FIRST PACIFIC

FIRST PACIFIC COMPANY LIMITED

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(Incorporated with limited liability under the laws of Bermuda)
Website: http://www.firstpacific.com

(Stock Code: 00142)

OVERSEAS REGULATORY ANNOUNCEMENT

(This overseas regulatory announcement is issued pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.)

Please refer to the attached SEC Form 17-Q filed by Metro Pacific Investments Corporation ("MPIC") with the Philippine Stock Exchange, in relation to MPIC's quarterly report for the nine months ended 30 September 2009.

Dated this the 13th day of November, 2009

As at the date of this announcement, the Board of Directors of First Pacific Company Limited comprises the following Directors:

Anthoni Salim, *Chairman*
Manuel V. Pangilinan, *Managing Director and CEO*
Edward A. Tortorici
Robert C. Nicholson
Ambassador Albert F. del Rosario
Napoleon L. Nazareno
Professor Edward K.Y. Chen*, *GBS, CBE, JP*

Tedy Djuhar
Sutanto Djuhar
Ibrahim Risjad
Benny S. Santoso
Graham L. Pickles*
Sir David W.C. Tang*, *KBE*

**Independent Non-executive Directors*

SEC Number CS200604494
File Number______

Metro Pacific Investments Corporation
(Company's Full Name)

10/F MGO Bldg., Legaspi cor. Dela Rosa Sts.
Legaspi Village, 0721 Makati City
(Company's Address)

(632) 888-0888
Telephone Number

N/A
(Fiscal Year Ending)
(month & day)

Form 17-Q
Form Type

N/A
Designation (If applicable)

30 September 2009
Period Date Ended

N/A
(Secondary License Type and File Number)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended ....30 September 2009

2. SEC identification number..... CS200604494 3. BIR Tax Identification No. 244-520-457-000

4. Exact name of issuer as specified in its charter

............METRO PACIFIC INVESTMENTS CORPORATION...

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

6. Industry Classification Co[ ] (SEC Use Only)

....

7. Address of issuer's principal office Postal Code
   10/F MGO Bldg., Legaspi cor. Dela Rosa Sts.,
   Legazpi Village, 0721 Makati City

8. Issuer's telephone number, including area code
   (632) 8880888

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

   N/A

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

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
Common Shares	14,371,562,304*[1]

*[1] Reported by the stock transfer agent as of 30 September 2009

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

    Yes [X] No [ ]

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

    Philippines Stock Exchange

12. Indicate by check mark whether the registrant:

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

Yes [x] No [ ]

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

Yes [x] No [ ]

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

Please see Exhibits I and II for the September 30 Quarterly report and Notes to the Financial Statements

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

Please refer to Exhibit III for the Management Discussion and Analysis

PART II--OTHER INFORMATION

Information not previously reported and made in this report in lieu of a report on SEC Form 11-C

None

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.

Registrant	:	**Metro Pacific Investments Corporation** By
Signature	:	**Jose Ma. K. Lim**
Title	:	President
Signature	:	**Andrew G. Shepherd**
Title	:	Chief Finance Officer
Date	:	12 November 2009

Part 1

FINANCIAL INFORMATION

Exhibit I

METRO PACIFIC INVESTMENTS CORPORATION
CONSOLIDATED INCOME STATEMENTS
(Unaudited)

For the period ended 30 September *(Amounts in Peso 000s)*	9 Months '09	9 Months '08 *Restated	Q3 '09	Q3 '08 *Restated
OPERATING REVENUES				
Water and sewerage services	7,718,208	2,268,417	2,975,034	2,268,417
Toll fees	4,072,871	-	1,307,984	-
	11,791,079	2,268,417	4,283,018	2,268,417
COST OF SERVICES	5,452,962	941,700	1,855,251	941,700
GROSS PROFIT	6,338,117	1,326,717	2,427,767	1,326,717
GENERAL AND ADMINISTRATIVE EXPENSES	(2,136,797)	(759,618)	(755,291)	(653,309)
OTHER INCOME AND EXPENSES				
Construction revenue	3,657,607	1,626,485	1,400,661	1,626,485
Construction costs	(3,650,192)	(1,586,471)	(1,415,897)	(1,586,471)
Share in net earnings of associates - net	237,443	80,122	87,040	39,645
Share in net losses of a joint venture	-	(256,724)	-	-
Foreign exchange gains - net	2,637	64,393	(74,626)	65,824
Interest income	421,611	293,728	163,122	133,493
Interest expense	(2,824,463)	(682,205)	(955,838)	(447,660)
Other income	1,443,907	617,137	(20,002)	(139,599)
Other expense	(862,353)	(104,260)	(86,960)	72,835
	(1,573,803)	52,205	(902,500)	(235,448)
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAX	2,627,517	619,304	769,976	437,960
(PROVISION FOR) BENEFIT FROM INCOME TAX				
Current	(10,425)	(45,648)	(3,527)	(44,651)
Deferred	1,152,170	213,950	29,234	82,485
	1,141,745	168,302	25,707	37,834
INCOME FROM CONTINUING OPERATIONS AFTER INCOME TAX	3,769,262	787,606	795,683	475,794
INCOME FROM DISCONTINUED OPERATIONS AFTER INCOME TAX	45,092	79,337	-	12,316
NET INCOME	3,814,354	866,943	795,683	488,110
Net income attributable to:				
Owners of the Parent Company from:				
Continuing operations	2,016,085	611,039	390,728	298,435
Discontinued operations	70,385	26,464	-	52
	2,086,470	637,503	390,728	298,487
Minority interests	1,727,884	229,441	404,955	189,623
	3,814,354	866,943	795,683	488,110
EARNINGS PER SHARE				
Basic earnings per share, attributable to owners of Parent Company (in centavos)				
Income from continuing operations	21.41	45.50		
Income from discontinued operations	0.75	1.97		
	22.16	47.47		
Diluted earnings per shares attributable to owners of Parent Company (in centavos)				
Income from continuing operations	21.34	18.88		
Income from discontinued operations	0.75	0.82		
	22.09	19.70		

* *Restated due to adoption of IFRIC 12 and deconsolidation of Landco*

See accompanying notes to the Consolidated Financial Statements and Management Discussion and Analysis

METRO PACIFIC INVESTMENTS CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

For the period ended 30 Sept *(Amounts in Peso 000s)*	9 Months '09	9 Months '08 *Restated	Q3 '09	Q3 '08 *Restated
NET INCOME FOR THE PERIOD	3,814,354	866,943	795,683	488,110
OTHER COMPREHENSIVE INCOME				
Fair value changes on cash flow hedges	(6,850)	-	13,545	-
Change in fair value of available - for - sale financial assets	-	(10,583)	-	-
Income tax	2,055	-	(4,064)	-
	(4,795)	(10,583)	9,482	-
TOTAL COMPREHENSIVE INCOME	3,809,559	856,360	805,165	488,110
Total Comprehensive Income attributable to:				
Owners of the Parent Company from:				
Continuing operations	2,012,872	611,039	397,081	298,435
Discontinued operations	70,385	21,067	-	-
	2,083,257	632,106	397,081	298,435
Minority interests				
Continuing operations	1,701,008	276,681	408,084	277,472
Discontinued operations	25,294	(52,426)	-	(87,849)
	1,726,302	224,255	408,084	189,623
	3,809,559	856,360	805,165	488,058

* *Restated due to adoption of IFRIC 12 and deconsolidation of Landco*

See accompanying notes to the Consolidated Financial Statements and Management Discussion and Analysis

METRO PACIFIC INVESTMENTS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at *(Amounts in Peso 000s)*	September 30, 2009 (Unaudited)	December 31, 2008 (Audited)
ASSETS		
Current assets		
Cash and cash equivalents	3,826,065	2,028,833
Short-term deposits	10,601,127	6,715,588
Receivables - net	2,453,251	1,608,882
Inventories - at cost	34,441	84,404
Real estate for sale	127,473	127,473
Assets held for sale	406,557	-
Due from related parties	341,552	32,088
Available-for-sale financial assets	402,964	402,964
Other current assets	1,368,940	805,942
	19,562,370	11,806,174
Assets of disposal group classified as held for sale	-	6,320,351
Total Current Assets	19,562,370	18,126,525
Noncurrent Assets		
Investments in:		
Associates*	6,939,538	2,378,273
Bonds	400,600	100,600
Goodwill	12,586,426	12,586,426
Due from related parties - net of current portion	325,344	322,666
Service concession assets	58,080,375	56,664,010
Property and equipment - net	629,651	642,597
Derivative assets	44,080	53,042
Deferred tax assets	380,254	615,905
Other noncurrent assets	2,269,179	1,611,461
Total Noncurrent Assets	81,655,447	74,974,980
	101,217,817	93,101,505
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities	7,899,959	6,432,172
Unearned toll revenues	15,369	19,344
Income tax payable	-	1,084
Due to related parties	2,282,971	2,823,555
Current portion of:		
Provisions	461,476	506,599
Service concession fees payable	896,303	974,521
Long-term debts	820,065	851,880
Deferred credits and other long-term liabilities	1,998,087	1,214,301
	14,374,230	12,823,456
Liabilities directly associated with assets classified as held for sale	-	5,040,003
Total Current Liabilities	14,374,230	17,863,459
Noncurrent Liabilities		
Long-term debts - net of current portion	31,408,904	31,354,226
Derivative liabilities	35,668	29,861
Service concession fees payable - net of current portion	6,089,303	6,620,698
Accrued retirement costs	331,580	257,550
Provisions - net of current portion	399,879	170,275
Deferred tax liabilities	1,751,377	3,159,785
Deferred credits and other long-term liabilities - net of current portion	4,676,212	6,856,777
Total Noncurrent Liabilities	44,692,923	48,449,172
Equity		
Capital stock	14,421,562	7,027,727
Additional paid-in capital	17,335,260	5,753,809
Deposit for future subscriptions	-	6,807,293
Other reserves	361,334	329,053
Reserve of disposal group classified as held for sale	-	16,881
Retained earnings (deficit)	1,075,218	(1,011,252)
Total equity attributable to owners of the Parent Company	33,193,374	18,923,511
Minority interests	8,957,290	7,865,363
Total Equity	42,150,664	26,788,874
	101,217,817	93,101,505

* *Includes investment in Meralco*

See accompanying notes to the Consolidated Financial Statements and Management Discussion and Analysis

METRO PACIFIC INVESTMENTS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

For the nine months period ended September 30 (Amounts in thousands)	2009 (Unaudited)	*2008 (Restated)**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net (loss) /income before income tax:		
Income (loss) from continuing operations before income tax	2,627,517	619,304
Income (loss) from discontinued operations before income tax	(102,825)	(87,578)
Income before income tax	2,524,692	531,726
Adjustments for:		
Interest expense	2,824,463	682,205
Share in losses of a joint venture	-	256,724
Mark to market gain on derivative	(3,077)	-
Foreign exchange loss - net	(2,637)	(64,393)
Provision for ESOP	40,166	-
Interest income	-	(293,728)
Loss (gain) on debt settlement	9,896	(340,122)
Gain on disposal of property and equipment	(2,805)	-
Provision for income taxes	-	(160,061)
Income from rate rebasing exercise	(1,404,059)	-
Provision for decline in value of assets	282,504	-
Reversal of accruals	6,250	(1,434)
Depreciation and amortization	2,463,025	586,761
Share in earnings of associates - net	(237,443)	(94,527)
Loss on sale of subsidiary	146,242	-
Operating income(loss) before working capital changes	6,647,217	1,103,151
Changes in working capital - net	(2,459,685)	4,248,693
Net cash generated from (used in) operations	4,187,532	5,351,844
Interest received	421,611	39,857
Income tax paid	(15,069)	-
Net cash generated from (used in) operations	4,594,074	5,391,701
CASH FLOWS FROM INVESTING ACTIVITIES:		
Dividend from an associate	(139,840)	-
Noncurrent assets held for sale	(406,557)	-
Decrease (increase) in:		
Long-term receivables	71,600	645,715
Deferred tax assets		(60,821)
Other noncurrent assets	(592,187)	(5,479,007)
Acquisitions of:		
Investment in a joint venture		(2,750,884)
Investments in associates	(4,144,890)	(1,571,577)
Investments in bonds	(300,000)	-
Property and equipment	(8,261)	(274,176)
Proceeds from disposal/sale of:		
Available-for-sale financial assets	62,444	13,939
Investment properties	3,631	(3,705)
Net cash (used in)/provided by investing activities	(5,454,060)	(9,480,516)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Increase (decrease) in:		
Due to related parties	(718,645)	279,106
Deferred tax liability		22,639
Service concession assets	(3,720,831)	
Service concession fees payable	(606,137)	
Provisions	184,481	-
Minority interest	(488,040)	(5,807,025)
Other reserves	(7,885)	-
Other long-term liabilities	7,280	(271,448)
Proceeds from (payment of):		
Loans and notes payable	182,937	(2,601,268)
Transaction costs of debt issueance	(6,634)	
Long-term debt	(1,690,946)	5,491,338
Issuance of capital stock	12,167,994	11,390,984
Interest paid	(2,824,463)	
Effect of foreign exchange	798	
Net cash provided by (used in) financing activities	2,479,909	8,504,326
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	1,619,923	4,415,511
CASH AND CASH EQUIVALENTS		
Beginning of year	2,206,143	248,082
End of period	3,826,066	4,663,593

See accompanying notes to the Consolidated Financial Statements and Management Discussion and Analysis

METRO PACIFIC INVESTMENTS CORPORATION

CONSOLIDATED SCHEDULE OF RECEIVABLES AND AGING OF TRADE RECEIVABLES

AS OF 30 SEPTEMBER 2009

(Unaudited)

(Amounts in Peso 000s)

Trade receivables	2,279,715
Notes receivables	883,279
Interest receivables	70,457
Other receivables	216,928
Total	3,450,380
Allowance for impairment/loss	997,129
Total	2,453,251
Less: Noncurrent portion	-
Receivables - current	**2,453,251**

Aging analysis of the trade receivables:

0 - 30 days	720,656
31 - 60 days	321,085
61 - 90 days	198,075
91 - 180 days	346,856
181 days to 1 year	445,830
Over 1 year	247,213
Total	**2,279,715**

See accompanying notes to the Consolidated Financial Statements and Management Discussion and Analysis

METRO PACIFIC INVESTMENTS CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30
(Unaudited)

	2009									
	Attributable to Equity Holders of Parent Company									
(Amounts in Peso 000s)	Capital Stock	Additional Paid in Capital	Deposit for Future Stock Subscriptions	Other Reserves	Reserve of Disposal Group Classified as Held for Sale	Retained Earnings (Deficit)	Total	Minority Interest	Total Equity
At January 1, 2009	7,027,727	5,753,809	6,807,293	329,053	16,881	(1,011,252)	18,923,511	7,865,363	26,788,874
Net income for the period	-	-	-	-	-	2,086,469	2,086,469	1,727,884	3,814,353
Other comprehensive income (loss)									
Fair value changes on cash flow hedges, net of tax	-	-	-	(4,746)	-	-	(4,746)	-	(4,746)
Total comprehensive income for the period	-	-	-	(4,746)	-	2,086,469	2,081,723	1,727,884	3,809,607
Disposal of Landco shares					(16,881)	-	(16,881)	(448,303)	(465,184)
Dividends for the period							-	(187,654)	(187,654)
Issuances of shares during the period - Common shares	7,330,150	11,559,451	(6,807,293)	-	-	-	12,082,308	-	12,082,308
Issuances of shares during the period - Preferred shares	50,000	-	-	-	-	-	50,000	-	50,000
Executive Stock Option Plan									
Exercise of stock option	13,685	22,000	-	(3,138)	-	-	32,547	-	32,547
Cost of share-based payment	-	-	-	40,166	-	-	40,166	-	40,166
At September 30, 2009	14,421,562	17,335,260	-	361,335	-	1,075,217	33,193,374	8,957,290	42,150,664

See accompanying notes to the Consolidated Financial Statements and Management Discussion and Analysis

METRO PACIFIC INVESTMENTS CORPORATION

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE NINE MONTHS ENDED SEPTEMBER 30

(Unaudited)

	2008							
	Attributable to Equity Holders of Parent Company							
(Amounts in Peso 000s)	Capital Stock	Additional Paid in Capital	Deposit for Future Stock Subscriptions	Other Reserves	(Deficit)	Total	Minority Interest	Total Equity
At January 1, 2008	1,342,918	-	-	2,321,948	(1,560,190)	2,104,676	965,388	3,070,064
Net income for the period					637,503	637,503	229,441	866,944
Other comprehensive income (loss)								
Change in fair value of available for sale financial assets	-			(10,583)		(10,583)		(10,583)
Total comprehensive income for the period	-	-	-	(10,583)	637,503	626,920	229,441	856,361
Disposal of Landco shares						-		
Issuances of shares during the period	5,684,809					5,684,809		5,684,809
Deposit for future stock subscription		3,928,096	1,778,080			5,706,176		5,706,176
Executive Stock Option Plan								
Exercise of stock option						-		-
Cost of share-based payment						-		-
At September 30, 2008	7,027,727	3,928,096	1,778,080	2,311,365	(922,687)	14,122,581	1,194,829	15,317,410

See accompanying notes to the Consolidated Financial Statements and Management Discussion and Analysis

Partt II

METRO PACIFIC INVESTMENTS CORPORATION AND SUBSIDIARIES
NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

Metro Pacific Investments Corporation (the Parent Company or MPIC) is a company incorporated and domiciled in the Philippines, whose shares are publicly traded in the Philippine Stock Exchange. The principal activities of the Parent Company and its subsidiaries (the Group) are described in Note 5.

The accompanying interim condensed consolidated financial statements as of September 30, 2009 and December 31, 2008 and for the nine months ended September 30, 2009 and 2008 were approved and authorized for issue by the Board of Directors (BOD) on *November 12, 2009.*

2. Summary of Significant Accounting Policies

Basis of Preparation
The interim condensed consolidated financial statements have been prepared in accordance with Philippine Accounting Standard (PAS) 34, "Interim Financial Reporting". The interim condensed consolidated financial statements are presented in Philippine peso, which is the Group's functional currency, and all values are rounded to the nearest thousands (000), except when otherwise indicated.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at and for the year ended December 31, 2008.

Significant Accounting Policies
The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements as at and for the year ended December 31, 2008, except for the adoption of new PAS, Philippine Financial Reporting Standards (PFRS) and Philippine Interpretations of the International Financial Reporting Interpretations Committee (IFRIC) noted below:

- PAS 1, "Presentation of Financial Statements (Revised)" — The revision introduces new disclosures to aggregate information in the financial statements on the basis of shared characteristics. It requires the following presentations: (a) all changes in equity arising from transactions with owners are to be presented separately from non-owner changes in equity, (b) income and expenses are to be presented in one statement (a consolidated statement of comprehensive income) or in two statements (a separate consolidated statement of income and a consolidated statement of comprehensive income), separately from owner changes in equity, (c) components of other comprehensive income to be displayed in the consolidated statement of comprehensive income and (d) total comprehensive income to be presented in the consolidated financial statements. The Group has elected to present two statements, a consolidated statement of income and a consolidated statement of comprehensive income. The interim condensed consolidated financial statements have been prepared under the revised disclosure requirements.

- PAS 23, "Borrowing Costs" (Revised) — The standard has been revised to require capitalization of borrowing costs on qualifying assets. It has been the Group's policy to capitalize borrowing costs, and as such, adoption of this revised standard did not have any impact on the financial position or performance of the Group.

- Amendments to PAS 32, "Financial Instruments: Presentation" and PAS 1 "Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation" — The standards have been amended to allow a limited scope exception for puttable financial instruments to be classified as equity if they fulfill a number of specified criteria. The adoption of these amendments did not have any impact on the financial position or performance of the Group.

- Amendments to Philippine Financial Reporting Standard (PFRS) 2, "Share-based Payment - Vesting Condition and Cancellations" — The standard has been revised to clarify the definition of a vesting condition and to prescribe the accounting treatment for an award that is effectively cancelled because a non-vesting condition is not satisfied. The adoption of this amendment did not have any impact on the financial position or performance of the Group.

- Amendment to PFRS 7, "Financial Instruments: Disclosures" — The amended standard requires additional disclosure about fair value measurement and liquidity risk. Fair value measurements are to be disclosed by source of inputs using the three level hierarchy for each class of financial instrument. In addition, a reconciliation between the beginning and ending balance for Level 3 fair value measurements is now required, as well as significant transfers between Level 1 and Level 2 fair value measurements. The amendments also clarify the requirements for liquidity risk disclosures. The fair value measurement disclosures are presented in Note 27, and the liquidity risk disclosure are not significantly impacted by the amendments.

- PFRS 8, "Operating Segments" — This standard requires disclosure of information about the Group's operating segments and replaces the requirement to determine primary (business) and secondary (geographical) reporting segments of the Group. The Group determined that the operating segments were the same as the business segments previously identified under PAS 14, "Segment Reporting." Additional disclosures about each of these segments are shown in Note 5, including revised comparative information.

- Philippine Interpretation IFRIC 9, "Reassessment of Embedded Derivatives" and PAS 39, "Financial Instruments: Recognition and Measurement" — These amendments require an entity to assess whether an embedded derivative must be separated from a host contract when the entity reclassifies a hybrid financial asset out of the fair value through profit or loss category. This assessment is to be made based on circumstances that existed on the later of the date the entity first became a party to the contract and the date of any contract amendments that significantly change the cash flows of the contract. PAS 39 "Financial Instruments: Recognition and Measurement" now states that if an embedded derivative cannot be reliably measured, the entire hybrid instrument must remain classified as fair value through profit or loss. The adoption of this interpretation did not have any impact on the financial position or performance of the Group.

- Philippine Interpretation IFRIC 13, "Customer Loyalty Programmes" — This interpretation addresses accounting by entities that grant loyalty award credits (such as "points" or travel miles) to customers who buy goods or services. The Group does not grant loyalty award credits to customers. As such, adoption of this interpretation did not have any impact on the financial position or performance of the Group.

- Philippine Interpretation IFRIC 16, "Hedges of a Net Investment in a Foreign Operation" — This interpretation provides guidance on the accounting for a hedge of a net investment. The Group does not have an investment in a foreign operation. As such, adoption of this interpretation did not have any impact on the financial position or performance of the Group.

Improvements to PFRS and PAS

In 2008, certain amendments to standards were issued, primarily with a view of removing inconsistencies and clarifying wordings. There are separate transitional provisions for each standard. These amendments were effective beginning January 1, 2009. The adoption of the following amendments resulted in changes to accounting policies but did not have any impact on the financial position or performance of the Group.

- PAS 23, "Borrowing Costs" — This improvement revises the definition of borrowing costs to consolidate the types of items that are considered components of borrowing costs into one - the interest expense calculated using effective interest rate method and interest expense calculated in accordance with PAS 39. The Group has amended its accounting policy accordingly which did not result in any change in its financial position.

- PAS 34, "Interim Financial Reporting" — This improvement clarifies that the disclosure of earnings per share is mandatory in the interim financial reports if an entity is within the scope of PAS 33, "Earnings per Share." These interim financial statements included disclosure of earnings per share as required by the improvement to PAS 34.

- PAS 38, "Intangible Assets" — Expenditure on advertising and promotional activities is recognized as expense when the entity either has the right to access the goods or has received the services. This amendment has no impact on the Group because it does not enter into such promotional activities. The reference to there being rarely, if ever, persuasive evidence to support an amortization method of intangible assets other than a straight-line method has been removed. The Group reassessed the useful lives of its intangible assets and concluded that the straight-line method is still appropriate.

- PAS 27, "Consolidated and Separate Financial Statements (Revised)" (effective for annual periods beginning on or after July 1, 2009) — The revision requires that change in the ownership interest of a subsidiary that does not result in loss of control will be accounted for as an equity transaction. Where change in ownership of interest results in the loss of control of a subsidiary, any retained interest will be remeasured to fair value and will impact the gain or loss recognized on disposal. Moreover, any losses incurred by a subsidiary will be allocated between the controlling and non-controlling interests, even if the losses exceed the non-controlling equity investment in the subsidiary. Excess losses will no longer be shown as part of its own equity. The Group has amended its accounting policy accordingly which did not result in any change in its financial position.

- Amendment to PAS 39, "Financial Instruments: Recognition and Measurement - Eligible Hedged Items" (effective for annual periods beginning on or after July 1, 2009) — This amendment addresses the designation of a one-sided risk in a hedged item, and the designation of inflation as a hedged risk or portion in particular situations. The amendment also clarifies that an entity is permitted to designate a portion of the fair value changes or cash flow variability of a financial instrument as hedged item.

- PFRS 3, "Business Combinations (Revised)" (effective for annual periods beginning on or after July 1, 2009) — The revision introduces a number of changes in the accounting for business combinations occurring after effectivity date that will impact the amount of goodwill recognized, the reported results in the period that an acquisition occurs, and future reported results.

- Philippine Interpretation IFRIC 17, "Distributions of Non-Cash Assets to Owners" (effective for annual periods beginning on or after July 1, 2009) — This interpretation provides guidance on the following types of non-reciprocal distributions of assets by an entity to its owners acting in their capacity as owners: (a) distributions of non-cash assets (e.g. items of property, plant and equipment, businesses as defined in PFRS 3, ownership interests in another entity or disposal groups as defined in PFRS 5, "Noncurrent Assets Held for Sale and Discontinued Operations"); and (b) distributions that give owners a choice of receiving either non-cash assets or a cash alternative.

- Philippine Interpretation IFRIC 18, "Transfers of Assets from Customers" (effective for transfers of assets on or after July 1, 2009) — This interpretation clarifies the requirements of PFRS for agreements in which an entity receives from a customer an item of property and equipment that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services (such as a supply of electricity, gas or water). Under this interpretation, when the item of property and equipment is transferred from a customer meets the definition of an asset under the International Accounting Standards Board Framework from the perspective of the recipient, the recipient must recognize the asset in its financial statements. If the customer continues to control the transferred item, the asset definition would not be met even if ownership of the asset is transferred to the utility or other recipient entity. The deemed cost of that asset is its fair value on the date of the transfer. If there are separately identifiable services received by the customer in exchange for the transfer, then the recipient should split the transaction into separate components as required by PAS 18.

The amendments to the following standards below did not have any impact to the accounting policies, financial position or performance of the Group:

- PFRS 7, "Financial Instruments: Disclosures"
- PAS 1, "Presentation of Financial Statements"
- PAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors"
- PAS 10, "Events after the Reporting Period"
- PAS 16, "Property, Plant and Equipment"
- PAS 18, "Revenue"
- PAS 19, "Employee Benefits"
- PAS 20, "Accounting for Government Grants and Disclosure of Government Assistance"
- PAS 27, "Consolidated and Separate Financial Statements"
- PAS 28, "Investments in Associates"
- PAS 29, "Financial Reporting in Hyperinflationary Economies"
- PAS 31, "Interests in Joint Ventures"
- PAS 36, "Impairment of Assets"
- PAS 39, "Financial Instruments: Recognition and Measurement"
- PAS 40, "Investment Property"
- PAS 41, "Agriculture"

Future Changes in Accounting Policies

The Group did not early adopt the following standards and Philippine Interpretations that have been approved but are not effective for the calendar year ending December 31, 2009. The effects of adoption of the following standards are still being assessed by the Group.

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

Basis of consolidation

The interim condensed consolidated financial statements include the accounts of the Parent Company and the following subsidiaries as of September 30, 2009:

Name of Subsidiary	Place of Incorporation	Principal Activity	Ownership Interest
MPIC			
Operating Subsidiaries			
Metro Pacific Tollways Corporation (MPTC; formerly known as First Philippine Infrastructure, Inc.) and Subsidiaries[(a)]	Philippines	Investment holding	99.84

Name of Subsidiary	Place of Incorporation	Principal Activity	Ownership Interest
Metro Pacific Corporation (MPC) and Subsidiaries	Philippines	Investment holding and Real estate	96.60
DMCI-MPIC Water Company, Inc. (DMWC) and Subsidiary[(b)]	Philippines	Investment holding	55.41
Maynilad Water Services, Inc.	Philippines	Investment holding	5.88

Subsidiaries of MPIC and their respective ownership interests on their respective subsidiaries follow:

MPTC and Subsidiaries			
Operating Subsidiaries			
Metro Pacific Tollways Development Corporation (MPTDC; formerly known as First Philippine Infrastructure Development Corporation)	Philippines	Investment holding	100.00
Manila North Tollways Corporation (MNTC)	Philippines	Tollway operations	67.10
Dormant Subsidiary			
Luzon Tollways Corporation (LTC)	Philippines	Tollway operations	100.00
MPC and Subsidiaries			
Operating Subsidiaries			
First Pacific Bancshares Philippines, Inc.	Philippines	Investment holding	100.00
Metro Pacific Management Services, Inc.	Philippines	Management services	100.00
First Pacific Realty Partners Corporation	Philippines	Investment holding	50.67
DMWC and Subsidiary			
Maynilad Water Services, Inc. (Maynilad)	Philippines	Water and sewerage services	94.11
Dormant Subsidiaries			
Metro Capital Corporation	Cayman Islands	Investment holding	100.00
Metro Pacific Capital Ltd.	Cayman Islands	Investment holding	100.00
Pacific Plaza Towers Management Services, Inc.	Philippines	Management services	100.00
Philippine International Paper Corporation	Philippines	Investment holding	100.00
Pollux Realty Development Corporation	Philippines	Investment holding	100.00
Uptime Limited	Cayman Islands	Investment holding	100.00
Metro Asia Link Holdings, Inc.	Philippines	Investment holding	60.59

[(a)] *Acquired and became a subsidiary on November 13, 2008 (see Note 4).*
[(b)] *Obtained control and became a subsidiary on July 17, 2008 and previously accounted as investment in joint venture at 50% (see Note 4).*

3. Comparability of the Interim Consolidated Statements of Income

The interim consolidated statements of income for the nine months ended September 30, 2009 and 2008 are not comparable due to the following reasons:

- Acquisition of MPTC and subsidiaries only on November 13, 2008 (see Note 4).
- Consolidation of DMWC and subsidiaries beginning July 17, 2008 when control was obtained. Prior to becoming a subsidiary, DMWC was previously accounted for as investment in a joint venture at 50%. Share in net losses from the joint venture amounted to ₱256.7 million for the six months ended June 30.
- Acquisition of additional interest in DMWC raising the interest to 55.41% from 50.00% on November 28, 2008.
- Acquisition of direct interest in Maynilad of 5.88% on December 19, 2008.

4. Goodwill Arising from Business Combinations and Acquisitions of Minority Interests

Goodwill consists of the following:

Acquisition of additional interest in DMWC	₱5,513,415
Acquisition of LAWL Pte. Ltd. (LAWL's) interest in Maynilad	1,289,557
Acquisition of MPTC*	5,783,454
	₱12,586,426

**Provisional goodwill*

Acquisition of MPIC's Additional Interest in DMWC
On November 28, 2008, MPIC acquired an additional 5.41% equity interest in DMWC (from 50.00% to 55.41% interests) which has been accounted for as an acquisition of minority interests which resulted to a net positive goodwill of ₱5,513.4 million.

Acquisition of LAWL's Interest in Maynilad
On December 19, 2008, a Memorandum of Agreement (MOA) was executed among MPIC, Metro Pacific Holdings, Inc. (MPHI) and LAWL, where LAWL agreed to subscribe to 791,110,491 new common shares of MPIC at approximately ₱2.57 per share or ₱2,029.2 million (subscription price) through execution of a Subscription Agreement and MPIC agreed to purchase and acquire from LAWL 236,000 Class B Maynilad shares at ₱8,598.36 per share or ₱2,029.2 million (purchase price) thru execution of a Deed of Sale. This transaction resulted in MPIC's acquisition of a 5.88% interest held by LAWL in Maynilad in exchange for LAWL's 7.75% interest in MPIC.

Based on the terms of the MOA, risks and rewards have been transferred to the parties even before the closing conditions were met and therefore, MPIC treated the transaction as a direct acquisition of interest, specifically as an acquisition of minority interest in Maynilad, which resulted to the recognition of a positive goodwill of ₱1,289.6 million.

As of August 10, 2009, MPIC and LAWL have not issued to each other the aforementioned shares. As provided in the MOA, the parties agree to set off the subscriptions receivable and payable in as much as both the subscription price are of the same amounts and are due and payable on the same date which is as of the closing date.

Acquisition of MPTC
On August 26, 2008, through a Share Purchase Agreement (SPA), MPIC acquired a total of 4,970,570,627 MPTC shares from Benpres Holdings Corporation (Benpres) and First Philippine Holdings Corporation (FPHC) for ₱2.47 per share or a total of ₱12,262.6 million representing 99.84% equity interests in MPTC. The acquisition also resulted in MPIC owning 100.00% of MPTDC, a wholly owned subsidiary of MPTC, and an indirect ownership of 67.10% interest in MNTC, the concession holder of the North Luzon Expressway (NLE), and 46.00% indirect interest in Tollways Management Corporation (TMC), through MPTDC.

Pursuant to the SPA, MPIC remitted ₱11,800.0 million in cash and assumed the obligation to pay the advances received by Benpres and FPHC from MPTDC in the amount of ₱462.6 million or for a total amount of ₱12,262.6 million constituting the total purchase price.

In connection with the acquisition, MPIC also offered to purchase 7,484,150 common shares from the minority shareholders of MPTC for ₱2.47 per share or ₱18.5 million, which is the same price payable for the common shares of MPTC. The Tender Offer period was from October 8 to November 10, 2008. On November 10, 2008, the Tender Offer expired unexercised.

The acquisition, with total cost of the combination determined to be at ₱12,319.2 million (includes purchase price and capitalized transaction costs), was completed on November 13, 2008.

MPIC recorded its share in the identifiable assets, liabilities and contingent liabilities of MPTC using their available fair values as of acquisition date which are considered as provisional values because MPIC is still in the process of determining the fair values of options granted to them by the former shareholders of MPTC to acquire interest and rights on certain toll roads. As of September 30, 2009, the purchase price allocation remains to be provisional with goodwill provisionally determined at ₱5,783.5 million.

In accordance with PFRS 3, "Business Combinations," MPIC will recognize any adjustment to those provisional values as an adjustment to goodwill upon determining the final fair values of identifiable assets and liabilities within 12 months from November 13, 2008, the acquisition date.

Consequently, the identification of the cash-generating units of MPTC and the allocation of goodwill to the relevant cash-generating units have not been completed as of September 30, 2009. As allowed under PAS 36, "Impairment of Assets", management shall complete the allocation of goodwill and the related impairment testing before the year ending December 31, 2009, the first annual period after the acquisition date.

Impairment Testing of Goodwill

Goodwill is tested for impairment annually and when circumstances indicate the carrying value may be impaired. The Group's impairment test of goodwill is based on value in use (VIU) calculations that used a discounted cash flow model. The key assumptions used to determine the recoverable amount for the different cash generating units were discussed in the consolidated financial statements as of and for the year ended December 31, 2008.

Goodwill allocated to Maynilad

On April 16, 2009, Metropolitan Water and Sewerage Services (MWSS) issued MWSS-RO Resolution No. 209-069. Under this resolution, certain issues were resolved that had an impact on the new rate rebasing adjustment or "R" that took effect on May 4, 2009 (see Note 16). Management noted that this resolution may have an impact on the expected cash flows from Maynilad's operation. Consequently, management performed an impairment calculation as at June 30, 2009 using the new "R" under said resolution.

The projected cash flows were updated to reflect the new "R". The growth rates used for the cash flows averaged 14.0% over the forecast period of 14 years. The discount rate applied was 9.3% which was based on the weighted cost of capital. As a result of the updated impairment analysis, management did not identify an impairment loss for this cash-generating unit to which goodwill of ₱6,803.0 million was allocated. With regard to the assessment of VIU of this cash-generating unit, management believes that no reasonably possible change in any of the key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

5. Segment Information

The Group's reportable segments are as follows:

- Water Utilities - primarily relate to the operations of DMWC and Maynilad in relation to the provision of water and sewerage services.
- Toll Operations - primarily relate to operations and maintenance of toll facilities by MPTC and its subsidiary MNTC and associate TMC.
- Real estate - primarily relates to the operations of MPC and Landco and its subsidiaries which are involved in the business of real estate of all kinds. Following management's decision to divest the Parent Company's investment in Landco, total assets and liabilities and income and expenses of Landco are presented under the "Discontinued operations" column in the segment report.

- Healthcare - primarily relates to operations and management of hospitals, medical and chemical clinics and/or laboratories, medical school and such other enterprises that have similar undertakings.

- Others - represent operations of subsidiaries involved in provision of services and holding companies.

The chief-operating decision-maker reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

For management purposes, the Group is organized into business segments based on the products and services. Management monitors the operating results of business segments separately for purpose of making decisions about resources to be allocated and of assessing performance. Segment performance is based on net income. Finance costs, finance income and income taxes are managed on a per segment basis. All revenues are sourced from external customers. Segment results pertain to the sum of segment gross profit and construction revenue less construction cost and general and administrative expenses. Management also monitors the net income attributable to equity holders of the Parent Company. Eliminations include among others, adjustments for eliminations of intercompany transactions and other consolidation entries.

The following table presents information regarding reportable segments as of and for the nine months ended September 30, 2009 (Unaudited):

	2009							
	Continuing operations						Discontinued Operations	
(Amounts in Peso 000s)	Water Utilities	Toll Operations	Healthcare	Other Businesses	Eliminations	Consolidated	Real Estate	Total
Revenue								
Water and sewerage services	7,718,208	-	-	-	-	7,718,208	-	7,718,208
Toll fees	-	4,072,871	-	-	-	4,072,871	-	4,072,871
Revenue from real estate sold	-	-	-	-	-	-	436,242	436,242
Total revenue	7,718,208	4,072,871	-	-	-	11,791,079	436,242	12,227,321
Results								
Segment results	3,220,118	1,542,844	-	(165,047)	-	4,597,915	(370,476)	4,227,439
Other income (charges) - net *	193,931	(14,099)	-	15,179	-	195,010	306,691	501,701
Interest income	307,863	57,252	-	56,496	-	421,611	117,044	538,655
Interest expense	(1,472,071)	(695,896)	-	(656,496)	-	(2,824,463)	(53,353)	(2,877,816)
Benefit from income tax	1,129,706	12,040	-	-	-	1,141,745	45,728	1,187,473
Share in net earnings of associates - net	-	100,381	137,062	-	-	237,443	(542)	236,901
Net income	3,379,546	1,002,522	137,062	(749,868)	-	3,769,262	45,092	3,814,354

* *These include other income, other expense and other foreign exchange gains (losses) - net*

	Water Utilities	Toll Operations	Healthcare	Other Businesses	Eliminations	Consolidated	Real Estate	Total
Assets and Liabilities								
Segment assets	49,386,476	22,349,053	-	10,155,382	11,491,507	93,382,417		93,382,417
Investment in associates - at equity	-	684,165	1,783,153	30,512,334	(26,040,113)	6,939,538		6,939,538
Consolidated total assets	49,386,476	23,033,218	1,783,153	40,667,716	(14,548,606)	100,321,955	-	100,321,955
Segment liabilities	34,030,544	12,614,871	-	10,994,098	1,427,640	59,067,153	-	59,067,153
Other Segment Information								
Capital expenditures -								
Concession Assets	3,531,786	189,045	-	-	-	3,720,831	-	3,720,831
Property and equipment	41,911	59,204	-	-	-	101,115	-	101,115
Depreciation and amortization	2,227,187	470,747	-	-		2,697,933	-	2,697,933
Non-cash expenses, other than depreciation and amortization and provision for decline in value of assets	224,814	-	-	-	-	224,814		224,814

For comparative purposes, the following table presents information regarding reportable segments as of December 31, 2008 (Audited):

	Continuing Operations						Discontinued Operations	
	Water Utilities	Toll Operations	Healthcare	Other Businesses	Eliminations	Consolidated	Real Estate	Total
Assets and Liabilities								
Segment assets	49,219,732	20,276,994	-	2,011,745	-360,963	71,147,508	5,785,263	76,932,771
Investments in associates - at equity	-	635,736	1,259,011	33,756	449,770	2,378,273	210,627	2,588,900
Consolidated total assets	49,219,732	20,912,730	1,259,011	2,045,501	88,807	73,525,781	5,995,890	79,521,671
Segment liabilities	19,876,795	2,499,365	-	3,955,045	-455,412	25,875,793	3,236,764	29,112,557

The following table presents information on revenue and income and certain assets and liabilities regarding reportable segments as of and for the nine months ended September 30, 2008 (Unaudited):

	2008							
	Continuing operations						Discontinued Operations	
(Amounts in Peso 000s)	Water Utilities	Toll Operations	Healthcare	Other Businesses	Eliminations	Consolidated	Real Estate	Total
Revenue								
Water and sewerage services	2,268,417	-	-	-	-	2,268,417	-	2,268,417
Toll fees	-	-	-	-	-	-	-	-
Revenue from real estate sold	-	-	-	-	-	-	1,006,674	1,006,674
Total revenue	2,268,417	-	-	-	-	2,268,417	1,006,674	3,275,091
Results								
Segment results	654,637	-	-	(87,538)	-	567,099	(199,323)	367,776
Other income (charges) - net *	297,730	-	-	319,554	-	617,284	234,815	852,099
Interest income	256,555	-	-	37,173	-	293,728	135,475	429,203
Interest expense	(257,125)	-	-	(425,080)	-	(682,205)	(97,793)	(779,998)
Benefit from income tax	69,519	-	-	98,783	-	168,302	(8,241)	160,061
Share in net earnings of associates - net	(256,724)	-	80,122	-	-	(176,602)	14,404	(162,198)
Net income	764,592	-	80,122	(57,108)	-	787,606	79,337	866,943
						0	-	0
** These include other income, other expense and other foreign exchange gains (losses) - net*								
Assets and Liabilities								
Segment assets	43,509,820	-	-	8,124,108	(2,570,887)	49,063,041	6,874,173	55,937,214
Investment in associates - at equity	-	-	1,589,566	-	(96,651)	1,492,915	540,809	2,033,724
Consolidated total assets	43,509,820	-	1,589,566	8,124,108	(2,667,538)	50,555,956	7,414,982	57,970,938
Segment liabilities	33,313,314	-	-	1,504,278	(5,706,935)	29,110,657	5,832,271	34,942,928
Other Segment Information								
Capital expenditures -								
Concession Assets	3,572,940	-	-	-	-	3,572,940	-	3,572,940
Property and equipment	87,966	-	-	-	-	87,966	-	87,966
Depreciation and amortization	1,859,547	-	-	-		1,859,547	-	1,859,547
Non-cash expenses, other than depreciation and amortization and provision for decline in value of assets	561,391	-	-	-	-	561,391	-	561,391

6. Discontinued Operations

Landco

Following a strategic review of the Group's businesses, and its focus on infrastructure, MPIC decided to divest its interest in Landco. In an agreement entered on September 9, 2008 between MPIC and the minority shareholder of Landco, the former expressed its intention to sell its interest in Landco to the latter. Landco is primarily engaged in all aspects of real estate business and is a separate reportable operating segment.

On the basis of the foregoing, the assets and liabilities of Landco, including those of its subsidiaries and associates, indirectly held by MPIC through Landco and MPC, were classified as "Assets of disposal group classified as held for sale" and "Liabilities directly associated with assets classified as held for sale" in the consolidated balance sheet as of December 31, 2008. The results of Landco's operations for all the periods presented until discontinuance have been presented in the interim consolidated statements of income as "Income from discontinued operations, net of income tax."

The major classes of assets and liabilities of Landco classified as held for sale as at December 31, 2008 (Audited) are as follows:

Assets:	
Cash and cash equivalents	₱177,310
Receivables (current and noncurrent)	3,010,558
Real estate for sale	1,890,868
Due from related parties	150,317
Other current assets	290,057
Investments in associates	210,627
Available-for-sale financial assets	62,440
Property and equipment at cost - net	134,548
Investment properties	3,634
Deferred tax assets	324,461
Other noncurrent assets	65,531
	₱6,320,351
Liabilities:	
Notes payable	₱257,063
Accounts payable and other current liabilities	3,058,732
Income tax payable	3,560
Due to related parties	178,032
Long-term debt	1,273,466
Deferred tax liabilities	269,150
	₱5,040,003
Reserve of disposal group classified as held for sale	₱16,881

Investment in Landco is presented as a single line item in the Balance Sheets as a Current assets held for sale after the divestment of 17% in June 2009. Consequently, the Company stopped to recognize its share in earnings or losses in Landco.

The results of operations of Landco classified as held for sale for the six months ended June 30 are as follows which was carried through in the September 2009 Profit and Loss follows::

	Six months Ended June 30	Nine months Ended Sept 30
	2009	2008
	(Unaudited)	
Revenue from sale of real estate	436,242	786,133
Cost and expenses:		
Cost of real estate sold	253,463	444,457
General and administrative expenses	553,255	444,629
	806,718	889,086
	(370,476)	(102,953)
Interest income	117,044	79,228
Interest expense	(53,353)	(80,220)
Other income – net	203,960	171,906
Income (loss) before income tax	(102,825)	67,961
Benefit from income tax	45,728	1,376
Discontinued Operation – Landco	(57,097)	69,337
Gain on disposal of investment	102,189	-
Income (loss) after income tax	45,092	69,337

During the regular meeting of the BOD of MPIC held on June 18, 2009, the BOD passed and approved resolutions relating to the execution of an agreement (the "Agreement") with AB Holdings Corporation (ABHC) and Alfred Xerez-Burgos, Jr. (AXB), with the conformity of Landco, for ABHC to (i) acquire from MPIC 33.33% of MPIC's 51.00% shareholding in Landco representing 17.67% of the total issued shares of Landco and (ii) procure Landco to settle MPIC's outstanding loan to Landco in the principal amount of ₱500.0 million plus accrued interest (the "MPIC loan").

The Agreement was signed on June 19, 2009. Pursuant to the Agreement, ABHC shall pay to MPIC the amount of ₱203.3 million ("Share Purchase Price"). The payment of consideration is satisfied by way of a promissory note issued by ABHC in favor of MPIC ("ABHC Note"). The ABHC Note shall be issued with a face value equal to the Share Purchase Price and with maturity date on August 19, 2009. No interest shall accrue and be payable on the ABHC note.

In full and complete settlement of the ABHC Note, ABHC shall procure the conveyance of in favor of MPIC of (i) certain assets of Landco and/or its subsidiaries (hereinreferred as "Landco Assets") as specified in the Agreement and at their agreed upon values or , where applicable,as adjusted in accordance with the Agreement or (ii) where the Landco Assets are sold to a third party, the proceeds of any such sale or disposition to the extent of the concurrent amount of the ABHC Note. However, the conveyance of the Landco Assets in favor of MPIC in full and complete settlement of the ABHC Note may be done in tranches, provided that such conveyance with aggregate value equal to the ABHC Note shall be completed no later than maturity date.

Also, immediately after execution of the Agreement, ABHC shall cause Landco to set aside and segregate for the benefit of MPIC, the Landco Assets with an aggregate value of P743.3 million in a manner set forth in the Agreement. Likewise, any proceeds from the sale of said Landco Assets, which shall be applied to the ABHC Note or if already paid, to the MPIC Loan, should be directly remitted to MPIC within 10 days from receipt thereof of Landco and/or its subsidiaries. In the case of the conveyance of Landco Assets, the ABHC Note shall be deemed repaid only upon and to the extent that the said Landco Assets are actually transferred, conveyed and registered in the name of MPIC, free from any third party claims.

ABHC also agrees to create for the benefit of MPIC a first ranking charge over the Shares in accordance with a security agreement to be executed by ABHC in favor of MPIC.

Also, pursuant to the Agreement, Landco agrees to convey or cause to be conveyed in favor of MPIC, and ABHC shall procure the conveyance, Landco Assets or the proceeds from sale of Landco Assets, which have not been otherwise transferred or conveyed to MPIC as payment of the ABHC Note or used to settle the advances made by MPIC for taxes pursuant to the Agreement, (hereinafter referred as "Remaining Assets'). The MPIC Loan shall be deemed partially repaid only upon and to the extent that the Landco Assets are actually conveyed and registered in the name of MPIC or the cash proceeds are actually remitted, which should be made within 10 days from receipt thereof. Such payments conveyed to MPIC shall be applied on the manner set forth in the Agreement. The conveyance of the Remaining Assets (whether in the form of cash or property) in favor of MPIC may be done in tranches, provided that the conveyance of these Remaining Assets shall be completed no later than June 19, 2011; and, provided further, that the balance of MPIC Loan shall continue to be payable on demand.

Immediately upon execution of the Agreement, ABHC shall cause Landco to set aside and segregate for the benefit of MPIC, the Landco Assets with an aggregate value of ₱743.3 million.

Conditional upon various conditions being fulfilled as stipulated in the Agreement, the settlement of the ABHC Note shall be completed within two months from signing of the Agreement. The settlement of the MPIC Loan shall be partially settled through the conveyance of Landco Assets, which should be completed within two year from the date of signing of the Agreement, the balance thereof, shall be due and demandable.

As of September 30, 2009, no settlement has been made by ABHC on neither the ABHC Note nor on the MPIC Loan.

The notes receivable from Landco and ABHC are included under "Receivables" in the 2009 interim consolidated balance sheet (see Note 8).

Upon the signing of the Agreement, MPIC's interest in Landco decreased from 51.00% to 34.00%. Notwithstanding the significant interest retained by MPIC, the sale of its 17.00% interest in Landco shall be accounted for as a disposal of a subsidiary; accordingly, Landco ceased to be MPIC's subsidiary. Consequently, all the assets, liabilities, reserves, minority interest and other accounts pertaining and relating to Landco, which were previously being consolidated by MPIC, were derecognized. For the period ended June 30, 2009, the gain on the said disposal, the remeasurment of the remaining investment and the net losses of Landco up to the date of sale, were all included under "Income from discontinued operations - net of income tax" in the 2009 interim consolidated statement of income.

MPIC's remaining 34.00% interest in Landco is continued to be carried at fair value less cost to sell and classified as "Assets held for sale" in the interim consolidated balance sheet in accordance with PFRS 5. The fair value of the said remaining interest, which was based on recent sale, amounted to ₱406.6 million.

7. Cash and Cash Equivalents and Short-term Deposits

These accounts consist of:

	September 30, 2009 (Unaudited)	December 31, 2008 (Audited)
Cash on hand and in banks	**₱3,826,065**	₱2,028,833
Short-term deposits	**10,601,127**	6,715,588
	₱14,427,192	₱8,744,421

As of September 30, 2009, short-term deposits consist mainly of short-term deposits arising from the equity fund raising exercise of the Parent Company.

As of December 31, 2008, short-term deposits include ₱570.2 million cash deposits to Calyon Bank of Hongkong (Calyon), which serve as a collateral for the Standby Letter of Credit (SBLC) issued by the same Bank. The said short-term deposits were withdrawn by DMWC on January 6, 2009.

8. Receivables

This account consists of:

	September 30, 2009 (Unaudited)	December 31, 2008 (Audited)
Trade receivables	**₱2,279,715**	₱1,380,287
Notes receivable (see Note 6)	**883,279**	195,000
Others	**287,386**	448,844
	3,450,380	2,024,131
Less allowance for doubtful accounts	**997,129**	415,249
	₱2,453,251	₱1,608,882

Notes receivable include Landco's outstanding loan to MPIC of ₱500.0 million and the ABHC Note amounting to ₱203.3 million (see Note 6).

9. Other Current Assets

Other current assets consist of:

	September 30, 2009 (Unaudited)	December 31, 2008 (Audited)
Advances to contractors and consultants	**₱526,218**	188,411
Sinking fund	**568,680**	572,974
Creditable Withholding Taxes (CWT)	**391,417**	373,906
Prepaid expenses	**151,101**	23,637
Input Value-added Tax (VAT)	**37,760**	28,867
Miscellaneous deposits and others	**78,883**	3,266
	1,754,059	1,191,061
Less allowance for decline in value	**385,119**	385,119
	₱1,368,940	₱805,942

In 2009, the deposit account represents short-term pledged deposits to secure Maynilad's US$12.0 million performance bond in compliance with the terms of its Concession Agreement with MWSS.

Sinking fund represents amounts set aside by Maynilad to cover its semi-annual interest payment of loans and MPIC's Debt Service Account to service payment of its long-term debt.

The allowance for decline in value mainly represents provision for impairment of CWT recognized in prior years as management believes that it may not be able to utilize the same. No further provision for decline in value of CWT was recognized for the nine months ended September 30, 2009.

10. Investments in Associates

Investments in associates consist of:

	September 30, 2009 (Unaudited)	December 31, 2008 (Audited)
Acquisition costs:		
Balance at beginning of period	**₱5,150,370**	₱3,695,268
Acquisitions during the period	**4,460,322**	1,139,011
Acquisition of an associate through business combination	–	699,400
Associates previously treated as subsidiaries before discontinued operation	–	129,016
Discontinued operation	–	(390,031)
Disposal and other adjustments during the period	–	(122,294)
Balance at end of the period	**9,610,692**	5,150,370
Accumulated equity in net losses:		
Balance at beginning of period	**(₱1,252,878)**	(₱1,598,008)
Share in net earnings during the period - net	**237,443**	409,019
Share in net losses during the period of discontinued operation	–	(8,362)
Discontinued operation	–	(327)
Dividends	**(136,500)**	(55,200)
Balance at end of the period	**(1,151,935)**	(1,252,878)
	8,458,757	3,897,492
Less allowance for impairment loss:		
Balance at beginning of period	**1,519,219**	1,514,340
Provision during the period	–	188,093
Provision during the period of discontinued operation	–	(188,093)
Associates previously treated as subsidiaries before discontinued operation	–	127,173
Disposal during the period	–	(122,294)
	1,519,219	1,519,219
	₱6,939,538	₱2,378,273

In 2009, TMC's BOD approved the declaration of cash dividends of ₱304.0 million. MPTC's share of the dividends amounting to ₱136.5 million was received as of September 30, 2009.

The carrying values of investments in associates accounted for under the equity method are as follows:

	September 30, 2009 (Unaudited)	December 31, 2008 (Audited)
Medical Doctors Inc. (MDI)	₱1,197,233	₱1,135,746
TMC	671,994	663,139
Davao Doctors Hospital, Inc.	585,920	545,632
Landco NE Resources Ventures, Inc.	31,196	31,721
Meralco	4,451,289	-
Others	1,906	2,035
	₱6,939,538	₱2,378,273

MDI
On May 9, 2007, MPIC subscribed for a total of ₱750.0 million worth of convertible notes (Notes) of MDI. The Notes were convertible to common shares of MDI at the rate of ₱800.0 per share, but not lower than the par value of the common shares. MPIC completed converting all the Notes to common shares of MDI on January 18, 2008. In relation to the purchase price allocation related to the acquisition, the excess of fair values of identifiable assets, liabilities and contingent liabilities of MDI over the acquisition cost, amounting to ₱224.8 million, was recognized as negative goodwill and included under "Equity in net earnings of associates" account in the unaudited interim consolidated statement of income for the nine months ended September 30, 2008.

DDH
On May 15, 2008, MPIC's BOD approved the purchase and acquisition of up to 34.00% of the issued share capital (including treasury shares) of DDH for ₱1,600.0 per share. As of December 31, 2008, MPIC has acquired a total of 311,612 common shares representing 34.6% interest in DDH. In relation to the purchase price allocation related to the acquisition, the excess of cost over fair values of identifiable assets, liabilities and contingent liabilities of DDH amounted to ₱129.8 million.

In May 2009, MPIC acquired an additional 2,048 common shares representing 0.3% interest in DDH, thereby increasing its percentage ownership to 34.93%.

MERALCO
During the quarter, the Company purchased MERALCO's share in the open market and signed term sheet with PLDT Beneficial Trust Fund ("BTF") and Crogan Limited to acquire additional stake in MERALCO. This acquisition of a strategic block of MERALCO shares is in line with MPIC's status as one of the Philippines' leading infrastructure companies and will complement its existing investments in North Luzon Expressway, Maynilad and the hospitals.

11. Service Concession Assets

The movements in the service concession assets follow:

	September 30, 2009 (Unaudited)		
	MPTC	DMWC	Total
Cost:			
Balances at January 1, 2009	₱19,488,938	₱50,000,269	₱69,489,207
Additions	189,045	3,531,786	3,720,831
Balances at September 30, 2009	19,677,983	53,532,055	73,210,038
Accumulated amortization:			
Balances at January 1, 2009	2,643,155	10,182,042	12,825,197
Amortization for the period	421,185	1,883,282	2,304,466

(see Note 19)			
Balances at September 30, 2009	**3,064,340**	**12,065,324**	**15,129,663**
	₱16,613,643	**₱41,466,731**	**₱58,080,375**

	December 31, 2008 (Audited)		
	MPTC	DMWC	Total
Cost:			
Acquisition of subsidiaries	₱16,901,482	₱38,122,218	₱55,023,700
Additions	19,447	2,907,319	2,926,766
Balances at December 31, 2008	16,920,929	41,029,537	57,950,466
Amortization during the year	75,146	1,211,310	1,286,456
	₱16,845,783	₱39,818,227	₱56,664,010

12. Other Noncurrent Assets

This account consists of:

	September 30, 2009 (Unaudited)	December 31, 2008 (Audited)
Input VAT	**₱1,641,212**	₱1,497,265
Software cost	**17,649**	16,320
Others	**610,319**	97,876
	₱2,269,180	₱1,611,461

Maynilad is entitled to recover foreign exchange losses arising from restatement and payments of concession fees payable and this is recognized as Deferred FCDA. As of June 30, 2009, the balance of Deferred FCDA amounting to ₱146.9 million pertains to unrealized foreign exchange losses of service concession obligations above the new base foreign exchange rate of ₱48.045, and unrealized foreign exchange losses related to foreign currency denominated interest-bearing loans. As of June 30, 2009, US dollar exchange rate is ₱48.13 to $1.

13. Long-term Debt

This account consists of:

	September 30, 2009 (Unaudited)				
	Loans	**Convertible Preferred Shares**	**Long-term Bonds**	**Convertible Notes**	**Total**
MPIC	**₱6,697,136**	**₱–**	**₱–**	**₱–**	**₱6,697,136**
DMWC and subsidiary Maynilad	**16,893,362**	**–**	**–**	**–**	**16,893,362**
MPTC and subsidiary MNTC	**9,212,374**	**–**	**–**	**–**	**9,212,374**
MPC		**57,259**	**14,699**	**37,231**	**109,189**
	32,802,875	**57,259**	**14,699**	**37,231**	**32,912,061**
Less unamortized debt issue costs	**683,092**	**–**	**–**	**–**	**683,092**
	32,119,789	**57,259**	**14,699**	**37,231**	**32,357,366**
Less current portion of long-term	**710,876**	**57,259**	**14,699**	**37,231**	**820,065**

debt - net of unamortized debt issue costs of ₱8.0 million					
Noncurrent portion	**₱31,408,904**	**₱–**	**₱–**	**₱–**	**₱31,408,904**

	December 31, 2008 (Audited)				
	Loans	Convertible Preferred Shares	Long-term Bonds	Convertible Notes	Total
MPIC	₱6,750,000	₱–	₱–	₱–	₱6,750,000
DMWC and subsidiary Maynilad	16,894,638	–	–	–	16,894,638
MPTC and subsidiary MNTC	8,974,990	–	–	–	8,974,990
MPC	–	57,267	14,731	37,231	109,229
Landco	1,273,466	–	–	–	1,273,466
	33,893,094	57,267	14,731	37,231	34,002,323
Less Landco debt presented under "Liabilities directly associated with assets classified as held for sale" (see Note 6)	1,273,466	–	–	–	1,273,466
	32,619,628	57,267	14,731	37,231	32,728,857
Less unamortized debt issue costs	522,751	–	–	–	522,751
	32,096,877	57,267	14,731	37,231	32,206,106
Less current portion of long-term debt - net of unamortized debt issue costs of ₱8.5 million	742,651	57,267	14,731	37,231	851,880
Noncurrent portion	₱31,354,226	₱–	₱–	₱–	₱31,354,226

On November 13, 2008, MNTC entered into an amendment agreement to the Common Terms Agreement (CTA) to reflect the replacement of FPHC by MPIC as project sponsor. On January 19, 2009, the CTA was further amended mainly to incorporate the option to convert the ADB Direct Loan from USD to Philippine peso which took effect on March 11, 2009.

On March 16, 2009, MNTC also entered into a seven-year term loan agreement for a facility amount of ₱2.1 billion with Philippine National Bank to finance the project cost of Segment 8.1 ("PNB Loan"). The PNB Loan qualified as senior debt which entitles the lender to share in the same security package as Phase 1 lenders.

On April 27, 2009, MNTC entered into a credit agreement with Security Bank for a standby letter of credit facility of up to ₱100.0 million for a period of 24 months to secure its Segment 8.1 construction obligation in favor of the Tollway Regulatory Board. The letter of credit for an amount of ₱80.3 million was issued effective April 27, 2009.

The security for the outstanding MNTC loan is embodied in the following agreements:

a. Trust and Retention Agreement (TRA) with the secured lenders' designated trustees and the inter-creditor agent. The TRA provides for the establishment and regulation of the security accounts and the security account collateral where the inflows and outflows of project revenues may be monitored. The security accounts form part of "Cash and cash equivalents" account in the interim consolidated balance sheets.

b. The Mortgage, Assignment and Pledge Agreement, which grants to the trustees, on behalf of the secured lenders, the security interest in MNTC's various assets. The agreement provides for the establishment of real estate mortgage and chattel mortgage as well as the assignment of key project agreements, insurances, and bank accounts in favor of the co-security trustee for the benefit of the secured lenders.

As of September 30, 2009 and December 31, 2008, MNTC is in compliance with the required financial ratios and other loan covenants.

14. Deferred Credits and Other Long-term Liabilities

	September 30, 2009 (Unaudited)	December 31, 2008 (Audited)
Contingent liabilities arising from business combinations (see Note 25)	**₱2,639,129**	₱2,639,129
Payables arising from rate rebasing exercise	**1,588,530**	–
Accrued interest payable to MWSS	**985,293**	904,100
Customers' guaranty deposits	**408,095**	417,091
Deferred credits and others	**1,053,252**	4,110,758
	6,674,299	8,071,078
Less current portion	**1,998,087**	1,214,301
	₱4,676,212	₱6,856,777

Maynilad's second Rebasing Adjustment was supposed to have taken effect and implemented beginning January 1, 2009 pursuant to the Concession Agreement and the Transitional and Clarificatory Agreement dated August 9, 2007. In a letter to MWSS and the Regulatory Office dated March 20, 2009, Maynilad submitted a tariff scheme proposal pending the full implementation of the rate rebasing adjustment or "R".

On April 16, 2009, after a careful evaluation of such proposal, the Regulatory Office issued MWSS-RO Resolution No. 209-069, which recommended that Maynilad be authorized to implement, on a staggered basis, the "R" equivalent to 22.60% of the current basic charge or
₱5.02 per cubic meter in addition to the inflationary increase ("C") equivalent to ₱2.42 per cubic meter, which was implemented effective February 20, 2009. The said recommendations of the Regulatory Office were approved and confirmed by the MWSS Board of Trustees (BOT). After completion of the required publication pursuant to Section 12 of the MWSS Charter, such approved tariff scheme was implemented by Maynilad pursuant to and in accordance with the said resolutions. The new "R" took effect on May 4, 2009. In addition, the new base foreign exchange rate was changed from ₱51.86 to ₱48.045, effective May 4, 2009. As a result of the change in the base foreign exchange rate, deferred credits pertaining to remaining unrealized foreign exchange gains were derecognized.

Under this resolution, the MWSS resolved, among others, two pending issues that had an impact on the new "R" that took effect on May 4, 2009. These issues pertain to the excess collection of Accelerated Extraordinary Price Adjustment (AEPA) and realized foreign exchange gains arising from the prepayment of SBLC and Tranche B Concession fees, which are presented as part of "Deferred Credits" account in the 2008 consolidated balance sheet. These were treated as part of the opening cash position, thus, were taken into consideration when the new "R" was set. Consequently, these deferred credits will no longer be subject to the FCDA mechanism that will be reflected in future billings.

In addition, to further mitigate the impact of the rate increase, the Regulatory Office further required the simultaneous implementation of the following: (1) the Prepayment Adjustment (PA), and (2) the Payment Incentive Adjustment (PIA) within an accelerated period of two (2) years, resulting in a downward adjustment of 8.15% or -₱2.22 per cubic meter and 5.73% or -₱1.56, respectively, based on the 2009 average basic charge which already includes the staggered "R" and the "C". As of September 30, 2009, payables arising from rate rebasing, which are recorded at present value, consist of PA amounting to ₱1.0 billion and PIA amounting to ₱ 709.7 million. PA and PIA expected to be applied against future billings within twelve months amounting to ₱1.1 billion are shown as a current liability.

The above MWSS resolutions resulted to a derecognition of deferred credits of about ₱2.0 billion and a recognition of a provision for PIA of about ₱709.7 million, with a net effect of about ₱1.4 billion recognized as "Other income - net" in the interim consolidated statement of income for the nine months ended September 30, 2009.

15. Related Party Transactions

In addition to those mentioned in Note 6, the Group, in the normal course of business, has transactions with related parties which consist mainly of availment of noninterest-bearing cash advances which are due and demandable anytime.

Composition of amounts due to/from related parties follows:

	September 30, 2009 (Unaudited)	December 31, 2008 (Audited)
Due from related parties:		
TMC	**₱325,344**	₱347,319
DMCI Holdings, Inc. (DMCI)	**253,574**	–
MPI Foundation, Inc.	**32,576**	–
First Pacific Company Ltd.	**8,529**	2,733
Others	**46,873**	4,702
	666,896	354,754
Less current portion	**341,552**	32,088
	₱340,780	₱322,666

Due to related parties:		
MPHI	**₱2,029,166**	₱2,327,825
TMC	**-**	264,070
Smart Communications, Inc.	**71,786**	71,786
Philippine Long Distance Telephone Company (PLDT)	**11,980**	7,764
DMCI	**3,494**	141,692
Others	**166,545**	10,418
	₱2,282,971	₱2,823,555

Amounts owed to PNCC (included as part of "Trade payables" under the "Accounts payable and other current liabilities" account in the interim consolidated balance sheet) primarily pertains to PNCC's share in the toll revenue of MNTC under the Shareholders' Agreement executed between MPTDC, Egis, LAL and PNCC. The share of PNCC in MNTC's toll revenues for the nine months ended June 30, 2009 amounted to ₱147.0 million.

For the nine months ended September 30, 2009, provision for doubtful accounts of ₱68.5 million was recognized on the amount due from Landco, which remaining carrying value amounted to nil as of June 30, 2009 after the same was offset against certain amounts due to certain subsidiaries of Landco (see Note 20).

16. Equity

Details of authorized and issued capital stock follow:

	September 30, 2009 (Unaudited)	December 31, 2008 (Audited)
Number of shares:		
Authorized preferred shares - Class A - ₱0.01 par value	**5,000,000,000**	5,000,000,000
Authorized preferred shares - Class B - ₱1.00 par value	**1,500,000,000**	–
Authorized common shares - ₱1.00 par value	**20,000,000,000**	11,950,000,000
Issued - common shares:		
Balance at January 1	**7,027,726,813**	1,342,918,793
Additional subscription of MPIC's majority shareholders	**6,539,040,000**	3,791,525,175
Exercised stock options	**13,685,000**	–
LAWL	**791,110,491**	–
Conversion of loan from MPHI to equity	**–**	1,893,282,845
Issued – preferred shares:		
Balance at January 1	**–**	-
Additional subscription of MPIC's majority shareholders	**50,000,000**	-
Balance at end of period	**14,421,562,304**	7,027,726,813

Authorized Capital Stock

On October 9, 2008, MPIC's BOD approved the increase in its authorized capital stock from ₱12.0 billion to up to ₱21.6 billion divided into 20.0 billion common shares with a par value of ₱1.0 per share, 5.0 billion Class A preferred shares with a par value of ₱0.01 per share and 1.5 billion Class B preferred shares with a par value of ₱1 per share. On February 13, 2009, the SEC approved such increase in the authorized capital stock.

Deposits for Future Stock Subscription
On February 13, 2009, MPHI's deposits for future stock subscription amounting to ₱4.8 billion have been applied for payment of its subscription to 2,389,040,000 common shares from the increase in authorized capital stock as approved by SEC.

Other Reserves
This account consists of the following, net of applicable income taxes:

	September 30, 2009 (Unaudited)	December 31, 2008 (Audited)
Recognized as other comprehensive income:		
Fair value changes on cash flow hedges	**₱9,606**	₱23,882
Recognized directly in other reserves:		
Effect of MPIC acquisition of MPC shares	**690,386**	690,386
Day 1 loss on convertible debt	**(286,122)**	(286,122)
ESOP (see Note 24)	**37,027**	–
Revaluation increment	**(89,563)**	(99,093)
	₱361,334	₱329,053

19. Costs of Services

Cost of services which relates to DMWC and MPTC, were not consolidated to MPIC prior to June 30, 2008. Consequently, the cost of services for the nine months ended September 30, 2008 amounted only to ₱941,700. The costs of services for the nine months ended September 30, 2009 (unaudited) consists of:

Amortization of service concession assets (see Note 11)	₱2,621,095
Operator's fee	1,058,143
Salaries, wages and benefits	557,833
Utilities	270,650
Repairs and maintenance	225,281
PNCC fees	216,637
Outside services	154,336
Contracted services	115,352
Materials and supplies	101,148
Amortization of project insurance	31,367
Depreciation and amortization	25,298
Toll collection	9,931
Others	65,891
	₱5,452,962

20. General and Administrative Expenses

As discussed in Note 3, DMWC and MPTC were not consolidated to MPIC prior to September 30, 2008. The general and administrative expenses for the nine months ended September 30, 2009 consist of:

	Nine months Ended September 30
	2009
	(Unaudited)
Personnel costs (see Note 24)	₱637,543
Provision for doubtful accounts (see Notes 8 and 17)	214,813
Taxes and licenses	190,517
Repairs and maintenance	112,346
Depreciation and amortization	111,328
Professional fees	101,807
Commissions	76,019
Transportation and travel	68,012
Entertainment, amusement and representation	56,914
Utilities	48,278
Rental expense	45,017
Advertising and promotion	43,465
Outside services	38,135
Insurance	36,756
Materials and supplies	19,148
Others	336,699
	₱2,136,797

21. Interest Income and Expenses

The following are the sources of the Group's interest income:

	Nine months Ended September 30
	2009
	(Unaudited)
Cash and cash equivalents	₱189,342
Accretion of financial assets	194,240
Due from related parties	37,917
Others	112
	₱421,611

The following are the sources of the Group's interest expense:

	Nine months Ended September 30
	2009
	(Unaudited)
Long-term debt	₱2,231,818
Notes payable	55,323
Accretion of service concession payable and other financial liabilities	482,300
Amortization of debt issue costs	10,557
Others	44,465
	₱2,824,463

22. Other Income and Other Expenses

Other income consists of:

	Nine months Ended September 30
	2009
	(Unaudited)
Income from rate rebasing resolutions – net (see Note 16)	₱1,390,311
Management fees	–
Difference between actual payments and projected payments	50,251
Reversal of provision for decline in value of asset	–
Negative goodwill on MDI acquisition*	–
Gain on debt settlement	–
Others	3,345
	₱1,443,907

**Provisional goodwill as of September 30, 2008; Final goodwill amounted to ₱224.8 million*

Other expenses consist of:

	Nine months Ended September 30
	2009
	(Unaudited)
Claims and taxes related to rate rebasing	₱443,911
Actuarial gain	124,065
Write-off of payable to MWSS	81,172
Reversal of provision for doubtful accounts	68,530
Processing fees	52,273
Loss on loan conversion	35,208
Loss on sale of investments	–
Others	57,194
	₱862,353

23. Executive Stock Option Plan (ESOP)

MPIC granted on December 9, 2008, options in respect of 123,925,245 common shares in two separate tranches as follows: (a) Tranche A for 61,000,000 shares, 50% of which vested immediately on January 2, 2009 with an exercise price of ₱2.12 per share and (b) Tranche B for 62,925,245 shares, 50% of which vested on March 10, 2009 with an exercise price of ₱2.73 per share. The remaining fifty percent (50%) of each said tranche will vest on the first (1st) anniversary of the initial vesting date. These options were granted to senior management officers of MPIC under the ESOP. The fair value of the options granted is estimated at the date of grant using Black-Scholes-Merton formula, taking into account the terms and conditions upon which the options were granted. Expense arising from this share-based payment transaction amounted to ₱55.2 million for the nine months ended September 30, 2009.

In June 2009, 2.25 million and 1.25 million options with exercise price of ₱2.12 and ₱2.73 per share, respectively, were exercised. Consequently, ₱1.8 million of the total ESOP expense recognized under "Other reserves" in the consolidated balance sheet pertaining to the options exercises was transferred to additional paid-in capital.

24. Contingencies

There are no significant updates to the contingencies with respect to Maynilad, as disclosed in the annual consolidated financial statements as at December 31, 2008.

In 2009, MNTC received a Final Demand from the municipality of the Guiguinto, Bulacan to pay the local business tax assessments for the years 2005 to 2007 amounting to ₱67.4 million, inclusive of surcharges and penalties. MNTC, together, with its legal counsel protested claiming that PNCC has never been subjected to local business tax and as such MNTC continued the customary practice of obtaining the business permits solely from the local government unit where its principal office is located. The case is still pending before the Regional Trial Court of Malolos, Bulacan.

MNTC together with the other toll road operators, are still discussing the issue of VAT with the concerned government agencies. In the meantime, MNTC received in 2009 a Formal Letter of Demand from the BIR for the payment of the deficiency VAT assessment amounting to ₱1.0 billion for the taxable year 2006. However, management, in consultation with its legal counsel, believes that in any event, the STOA provides the Company with legal recourse in order to protect its lawful interests in case there is a change in existing laws which makes the performance by the Company of its obligation materially more expensive. While no provision has been made by MNTC and MPTDC for these contingencies as of September 30, 2009 and December 31, 2008, MPIC has a related provision for this contingent liability recognized pursuant to the provisions of PFRS 3 when MPIC acquired MPTC in November 2008.

25. Significant Contracts and Commitments

Update to Significant Contracts Entered into by Maynilad

Under the Transitional Clarificatory Agreement between Maynilad and MWSS, Maynilad is required to update the Performance Bond by January 1, 2009 (to coincide with the implementation of the new rebased rate). Maynilad updated its Performance Bond in 2009 (see Note 9).

Updates to Significant Contracts Entered into by MPTC and Subsidiaries

In April 2009, Segment 8.1, a portion of Phase 2, which is a 2.7 km-road designed to link Mindanao Avenue to the North Luzon Expressway (NLE), had officially commenced construction and expected to be completed in 14 months. The remaining portions of Phase 2 and Phase 3 of the Project have not yet been started. In relation to the construction of Segment 8.1, MNTC entered in to the following contracts:

a. On April 14, 2009, MNTC, under a competitive bidding, has awarded the Civil Works contract to Leighton Contractors (Asia) Limited (LCAL) pursuant to a Civil Works Construction Contract. Total construction civil works contract was initially set at ₱1.46 billion, which may be adjusted from time to time pursuant to the terms of the agreement. Unapplied mobilization advances, included as part of "Advances to contractors and consultants" included in the "Other current assets", amounted to ₱260.5 million. The Construction Notice to Proceed was issued by MNTC to LCAL on April 15, 2009, and mobilization works commenced on April 22, 2009.

b. On March 27, 2009, MNTC has entered into an agreement with Egis Projects Philippines, Inc., for the Fixed Operating Equipment (FOE) Design, Supply and Installation. The contract on the said date set the terms and conditions for the delivery, installation and tests on completion of the FOE of Segment 8.1 project. The contract price amounted to ₱1.5 billion, a fixed lump sum price and valid for four hundred twenty-five (425) days from the Base Date. The Construction Notice to Proceed was issued by MNTC on March 30, 2009 and the front end design works commenced on April 7, 2009.

26. Financial Assets and Financial Liabilities

Derivative Transactions

In 2009 and 2008, MNTC entered into derivative transactions, particularly cross currency swaps and interest rate swaps, to hedge its foreign exchange and interest rate exposures on its loans, with details as follows:

		Outstanding Balance as of	
Loan Facility	Interest Rate	September 30, 2009	December 31, 2008
ADB-CFS A	LIBOR + 2.75%	$10,625	$11,688
ADB-CFS B	LIBOR + 2.75%	1,875	2,063
COFACE	6.13%	9,344	10,278
USD Bank Facility	LIBOR + 3.00%	20,031	22,034
EFIC	8.03%	9,375	–
		$51,250	$46,063
ADB Direct	PHIREF + 4.66%	₱543,600	₱–

Update on MNTC's Derivatives Accounted for as Non-hedge Transactions
On February 26, 2009, MNTC entered into an interest rate swap where MPTC receives semi-annual interest based on 6-months Philippine Reference Rates (PHIREF) plus 2.75% p.a. spread and pays semi-annual fixed interest at 7.60% p.a., calculated on an amortizing peso notional amount, starting June 15, 2009 until June 16, 2014. The outstanding notional amount of the swap as of September 30, 2009 amounted to ₱420.5 million.

The interest rate swap, together with the existing cross currency swap entered in 2008 for the COFACE loan, effectively transformed the dollar denominated floating rate loan into a fixed rate peso loan.

As of September 30, 2009, the fair value changes of the interest rate swap and cross currency swap (both hedging the COFACE loan) amounted to ₱13.4 million. Such amount was recognized as part of "Other expenses" account in the interim consolidated statement of income.

Update on MNTC's Derivatives Accounted for Under Cash Flow Hedge Accounting

EFIC
MNTC entered into a cross currency swap to hedge its cash flow variability on the EFIC loan due to movements in foreign exchange rates effective January 5, 2009. Under the cross currency swap, MNTC will receive US$10.3 million in installments of US$0.9 million every nine months starting June 15, 2009 until June 16, 2014, plus semi-annual fixed interest of 8.03% p.a. based on the amortizing US dollar notional amount, and pay ₱ 498.0 million, payable in equal semi-annual installments of ₱44.5 million every nine months starting June 15, 2009 until June 16, 2014, plus semi-annual fixed interest at 11.50% p.a. on the amortizing peso notional amount. The cross currency swap effectively transformed the fixed rate US dollar loan into a fixed rate peso denominated loan.

ADB Direct
On April 1, 2009, MNTC entered into a pay-fixed, receive-floating interest rate swap contract to hedge the variability of cash flows pertaining to the floating rate ADB Direct Loan. Under the swap, MNTC will receive semi-annual interest equal to 6-months PHIREF plus 4.66% p.a. spread and pays semi-annual fixed interest of 9.40% p.a., based on the amortizing principal balance of the ADB Direct Loan, starting from June 15, 2009 until June 16, 2014. The interest rate swap effectively fixed the floating rate of the said loan over the duration of the agreement at 9.40% p.a. The notional amount of the interest rate swap as of June 30, 2009 amounted to ₱543.6 million.

Under the cash flow hedge, the effective portion of the change in fair values of the designated hedges are recognized directly in equity and recycled in earnings in the same periods during which the hedged transaction affects earnings.

As of September 30, 2009 and December 31, 2008, the fair value changes of the derivatives recognized in equity attributable to equity holders of the parent amounted to ₱4.8 million (net of deferred tax of ₱2.1 million) and ₱23.9 million (net of deferred tax of ₱10.3 million), respectively.

27. Events after the Balance Sheet Date

Date	Transaction
October 6, 2009	Announcement of MPIC's acquisition of additional shares in Manila Electric Company, including the issuance of common shares of MPIC to partially fund the said acquisition.
October 6, 2009	MPIC concluded the planned purchase of 13% of the current outstanding capital stock of Manila Electric Company ("Meralco") from the Beneficial Trust Fund ("BTF"), the

	retirement fund of PLDT and New Gallant Limited. The final terms and conditions of the transaction reflect two (2) separate subscription agreements relating to the issuance to, and subscription by, each of PLDT Beneficial Trust Fund ("BTF") and Metro Pacific Holdings, Inc. ("MPHI") of a total of 4,464,202,634 common shares of MPIC at the issue price of Php3.00 per share. **Acquisition and Cross-Sales of Common Shares in Meralco** The purchase and acquisition by MPIC of a total of 148,348,667 shares in Meralco are broken down as follows: (i) 113,313,389 common shares in Meralco, representing approximately 10.2% of the current outstanding capital stock of Meralco, from BTF and New Gallant Limited, at the purchase price of Php126.00 per share, or an aggregate purchase price of Php14,277,487,012; and (ii) 31,072,388 common shares of Meralco from Crogan Limited, a wholly-owned subsidiary of First Pacific Company Limited, representing approximately 2.8% at the purchase price of Php 126.00 per share, or an aggregate purchase price of Php 3,915,120,888 and (iii) the acquisition of 3,962,890 common shares of Meralco in a separate transaction with Crogan at the purchase price of Php231.40 per share or an aggregate price of Php917,012,746. The purchase price for said Meralco shares will be paid by MPIC in cash. Moreover, MPIC previously acquired 1.7% additional shares in the open market. The Cross-sale was executed on November 12, 2009. **Issuance of Common Shares to BTF and MPHI** The issuance of 3,159,162,338 MPIC common shares to BTF and 1,305,040,296 MPIC Common shares to MPHI totaling to 4,464,202,634 are payable in cash in the amount of Pesos 13.4 billion to MPIC. This results to a significant ownership percentage of 16.77% for BTF and 6.93% for MPHI, which shall have the same rights and privileges as the existing and outstanding common shares of MPIC.
October 8, 2009	MPIC raising additional Pesos 1.86 billion as CLSA Singapore Pte Ltd ("CLSA") acting as a sole global coordinator, sole stabilization agent through CLSA Limited and joint bookrunner with UBS AG ("UBS") as our placing agents, exercised in full the Greenshoe Option on the recent placement.
October 9, 2009	Philippine Port Authority ("PPA") has accepted the bid by MPIC and Harbour Center Port Terminal, Inc. for the development, management, operation and maintenance of the North Harbor and a Notice of Award to the Joint Venture has been formally issued.
October 15, 2009	MPIC is participating in the stock rights issue of Medical Doctors, Inc. ("MDI"), owner and operator of Makati Medical Center, to wit, it is subscribing to and acquiring all the shares corresponding to its stock rights entitlement and additionally offering to subscribe to any shares that will not be subscribed by the other shareholders of MDI. MDI is offering for subscription a total of 181,226 new shares at the price of Pesos 1,150 per share or the total issue price of P208,409,900
November 5, 2009	MPIC's Board of Directors approved the Term Sheet ("Term Sheet") between MPIC and First Philippine Holdings Corporation ("First Holdings"), in relation to, amongst other things: 1. the provision of a loan in the amount of approximately Pesos 11.2 billion by MIC to First Holdings or its designated wholly owned subsidiary (the "Loan"); and 2. the agreement of First Holdings to grant to MPIC a call option relating to approximately 74.7 million common shares of Meralco

	(approximately 6.7% of the total current outstanding common shares of Meralco), (the "Subject Shares") owned by First Holdings (the "Call Option") The Term Sheet is expressed to be legally binding and enforceable but it is contemplated in the Term Sheet that the parties shall endeavour, in utmost good faith, to sign appropriate documentation in due course.

Part 2

Management's Discussion and Analysis of Financial Condition and Results of Operations

Exhibit III

MANAGEMENT DISCUSSION AND ANALYSIS

The following discussion and analysis of the Group's financial condition and results of operations should be read in conjunction with the accompanying consolidated financial statements and the related notes as at September 30, 2009 and December 31, 2008 and for each of the nine-month period ended September 30, 2009 and 2008 included in this Report.

Overview

The first nine months of the year 2009 underscored a monumental leap for our company, Metro Pacific Investments Corporation (MPIC), as it realizes its objective of being one of the country's leading infrastructure company. Highlights for the first nine months of the year which affirms the Company's position as a premier investment and management company are as follows:

- Successful completion of the Offering of MPIC listed common shares on 18th September 2009. This substantially strengthened MPIC's capital structure, broadened its shareholder base and increased trading liquidity and volumes. In addition, this places MPIC as the 3rd largest listed holding company with a free float of 26% and amongst the top 20 largest listed companies in the Philippine Stock Exchange.

- Purchased MERALCO's share in the open market and signed term sheet with PLDT Beneficial Trust Fund ("BTF") and Crogan Limited to acquire additional 13.3% stake in MERALCO. This acquisition of a strategic block of MERALCO shares is in line with MPIC's status as one of the Philippines' leading infrastructure companies and will complement its existing investments in North Luzon Expressway, Maynilad and the hospitals.

- MPIC's Board of Directors authorizing the Company to (i) secure a bridge financing up to Pesos 4,500,000,000 from Metropolitan Bank and Trust Corporation and Philippine National Bank; and (ii) to constitute a pledge over a total of 13,350,000 common shares of Manila Electric Company, as security for the said bridge financing.

- Maynilad Water Services, Inc. ("Maynilad") clearing the first hurdle in its bid to extend its concession term after the Metropolitan Waterworks and Sewerage System ("MWSS") Board of Trustees issued a resolution approving the water company's term extension application. If finally approved by the Philippine Government, an extended term will allow Maynilad to increase its planned investments and lower its tariffs for customers. The term extension will also enhance Maynilad's ability to undertake long-term projects that will ensure the reliability and security of water supply for the West Zone, address environmental issues with an accelerated sewerage program, and generate thousands of jobs from these increased capital expenditures.

- Maynilad submitted prequalification materials to the Iloilo Water District and has been prequalified to bid for the Iloilo Bulk Water Supply project.

In 2008, the Company expanded and organized its businesses into five major business segments, namely water utilities, toll operations, real estate, healthcare, and others as per below.

- *Water Utilities* – The water utilities business segment primarily relates to the operations of DMWC and Maynilad as the largest water concessionaire in terms of customer base.
- *Toll Operations* – The toll operations business segment primarily relates to the operations and maintenance of toll facilities by MPTC and its subsidiary, MNTC, and associate, TMC,
- *Healthcare* – The healthcare business segment primarily relates to the operations and management of hospitals, medical and chemical clinics and/or laboratories and other similar undertakings provided for by MPIC's associates, MDI and DDH.
- *Real Estate* - The real estate business segment primarily relates to the operations of Metro Pacific Corporation (MPC) and Landco Pacific Corporation (Landco) and its subsidiaries, which are involved in the business of real estate of all kinds. However, following the decision of MPIC to partially divest its investment in Landco, the total assets and liabilities and income and expense of Landco are presented under "Discontinued operations".
- *Others* – This represents operations of subsidiaries involved in the provision of services and holding companies.

<u>Operational Review</u>

<u>YTD September 2009 Compared to Restated September 2008</u>

<u>MPIC CONSOLIDATED</u>

The Company's consolidated net income of Pesos 3,814 million for the nine months ended September 30, 2009 as against Pesos 867 million for the same period last year confirms its emergence as a preeminent infrastructure company in the Philippines. The results were primarily the contributions of the Water Utilities and Toll operations business segments which are discussed in more details below. Of this amount, Pesos 2,086 million is attributable to equity holders of the Parent Company while Pesos 1,728 million is for the minority shareholders in the subsidiaries. The 2008 numbers have been restated to reflect the impact of International Financial Reporting Committee's Interpretation 12 - also known as "IFRIC 12" or "Service Concession Arrangements" - on the water concession company, and the de-consolidation of Landco Pacific Corporation ("Landco") on a line by line basis.

Of the portion attributable to MPIC, Pesos 1,213 million represents Core Net Income for the first nine months of 2009, an improvement of 8 times over the restated Core Net Income of Pesos 135 million for the same period in 2008. Before interest and operating expenses of the head office, the Water Utilities segment contributed 45% or Pesos 894 million, the Toll Operations segment contributed 48% or Pesos 948 million while the Healthcare group added 7% or Pesos 131 million.

Non-recurring gains of Pesos 873 million were attributable to MPIC which principally reflects the effects of rate rebasing of Maynilad's Concession in the first half of 2009.

<u>MAYNILAD</u>

Maynilad's operations for the first nine months of 2009 improved compared to the same period in 2008. Maynilad billed 257.2 Million Cubic Meters ("MCM"), an increase of 11.6% versus the 230.4 MCM billed in the same period last year. With billed volume continuing to grow despite an effective 0.5% reduction in supply, average Non Revenue Water (NRW) year-to-date improved to 60.4% from 64.7% in the same period last year. Maynilad also achieved its best NRW in September of 58.8%. Serviced customers also rose by 6.7 percent as compared with September 30, 2008.

Revenues totaled Pesos 7,718 million as against Pesos 6,108 million in 2008. On a stand-alone basis, Maynilad registered a net income of Pesos 3,262 million in 2009 which more than doubled the Pesos 1,572 million reported in 2008. A major contribution to this improvement is the rate rebasing income recognized in the first half of the 2009.

Despite increases in electric power rates, real estate and business taxes, Maynilad was able to limit the expansion of its cash operating expenses to only 3% from the same period in 2008.

Future enhancements in Maynilad's operations are expected from the Muntinlupa Water Treatment Plant, which started construction in March 2009. The facility will process up to 300 million liters per day of water coming from the Laguna Lake to service an initial 105,000 homes in the Muntinlupa areas of Alabang, Bayanan, Poblacion, Putatan, Tunasan and New Alabang. With the latest technology in water purification using microfiltration and reverse osmosis, it will be processing 100 million liters per day by June 2010.

Further, the Metropolitan Waterworks and Sewerage System ("MWSS") Board of Trustees has issued a resolution approving Maynilad's term extension application. Once approval of the Philippine Government is received, an extended term will allow Maynilad to increase its planned investments and lower its tariffs for customers. The term extension will also enhance Maynilad's ability to undertake long-term projects that will ensure the reliability and security of water supply for the West Zone, address environmental issues with an accelerated sewerage program, and generate thousands of jobs from these increased capital expenditures.

It has likewise been prequalified to bid for the Iloilo Bulk Water Supply project.

MPTC

MPTC reported Net Income of Pesos 1,182 million for the nine months period ended September 30, 2009 versus Pesos 747 million in 2008. MPTC contributed Pesos 948 million to MPIC for the period. There is no comparable amount from last year as the acquisition of MPTC took place in November 2008.

The improvement in Net Income of MPTC is attributable to the higher than expected traffic as reported by Manila North Tollways Corporation ("MNTC") and the higher contribution of Tollways Management Corporation ("TMC"). MNTC holds the concession to operate and maintain the North Luzon Expressway ("NLEX") and is owned 67.1% by MPTC. TMC operates the NLEX for MNTC and has an interim agreement to operate and maintain SCTEX. TMC is owned 46.0% by MPTC.

The construction of the 2.7 kilometer toll road under Phase 2 of Segment 8.1, linking Mindanao Avenue in Quezon City to NLEX in Valenzuela City started in April 2009. Segment 8.1 will be an alternative gateway to NLEX that will decongest the main Balintawak entry point during peak hours of traffic.

HEALTHCARE

Medical Doctors Inc., ("MDI") owner and operator of the Makati Medical Center and Colinas Verdes Hospital Managers Corporation ("CVHMC"), operator of Cardinal Santos Medical Center and a wholly owned by subsidiary of MDI, reported a 48% increase in consolidated revenues to Pesos 3,633 million this period from Pesos 2,450 million last year. The Roman Catholic Archbishop of Manila awarded a 20-year operating contract to CVHMC beginning 1st March 2009. Accordingly, consolidated Core Net Income of Makati Med increased to Pesos 297 million versus Pesos 181 million last year. Core Net Income attributable to MPIC from the consolidated results of MDI reached Pesos 97 million this year versus Pesos 59 million last year.

Davao Doctors Hospital's ("DDH") Consolidated Net Income reached Pesos 110 million for the first nine months this year versus Pesos 92 million last year, a growth of 20%. DDH contributed Pesos 34 million to MPIC for the first nine months of 2009 compared with Pesos 18 million last year. MPIC equity accounted the results of Davao Doctors starting in June 2008.

Income from discontinued operations

Landco
Following a strategic review of the Company's businesses, and its focus on infrastructure, MPIC decided to divest part of its interest in Landco. In an agreement entered on September 9, 2008 between MPIC and the minority shareholder, MPIC expressed its intention to sell its interest in Landco to the minority shareholder. Landco is primarily engaged in all aspects of real estate business and is a separate reportable operating segment. In June 2009, 17% interest was sold by MPIC to the minority shareholders. Accordingly, the results of Landco's operations for all the periods presented until discontinuance have been reflected in the consolidated statement of income as "Income (loss) from discontinued operations, net of tax."

Three months ended September 30 2009 Compared to Q3 2008 (Q3 '09 vs. Q3 ' 08)

MPIC CONSOLIDATED
The Company's consolidated Revenues for the three months ended September 30, 2009 amounted to Pesos 4,283 million, an improvement of 89% over the restated revenues of Pesos 2,268 million for the same period of 2008. Net Income attributable to MPIC, which included net non-recurring gains, rose by 31% to Pesos 391 million this year, against a restated Net Income of Pesos 298 million last year. The 2008 numbers have been restated to reflect the impact of International Financial Reporting Committee's Interpretation 12 - also known as "IFRIC 12" or "Service Concession Arrangements" - on the water concession company, and the de-consolidation of Landco Pacific Corporation ("Landco") on a line by line basis.

MAYNILAD

Maynilad had a Net Income of Pesos 947 million for the three months ended September 30, 2009, an increase of 51% from 2008. It contributed Pesos 549 million to MPIC's attributable Net Income following improvements in its operations compared with Pesos 263 million in same quarter last year. MPIC increased its effective ownership in Maynilad to 58.0% during the year from last year's 42.0%.

MPTC

MPTC contributed Pesos 236 million for the quarter period ended September 30, 2009 to MPIC's consolidated attributable Net Income versus none in 2008. MPIC acquired MPTC only in November 2008.

HEALTHCARE

For the three months ended September 30, 2009, MDI Group contributed Pesos 43 million to MPIC's attributable Net Income compared with Pesos 23 million for the same period last year. Colinas Verdes which was acquired in latter part of 2008 added to the favorable results of the MDI Group.

Davao Doctors Hospital's ("DDH") Consolidated Net Income contribution to MPIC's attributable Net Income is relatively flat at Pesos 16 million for the quarter ended September 30 as the improved operations in the hospitals brought about by the increase in number of beds occupied from for the period was offset by the unfavorable results in the operations of the college as the number of enrollees declined.

5 KEY PERFORMANCE INDICATORS

The five key performance indicators (KPIs) that the group is closely monitoring are as follows:

1. Operating revenues
2. Gross Profit
3. Net Income attributable to equity holders
4. Current ratio; and
5. Debt-to-equity

The Nine Months Period Ended September 30, 2009 Compared to the Periods Ended December 31, 2008 and September 30, 2008

1. OPERATING REVENUES – increased 420 percent

   Revenues increased 420 percent too Pesos 11,791 million from Pesos 2,268 million from the same period last year. The increase is substantially attributable to the accounting treatment of the Company's water business' results during the 1st half of 2008 as an investment in a joint venture which had been equity accounted whereas this has been fully consolidated for the current nine months period. Additionally, revenues from the toll operations which was acquired in November 2008 contributed to the significant improvement as the Company's acquisition to this segment happened in Novmber 2008.

2. GROSS PROFIT – increased 378 percent

   Gross profit increased to Pesos 6,338 million for the period from Pesos 1,327 million last year. The positive variance is mainly due to the gross profit of the water business for the 1st half of the year as discussed above, and the gross profit contribution by the toll operations which was acquired only in November 2008.

3. NET INCOME attributable to the equity holders – increased 227 percent

   Net income increased to Pesos 2,086338 million for the period from Pesos 638 million last year. This is mainly due to the favorable results across all the Company's perating segments. For the period compared with last year. Additionally, the Company increased its ownership in its existing portfolio of investments contributing to higher attributable Net Income for MPIC.

4. CURRENT RATIO - 1.36 end of quarter in 2009 from 1.01 end-2008

   The improvement in the Company's current ratio is mainly attributable to the equity fund raising exercise.

5. DEBT-TO-EQUITY RATIO – 1.40 for the third quarter in 2009 from 2.48 end-2008

   The Company's debt-to-equity ratio improved during the period due to the increase in the Company's equity from the equity arising in the third quarter and the partial payments of debts.

CONSOLIDATED FINANCIAL POSITION

Consolidated total assets as of September 30, 2009 higher by 9 percent to Pesos 101,217 million from the December 31, 2008 level of Pesos 93,102 million

The following accounts posted significant increases/decreases from year-end 2008:

1. Cash and Cash equivalents – increased by 89% to Php3,826 million
Increase due mainly to the equity fund raising exercise in the third quarter of the year.

2. Short-term deposits – increased by 58% to Php10,601 million
Increase due mainly to the equity fund raising exercise in the third quarter of the year.

3. Receivables – increased by 52% to Php2,453 million
Increase mainly represents increase in trade receivables and balance of Landco's outstanding loan to MPIC of Pesos 500.0 million and the ABHC Note amounting to Pesos 203.3 million.

4. Current assets held for sale – Pesos 406 million compared to none in last year
This represents investments in Landco previously classified as assets and liabilities of disposal group and was shown as a single line item in the Balance Sheets.

5. Due from related parties – increased by 964% to Php341million
The increase was mainly due to the extension of cash advance by DMWC to DMCI Holdings.

6. Other Current Assets –increased by 70% to Php1,368 million
Increase was significantly due to higher input VAT, various advances to contractors and prepayment of MWSS MOE.

7. Investments in associates –increased by 192% to Php6,940 million
Increase was mainly due to investments in Meralco.

8. Investments in bonds –increased by 298% to Php401 million
Increase was mainly MPTC's additional investments in bonds.

9. Service concession assets – increased to Php58,080 million
Increase was due to additional capital expenditure for the period January to September 2009.

10. Other non-current assets – increased by 41% to Php2,269 million
Increase was due to additional input VAT, software cost and other miscellaneous prepayments.

11. *Accounts payable – increased by 23% to Php 7,900 million*
Increase mainly due to Maynilad's accruals for project costs.

12. *Current portion of other long-term liabilities – increased by 65% to Php 1,998 million*
Increase mainly due to Maynilad's deferred credits arising from capitalization of foreign exchange.

13. *Derivative liabilities – increased by 19% to Php 36 million*
Increase mainly due to MPTC's hedged items.

14. *Accrued retirement costs – increased by 29% to Php 332 million*
Increase mainly due to accrual of retirement costs for the period.

15. *Noncurrent portion of provisions – increased by 135% to Php 400 million*

Increase mainly due to MPC's adjustment to previously recognized warranties and guarantees.

16. Capital stock – increase from Php7,027 million to Php14,421 million
Increase represents issuance of additional shares resulting from equity fund raising and exercise of executive stock options.

17. *Additional paid in capital – increased from Php5,753 million to Php17,335 million*
Relates to the increase in capital stock as per above.

18. *Other reserves – increased from Php329 million to Php361 million*
Relates to the MPTC's hedged items and head office ESOP expenses charged directly to equity.

19. *Retained earnings –from deficit of-Php1,011 million to Retained Earnings of Php1,075 million*
Due to net income for the period.

20. *Minority interest – increased from Php7,865 million to Php8,957 million*
Relates to minority's share in current earnings for the period.

21. Inventories – declined by 59% to Php34 million
Movement of inventories of MPTC unreplenished as of end-period.

22. Assets of disposal group – zeroed out
Accounts to a single line item – Current assets held for sale.

23. Derivative assets – declined by 17% to Php 44 million
Accounts collapsed/classified to a single line item – Current assets held for sale.

24. Deferred tax assets – declined by 38% to Php 380 million
Provision for tax for the period and write off of Head office's tax on ESOP.

25. Unearned toll – declined by 21% to Php 15 million
MPTC's payment for the period.

26. Income tax payable – zeroed out
Payment for the period.

27. Due to related parties – declined by 19% to Php2,283 million
Decrease on this account was due to MPIC's partial repayment of advances to MPHI.

28. Current portion of provisions – declined by 9% to Php 461 million
MPTC's reclassification adjustment.

29. Current portion of concession fees payable – declined by 8% to Php 896 million
Mainly due to payment of concession fees for the period.

30. Liabilities of a disposal group classified as held for sale – zeroed
Related to Landco accounts now classified as a single line item in the Balance Sheets as current assets held for sale.

31. Non-current portion of concession fees payable – declined by 8% to Php 6,089 million
Mainly due to payment of concession fees for the period.

32. Deferred tax liabilities – declined by 45% to Php 1,751 million
Reversal of deferred tax for the period relating to prior year adjustment.

33. Other noncurrent liabilities – declined by 32% to Php 4,676 million
Reversal of deferred credits related to Maynilad's rate rebasing exercise.

34. Deposit on subscription –zeroed out
Conversion/payment of subscription.

35. Reserves on disposal group classified as held for sale – zeroed
Related to Landco accounts now classified as a single line item in the Balance Sheets as current assets held for sale.