**COVER SHEET**

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SEC Registration Number

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

(Company's Full Name)

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

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

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

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

(Last Wednesday of July)

| 1 2 | 3 1 | **SEC Form 17-Q**<br>**Third Quarter Interim Report 2011** | 0 7 | 2 7 |
|---|---|---|---|---|
| Month | Day | FORM TYPE | Mont<br>h | Day |
| Fiscal Year | | | Annual Meeting | |

N.A.

Secondary License Type, If Applicable

C F D

Dept Requiring this Doc

Amended Articles Number / Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

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**SECURITIES AND EXCHANGE COMMISSION**

**SEC FORM 17-Q**

**QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER**

1. For the quarter ended **September 30, 2011**

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

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

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

Province, Country or other jurisdiction of incorporation or organization

Industry Classification Code:

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

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

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

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

| Title of Each Class | No. of Shares Outstanding | Amount |
|---|---|---|
| Common Shares | 2,655,494,000 | Php2,655,494,000.00 |
| Preferred Shares | 3,780 | 3,780.00 |
| TOTAL | 2,655,497,780 | Php2,655,497,780.00 |

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

Yes [X] No [ ]

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

Philippine Stock Exchange Class "A" Shares
Preferred Shares

12. Indicate by check mark whether the registrant:

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

Yes [ X ] No [ ]

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

Yes [ X ] No [ ]

## PART I--FINANCIAL INFORMATION

**Item 1. Financial Statements.**

The Financial Statements for the quarter and period ended **September 30, 2011** are contained herein.

**MANAGEMENT DISCUSSION AND ANALYSIS OF RESULTS OF CONSOLIDATED OPERATIONS AND CONSOLIDATED FINANCIAL CONDITION FOR THE QUARTER AND PERIOD ENDED SEPTEMBER 30, 2011.**

***1H 2010 – 1H 2011***

**I. RESULTS OF OPERATIONS**

DMCI Holdings, Inc. (the "Company") reported an improvement of 30% in its first half net income (after minority) from P5.8 billion in 2010 to P7 billion in 2011. Despite a slide in general construction and the non-inclusion of the steel fabrication business, significant growth in the coal nickel and power segments along with the sustained improvement in the real estate and water businesses caused the growth consolidated bottom line.

Below is a table on the 9 month net income contributions of the Company's businesses for 2011 and 2010:

**NET INCOME (after Minority)**

| ***(in Php Millions)*** | 9-month | | Variance | |
|---|---|---|---|---|
| | 2011 | 2010 | Amount | % |
| COAL SALES | 2,103 | 1,124 | 979 | 87% |
| NICKEL ORE SALES | 361 | 243 | 118 | 48% |
| CONSTRUCTION | 756 | 903 | (147) | -16% |
| REAL ESTATE | 1,245 | 1,014 | 231 | 23% |
| ELECTRICITY | 1,009 | 670 | 339 | 51% |
| WATER | 1,549 | 1,328 | 220 | 17% |
| PARENT & OTHERS | 13 | (16) | 29 | 184% |
| STEEL | - | 506 | (506) | -100% |
| **TOTAL** | **7,036** | **5,772** | **1,264** | **30%** |

For the period, mining was the main driver of the P1.2 billion increase in the Company's attributable income due mainly to higher coal prices and the improved operations in the nickel ore mining business. The power generation business also posted significant growth due to higher generation capacity coming from the rehabilitated Calaca unit 2. The real estate and water sectors registered modest improvements as well in its operations.

Consolidated 3rd quarter net income on the other hand was significantly less than the previous 2 quarters of the year. Historically within the year, mining operations are normally down as the weather for this time of the year only allows limited mining. This plus the extended dry weather experienced last year caused the significant drop in quarter mining operations year-on-year. Nonetheless, consolidated quarter performance year-on-year was flattish due to the growth in real estate, electricity and water offsetting the drop in mining contributions.

This year also marks the non-inclusion of Atlantic Gulf & Pacific Company of Manila, Inc., the Company's previously owned steel fabrication which was sold in December 2010.

WATER

The Company's investment in the water sector is recognized mainly through its equity investment in the consortium with Metro Pacific Investments Corp. (MPIC) which owns Maynilad Water Services, Inc. (Maynilad), the water concessionaire. Maynilad handles the water distribution and sewer services for the western portion of Metro Manila and some areas of Cavite.

Maynilad reported improved water operating efficiencies for the 9-month period in 2011 vs. 2010. Billed volume increased by 7.6% or 21.04 million cubic meters (MCM) despite a 2.6%, or almost 16 MCM, reduction in supply causing non-revenue water (NRW) for the period improved to 49.19% from 54.03%. Average effective tariff also increased by 6.8% coming from inflationary and rebasing adjustments. These caused the improvement in Maynilad's water service revenues by 13.5% from P7.3 billion to P8.3 billion. Billed services further grew by 11% to around 939,000 accounts, but didn't contribute proportionally to the increase in revenues as the growth in connections were from the domestic or residential customers whose rates are subsidized. Meanwhile, cash opex showed a 19.3% jump due mainly to the following: (a) higher personnel costs from a redundancy program and manpower build up, (b) light & power expenses, and (c) real estate and business taxes. As a result, Maynilad bottom figure reached P4.3 billion for the first 9 months of 2011, growing by 23% from the P3.5 billion in 2010.

The Company's net share in the equitized earning from its water investment in Maynilad reached only P1.5 billion this year from the P1.3 billion last year. This was mainly due to the water consortium adjustments. The consortium's ownership in Maynilad was also reduced from 94% in 2010 to 92% in 2011 as Maynilad employees exercised their 2% ESOP in 2010 which were carved out of the consortium's shareholdings.

CONSTRUCTION

The construction business experienced a marginal decrease from its unprecedented growth last year due to the following: (a) completion of infrastructure projects with no new infrastructure projects awarded, and (b) last year's income includes recognition of a unofficial and unconfirmed change order claim from the Shangrila Boracay project where the costs were conservatively booked in the previous year.

Construction revenues from the Skyway Extension project were reduced for the first semester of 2011 compared to 2010 as the project is almost at full completion. The continuing activity from the 168 Residences, the delayed but now fully resumed Raffles Hotel works provided much of the revenues for the period, and the activity from the recently awarded Entertainment City Complex of Surestre Properties in JV with Bloomburry Resorts and Hotels contributed significantly to construction revenues. This however was not too good for the bottom line as building contracts have lesser margins than specialized infrastructure projects. With the construction works coming mainly from the building contracts, margins and net income declined.

Although delayed, we believe the infrastructure development programs of the current Philippine government (PPP) will inevitably materialize. As such, the Company, thru DMCI, is very much interested in the construction and engineering of these initiatives. The Company believes it is well positioned to be a driver and a beneficiary of the country's infrastructure progress.

In addition, DMCI expects to win the and start the construction of the 135 MW Coal Fired Plant of South Luzon Thermal Energy Corp., a JV between Trans Asia Oil and the Ayala Group. Hopefully, this additional power-infrastructure contract along with others being eyed by DMCI will generate the much needed lift in construction revenues and healthier margins.

## REAL ESTATE

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

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 20% is already collected. This method is already in compliance with International Accounting Standards. There was a plan to adopt this in the country in 2008 but was subsequently suspended by the SEC after majority of the real estate companies lobbied against it due to the retroactive adjustments that will be recorded upon adoption. Despite this, the full accrual method has been and is still used by the Company as we believe the adoption is inevitable if the country wants to be at par with global accounting practices.

The housing segment recognized a 23% increase in net contributions for the period from P1 billion last year to P1.2 billion this year. Realized housing sales for the period grew by 25% to P5 billion with the timing of completion and realization of sales from of existing projects: East Raya, Magnolia Place, Mahogany Place 3, Ohana Residences and Rosewood Pointe all contributed to improvement in real estate revenues. Also margins improved due as prices improved slightly due to improvements in product quality such as better (and bigger) amenities and facilities

A better representative of current demand would be sales and reservations for the period which experienced an increase of 24% from P11 billion in 2010 to P13.8 billion in 2011. Increasing demand for DMCI housing units coming mainly from new projects: La Verti Residences in Taft, Pasay City; the Redwoods in Fairview, Novaliches; Siena Park in Bicutan Paranaque and Stellar Place in Quezon City pushed marketing sales to new heights. Moreover, increased take up from added phases in existing projects East Raya and Magnolia Place also added to the growth in sales.

Operating expenses in the real estate segment were higher by 26% due to:

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

Note that most of the Company's housing units have a selling price below P3 million per unit and as such has been registered with the Board of Investments (BOI) as part of their affordable housing investments that provide vat and income tax incentives.

## MINING & POWER

### Coal Mining & Power (Calaca-Coal)

The Company's coal mining business which owns the major power asset, Calaca are both lodged under the 56%-owned and publicly listed Semirara Mining Corp (SMC). SMC reported an improvement in operations for the period with a net contribution of P2.1 billion for coal mining and P1.3 billion for power generation in 2011 compared to P1.1 billion and P685 million respectively in 2010. This was mainly due to higher coal prices and the improved capacity for the power operations due to the completion of the rehabilitation of Calaca unit 2.

Below is SMC's management discussion and analysis of results of operations and financial condition for the period ending and as of September 30, 2011 compared to September 30, 2010 as lifted from its interim 3rd quarter financial report with the PSE and SEC:

***MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS 2011 NINE-MONTH OPERATION***

*Efficient mining operations resulted to setting a new record in total material movement of 65,263,730 bank cubic meters (bcm) as at the end of Q3 2011. This is already 87% of full year capacity of 75 million bcm. With an average strip ratio of 10.25: 1, total run-of-mine (ROM) coal produced was at 5,953,720 metric tons (MTs). During the dry season, the Company aggressively pre-stripped, exposing around 600,000 MTs of coal as at the beginning of Q3. Hence, despite the heavy rains in the island during the quarter, mining operations went on smoothly. Clean coal production stood at 4,798,646 MTs, while washable coal totalled to 1,155,074 MTs. The resulting net product coal was 5,436,773 MTs. The Company continued its exploratory drilling all over the island, with special focus on the eastern part. Drilling data continued to indicate positive results during the period.*

*The Company targets to jumpstart the certification of the additional volume discovered by a local competent person on coal resource and mineable reserve within the year to increase its mineable coal reserve inventory, prior to its certification in accordance with JORC standards. Construction of the additional shiploading facility was finally completed and already operational, thus augmenting the mine loading capacity to match the increase in production and demand. The strategic location of the new pier will also provide efficiencies on coal transfer time. Strong demand for Semirara coal is reflected by the high coal sales of 5,617,104 MTs. Although export demand is still robust, especially from China, the Company prioritized serving the local markets as these commanded higher prices. Ending coal inventory closed at 237,010 MTs.*

***Power***

*Meanwhile, the power segment's total gross generation during the period was 1,494 GWhr. Unit 1 and 2 generated 728 GWhr and 766 GWhr, respectively. Capacity ractor and availability for Unit 1 was at 37% and 35%, while Unit 2 was at 33% and 32%, respectively. Dependable capacity of Unit 1 was at 160 MW with 51% utilization. On the other hand, dependable capacity of Unit 2 is already at 300 MW with 59% utilization.*

*Power Unit 2 experienced forced outage after its rehabilitation due to failure of some equipment during the commissioning, thus it registered low performance in Q1. These were immediately addressed at the onset of Q2, hence, the improvements in terms of gross generation, availability, capacity factor and efficiency of the unit were evident during the period.*

***2011 NINE-MONTH FINANCIAL CONDITION***

*The Company's consolidated earnings in just three quarters is already 31% higher than its 2010 full year profits. After eliminations, Revenues generated by the coal and power segments amounted to PHP14.05 billion and PHP7.40 billion, respectively, thus consolidating to PHP21.45 billion. The coal segment's Revenues reflected both domestic sales, excluding Calaca, of 2.12 million MTs and export sales of 2.34 million MTs. Composite average price during the period was PHP 3,046 per MT. Meanwhile, the power segment's Revenue is composed of bilateral contracts sales of 1,217 GWhr and spot sales of 383 GWhr at an average price of PHP4.62 per KWhr.*

*Net of eliminating entries, Cost of Sales of the coal and power segments amounted to PHP8.09 billion and PHP4.81 billion, consolidating to PHP12.90 billion. The coal segment's Cost of Sales is mainly comprised of Materials, Fuel, Lube and Overhead of PHP6.55 billion and Depreciation and Amortization of PHP1.54 billion. On the other hand, Fuel Costs of PHP3.79 billion and Spot Purchases of PHP998 million mainly comprised the power segment's Cost of Sales.*

*Consolidated Gross Profit amounted to PHP8.56 billion, with the coal and power segments contributing PHP5.96 billion and PHP2.59 billion, respectively.*

*The coal segment's Operating Expenses of PHP2.26 billion is mainly comprised of temporary accrual of Government Share for the period amounting to PHP1.77 billion.*

*Meanwhile, management fees representing O&M fees for Calaca Plants' operation amounting to PHP471.71 million is the single biggest item that comprised the power segment's Operating Expenses of PHP884.83 million. Consolidated Operating Expenses totalled to PHP3.14 billion. The coal segment booked Net Other Income of PHP32.94 million. Financing Costs of PHP90.63 million for its outstanding loans and Net Forex Losses of PHP14.02 million were offset by Finance Revenue generation of PHP46.40 million and PHP91.19 million*

*Other Income which is mainly comprised of gain on sale of equipment and insurance recovery of PHP53.48 million and PHP35.19 million. On the other hand, the power segment incurred Financing Costs of PHP278.80 million for its outstanding project finance loan. This was slightly offset by Finance Revenue of PHP32.08 million and Forex Gains of PHP2.80 million, thus Net Other Expenses amounted to PHP243.91 million. As a result, the Company recorded consolidated Other Expenses of PHP210.97 million for the period.*

*The resulting consolidated Income Before Tax stood at PHP5.20 billion. The coal and power segments' contribution was at PHP3.74 billion and PHP1.46 billion, respectively.*

*Both the coal and the power segments are BOI-registered companies, thus these are enjoying Income Tax Holidays. As a result, consolidated Income Tax Provision was minimal at PHP8.84 million, the coal and power segments provided for PHP5.67 million and PHP3.17 million, respectively.*

*As a result, consolidated Net Income After Tax amounted to PHP5.20 billion, the coal and power segments, accounted for PHP3.74 billion and PHP1.46 billion, respectively. Consolidated EPS stood at PHP14.58.*

*The Company's consolidated balance sheet closed with Assets amounting to PHP33.84 billion, Liabilities of 19.87 billion, and Equity of PHP13.97 billion.*

*The coal segment's total assets as at end of Q3 stood at PHP11.84 billion, posting a 10.2% increase from beginning balance of PHP10.74 billion. Of this amount, current portion stood at PHP8.34 billion, increasing by 22% from beginning balance of PHP6.86 billion. Bulk of Current Assets is comprised of Cash and Cash Equivalents at PHP4.37 billion, as a result of strong sales during the period. Net*

*Receivables amounting to PHP1.01 billion are mainly trade related, while Net Inventories of PHP1.68 billion is comprised of coal inventory of PHP439.17 million and materials and supplies of PHP1.24biliion. Due from related parties closed at PHP149.25 million. Other current assets of PHPl.12 billion mainly consist of advances to suppliers of PHP451.42 million; prepaid income taxes and VAT receivable of PHP347.65 million and PHP324.72 million security deposits and other prepayments.*

*Total non-current portion of the coal segment closed at PHP3.50 billion, 10% lower than beginning balance of PHP3.88 billion. This is comprised of Property, Plant and Equipment - net of depreciation amounting to PHP3.35 billion; Investment and Advances of PHP2.5 million accounting for Investments in Calaca Ecozone project; and other noncurrent assets of PHP144.22 million covering cost of software and noncurrent portion of VAT receivable.*

*The coal segment's total Liabilities closed at PHP9.10 billion, reflecting a 25% growth from beginning balance of PHP7.29 billion. Current Liabilities of PHP5.15 billion accounted for Accounts and Other Payables which are mainly trade-related at PHP4.39 billion, Due to Affiliated Companies of PHP48.24 million, and short-term and current portion of loans totalling to PHP706.97 million. Total Noncurrent Liabilities closed at PHP3.95 billion. This is comprised of Long-Term Debt - net of current portion of PHP3.91 billion. Provision for decommissioning and site rehabilitation of PHPl1.88 million, and Deferred Income Tax of PHP28.09 million. Meanwhile, the power segment's total assets closed at PHP21.15 billion, growing by 7% from beginning balance of PHP19.75 billion. Current assets which closed at PHP4.37 billion is comprised of Cash and Cash Equivalents of PHP1.16 billion, net Receivables of PHP1.02 billion, Inventories of PHP1.77 billion, due from related parties of PHP60.81 million, and Other Assets of PHP363.19 million. On the other hand, noncurrent assets closed at PHP16.79 billion. This accounted for Property, Plant and Equipment of PHP16.35 billion, Investments and Advances of PHP321. 77 million, and Other noncurrent assets of PHPI06.16 million.*

*The power segment's total Liabilities of PHPIO.77 billion decreased by 1% from beginning balance of PHPIO.87 billion mainly as a result to its amortization of its project finance debt. Current Liabilities closed at PHP2.78 billion, consisting of trade payable and due to government agencies, totalling to PHP1.58 billion; due to affiliated companies of PHP53.10 million; and short-term loans and current portion of long-term loans of PHP1.14 billion. Noncurrent liability of PHP7.99 billion is the long-term portion of the balance of the PHP9.6 debt incurred for the acquisition of the business.*

*The Company also accounted for its newest investment in expansion of its power generating capacity in its consolidated financial statements. Southwest Luzon Power Corporation (SCPC) was created for this expansion project. Its assets consist of PHP750 million of Cash and Cash Equivalents and total non-current assets of PHPI04.18, which is comprised of Property, Plant and Equipment of PHP83.98 million and Other noncurrent assets of PHP20.20 million. Strong earnings during the period beefed up the coal segment's Equity to PHP12.18 billion, even after paying dividends of PHP3.56 billion. In addition, the power segment's Equity closed at PHP1.80 billion after declaring dividends of PHP1.2 billion in April.*

***2011 COMPARATIVE REPORT***
***I. COAL PRODUCTION I POWER GENERATION***

*Improved mechanical availability of mining equipment, additional fleet capacity and shortened hauling distance were factors that increased efficiency of mining operations. As a result, total material movement reflected 11% increase from 2010 level of 58,802,443 bcm to 65,263,730 bcm this year. The table below shows the quarterly material movement for the two comparative years:*

***QUARTERLY MATERIAL MOVEMENT (in million BCM)***

| | **2011** | **2010** | **Inc/(Dec)** |
|---|---|---|---|
| **Q1** | 26.85 | 19.45 | 38% |
| **Q2** | 22.29 | 21.18 | 5% |
| **Q3** | **16.12** | **18.17** | **(11%)** |
| **YTD** | **65.26** | **58.80** | **11%** |

*Meanwhile, despite the increase in YTD strip ratio at 10.25: 1 for the first three quarters this year as compared to 9.90: 1 last year, ROM coal production increased by 8% at 5,953,720 MTs in the current period as compared to Q3 YTD 2010 level of 5,537,655 MTs. The table below shows the quarterly ROM coal production for the two comparative years:*

***QUARTERLY ROM COAL PRODUCTION (in million MTs)***

| | **2011** | **2010** | **Inc/(Dec)** |
|---|---|---|---|
| **Q1** | 1.82 | 1.85 | (1%) |
| **Q2** | 2.30 | 1.86 | 24% |
| **Q3** | **1.84** | **1.83** | **0%** |
| **YTD** | **5.95** | **5.54** | **8%** |

*Net product coal production likewise increased by 7% from 5,086,182 MTs as at end of Q3 in 2010 to 5,436,773 MTs this year. The table below shows the quarterly net product coal production for the two comparative years:*

***QUARTERLY NET PRODUCT COAL (in million MTs)***

| | 2011 | 2010 | Inc/(Dec) |
|---|---|---|---|
| **Q1** | 1.64 | 1.67 | (2%) |
| **Q2** | 2.15 | 1.71 | 26% |
| **Q3** | **1.65** | **1.70** | **(3%)** |
| **YTD** | **5.44** | **5.09** | **7%** |

*Lower beginning inventory and higher coal sales in the current period reflected a lower ending inventory level of 237,010 MTs at the close of Q3 this year, as against 702,088 MTs as at end of Q3 2010.*

*Meanwhile, the table below shows the quarterly generation of the power segment's two power plants for the two comparative years:*

***SCPC ENERGY GENERATION (in GWhr)***

| | 2011 | | | 2010 | | |
|---|---|---|---|---|---|---|
| | **Unit 1** | **Unit 2** | **Total** | **Unit 1** | **Unit 2** | **Total** |
| **Q1** | 243 | 189 | 432 | 224 | 241 | 465 |
| **Q2** | 245 | 395 | 640 | 295 | 322 | 617 |
| **Q3** | **240** | **182** | **422** | **156** | **157** | **313** |
| **YTD** | **728** | **766** | **1,494** | **675** | **720** | **1,395** |

*Unit 2's rehabilitation which started in August last year lasted until Ql this year. Fine tuning activities on the plant were still done in the first few months of the year to bring back the plant's performance up to its rated capacity. Hence, Unit 2's generation only marked a significant improvement in Q2 this year. On the other hand, Unit 1 was able to hold its ground as its rehabilitation was postponed to the second half of the year to take advantage of high electricity prices during the dry season. Unit 1 was shut down for rehabilitation in September.*

### *II. MARKETING*

*Sales in the second quarter this year compensated for the weaker delivered volume in Q1. This was mainly driven by the recovery in export sales from an anticipated slump in the first few months of the year since China beefed up on inventory towards the end of 2010. However, as expected, sales in Q3 dropped as coal production was limited during the rainy season. Local customers were given dispatch priority over export orders since the former commanded higher prices. Nonetheless, Q3 this year is 24% higher than same period last year. As a result, YTD coal sales increased by 10% at 5,617,104 MTs this year from 5,092,309 MTs last year. The table below shows the quarterly coal sales for the two comparative years:*

***QUARTERLY COAL SALES (in MTs)***

| | **2011** | **2010** | **Inc/(Dec)** |
|---|---|---|---|
| ***Q1*** | *1,641,515* | *2,007,530* | *(18%)* |
| ***Q2*** | *2,515,474* | *1,909,614* | *32%* |
| ***Q3*** | *1,460,115* | *1,175,165* | *24%* |
| ***YTD*** | ***5,617,104*** | ***5,092,309*** | ***10%*** |

*Local sales accounted for 58%, while export sales' market share stood at 42% as at Q3 this year. On the contrary, export sales took up a bigger share in the pie at 52% as compared to 48% by local sales in the same period last year. The table below shows the comparative YTD sales volume per industry for 2010 and 2009:*

***COAL SALES PER INDUSTRY (in MTs)***

| | **2011** | **2010** | **Inc/(Dec)** |
|---|---|---|---|
| ***LOCAL*** | | | |
| *Power* | *2,666,757* | *1,417,222* | *88%* |
| *Cement* | *459,685* | *653,874* | *(30%)* |
| *Other Industries* | *145,677* | *366,867* | *(60%)* |
| ***Total LOCAL*** | ***3,272,120*** | ***2,437,963*** | ***34%*** |
| ***Export*** | ***2,344,984*** | ***2,654,346*** | ***(12%)*** |
| ***Total Sales Volume*** | ***5,617,104*** | ***5,092,309*** | ***10%*** |

*The increase in the off-take of the power industry was largely due to the increased purchases of a customer who signed a long-term contract with the Company, as well as increased deliveries to the power segment. The increase in deliveries to the power industry was more than enough to offset the 30% decrease in deliveries to cement plants and 60% drop in sales to other industries. As a result, local sales recorded a significant increase of 34% at 3,272,120 MTs this year as compared to 2,437,963 MTs in the same period last year.*

*On the other hand, total sales to the export market dropped by 12% at 2,344,984 MTs in the first three quarters this year from 2,654,346 MTs in the same period year.*

*Coal prices remained resilient this year despite global economic slowdown. Composite average FOB price per MT increased by 33% from PHP2,286 as at end of Q3 2010 to PHP3,046 this year.*

*Meanwhile, the power segment registered a slight 1% drop in total energy sales this period at 1,127 GWhr, as compared to 1,133 GWhr in H1 2010. This is due to lower volume sold in Q1 this year when Unit 2 was still under fine tuning after its commissioning. Of the total energy sold, 88% was sourced from generation of the plant and 12% was purchased from the spot market. Total spot purchase this year of 131 GWhr is almost the same as Hl 2010 level of 133 GWhr. Average selling price/KWhr for the first half registered at PHP5.26 and PHP4.69 in 2010 and 2011, respectively. The table below shows the quarterly energy sales of the power segment's two power plants for the two comparative years:*

***SCPC ENERGY SALES (in GWhr)***

| | 2011 | | | 2010 | | |
|---|---|---|---|---|---|---|
| | BCQ Sales | Spot Sales | Total | BCQ Sales | Spot Sales | Total |
| Q1 | 362 | 94 | 455 | 397 | 121 | 518 |
| Q2 | 457 | 215 | 671 | 405 | 211 | 616 |
| Q3 | 398 | 74 | 474 | 284 | 98 | 382 |
| **YTD** | **1,217** | **383** | **1,600** | **1,086** | **430** | **1,516** |

## *III. FINANCE*

*A. Sales and Profitability*
*Revenues generated by the coal segment, inclusive of sales to the power segments totalled to PHP17.11 billion, while the power segment generated PHP7.40 billion. After eliminations, consolidated Revenues stood at PHP21.45 billion, posting a 27% increase over Q3 2010 consolidated Revenues of PHP16.90 billion. The growth is mainly due to higher coal sales and increased coal prices, slightly tempered by lower energy prices this year.*

*Meanwhile, Consolidated Cost of Sales increased by 10% at PHP12.90 billion from PHP11.73 billion as at Q3 2010. Cost of mine rehabilitation activities, upgrading of support facilities, higher oil prices plus higher strip ratio caused upward pressure on cost of coal sold per MT, however this was fully compensated by the increase in selling price. Meanwhile, the power segment's cost of generation increased by 6% at PHP4.81 billion as against PHP4.53 billion last year due to higher start-up cost incurred resulting from unscheduled shutdowns and higher prices effective third quarter. Before eliminations, the coal and power segments generated Gross Profit of PHP5.96 billion and PHP2.92 billion, respectively. Consolidated Gross profit closed at PHP8.56 billion, reflecting a 66% increase over PHP5.16 billion as at Q3 2010. Gross profit margin is more impressive at 40% this year as compared to 31 % last year.*

*Improving efficiency at the minesite is reflected by higher government share provision at 10.33% of coal revenue. This largely accounted for the increase in the coal segment's Operating Expenses, before eliminations, of PHP2.25 billion from PHPl.15 billion last year. On the other hand, the standalone Operating Expenses incurred by the power segment mainly consisted of Management Fees and Taxes and Licenses amounting to PHP471.71 million and PHP246.83 million respectively. Thus, consolidating to PHP3.14 billion. This is 80% higher than last year's same period consolidated Operating Expenses of PHPl. 74 billion.*

*Consolidated Interest Expenses dropped by 28% at PHP369A3 million as compared to PHP511014 million last year. The power segment has started to amortize its PHP9.6 billion debt related to the asset's acquisition. Moreover, the coal segment enjoys significantly lower interest rates on its dollar borrowings this year.*

*With healthier cash levels, consolidated Interest Income is 302% higher this year at PHP78.48 million as compared to PHP19.53 million last year.*

*Meanwhile, the fluctuation of the PHP against the USD resulted to net Forex Losses of PHP11.22 million in the current period. In the same period last year, consolidated Forex gains totalled to PHP140.31 million.*

*Other Income of PHP91.19 million is mainly comprised of the coal segment's gain on sale of retired equipment amounting to PHP53A8 million and Insurance claims of 35.19 million.*

*The resulting consolidated Income Before Tax stood at PHP5.20 billion, posting a 66% increase over Q3 2010 level of PHP3.13 billion.*

*Since both business segments enjoy Income Tax Holiday as BOI-registered companies, consolidated tax provision is minimal at PHP8.84 million. Total tax provision as at Q3 2010 was at even lower level of PHP1.36 million.*

*Consolidated Net Income After Tax of PHP5.2Q billion is 62% higher than YTD Q3 2010 net earnings of PHP3.21 billion. Despite a bigger capital base, EPS of PHP14.58 posted a 40% growth over last year's level of PHP10A2.*

***Solvency and liquidity***
*The Company's robust income generation during the period, augmented by collection of some Receivables, allowed the Company to spend sizeable amounts in investments, particularly additional property, plant and equipment which recorded a consolidated amount of PHP2.78 billion.*
*In addition, it paid dividends of PHP3.56 billion, which is double of last year's total payout.*
*Moreover, consolidate debt payments during the period amounted to PHP4.5 billion, of which PHP2.41 billion and PHP2.09 billion serviced the coal and power segments' debts, respectively.*

*Despite the SUbstantial cash outlay of the Company during the period, ending Cash balance is robust as total cash generation during the period of PHP2.46 billion augmented beginning balance of PHP3.81 billion, thus posting a consolidated Cash end of PHP6.28 billion.*

*Notably, despite a slow start, the power segment contributed significantly to the Company's cash generation during the period. Its healthy cash position enabled it to pay PHP1.2 billion in dividends its parent company.*

*The Company's liquidity position continued to improve with Current ratio closing at 1.70x. Meanwhile, Debt-to-Equity ratio also improved to 1.42:1, reflecting the Company's solid financial standing.*

*IV.* ***PERFORMANCE*** *INDICATORS*
***1. Earnings per Share*** *- An important indicator of the Company's operations is its EPS. The Company's increasing EPS reflects its notable efforts in managing its resources efficiently. Despite a bigger capital base, this period's EPS of PHP14.58 is 40% higher than same period of last year's EPS of 10.42.*

***2. Debt-to-Eguity Ratio*** *- Manifesting the continued strengthening of the Company's financial strength is the corresponding improvement of its DE ratio. The Stock Rights Offering exercise last year, strong earnings and debt amortization are the major factors that improved the Company's DE ratio.*

***3. Business Expansion*** *- After recovering from the financial stress of a huge investment made in 2009, the Company is again reinforcing its artillery as it is once again financially strong to make new investments. The Company is poised to expand its power generating capacity within the next three years to take advantage of the supply and demand gap in the energy sector.*

***4. Expanded Market*** *- The power segment was able to renegotiate an expiring bilateral power supply contract with improved terms. Also, it gained a new customer for a continuous flat load for 24 hours. Meanwhile, the coal segment's market is more reliable with its long term supply contract with one of the country's biggest power company.*

***5. Improved coal quality*** *- Market acceptability of Semirara coal is a manifestation of its successful efforts in improving its coal quality. Moreover, the continuous advancement of technology augurs well for Semirara coal as even its lowest quality stock, which was not marketable before, can be sold already.*

Nickel

The Company's venture into nickel mining was revived in late 2009 when a mining venture with Benguet Mining was agreed upon in September of that year. DMCI Mining, Corp., the Company's nickel and metals (non-coal) mining company, set out to mine and market relatively high concentration nickel ore (1.8%-2% nickel content) at the Benguet mine in Zambales with the agreement to effectively share in the profits from mining and selling nickel ore.

DMCI Mining has also signed another contract with Zambales Diversified Mining Corp., a subsidiary of European Nickel, to operate the old Acoje mine. First shipment from this mine has been subsequently made in July 2011. Operations in Acoje is expected to supplement and eventually replace production from Benguet since the current contract with Benguet is expected to be finished by 2012.

DMCI Mining reported continuous growth in 9-month contributions for 2011 amounting to P361 million compared to P243 million in 2010. Nickel ore shipments coming mainly from Benguet (minimal from Acoje) for the period reached 1.1 million wet metric tons (WMT) this year compared to 781 thousand WMT last year. With the higher volume and a 27% growth in average selling price, revenues grew by 79% for the period. Note that the Company co-owned equally DMCI Mining with SMC until the Company purchased SMC's equity in DMCI Mining late in 2010.

Evident of the Company's competence in mining and having arguably the best working port facility in Santa Cruz, Zambales, DMCI Mining has proved to be one of the prime miners in the Zambales area.

## II. FINANCIAL CONDITION

***December 31, 2010 (Audited) – September 30, 2011 (Unaudited)***

The Company's financial condition for the period improved as total assets and net assets increased by 18% and 16% respectively.

Cash increased by a significant 52% to P15 billion due mainly from operations of the different business and the syndicated loan raised by the real estate business. Major use of cash is for operations and from payment of cash dividends.

Total receivables (current and non-current) went up due mainly to new sales in all sectors and the reinstatement of owner/supplier receivables covered with owner/supplier advances at the construction business.

Consolidated inventories grew by 28% increase as real estate inventories grew due to the growth in complete units and units being constructed. Inventories for power equipment also increased significantly for the quarter prompting the increase in Semirara consolidated inventory.

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

Property plant & equipment inched up ever so slightly as there were not much significant equipment acquisitions for the period.

Accounts & other payables increased mostly as a result of the operating credits, deferred revenues and accruals.

Customer's deposits grew with the historically high sales and reservations in the housing segment. This is evident of the growing demand for DMCI Homes units despite the completion of the units. Receipts from these customers helped push-up the customer's deposit account.

Long term debt increased due to the P5 billion corporate notes issued at the real estate segment.

Current ratio improved from 1.78 to 2.05 due mainly from cash generation of the different businesses.

Debt to equity ratio remained at the same levels despite additional debt issued at the real estate business as operations generating the much needed asset growth.

### *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**

| ***(in Php Millions)*** | 9-month | | Variance | |
|---|---|---|---|---|
| | 2011 | 2010 | Amount | % |
| COAL SALES | 14,051 | 9,463 | 4,589 | 48% |
| NICKEL ORE SALES | 2,042 | 1,138 | 904 | 79% |
| CONSTRUCTION | 7,324 | 8,161 | (837) | -10% |
| REAL ESTATE | 5,098 | 4,066 | 1,032 | 25% |
| ELECTRICITY | 7,980 | 7,538 | 442 | 6% |
| PARENT & OTHERS | 115 | 103 | 13 | 12% |
| **TOTAL** | **36,610** | **30,468** | **6,142** | **20%** |

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

SEGMENT NET INCOME

**NET INCOME (after Minority)**

| ***(in Php Millions)*** | 9-month | | Variance | |
|---|---|---|---|---|
| | 2011 | 2010 | Amount | % |
| COAL SALES | 2,103 | 1,124 | 979 | 87% |
| NICKEL ORE SALES | 361 | 243 | 118 | 48% |
| CONSTRUCTION | 756 | 903 | (147) | -16% |
| REAL ESTATE | 1,245 | 1,014 | 231 | 23% |
| ELECTRICITY | 1,009 | 670 | 339 | 51% |
| WATER | 1,549 | 1,328 | 220 | 17% |
| PARENT & OTHERS | 13 | (16) | 29 | 184% |
| STEEL | - | 506 | (506) | -100% |
| **TOTAL** | **7,036** | **5,772** | **1,264** | **30%** |

The net income (after minority) or bottom line results from operations of the Company can be seen with the increment in net income for the period compared to the same period of the previous year/s for the different business segments. Except for construction, the current period posted strong growth in earnings from the coal and nickel mining businesses, while other segments provided modest improvement (*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 P2.65/share accounting for a 22% increase from the P2.17/share EPS of the same period last year. Same as segment net income, all the businesses except construction all contributed to the improvement in earnings (*see Part I. Results of Operations – different segments for a detailed discussion per business)*.

CURRENT RATIO

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

DEBT TO EQUITY RATIO

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

## PART II--OTHER INFORMATION

1. This interim financial report is in compliance with generally accepted accounting principles;
2. The same accounting policies and methods of computation are followed in the interim financial statements as compared with the most recent annual financial statements;
3. The company's operation is a continuous process. It is not dependent on any cycle or season;
4. A cash dividend was declared at the amount of Php 1.00 per common share paid on July 7, 2011 to the holders of record of June 15, 2011.
5. There were no subsequent events that have not been reflected in the financial statements for the period that the company have knowledge of;
6. There are no contingent accounts in the balance sheet of the corporation;
7. Except for interest payments on loans, which the Company can fully service, the only commitment that would have a material impact on liquidity are construction guarantees. These are usually required from contractors in case of any damage / destruction to a completed project.
8. Any known trends or any known demands, commitments, events or uncertainties that will result in or that will have a material impact on the registrant's liquidity. - **NONE**
9. The Company recognizes that the continuing slump in the property sector would keep both real estate sales and construction revenues moderate. Nonetheless, the Group's venture into middle-income housing development is expected to significantly contribute to revenues and income.

**SIGNATURES**

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

Issuer DMCI Holdings, Inc.

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

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

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

Date November 16, 2011

**DMCI HOLDINGS, INC. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

**For the period ended September 30, 2011 and December 31, 2010**

**(Amounts in Thousands of Philippine Pesos,**

**Except Par Value and Number of Shares)**

| | | AUDITED |
|---|---|---|
| | **2011** | **2010** |
| **ASSETS** | | |
| **Current Assets** | | |
| Cash and cash equivalents | 15,117,497 | 9,946,666 |
| Available-for-sale financial assets - net | 293,278 | 222,203 |
| Receivables - net | 13,348,799 | 9,125,086 |
| Costs and estimated earnings in excess of billings on uncompleted contrac | 0 | 449,196 |
| Inventories - net | 16,212,350 | 12,704,544 |
| Other current assets | 1,810,031 | 3,920,594 |
| Total Current Assets | 46,781,955 | 36,368,289 |
| **Noncurrent Assets** | | |
| Noncurrent receivables - net | 1,211,653 | 2,782,287 |
| Investments in associates, jointly controlled entities and others - net | 11,155,035 | 9,387,673 |
| Investment properties - net | 415,385 | 358,590 |
| Property, Plant and Equipment - net | 22,288,098 | 21,540,724 |
| Deferred tax assets | 0 | 10,191 |
| Other noncurrent assets - net | 2,229,465 | 824,822 |
| Total Noncurrent Assets | 37,299,636 | 34,904,287 |
| | 84,081,591 | 71,272,576 |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | |
| **Current Liabilities** | | |
| Bank Loans | 2,031,437 | 753,534 |
| Current portion of liabilities for purchased land | 0 | 660,622 |
| Accounts and other payables | 11,606,625 | 10,108,213 |
| Billings in Excess of Costs and estimated earnings on uncompleted contracts | 704,639 | 586,880 |
| Customers' advances and deposits | 7,046,153 | 4,437,999 |
| Current portion of long-term debt | 28,867 | 3,165,102 |
| Income tax payable | 184,472 | 146,079 |
| Payable to related parties | 1,175,219 | 517,384 |
| Total Current Liabilities | 22,777,412 | 20,375,813 |
| **Noncurrent Liabilities** | | |
| Long-Term Debt - net of current portion | 21,459,530 | 15,858,722 |
| Liabilities for purchased land - net of current portion | 0 | 731,262 |
| Deferred tax liabilities - net | 742,307 | 496,766 |
| Pension liabilities | 184,618 | 216,784 |
| Other Noncurrent Liabilities | 1,222,925 | 1,170,027 |
| Total Noncurrent Liabilities | 23,609,380 | 18,473,561 |
| Total Liabilities | 46,386,792 | 38,849,374 |
| **Equity** | | |
| Equity attributable to equity holders of the DMCI Holdings, Inc.: | | |
| Paid-up capital | 7,420,814 | 7,421,415 |
| Deposit for future subscription | 0 | 0 |
| Retained earnings | 24,073,705 | 19,693,115 |
| Premium on acquisition of non-controlling interests | | (161,033) |
| Other comprehensive income | 0 | (2,781) |
| | 31,494,519 | 26,950,716 |
| Non-controlling interests | 6,200,280 | 5,472,486 |
| Total Equity | 37,694,799 | 32,423,202 |
| | 84,081,591 | 71,272,576 |

**DMCI HOLDINGS, INC. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF INCOME**

**For the period ended September 30, 2011 and 2010 and for the quarter ended September 30, 2011 and 2010**

**(Amounts in Thousands of Philippine Pesos)**

| | For the period | | For the quarter | |
|---|---|---|---|---|
| | **2011** | **2010** | **2011** | **2010** |
| **REVENUE** | | | | |
| Coal Sales | 14,051,489 | 9,462,782 | 3,360,592 | 2,404,720 |
| Nickel Ore Sales | 2,041,759 | 1,137,969 | 279,110 | 314,835 |
| Construction contracts | 7,323,820 | 8,161,002 | 2,486,938 | 2,372,298 |
| Electricity sales | 7,979,770 | 7,537,532 | 2,337,281 | 1,580,721 |
| Real estate sales | 5,097,857 | 4,065,833 | 1,896,121 | 1,665,590 |
| Merchandise sales and others | 115,451 | 102,910 | 35,537 | 31,072 |
| | **36,610,146** | **30,468,028** | **10,395,579** | **8,369,236** |
| **COST OF SALES AND SERVICES** | | | | |
| Coal Sales | 8,089,076 | 6,487,226 | 2,611,382 | 1,881,002 |
| Nickel Ore Sales | 1,517,682 | 687,925 | 250,444 | 97,608 |
| Construction contracts | 6,212,481 | 6,798,900 | 2,127,734 | 2,015,990 |
| Electricity sales | 5,210,845 | 5,326,514 | 1,658,328 | 1,377,726 |
| Real estate sales | 2,767,998 | 2,304,032 | 1,022,531 | 934,886 |
| Merchandise sales and others | 75,117 | 61,915 | 22,887 | 19,379 |
| | **23,873,199** | **21,666,512** | **7,693,306** | **6,326,591** |
| **GROSS PROFIT** | **12,736,947** | **8,801,516** | **2,702,273** | **2,042,645** |
| **OPERATING EXPENSES** | (4,628,971) | (2,909,274) | (1,179,525) | (414,097) |
| | 8,107,976 | 5,892,242 | 1,522,748 | 1,628,548 |
| **OTHER INCOME (LOSSES)** | | | | |
| Equity in net earnings of associates | 1,548,534 | 1,474,856 | 602,763 | 568,408 |
| Finance income | 998,929 | 369,988 | 433,099 | (134,495) |
| Finance costs | (951,979) | (498,823) | (246,094) | 57,335 |
| Other income (charges) - net | 421,691 | 131,942 | 64,585 | (56,794) |
| **INCOME BEFORE INCOME TAX** | 10,125,151 | 7,370,205 | 2,377,101 | 2,063,002 |
| **PROVISION FOR INCOME TAX** | 805,287 | 620,181 | 345,756 | 222,254 |
| **INCOME BEFORE CONTINUING OPERATIONS** | 9,319,864 | 6,750,024 | 2,031,345 | 1,840,748 |
| **AFTER TAX INCOME FROM DISCONTINUED OPERATIONS** | 0 | 513,632 | 0 | 178,693 |
| **NET INCOME (LOSS) (NOTE 4)** | **9,319,864** | **7,263,656** | **2,031,345** | **2,019,441** |
| | | | | |
| **NET INCOME ATTRIBUTABLE TO** | | | | |
| **Equity holders of DMCI Holdings, Inc.** | **7,036,082** | **5,772,615** | **1,756,753** | **1,591,810** |
| **Non-controlling interests** | 2,283,782 | 1,491,041 | 274,592 | 427,631 |
| | 9,319,864 | 7,263,656 | 2,031,345 | 2,019,441 |
| | | | | |
| **Basic/Diluted Earnings Per Share** | 2.65 | 2.17 | 0.66 | 0.60 |

**DMCI HOLDINGS, INC. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

**For the period ended September 30, 2011 and 2010 and for the quarter ended September 30, 2011 and 2010**

**(Amounts in Thousands of Philippine Pesos)**

| | For the period | | For the quarter | |
|---|---|---|---|---|
| | **2011** | **2010** | **2011** | **2010** |
| **NET INCOME** | 9,319,864 | 7,263,656 | 2,031,345 | 2,019,441 |
| **OTHER COMPREHENSIVE INCOME** | | | | |
| 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 operations | - | - | - | - |
| Recognized revaluation increment | - | - | - | - |
| **OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEAR, NET OF TAX** | - | - | - | - |
| **TOTAL COMPREHENSIVE INCOME FOR THE YEAR** | **9,319,864** | **7,263,656** | **2,031,345** | **2,019,441** |
| **TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO** | | | | |
| Equity holders of DMCI Holdings, Inc. | 7,036,082 | **5,772,615** | 1,756,753 | **1,591,810** |
| Minority interests | 2,283,782 | 1,491,041 | 274,592 | 427,631 |
| | **9,319,864** | **7,263,656** | **2,031,345** | **2,019,441** |

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

| | SEPTEMBER 2011 | SEPTEMBER 2010 |
|---|---|---|
| **CAPITAL STOCK** | | |
| Cumulative and convertible | | |
| Preferred stock - P1 par value | | |
| Authorized - 100,000,000 shares | | |
| Issued - 2,400,000 shares | 2,400,000 | 2,400,000 |
| Retirement of preferred shares | (2,396,220) | (2,395,620) |
| | 3,780 | 4,380 |
| Common stock - P1 par value | | |
| Authorized - 5,900,000,000 shares | | |
| Issued - 2,655,494,000 shares | 2,655,494,000 | 2,655,494,000 |
| | 2,655,497,780 | 2,655,498,380 |
| **ADDITIONAL PAID-IN CAPITAL** | | |
| Balance at the beginning | 4,765,316,671 | 4,765,916,071 |
| Retirement of Preferred Shares | - | - |
| Additional Paid-in Capital of new subscribed shares | - | - |
| | 4,765,316,671 | 4,765,916,071 |
| **DEPOSITS FOR FUTURE SUBSCRIPTION** | | - |
| **RETAINED EARNINGS (DEFICIT)** | | |
| Balance at beginning of the period | 19,693,115,974 | 13,135,744,178 |
| Net income(loss) for the period | 7,036,082,576 | 5,772,615,065 |
| Dividends paid | (2,655,494,000) | (1,327,747,000) |
| Balance at end of the period | 24,073,704,550 | 17,580,612,243 |
| Cumulative Translation Adjustment | - | - |
| **PREFERRED SHARES HELD IN TREASURY** | | |
| Balance at beginning of the period | - | - |
| Acquisitions for the period | - | - |
| Redemption/Retirement of preferred shares | - | - |
| Balance at end of the period | - | - |
| **TOTAL STOCKHOLDERS' EQUITY** | **31,494,519,001** | **25,002,026,694** |

**DMCI HOLDINGS, INC. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF CASH FLOWS**

**For the period ended September 30, 2011 and 2010**

**(Amounts in Thousands of Philippine Pesos)**

| | 2011 | 2010 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| **Net (Loss)/ Income** | 9,319,864 | 7,263,656 |
| Adjustments to reconcile net income (loss) to net cash: | | |
| Equity in net losses (earnings) of affiliates, depreciation, depletic | | |
| amortization and other non-cash items (net) | (4,403,748) | (2,893,140) |
| Income (Loss) applicable to Minority Interest | 2,283,782 | 1,491,041 |
| Changes in assets and liabilities: | | |
| Decrease / (Increase) in : | | |
| Receivables- net | (2,653,079) | (3,572,886) |
| Inventories - net | (3,507,806) | (760,937) |
| Prepaid expenses and other current assets | 2,110,563 | 2,106,524 |
| Increase/ (Decrease) in : | | |
| Accounts payable and accrued expenses | 4,103,779 | 4,954,314 |
| Current portion of long-term debt | (3,136,235) | (3,355,340) |
| Non current liabilities | 5,135,819 | 2,974,881 |
| Billings in excess of cost of uncompleted contracts | 566,955 | 240,010 |
| Income tax payable | 38,393 | 45,423 |
| Net cash provided by operating activities | 9,858,287 | 8,493,546 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Decrease (increase) in: | | |
| Available for sale investments | (71,075) | (3,041) |
| Investments - net | (1,824,157) | (1,890,630) |
| Property, plant and equipment - net | (747,374) | (745,446) |
| Deferred charges and other assets - net | (1,394,452) | (1,450,131) |
| Net cash provided by investing activities | (4,037,058) | (4,089,248) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Net availments (payments) of: | | |
| Notes payable | 1,277,903 | (839,833) |
| Additional subscription of common shares | | |
| Capital Stock at P1.00 par value | 0 | 0 |
| Additional paid-in capital | (601) | (1) |
| Deposit for future subscription | 0 | 0 |
| Acquisition of preferred shares to treasury | 0 | 0 |
| Redemption of preferred shares | | |
| Capital Stock at P1.00 par value | 0 | 0 |
| Additional paid-in capital | 0 | 0 |
| Redemption of preferred shares from treasury | 0 | 0 |
| Payment of Dividends | (2,655,494) | (1,327,747) |
| Net increase (decrease) in minority interest | 727,794 | 2,411,630 |
| Net cash provided by financing activities | (650,398) | 244,049 |
| | | |
| **NET INCREASE (DECREASE) IN CASH** | | |
| **AND CASH EQUIVALENTS** | 5,170,831 | 4,648,347 |
| **CASH AND CASH EQUIVALENTS, BEGINNING** | 9,946,666 | 3,262,290 |
| | | |
| **CASH AND CASH EQUIVALENTS, ENDING** | 15,117,497 | 7,910,637 |

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

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

[1] Also engaged in real estate development

[2] DMCI's subsidiaries

[3] PDI's subsidiaries

[4] Semirara's subsidiary

*AG&P*

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

*PDI Hotels*

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

*PDI*

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