application of the equity method to investments in joint ventures in addition to associates.

#### *Improvements to PFRSs*

The Improvements to PFRSs contain non-urgent but necessary amendments to PFRSs. The amendments are effective for annual periods beginning on or after January 1, 2013 and are applied retrospectively. Earlier application is permitted. Except as otherwise indicated, the Group does not expect the adoption of these new standards to have significant impact on the Group's financial statements.

- PFRS 1, *First-time Adoption of PFRS - Borrowing Costs*

The Amendment clarifies that, upon adoption of PFRS, an entity that capitalized borrowing costs in accordance with its previous generally accepted accounting principles, may carry forward, without any adjustment, the amount previously capitalized in its opening statement of financial position at the date of transition. Subsequent to the adoption of PFRS, borrowing costs are recognized in accordance with PAS 23, *Borrowing Costs*. The amendment does not apply to the Group as it is not a first-time adopter of PFRS.
- PAS 1, *Presentation of Financial Statements - Clarification of the requirements for comparative information*

The Amendments clarify the requirements for comparative information that are disclosed voluntarily and those that are mandatory due to retrospective application of an accounting policy, or retrospective restatement or reclassification of items in the financial statements. An entity must include comparative information in the related notes to the financial statements

when it voluntarily provides comparative information beyond the minimum required comparative period. The additional comparative period does not need to contain a complete set of financial statements. On the other hand, supporting notes for the third balance sheet (mandatory when there is a retrospective application of an accounting policy, or retrospective restatement or reclassification of items in the financial statements) are not required. The amendments affect disclosures only and have no impact on the Group's financial position or performance.

- PAS 16, *Property, Plant and Equipment - Classification of servicing equipment*  
The Amendment clarifies that spare parts, stand-by equipment and servicing equipment should be recognized as property, plant and equipment when they meet the definition of property, plant and equipment and should be recognized as inventory if otherwise. The amendment will not have any significant impact on the Group's financial position or performance.
- PAS 32, *Financial Instruments: Presentation - Tax effect of distribution to holders of equity instruments*  
The Amendment clarifies that income taxes relating to distributions to equity holders and to transaction costs of an equity transaction are accounted for in accordance with PAS 12, *Income Taxes*. The amendment will not have any significant impact on the Group's financial position or performance.
- PAS 34, *Interim Financial Reporting - Interim financial reporting and segment information for total assets and liabilities*  
The Amendment clarifies that the total assets and liabilities for a particular reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change from the amount disclosed in the entity's previous annual financial statements for that reportable segment. The amendment affects disclosures only and has no impact on the Group's financial position or performance.
- Philippine Interpretation IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine* (effective for annual periods beginning on or after January 1, 2013)  
This interpretation applies to waste removal costs ("stripping costs") that are incurred in surface mining activity during the production phase of the mine ("production stripping costs"). If the benefit from the stripping activity will be realized in the current period, an entity is required to account for the stripping activity costs as part of the cost of inventory. When the benefit is the improved access to ore, the entity should recognize these costs as a non-current asset, only if certain criteria are met ("stripping activity asset"). The stripping activity asset is accounted for as an addition to, or as an enhancement of, an existing asset. After initial recognition, the stripping activity asset is carried at its cost or revalued amount less depreciation or amortization and less impairment losses, in the same way as the existing asset of which it is a part.

Semirara will move its activities to the North Panian area in 2013, and will assess the potential impact of this new area in stripping operations in relation to the application of this Interpretation.

#### *Effective 2014*

- PAS 32, *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities* (Amendments) (effective for annual periods beginning on or after January 1, 2014)  
The amendments clarify the meaning of "currently has a legally enforceable right to set-off" and also clarify the application of the PAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not

simultaneous. The amendments affect presentation only and have no impact on the Group's financial position or performance.

#### *Effective 2015*

- PFRS 9, *Financial Instruments* (effective for annual periods beginning on or after January 1, 2015)  
PFRS 9, as issued, reflects the first phase on the replacement of PAS 39 and applies to the classification and measurement of financial assets and liabilities as defined in PAS 39, *Financial Instruments: Recognition and Measurement*. Work on impairment of financial instruments and hedge accounting is still ongoing, with a view to replacing PAS 39 in its entirety. PFRS 9 requires all financial assets to be measured at fair value at initial recognition. A debt financial asset may, if the fair value option (FVO) is not invoked, be subsequently measured at amortized cost if it is held within a business model that has the objective to hold the assets to collect the contractual cash flows and its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding. All other debt instruments are subsequently measured at fair value through profit or loss. All equity financial assets are measured at fair value either through other comprehensive income (OCI) or profit or loss. Equity financial assets held for trading must be measured at fair value through profit or loss. For FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. All other PAS 39 classification and measurement requirements for financial liabilities have been carried forward into PFRS 9, including the embedded derivative separation rules and the criteria for using the FVO. The adoption of the first phase of PFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will potentially have no impact on the classification and measurement of financial liabilities. The Group has decided not to early adopt for its 2012 financial reporting, thus, has not conducted a full quantification of the impact of this standard. The Group will quantify the effect in conjunction with the other phases, when issued, to present a more comprehensive picture.
- Philippine Interpretation IFRIC 15, *Agreements for the Construction of Real Estate*  
This interpretation 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 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. The SEC and the Financial Reporting Standards Council (FRSC) have deferred the effectivity of this interpretation until the final Revenue standard is issued by the International Accounting Standards Board (IASB) and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed. The Group will make an assessment when these have been completed.

### 3. Preferred and Common Stock

The changes in the number of shares follow:

	<b>March 31, 2013</b>	<b>December 31, 2012</b>
Preferred stock - ₱1 par value cumulative and convertible to common stock		
Authorized number of shares	<b>100,000,000</b>	<b>100,000,000</b>
Issued and outstanding		
Balance at beginning of year	<b>3,780</b>	<b>3,780</b>
Cancellation/retirement of issued preferred shares	<b>0</b>	<b>0</b>
Balance at end of year	<b>3,780</b>	<b>3,780</b>
Common stock - ₱1 par value		
Authorized number of shares	<b>5,900,000,000</b>	<b>5,900,000,000</b>
Issued and outstanding	<b>2,655,494,000</b>	<b>2,655,494,000</b>
Additional subscription	-	-
Preferred shares held in treasury		
Balance at beginning of year	<b>0</b>	<b>0</b>
Redemption of preferred shares	<b>0</b>	<b>0</b>
Cancellation/retirement of issued preferred shares	<b>0</b>	<b>0</b>
Balance	<b>0</b>	<b>0</b>

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 April 11, 2013 and May 15, 2012 the Parent Company's BOD approved and declared cash dividend of ₱ 1.20 and ₱1.00 special dividends, and ₱ 1.00 per share or ₱ 5,842 and ₱3,186 million respectively to stockholders of record as of April 26, 2013 and June 15, 2012 respectively. The cash dividend was paid on May 10, 2013, while last year it was paid on July 5, 2012.

#### 4. Business Segments

The following tables present the net income of the specific business segments for the period and quarter ended March 31, 2013 and 2012 (amounts in thousand):

	<b>Revenues</b>			
	For the period		For the Quarter	
	2013	2012	2013	2012
Construction	4,413,078	3,674,601	4,413,078	3,674,601
Coal Mining	2,678,903	4,335,847	2,678,903	4,335,847
Nickel Ore Mining	173,558	974,485	173,558	974,485
Water	-	-	-	-
Real Estate Development	2,172,250	1,720,521	2,172,250	1,720,521
Electricity	3,237,614	2,255,029	3,237,614	2,255,029
Parent Company and Others	191,343	49,773	191,343	49,773
<b>TOTAL</b>	<b>12,866,746</b>	<b>13,010,256</b>	<b>12,866,746</b>	<b>13,010,256</b>

	<b>Net Income After Minority</b>			
	For the period		For the Quarter	
	2013	2012	2013	2012
Construction	83,920	282,394	83,920	282,394
Coal Mining	(85,396)	649,855	(85,396)	649,855
Nickel Ore Mining	1,690	268,523	1,690	268,523
Water	538,619	610,862	538,619	610,862
Real Estate Development	636,383	404,691	636,383	404,691
Electricity	686,277	400,401	686,277	400,401
Parent Company and Others	8,349,839	57,213	8,349,839	57,213
<b>TOTAL</b>	<b>10,211,332</b>	<b>2,673,939</b>	<b>10,211,332</b>	<b>2,673,939</b>

## 5. Operating Expenses

The following tables present the consolidated operating expenses for the period ended March 31, 2013 and 2012:

	<b>MARCH 2013</b>	<b>MARCH 2012</b>
Government Share	307,650,306.00	488,188,046.00
Salaries, Wages & Employees benefits	162,664,359.55	234,667,790.25
Advertising and Marketing Expense	105,736,384.73	97,959,133.79
Commission	136,758,660.21	98,675,219.83
Outside Services	32,730,637.86	37,096,510.64
Taxes and Licenses	130,182,941.16	148,322,780.34
Depreciation Expense	73,024,493.43	75,616,187.22
Professional Fees	52,286,823.27	33,133,556.70
Entertainment, amusement and recreation	13,642,759.03	14,302,387.67
Rental Expense	14,686,297.79	6,611,517.32
Transportation and Travel	9,343,036.49	11,712,191.97
Communication, light and water	18,868,344.49	12,121,128.47
Repairs and Maintenance	113,858,367.91	52,383,490.92
Gasoline and Oil Expense	4,010,368.54	3,118,855.96
Supplies	20,524,131.56	18,777,288.11
Insurance	16,287,845.71	16,928,944.67
Other Operating Expense	28,701,515.89	44,179,517.43
<b>TOTAL</b>	<b>1,240,957,273.62</b>	<b>1,393,794,547.29</b>

## 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 2,021,076,656.36 and Php 1,798,175,613.94 as of March 31, 2013 and March 31, 2012 respectively, where Php 90,965,107.50 and Php 200,886,180.45 were booked for the period ended March 31, 2013 and March 31, 2012 respectively.

## 7. Maynilad Sale

Subsequent to the subscription agreement executed between Marubeni Corporation - Nippon Koei Ltd (MCNK) and DMWC on December 28, 2012, another subscription agreement dated February 13, 2013 was executed, wherein MCNK subscribed an additional 508,853,045 common shares of DMWC for a total subscription price of ₱10.2 billion. On same date, DMWC issued these shares and MCNK has likewise fully paid these shares.

On February 13, 2013, MPIC purchased 154,992,852 common shares of stock of DMWC from the Parent Company for a total cash consideration of ₱2.4 billion. These were fully paid in cash on the same date. Also on the same date, MCNK purchased 472,455,019 common shares of stock of the DMWC from the Parent Company for a total cash consideration of ₱6.7 billion. The net gain of the Parent Company on the effective dilution and partial disposal of interest in DMWC is estimated to be ₱8.4 billion, exclusive of other costs and charges attributable in the disposal of shares.

The above transactions resulted to the following changes in effective interest in Maynilad:

Effective interest in Maynilad	Pre-deal Ownership	Post-deal Ownership
MPIC	56.80%	52.80%
DMCI	40.98%	25.24%
MCNK	–	20.00%
ESOP/Others	2.22%	1.96%
	100.00%	100.00%

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## 8. Financial Instruments and Financial Risk

The following methods and assumptions are used to estimate the fair value of each class of financial instruments for which it is practicable to estimate such fair value:

### *Financial assets*

The fair values of cash and short-term receivables approximate their carrying amounts as of reporting dates due to the short-term nature of the transactions.

The fair values of real estate receivable are calculated by discounting expected future cash flows at applicable rates for similar instruments using the remaining terms of maturity.

AFS quoted equity securities and financial assets at FVPL - Fair values are based on quoted prices published in markets.

Refundable deposits are carried at cost since these are mostly deposits to a utility company as a consequence of its subscription to the electricity services of the said utility company needed for the Group's residential units.

Security deposits other than those pertaining to operating leases and unquoted AFS financial assets - In the absence of a reliable basis of determining fair values due to the unpredictable nature of future cash flows and the lack of suitable methods in arriving at a reliable fair value, these security deposits are carried at cost less impairment allowance, if any.

### *Financial liabilities*

The fair values of accounts and other payables and accrued expenses and payables to related parties approximate their carrying amounts as of reporting dates due to the short-term nature of the transactions.

Estimated fair value of long-term fixed rate loans and liabilities for purchased land are based on the discounted value of future cash flows using the applicable rates for similar types of loans with maturities consistent with those remaining for the liability being valued. For floating rate loans, the carrying value approximates the fair value because of recent and regular repricing (quarterly) based on market conditions.

### Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise interest-bearing loans and borrowings. The main purpose of these financial instruments is to raise financing for its operations and capital expenditures. The Group has various other financial assets and liabilities, such as receivables and payables which arise directly from its operations.

The main risks arising from the use of financial instruments are equity price risk, market price risk, foreign currency risk, credit risk, liquidity risk and interest rate risk. The Group's BOD reviews and approves policies for managing each of these risks and they are summarized below.

The sensitivity analyses have been prepared on the following bases:

- Interest rate risk - market interest rate on unsecured bank loans
- Equity price risk - movements in equity indices
- Market Price risk - movements in one-year historical coal prices
- Foreign currency risk - yearly movement in the foreign exchange rates

The assumption used in calculating the sensitivity analyses of the relevant income statement item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at September 30, 2012.

### *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to market risk for changes in interest rates relates primarily to the Group's long-term debt obligations. The Group's policy is to manage its interest cost using a mix of fixed and variable rate debt.

### *Equity price risk*

Equity price risk is the risk that the fair values of equities decrease as a result of changes in the levels of equity indices and the value of individual stocks. The Group manages the equity price risk through diversification and placing limits on individual and total equity instruments.

The effect on equity as a result of a change in fair value of quoted equity instruments held as financial asset at FVPL as of March 31, 2013 due to a reasonably possible change in equity indices, with all other variables held constant, will have an increase on equity by ₱0.50 million if equity indices will increase by 1%. An equal change in the opposite direction would have decreased equity by the same amount.

The effect on equity (as a result of a change in fair value of quoted equity instruments held as AFS investments as of March 31, 2013 due to a reasonably possible change in equity indices, with all other variables held constant, will have an increase on equity by ₱24.01 million if equity indices will increase by 15%. An equal change in the opposite direction would have decreased equity by the same amount.

### *Market price risk*

Market price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The price that the Group can charge for its coal is directly and indirectly related to the price of coal in the world coal market. In addition, as the Group is not subject to domestic competition in the Philippines, the pricing of all of its coal sales is linked to the price of imported coal. World thermal coal prices are affected by numerous factors outside the Group's control, including the demand from customers which is influenced by their overall performance and demand for electricity. Prices are also affected by changes in the world supply of coal and may be affected by the price of alternative fuel supplies, availability of shipping vessels as well as shipping costs. As the coal price is reset on a periodic basis under coal supply agreements, this may increase its exposure to short-term coal price volatility.

There can be no assurance that world coal prices will be sustained or that domestic and international competitors will not seek to replace the Group in its relationship with its key customers by offering higher quality, better prices or larger guaranteed supply volumes, any of which would have a materially adverse effect on the Group's profits.

To mitigate this risk, the Group continues to improve the quality of its coal and diversify its market from power industry, cement industry, other local industries and export market. This will allow flexibility in the distribution of coal to its target customers in such manner that minimum target average price of its coal sales across all its customers will still be achieved (i.e., domestic vs local). Also, in order to mitigate any negative impact resulting from price changes, it is the Group's policy to set minimum contracted volume for customers with long term supply contracts for each given period (within the duration of the contract) and pricing is negotiated on a monthly basis to even out the impact of any fluctuation in coal prices, thus, protecting its target margin. The excess volumes are allocated to spot sales which may command different price than those contracted already since the latter shall follow pricing formula per contract. Nevertheless, on certain cases temporary adjustments on coal prices with reference to customers following a certain pricing formula are requested in order to recover at least the cost of coal if the resulting price is abnormally low vis-à-vis cost of production (i.e., abnormal rise in cost of fuel, forex).

Below are the details of the Group's coal sales to the domestic market (excluding those to the power-generating companies) and to the export market:

	<u>03/31/2013</u>	<u>12/31/2012</u>
Domestic Market	39.90%	35.07%
Export Market	25.90%	44.17%

*as a percentage of total coal sales volume*

The following table shows the effect on income tax should the change in the prices of coal occur based on the inventory of the Group as of March 31, 2013 and December 31, 2012 with all other variables held constant. The change in coal prices is based on 1-year historical price movements.

<i>Based on ending coal inventory</i>	<u>Effect on income before income tax</u>	
<u>Change in coal price</u>	<u>03/31/2013</u>	<u>12/31/2012</u>
Increase by 30%	301,485,808	1,017,759,543
Decrease by 30%	(301,485,808)	(1,017,759,543)

<i>Based on coal sales volume</i>		Effect on income <u>Before income tax</u>
<u>Change in coal price</u>	<u>03/31/2013</u>	<u>12/31/2012</u>
Increase by 30%	803,670,980	4,335,046,600
Decrease by 30%	(803,670,980)	(4,335,046,600)

#### *Foreign currency risk*

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group does not have any foreign currency hedging arrangements.

Information on the Group's foreign currency-denominated monetary assets and liabilities and their Philippine peso equivalents follows (amounts in thousands):

	<u>March 31, 2013</u>				
	<u>U.S. Dollar</u>	<u>Japanese Yen</u>	<u>UK Pounds</u>	<u>Euro</u>	<u>Php Equivalent</u>
<b>Assets</b>					
Cash and cash equivalents	\$16,178	¥2,739	£117	€23	₱674,521
Trade receivables					
Coal mining	3,379	–	–	–	103,377
	<u>19,557</u>	<u>2,739</u>	<u>117</u>	<u>23</u>	<u>777,898</u>
<b>Liabilities</b>					
Accounts and other payables	6,982	–	–	–	299,681
Long-term debt (including current portion)	133,161	–	–	–	5,432,986
	<u>140,143</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>5,732,667</u>
<b>Net foreign currency denominated assets (liabilities)</b>	<b>(\$120,586)</b>	<b>¥2,739</b>	<b>£117</b>	<b>€23</b>	<b>(₱4,954,769)</b>

The following table demonstrates the sensitivity to a reasonably possible change in foreign exchange rates, with all variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities) and equity (amounts in thousands).

#### March 31, 2013

	<u>Basis Pts</u>	<u>Effect on Profit</u>	<u>Effect on Equity</u>
In Peso per U.S. Dollar			
Increase	2	(₱241,172)	(₱168,820)
Decrease	(2)	241,172	168,820
In Peso per Japanese Yen			
Increase	2	5,478	3,835
Decrease	(2)	(5,478)	(3,835)
In Peso per UK Pounds			
Increase	2	₱234	₱164
Decrease	(2)	(234)	(164)
In Peso per Euro			
Increase	2	46	32
Decrease	(2)	(46)	(32)

The movement in sensitivity analysis is derived from current observations on fluctuations in foreign currency exchange rates.

#### *Credit risk*

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Group's maximum exposure to credit risk for the components of the statement of financial position at March 31, 2013 is the carrying amounts except

for real estate receivables. The Group's exposure to credit risk arises from default of the counterparties which include certain financial institutions, real estate buyers, subcontractors, suppliers and various electric companies. Credit risk management involves dealing only with recognized, creditworthy third parties. It is the Group's policy that all counterparties who wish to trade on credit terms are subject to credit verification procedures. The Treasury Department's policy sets a credit limit for each counterparty. In addition, receivable balances are monitored on an ongoing basis. The Group's financial assets are not subject to collateral and other credit enhancement except for real estate receivables and mining receivables from export sales. As of March 31 2013, the Group's exposure to bad debts is not significant.

#### *Real estate contracts*

Credit risk is managed primarily through credit reviews and an analysis of receivables on a continuous basis. The Group also undertakes supplemental credit review procedures for certain installment payment structures. The Group's stringent customer requirements and policies in place contributes to lower customer default. Customer payments are facilitated through various collection modes including the use of postdated checks. The credit risk for real estate receivable is also mitigated as the Group has the right to cancel the sales contract and takes possession of the subject house without need for any court action in case of default in payments by the buyer. This risk is further mitigated because the corresponding title to the subdivision units sold under this arrangement is transferred to the buyers only upon full payment of the contract price.

#### *Electricity sales*

The Group earns substantially all of its revenue from the Wholesale Electricity Spot Market (WESM) and from various electric companies. WESM and the various electric companies are committed to pay for the energy generated by the power plant facilities.

Under the current regulatory regime, the generation rate charged by the Group to WESM is not regulated but is determined in accordance with the WESM Price Determination Methodology (PDM) approved by the Energy Regulatory Commission (ERC) and are complete pass-through charges to WESM. PDM is intended to provide the specific computational formula that will enable the market participants to verify the correctness of the charges being imposed. Likewise, the generation rate charged by the Group to various electric companies is not subject to regulations and are complete pass-through charges to various electric companies.

#### *Mining*

The Group evaluates the financial condition of the local customers before deliveries are made to them. On the other hand, export sales are covered by sight letters of credit issued by foreign banks subject to the Group's approval, hence, mitigating the risk on collection.

#### *Construction contracts*

The credit risk for construction receivables is mitigated by the fact that the Group can resort to carry out its contractor's lien over the project with varying degrees of effectiveness depending on the jurisprudence applicable on location of the project. A contractor's lien is the legal right of the Group to takeover the projects-in-progress and have priority in the settlement of contractor's receivables and claims on the projects-in-progress and have priority in the settlement of contractor's receivables and claims on the projects in progress is usually higher than receivables from and future commitments with the project owners. Trade and retention receivables from project owners are normally high standard because of the creditworthiness of project owners and collection remedy of contractor's lien accorded contractor in certain cases.

With respect to the credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. The Group transacts only with institutions or banks that have proven track record in financial soundness.

### *Liquidity risk*

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Group seeks to manage its liquidity profile to be able to service its maturing debts and to finance capital requirements. The Group maintains a level of cash and cash equivalents deemed sufficient to finance operations.

A significant part of the Group's financial assets that are held to meet the cash outflows include cash equivalents and accounts receivables. Although accounts receivables are contractually collectible on a short-term basis, the Group expects continuous cash inflows through continuous production and sale of coal and power generation. In addition, although the Group's short-term deposits are collectible at a short notice, the deposit base is stable over the long term as deposit rollovers and new deposits can offset cash outflows.

Moreover, the Group considers the following as mitigating factors for liquidity risk:

- It has available lines of credit that it can access to answer anticipated shortfall in sales and collection of receivables resulting from timing differences in programmed inflows and outflows.
- It has very diverse funding sources.
- It has internal control processes and contingency plans for managing liquidity risk. Cash flow reports and forecasts are reviewed on a weekly basis in order to quickly address liquidity concerns. Outstanding trade receivables are closely monitored to avoid past due collectibles.
- The Group regularly evaluates its projected and actual cash flows. It also continuously assesses conditions in the financial markets for opportunities to pursue fund-raising activities. Fund-raising activities may include bank loans and capital market issues both on-shore and off-shore which is included in the Group's corporate planning for liquidity management.

### Fair Value Hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As at March 31, 2013, the Group's AFS financial assets amounting to ₱98.11 million and financial assets at FVPL amounting to ₱50.75 million are carried at fair value based on Level 1. There were no transfers among levels 1, 2 and 3 during the interim period. Cumulative net unrealized gain on AFS reported in equity amounted to ₱28.91 million as of March 31, 2013. Mark-to-market gain on FVPL amounting to ₱1.68 million was included in other income.

### *Capital Management*

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares. There were no changes made in the Group's capital management objectives, policies or processes. The Group considers total stockholders' equity as capital. Equity, which the Group considers as capital, pertains to the equity attributable to equity holders of the Group less unrealized gain or loss on AFS financial assets. The Group is not subject to any externally imposed capital requirements.

DMCI HOLDINGS, INC.  
 ACCOUNTS RECEIVABLE DESCRIPTION  
 March 31, 2013

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) 10% or 20% downpayment over one year (depends on the payment) 3) Balance paid through in-house or pag-ibig or bank 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.**  
**AGING OF ACCOUNTS RECEIVABLE**  
**AS OF MARCH 31, 2013**

<b>TYPE OF ACCOUNTS RECEIVABLE</b>	<b>T O T A L</b>	<b>Within 6 mos.</b>	<b>6mos. To 1 yr.</b>	<b>1-2 yrs.</b>	<b>2-3 yrs.</b>	<b>More than 3 yrs.</b>	<b>Past Due</b>
<b>A. TRADE RECEIVABLE - CONTRACT</b>							
D.M. Consunji, Inc.	3,060,412,272.52	2,314,344,529.18	38,066,227.89	708,001,515.45	-	-	-
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	122,850,572.46	102,167,049.27	20,683,523.19	-	-	-	-
Raco Haven Automation	11,306,701.00	-	-	-	-	11,306,701.00	-
Sub-total	<u>3,222,222,779.98</u>	<u>2,416,511,578.45</u>	<u>58,749,751.08</u>	<u>708,001,515.45</u>	<u>2,966,841.00</u>	<u>11,306,701.00</u>	<u>24,686,393.00</u>
DMCI Holdings, Inc.	5,914,677,584.56	5,914,677,584.56	-	-	-	-	-
DMCI Project Developers, Inc.	4,542,137,136.00	840,030,441.00	79,998,717.00	529,066,400.00	406,762,925.00	1,942,441,378.00	743,837,275.00
Semirara Mining Corporation	4,094,757,355.40	2,257,886,868.08	614,606,735.16	1,222,263,752.16	-	-	-
DMCI Mining Corporation	92,231,681.00	85,446,657.00	6,785,024.00	-	-	-	-
DMCI Power Corporation	258,751,421.83	193,882,394.83	21,361,246.00	-	-	-	43,507,781.00
Wire Rope Corporation of the Philippines	75,219,388.00	66,355,756.00	8,863,632.00	-	-	-	-
Sub-total	<u>14,977,774,566.79</u>	<u>3,443,602,116.91</u>	<u>731,615,354.16</u>	<u>1,751,330,152.16</u>	<u>406,762,925.00</u>	<u>1,942,441,378.00</u>	<u>787,345,056.00</u>
<b>RETENTION RECEIVABLE - TRADE</b>							
D.M. Consunji, Inc.	933,807,382.80	933,807,382.80	-	-	-	-	-
Beta Electric Corporation	248,255,343.14	248,255,343.14	-	-	-	-	-
Sub-total	<u>1,182,062,725.94</u>	<u>1,182,062,725.94</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Contract/Retention Receivable - Trade	<u>19,382,060,072.71</u>	<u>7,042,176,421.30</u>	<u>790,365,105.24</u>	<u>2,459,331,667.61</u>	<u>409,729,766.00</u>	<u>1,953,748,079.00</u>	<u>812,031,449.00</u>
Less: Allowance for Doubtful Accounts	<u>23,654,283.00</u>						
<b>Net Trade Receivable</b>	<b>19,358,405,789.71</b>						
<b>B. NON-TRADE RECEIVABLES</b>							
<b>ADVANCES -</b>							
D.M. Consunji, Inc.	1,209,717,413.76						
Beta Electric Corporation	36,696,266.50						
Oriken Dynamix Company, Inc.	3,588,758.00						
Sub-total	<u>1,250,002,438.26</u>						
DMCI Holdings, Inc.	241,743.06						
DMCI Mining Corporation	76,832,741.00						
DMCI Project Developers, Inc.	525,931,714.00						
Semirara Mining Corporation	1,517,546,771.00						
DMCI Power Corporation	87,559,870.00						
Sub-total	<u>3,458,115,277.32</u>						
<b>AFFILIATES -</b>							
DMCI Holdings, Inc.	61,074.53						
DMCI Project Developers, Inc.	291,357,855.00						
DMCI Mining Corporation	5,142.00						

DMCI Power Corporation	50,392,067.00
	<u>341,816,138.53</u>
Sub-total	<b>341,816,138.53</b>
OTHER RECEIVABLES -	
D.M. Consunji, Inc.	1,087,222,106.47
Raco Haven Automation	3,602,481.00
Beta Electric Corporation	4,781,844.86
	<u>1,095,606,432.33</u>
DMCI Project Developers, Inc.	257,889,629.00
Semirara Mining Corporation	118,244,684.00
DMCI Mining Corporation	217,454.00
DMCI Power Corporation	7,430,716.00
Sub-total	<b>1,479,388,915.33</b>
Total Non-trade Receivables	<b>5,279,320,331.18</b>
Less: Allowance for Doubtful Accounts	<u>-</u>
<b>Net Non-trade Receivables</b>	<b>5,279,320,331.18</b>
<b>TOTAL RECEIVABLES</b>	<b>24,637,726,120.89</b>