COVER SHEET

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SEC Registration Number

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

(Company's Full Name)

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C H I N O R O C E S A V E . M A K A T I C I T Y

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

HERBERT M. CONSUNJI	8888-3000
Contact Person	Company Telephone Number

(3rd Tuesday of May)

1 2	3 1	**SEC Form 17-Q** **Third Quarter Interim Report 2022**	0 5	1 7
Month	Day	FORM TYPE	Month	Day
Fiscal Year			Annual Meeting	

N.A.
Secondary License Type, If Applicable

C F D	
Dept Requiring this Doc	Amended Articles Number / Section

Total Amount of Borrowings

Total No. of Stockholders	Domestic	Foreign

To be accomplished by SEC Personnel concerned

File Number	LCU
Document ID	Cashier

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarter ended **September 30, 2022**

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

DMCI Holdings, Inc.

4. Exact name of issuer as specified in its charter

5. Philippines 6. (SEC Use Only)

Province, Country or other jurisdiction of incorporation or organization — Industry Classification Code:

7. 3rd Floor, Dacon Building, 2281 Pasong Tamo Ext., Makati city1231
Address of principal office Postal Code

8. Tel. (632) 8888-3000 Fax : None
Issuer's telephone number, including area code

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

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

Title of Each Class	No. of Shares Outstanding	Amount
Common Shares	Php13,277,470,000.00	Php13,277,470,000.00
Preferred Shares	960.00	960.00
TOTAL	Php13,277,470,960.00	Php13,277,470,960.00

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

Yes [X] No [ ]

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

Philippine Stock Exchange	Class "A" Shares
	Preferred Shares

12. Indicate by check mark whether the registrant:

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

Yes [X] No [ ]

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

Yes [X] No [ ]

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

The Financial Statements as of and for the period ended **September 30, 2022** are contained herein.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF CONSOLIDATED OPERATIONS AND CONSOLIDATED FINANCIAL CONDITION AS OF AND FOR THE PERIOD ENDED SEPTEMBER 30, 2022 AND 2021

September 30, 2022 (Unaudited) vs September 30, 2021 (Unaudited)

I. RESULTS OF OPERATIONS

The table below summarizes the performance of DMCI Holdings, Inc. (PSE: DMC), its subsidiaries and associate, also collectively referred to as "the DMCI Group", for the period ended September 30, 2022 and 2021.

- D.M. Consunji, Inc. (DMCI), a wholly owned subsidiary, is one of the leading engineering-based integrated construction firms in the country. It operates in two construction segments: building and infrastructure. It also has separate business units for joint ventures and project support (i.e., concrete production, steel fabrication and equipment rental).

- DMCI Project Developers, Inc. (DMCI Homes), a wholly owned subsidiary, is one of the leading mid-segment developers in the Philippines, offering best-in-class amenities and value-for-money properties in Metro Manila and other key urban areas.

- Semirara Mining and Power Corporation (SMPC), a majority-owned subsidiary (56.65%), is the largest and most modern coal producer in the Philippines. It is the only power generation company in the country that produces its own fuel (coal). Its two wholly owned operating subsidiaries—Sem-Calaca Power Corporation (SCPC) and Southwest Luzon Power Generation Corporation (SLPGC)—provide baseload power to the Luzon and Visayas grids.

- DMCI Power Corporation (DMCI Power), a wholly owned subsidiary, is one of the largest off-grid energy suppliers in the Philippines. It currently operates and maintains thermal, bunker and diesel power plants in parts of Masbate, Oriental Mindoro and Palawan.

- DMCI Mining Corporation (DMCI Mining), a wholly owned subsidiary, extracts nickel ore through surface mining and ships these directly to China and other markets. Currently a single-mine operator, it has nickel assets in Palawan (Berong Nickel Corporation) and Zambales (Zambales Diversified Metals Corporation).

- Maynilad Holdings Corporation, a 27%-owned associate, owns 93% of Maynilad Water Services, Inc. (Maynilad). The largest private water concessionaire in terms of customer base in the Philippines, Maynilad holds a 25-year franchise to establish, operate and maintain a waterworks system and sewerage and sanitation services in the West Zone service area of Metro Manila and the Province of Cavite.

CONSOLIDATED NET INCOME AFTER NON-CONTROLLING INTERESTS

in Php millions except EPS	July to September (Q3)			January to September (9M)		
	2022	**2021**	**Change**	**2022**	**2021**	**Change**
I. SMPC (57%)	5,750	2,282	152%	20,381	5,948	243%
II. DMCI Homes	1,131	900	26%	3,853	3,225	19%
III. Maynilad	396	406	-3%	1,108	1,124	-1%
IV. DMCI Power	212	158	35%	549	428	28%
V. DMCI Mining	78	165	-53%	1,087	983	11%
VI. Parent and others	12	(2)	609%	(27)	15	-280%
VII. D.M. Consunji, Inc.	(207)	101	-305%	549	428	28%
Core Net Income	**7,372**	**4,010**	**84%**	**27,627**	**12,308**	**124%**
Nonrecurring Items	(34)	(17)	100%	2	1,168	-100%
Reported Net Income	**7,338**	**3,993**	**84%**	**27,629**	**13,476**	**105%**
EPS (reported)	**0.55**	**0.30**	**84%**	**2.08**	**1.01**	**105%**

Q3 2022 vs Q3 2021 Consolidated Highlights

- The DMCI Group set a new profit record of Php 7.34 billion as its net income soared by 84% from Php 3.99 billion. This translated to an earnings per share (EPS) of Php 0.55.

  Its robust performance was mainly attributable to higher selling prices for coal, nickel, electricity and residential condominium units.

- Excluding nonrecurring items, core net income likewise accelerated by 84% from Php 4.01 billion to Php 7.37 billion. Nonrecurring items (NRI) in 2021 and 2022 are mostly due to Maynilad's donations, severance pay and loan prepayment fees.

- SMPC and DMCI Homes accounted for 94% of core net income.

9M 2022 vs 9M 2021 Consolidated Highlights

- Reported net income (RNI) more than doubled (105%) from Php 13.48 billion to Php 27.63 billion, which translated to an EPS of Php 2.08 and a return on equity (ROE) of 28.1%. RNI and ROE during the period both reached all-time high levels.

  The DMCI Group's record performance was primarily due to better selling prices for its coal, nickel, power and residential projects, coupled with higher revenue recognition from its construction and real estate businesses.

- Excluding nonrecurring gain in 2021 largely due to the combined effect of gain from deferred tax remeasurement under CREATE Act (Php 993 million) and land sale (Php 203 million), as well as Maynilad's severance and donations expenses (Php 28 million), core net income more than doubled (124%) from Php 12.31 billion to Php 27.63 billion.

- SMPC, DMCI Homes and DMCI Mining accounted for 92% of core net income.

- Strong operating results led to a significant boost in the Group balance sheet, with key liquidity, solvency and book value per share (BVPS) ratios all improving by double digits. Since end-2021, current ratio is up by 41% from 2.25x to 3.16x, while net debt to equity ratio dropped by 73% from 0.32 to 0.08. BVPS expanded by 24% from 6.61 to 8.21.

- Consolidated cash reached a record-high (Php 43.2 billion) after capital expenditures (Php 17.6 billion), net loan availment (Php 2.2 billion) and cash dividend payout in April (Php 0.48 per share or Php 6.4 billion).

  DMC declared additional cash dividends of Php 0.72 per share (Php 9.6 billion in total), which is scheduled for payout in November 2022 (Q4).

Q3 2022 vs Q3 2021 Subsidiaries and Associate Performance

I. Semirara Mining and Power Corporation (SMPC)

Core income contribution from SMPC expanded by 152% from Php 2.28 billion to Php 5.75 billion owing to the triple-digit earnings growth of its coal and power businesses. To explain:

Coal Segment

- **Better selling prices.** Semirara coal average selling price (ASP) increased by 83% from P2,831/metric ton (MT) to P5,173/MT on the back of rising index prices and higher-grade coal sold.

  Average Newcastle price (NEWC) advanced by 151% from US$167.5 to US$420.7, with the index even hitting an all-time high of US$452.8 during the week of September 9. Indonesian Coal Index 4 (ICI4) price uptrend was more muted, rising by 12% from US$ 72.8 to US$ 81.7.

- **Foreign exchange boost.** Average US$/Php exchange rate increased by 13% from US$ 1: Php 50.5 to US$ 1: Php 57.0, while average US$/JP¥ exchange rate dropped by 26% from US$ 1: JP¥ 110.07 to US$ 1: JP¥ 138.20.

  This led to foreign exchange gains from its US dollar-denominated coal exports and Japanese yen-denominated equipment imports.
- **Cash cost - COS decline.** Cash cost component of cost of sales (COS) slipped by 4% from Php 4.66 billion to Php 4.47 billion mainly due to lower shipments, tempered by higher fuel costs. Fuel costs accounted for 54% of COS (vs 37% in Q3 2021).

- **Improved profit margins.** Core EBITDA margin widened from 42% to 51%, while net profit margin improved from 33% to 50%. Profit margins widened as ASP movement outpaced the increase in operating costs.

The segment also reported the following operational highlights:

- **Higher production.** Production rallied by 75% from 2.0 million metric tons (MMT) to 3.5 MMT, while strip ratio went down from 17.5 to 10.0 because of controlled water seepage in Molave mine and easier access to coal in East Block 4 (nearing depletion) and South Block 5. Projected strip ratio for 2022 remains at 10.79.

- **Lower sales.** Total shipments receded by 18% from 3.9 MMT to 3.2 MMT, mainly driven by a 59-percent drop in exports from 2.7 MMT to 1.1 MMT. Bulk

(67%) of exports went to South Korea, followed by China (10%), Thailand (10%), Vietnam (9%) and Brunei (4%).

Domestic sales improved by 75% from 1.2 MMT to 2.1 MMT as sale to own plants more than doubled (133%) on the improved availability of SCPC Unit 1 and SLPGC Unit 1.

- **Ample ending coal inventory.** Ending high-grade coal inventory ballooned 17x from 0.1 MMT to 1.7 MMT on lower shipments and stronger-than-expected mine production.

Power

- **Improved plant availability.** Overall plant availability went up by 18% from 55% to 65%, following the continuous operations of SCPC Unit 1, coupled with the reduced unplanned outages of SLPGC plants (15 days in Q3 2022 vs 70 days in Q3 2021).

  However, average capacity dropped by 13% from 796MW to 695MW due to the commissioning activities of SCPC Unit 2 and occasional deration of the three other plants.

- **Higher gross generation.** Higher plant availability led to double-digit growth (16%) in gross generation from 873 gigawatt hours (GWh) to 1,010 GWh as both SCPC and SLPGC delivered higher outputs.

- **Lower power sales.** Total power sales fell by 6% from 1,032 GWh to 970 GWh owing to high base effect. While the segment sold more power in 2021, some of it came from replacement power purchases to meet power supply contract obligations. Contracted capacity shifted downward (43%) from 414.35MW to 234.15MW.

- **Pivot to spot sales.** At the end of Q2 2022, 61% of running dependable capacity (540MW) was uncontracted. With 329.65 MW of capacity available for dispatch to the spot market and 9 GWh of commissioning dispatch from SCPC Unit 2, total spot power sales volume more than tripled (213%) from 165 GWh to 517 GWh. Conversely, bilateral contract quantity (BCQ) sales contracted by 48% from 867 GWh to 453 GWh.

- **Elevated selling prices.** Overall ASP jumped by 52% from Php 4.09/KWh to Php 6.23/KWh on higher spot sales at elevated rates. Spot ASP climbed by 50% from Php 5.49/KWh to Php 8.24/KWh, largely due to thin power reserves and high fuel costs. Spot sales accounted for 53% of total dispatch, a marked increase from 16% last year.

- **Minimal replacement power purchases.** Total spot purchases eased by 41% from Php 841 million to Php 496 million. The segment was a net seller to the market by 458GWh (vs net buyer 23 GWh in Q3 2021).

SMPC recorded its best-ever third quarter standalone net income of Php 10.15 billion, more than double (153%) from Php 4.01 billion last year.

II. DMCI Project Developers Inc. (DMCI Homes)

DMCI Homes contributed Php 1.13 billion in core net income, a 26-percent upswing from Php 900 million. This was due to the combined effect of the following:

- **Higher selling price.** Average selling price (ASP) rose by 18% from Php 110,000 to Php 130,000 per square meter, while ASP per unit sold grew even faster at 33% from Php 5.58 million to Php 7.40 million.

  Better ASP cushioned the impact of topline weakness (-8% from Php 5.85 billion to Php 5.37 billion), which resulted from lower construction accomplishments, higher cancellations and lesser new accounts that qualified for revenue recognition.

- **Lower COS.** Cost of sales dropped by 14%, steeper than topline, from Php 4.22 billion to Php 3.62 billion. This was mainly due to lower construction costs and construction accomplishments.

- **OPEX uptick.** Operating expenses went up by 5% from Php 617 million to Php 647 million on higher sales incentives and digital marketing spending.
- **More Other Income**. Other income swelled by 43% from Php 254 million to Php 362 million owing to higher forfeitures and rental income.

- **Better profit margins**. Core net income margins improved from 16% to 21% following higher selling prices of projects that qualified for revenue recognition, lower construction costs, and higher Other Income. The growth in margins was tempered by higher income tax provision and operating expenses.

The company also reported the following operational highlights:

- **Sales upsurge.** Total units sold recovered by 132% from 1,128 to 2,613 following the launch of Fortis Residences in Makati City and Sage Residences in Mandaluyong City. Residential sales surged by 130% from 633 units to 1,455 units, while parking slot sales soared by 134% from 495 units to 1,158 units.

- **Near-triple sales value.** Total sales value nearly tripled (199%) from Php 3.91 billion to Php 11.69 billion on the back of higher unit sales and selling prices.

- **Ample inventory.** Total Inventory grew by 30% from Php 44.7 billion to Php 58.2 billion. Ready-for-occupancy (RFO) inventory jumped by 31% from Php 11.6 billion to Php 15.2 billion with the Q3 completion of Infina Towers, Prisma Residences, The Celandine and Verdon Parc.

  Meanwhile, pre-selling inventory was up by 30% from Php 33.1 billion to Php 43.0 billion largely due to the launch of three major projects, namely The Erin Heights, Fortis Residences and Sage Residences. Pre-selling units accounted for 74% of total inventory.

- **Substantial land bank.** Land bank expanded by 18% from 185.2 hectares to 219.1 hectares following land banking activities in Luzon, which grew by 49% from 64.6 square meters to 96.4 square meters.

Standalone net income grew by 25% from Php 919 million to Php 1.15 billion. The company did not record any non-recurring item during the period.

III. Maynilad Water Services, Inc. (Maynilad)

Core net income contribution from associate Maynilad slightly weakened (-3%) from Php 406 million to Php 396 million due to the following:

- **Higher cash costs and noncash opex.** Total cash expenses quickened by 18% with the imposition of franchise tax and higher fuel and utilities expenses, which were tempered by lower personnel costs. Noncash operating expenses likewise grew double digits (14%) from Php 1.10 billion to Php 1.25 billion due to additional amortization of concession assets.
- **Disproportionate topline growth.** Compared to spending, revenues from water and wastewater services grew at a slower pace (9%) from Php 5.44 billion to Php 5.93 billion. The uptick was primarily due to higher billed volume, average effective tariff and other fees collected (government tax).

- **Recovering billed volume.** Billed volume recovered by 4% from 129.6 million cubic meters (MCM) to 134.3 MCM owing to easing COVID-19 restrictions and low base effect from aggressive disconnection in 2021.

- **Improving average effective tariff.** Average effective tariff inched up by 2% from Php 41.5 to Php 42.4 on higher billed volume and better customer mix. From 15.9%, commercial customers accounted for 17.4%, while domestic customers declined from 84.1% to 82.6%.

The company also reported the following operational highlights:

- **Lower water losses**. From 32.7%, average non-revenue water (NRW) declined to 28.6% because of better supply-demand management and network diagnostic activities.

- **Reduced water production.** Production slipped by 2% from 192.6 million cubic meters (MCM) to 188.0 MCM due to persisting algae bloom in Laguna Lake which curbed water production in the Putatan water treatment plants.

- **Shortened supply window.** 24-hour availability declined by 17% from 95.1% to 78.6% owing to algae bloom-induced supply disruptions in parts of the company's concession area.

Reported net income slid by 6% from Php 1.64 billion to Php 1.54 billion. Excluding nonrecurring items, core net income fell by 3% from Php 1.70 billion to Php 1.66 billion.

IV. DMCI Power Corporation (DMCI Power)

DMCI Power reported a 35-percent improvement in core net income from Php 158 million to Php 212 million due in large part to the following:

- **Higher energy sales**. Total energy sales rose by 10% from 101.7 GWh to 112.0 GWh owing to stronger demand in Oriental Mindoro, whose other independent power producers struggled with plant unavailability and lower output from renewable energy sources.

  Masbate sales rose by 8% on strengthening demand while Palawan, which accounts for 38% of total sales, contracted by 6% following a 17-day preventive maintenance of the Aborlan bunker plant.

- **Historic selling prices.** Average selling price (ASP) went up by 39% from Php 13.7/KWh to Php 19.0/KWh due to surging fuel prices.

- **Steeper cost of sales growth.** COS growth (62%) outpaced revenue growth (53%) owing to higher fuel cost and plant maintenance costs for Palawan. From Php 1.10 billion, COS hit Php 1.78 billion during the period.

V. DMCI Mining Corporation (DMCI Mining)

Core net income contribution from DMCI Mining retreated by 53% from Php 165 million to Php 78 million because of the following:

- **Lower Shipments.** Total shipments plunged by 50% from 211,000 wet metric tons (WMT) to 106,000 WMT mainly due to unfavorable weather conditions and low inventory owing to the depletion of its Palawan mine in Q4 last year.

- **Production Decline.** Left with only one operating mine, total production dropped by 44% from 269,000 WMT to 149,000 WMT. To meet demand, Zambales more than doubled its production (107%) from 72,000 WMT to 149,000 WMT.

- **Better selling prices.** Average selling price (ASP) rose by 31% from US$ 32/WMT to US$ 42/WMT amid higher market prices and flattish (-1%) average grade sold (1.31%).

- **Favorable forex rates.** Average US$/Php exchange rate went up by 10% from US$ 1: Php 49 to US$ 1: Php 54.

- **Lower core profit margins.** Despite a 29-percent drop in revenues (from Php 338 million to Php 240 million), total cash costs declined at a slower pace (7%) from Php 219 million to Php 204 million mainly due to higher fuel costs and fixed cash costs for shipping and manpower. Core profit margins declined from 54% to 33%.

The company also reported the following operational and financial highlights:

- **Reduced stockpile.** Total ending inventory plunged by 76% from 450,000 WMT to 109,000 WMT as Palawan inventory dropped by 94% from 342,000 WMT to 21,000 WMT on mine depletion. Meanwhile, Zambales stockpile declined by 19% from 108,000 WMT to 88,000 WMT on higher shipment.

- **Higher cash and same debt levels.** Cash levels improved by 75% from Php 0.8 billion (as of end of December 2021) to Php 1.4 billion due to strong nickel sales, tempered by capex spending (Php 269 million) for Palawan exploration activities and Zambales fleet expansion. Debt level remains at Php 350 million.

Reported net income contracted by 56% from Php 181 million to Php 80 million.

VI. D.M. Consunji, Inc. (DMCI)

From a net income to Php 101 million, DMCI swung to a net loss of Php 207 million due to the following:

- **Drop in revenue recognition.** Construction revenues declined by 13% from Php 4.67 billion to Php 4.07 billion owing to fewer projects, slowdown in accomplishments and conservative take-up on price escalation claims.

- **Higher costs.** Despite the double-digit topline drop, cost of sales declined at a much slower pace (-3%) from Php 4.14 billion to Php 4.00 billion due to higher raw materials costs, which are still subject to claims.

- **Negative margin.** EBITDA margin plunged to negative territory from 9% to -8% on lower topline.

- **Order book slowdown.** Order book shrank by 12% from Php 51.7 billion to Php 43.7 billion on anemic construction demand, propped up by Php 8.4 billion in newly-awarded projects in 2022.

DMCI financial performance plummeted by 265% from a standalone net income of Php 140 million to a net loss of Php 231 million.

Outlook

The DMCI Group expects inflationary pressures, demand slowdown and foreign currency volatility to affect the growth trajectory of its businesses.

Construction and real estate face stiff challenges as high interest rates and economic uncertainly weigh down client demand. Rising input cost as a result of supply disruptions and weakening local currency is also likely to affect margins and liquidity.

Meanwhile, demand for coal, nickel and electricity will largely depend on how the global economy, European energy crisis and China pandemic reopening will play out.

Favorable exchange rates should provide some earnings lift. A strong US$/Php is net positive for the Group as around 70% of our 9M 2022 consolidated net income is attributable to coal and nickel exports. However, these gains could be partially offset by higher construction supply costs.

The Group’s value engineering expertise, strong cash position and absence of foreign-denominated debt should work in its favor in the near to medium-term.

Explanation of movement in consolidated income statement accounts:

Revenues

Consolidated revenues for the nine months of 2022 improved by 43% from Php 80.0 billion to Php 114.3 billion owing to strong revenue contributions from SMPC and DMCI Power. Higher coal sales and electricity prices boosted SMPC and DMCI Power revenues.

Cost of Sales and Services

Cost of sales and services during the period is declined by 3% compared to the same period of last year. The increase in cost of coal and energy sales was cushioned by the decrease in costs of construction due to fewer projects and higher selling price of residential units. This resulted to higher gross profit margin, which was due mainly to elevated coal, electricity and nickel prices.

Operating Expenses

Government royalties for the period amounted to Php 13.7 billion, 238% up from Php 4.0 billion last year as the coal business recorded higher profits. Excluding government royalties, operating expenses incurred during the nine-month period increased by 13% to Php 5.6 billion due mainly to higher salaries and wages, repairs and maintenance, association dues and outside services.

Equity in Net Earnings

Equity in net earnings of associates decreased by 12% as a result of lower income take up from Maynilad.

Finance Income

Consolidated finance income increased by 64% due mainly to higher amount of placements during the period with better interest rates.

Finance Cost

Consolidated finance costs decreased by 12%, due to loan payments made during the period and higher capitalization rate.

Other Income-net

Other income increased by 105% due to the higher sales forfeitures and cancellation, foreign exchange gain and sale of fly ash during the period.

Provision for Income Tax

Higher taxable income resulted in a 220-percent jump in consolidated provision for income tax (both current and deferred) during the period.

II. CONSOLIDATED FINANCIAL CONDITION

September 30, 2022 (Unaudited) vs December 31, 2021 (Audited)

The Company's financial condition for the period improved as total assets reached P251 billion, a 17% increase from December 31, 2021. Meanwhile, consolidated total equity increased by 31% to Php 143 billion.

Consolidated cash increased by 135% from Php 18.3 billion to Php 43.2 billion owing to higher coal, electricity and nickel sales. This is offset by the parent company's dividend payment and the subsidiaries loan repayment made during the period.

Receivables rose by 15% from Php 23.5 billion to Php 27.0 billion due mainly to the increase in coal and power sales, the bulk of which was made in the latter part of the quarter.

Contract assets (current and non-current) increased by 11% to Php 29.6 billion on the back of higher percentage of completion of DMCI Homes projects.

Consolidated inventories grew by 11% from Php 54.2 billion to Php 60.1 billion on higher coal inventory and power plant spare parts of SMPC. Higher constructions costs incurred on ongoing projects of DMCI Homes also contributed to inventory growth.

Other current assets decreased by 10% to Php 9.9 billion due mainly to amortization of prepayments and advances to suppliers.

Investments in associates and joint ventures is almost at par at Php 17.8 billion as a result of the net impact of the income take up and dividend received from Maynilad.

Property, plant and equipment stood at Php 57.1 billion from Php 59.4 billion as depreciation and depletion more than offset capital expenditures for the nine-month period.

Right-of-use assets decreased by 9% due to amortization.

Other noncurrent assets grew by 50% due mainly to higher refundable deposits and noncurrent prepayments.

The increase in accounts and other payables is mainly attributable to the government share payable of SMPC.

Contract liabilities (current and non-current) decreased by 11% to Php 14.6 billion due mainly to recoupment of customer's deposit.

From Php 53.0 billion, total debt (under short-term and long-term debt) grew by 4% to Php 55.3 billion following the net loan availment of DMCI Homes and DMCI Power, cushioned by loan payment of SMPC.

Liabilities for purchased land increased by 23% as a result of new land acquisition for real estate development.

Deferred tax liabilities grew by 15% on higher booked income compared to taxable income of real estate sales.

Pension liabilities rose by 32% due to accrual of retirement benefits expense.

Other noncurrent liabilities increased by 12% due mainly to advances from contract owners which will be recouped more than 12 months from the end of the reporting period.

Consolidated retained earnings stood at Php 91.3 billion at the end of September 2022, 30% uptick from Php 70.0 billion at the close of 2021 after generation of Php 27.6 billion net income and declaration of Php 6.4 billion dividend.

Non-controlling interest grew by 61% as a result of the non-controlling share in net income reduced by dividends to non-controlling interest of SMPC.

III. KEY PERFORMANCE INDICATORS

The Company and its Subsidiaries (the “Group”) use the following key performance indicators to evaluate its performance:

a) Segment Revenues
b) Segment Net Income (after Noncontrolling Interests)
c) Earnings Per Share
d) Return on Common Equity
e) Net Debt to Equity Ratio

SEGMENT REVENUES

	For the Period		Variance	
(in Php Millions)	2022	2021	Amount	%
Semirara Mining and Power Corporation	73,168	38,033	35,134	92%
DMCI Homes	17,818	18,862	(1,044)	-6%
D.M. Consunji, Inc.	14,674	16,467	(1,793)	-11%
DMCI Power	5,489	3,415	2,074	61%
DMCI Mining	2,877	2,998	(121)	-4%
Parent and Others	275	250	25	10%
Total Revenues	**114,301**	**80,025**	**34,276**	**43%**

The initial indicator of the Company's gross business results is seen in the movements in the different business segment revenues.

As shown above, consolidated revenues jumped by 43 % due to elevated coal, electricity and nickel prices.

CONSOLIDATED NET INCOME AFTER NON-CONTROLLING INTERESTS

	For the Period		Variance	
(in Php Millions)	2022	2021	Amount	%
Semirara Mining and Power Corporation	20,381	5,948	14,433	243%
DMCI Homes	3,853	3,225	628	19%
DMCI Mining	1,087	983	104	11%
D.M. Consunji, Inc.	676	585	91	16%
Maynilad	1,108	1,124	(16)	-1%
DMCI Power	549	428	121	28%
Parent and Others	(27)	15	(42)	-280%
Core Net Income	27,627	12,308	15,319	124%
Non-recurring Items	2	1,168	(1,166)	-100%
Reported Net Income	**27,629**	**13,476**	**14,153**	**105%**

The net income (after non-controlling interest) of the Company was driven by the improved results of most of its subsidiaries. Topline improved on the solid high coal and electricity prices, which resulted to better gross margin. This is slightly offset by higher (a) government share, (b) repairs and maintenance; (c) association dues and (d) outside services which led to a total uptick in net income by 105%.

EARNINGS PER SHARE

Earnings per share (EPS) pertains to the company's income allocated to each outstanding share of common stock. It serves as an indicator of the company's profitability.

The Company's consolidated basic and diluted EPS was Php 2.08/share for the nine-month period ended September 30, 2022, a 105% growth from Php 1.01/share EPS year-on-year.

RETURN ON COMMON EQUITY

Return on common equity is defined as the amount of net income a company earns per amount of shareholders equity. It is one of the common metrics used by investor to determine how effectively their capital is being reinvested. It is arrived at by dividing the net income share of the parent company over the average parent equity. The Company's return on common equity stood at 28% and 16% for the nine-month period of 2022 and 2021, respectively.

NET DEBT TO EQUITY RATIO
As a stockholder/investor, financial position and stability would be an important aspect. The Company tests its solvency and leverage exposure through the net debt to equity ratio. This test indicates the Company's ownership of creditors vs. owners/investors. Net debt to equity ratio is computed by dividing the interest-bearing loans net of cash and cash equivalents over total equity.

Total borrowings stood at Php 55.3 billion from Php 53.0 billion last year, which resulted to a net debt to equity ratio of 0.8:1 and 0.32:1 as of September 30, 2022 and December 31, 20201, respectively.

FINANCIAL SOUNDNESS RATIOS

	September 30, 2022	**December 31, 2021**
Current Ratio	3.16 times	2.25 times
Net Debt to Equity Ratio	0.08 times	0.32 times
Asset to Equity Ratio	1.76 times	1.98 times
	September 30, 2022	**September 30, 2021**
Return on Assets	19%	9%
Return on Common Equity	28%	16%
Interest Coverage Ratio	31 times	10 times
Gross Profit Margin	54%	32%
Net Profit Margin	38%	23%

PART II--OTHER INFORMATION

1. The Company's operation is a continuous process. It is not dependent on any cycle or season;
2. Economic and infrastructure developments in the country may affect construction business; Interest rate movements may affect the performance of the real estate industry; Mining activities are generally hinged on the commodities market and affected by weather conditions. Businesses not affected by known cycle, trends or uncertainties are power and water.
3. On April 1, 2022, the BOD of the Parent Company declared cash dividends amounting to Php 0.34 regular dividends per common share and Php 0.14 special dividends per common share for a total of Php 6.37 billion in favor of the stockholders of record as of April 19, 2022, and was paid on April 29, 2022.

4. On October 12, 2021, the BOD of the Parent Company declared cash dividends amounting Php 0.48 special dividends per common share for a total of Php 6.37 billion in favor of the stockholders of record as of October 26, 2021 and was paid on November 10, 2021.
5. On March 29, 2021, the BOD of the Parent Company declared cash dividends amounting Php 0.13 regular dividends per common share and Php 0.35 special dividends per common share for a total of Php 6.37 billion in favor of the stockholders of record as of April 15, 2021 and was paid on April 26, 2021.
6. There are no undisclosed material subsequent events and transferring of assets not in the normal course of business that have not been disclosed for the period that the Company has knowledge of.
7. There are no material contingencies during the interim period; events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation has been disclosed in the notes to financial statements.
8. There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons created during the reporting period.
9. Except for interest payments on loans, which the Company can fully service, the only significant commitment that would have a material impact on liquidity are construction guarantees. These are usually required from contractors in case of any damage/ destruction to a completed project.
10. Any known trends or any known demands, commitments, events or uncertainties that will result in or that will have a material impact on the registrant's liquidity. - None
11. The Group does not have any offering of rights, granting of stock options and corresponding plans therefore.
12. All necessary disclosures were made under SEC Form 17-C.

SIGNATURES

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

Issuer	DMCI Holdings, Inc.
Signature and Title	**Herbert M. Consunji** Executive Vice President & Chief Finance Officer
Signature and Title	**Joseph Adelbert V. Legasto** Deputy Chief Financial Officer
Date	November 7, 2022

DMCI HOLDINGS, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Amounts in Thousands)

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents	**₱ 43,171,653**	₱18,342,019
Receivables - net (Note 9)	**26,985,871**	23,537,419
Current portion of contract assets	**17,291,113**	14,063,912
Inventories	**60,148,676**	54,208,873
Other current assets	**9,941,864**	11,014,804
Total Current Assets	**157,539,177**	121,167,027
Noncurrent Assets		
Contract asset - net of current portion	**12,263,767**	12,455,643
Investments in associates and joint ventures (Note 6)	**17,801,432**	17,522,876
Investment properties	**105,732**	97,787
Property, plant and equipment	**57,131,066**	59,355,978
Exploration and evaluation asset	**347,342**	235,192
Pension assets - net	**804,695**	814,947
Deferred tax assets - net	**1,106,701**	598,948
Right-of-use assets	**131,975**	145,731
Other noncurrent assets	**4,125,560**	2,751,359
Total Noncurrent Assets	**93,818,270**	93,978,461
	₱ 251,357,447	₱215,145,488
LIABILITIES AND EQUITY		
Current Liabilities		
Short-term debt	**₱ 1,386,529**	₱1,039,363
Current portion of liabilities for purchased land	**1,034,374**	694,654
Accounts and other payables	**28,381,484**	28,122,229
Current portion of contract liabilities and other customers' advances and deposits	**11,219,497**	13,450,572
Current portion of long-term debt	**7,658,482**	10,396,191
Income tax payable	**164,435**	251,811
Total Current Liabilities	**49,844,801**	53,954,820

(Forward)

	September 30, 2022 (Unaudited)	December 31, 2021 (Audited)
Noncurrent Liabilities		
Contract liabilities - net of current portion	**₱3,421,703**	₱2,950,368
Long-term debt - net of current portion	**46,237,129**	41,613,047
Liabilities for purchased land - net of current portion	**904,772**	876,715
Deferred tax liabilities - net	**5,689,602**	4,961,965
Pension liabilities - net	**397,399**	301,256
Other noncurrent liabilities	**1,843,067**	1,640,705
Total Noncurrent Liabilities	**58,493,672**	52,344,056
Total Liabilities	**108,338,473**	106,298,876
Equity (Note 3)		
Equity attributable to equity holders of the Parent Company:		
Paid-in capital	**17,949,868**	17,949,868
Treasury shares - Preferred	**(7,069)**	(7,069)
Retained earnings	**91,295,315**	70,039,693
Premium on acquisition of non-controlling interests	**(817,958)**	(817,958)
Remeasurements on retirement plans - net of tax	**513,860**	513,860
Net accumulated unrealized gains on equity investments designated at FVOCI	**100,319**	100,319
Other equity	**(21,611)**	(21,611)
	109,012,724	87,757,102
Non-controlling interests	**34,006,250**	21,089,510
Total Equity	**143,018,974**	108,846,612
	₱ 251,357,447	₱215,145,488

DMCI HOLDINGS, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF INCOME

For the Period and Quarter Ended September 30, 2022 and 2021
(Amounts in Thousands, except for Earnings Per Share figures)

	For the period		For the quarter	
	Jan to Sep 2022	Jan to Sep 2021	**Jul to Sep 2022**	Jul to Sep 2021
REVENUE (Notes 4 and 8)				
Coal mining	**₱57,380,459**	₱26,758,712	**₱15,042,137**	₱9,719,401
Electricity sales	**21,276,538**	14,689,561	**8,249,428**	5,671,821
Real estate sales	**17,817,823**	18,861,630	**5,370,818**	5,850,773
Construction contracts	**14,673,892**	16,466,979	**3,841,581**	4,709,076
Nickel mining	**2,877,482**	2,998,327	**240,056**	338,378
Merchandise sales and others	**274,575**	249,599	**90,414**	75,691
	114,300,769	80,024,808	**32,834,434**	26,365,140
COSTS OF SALES AND SERVICES				
Coal mining	**15,417,430**	14,490,454	**4,735,786**	5,110,673
Electricity sales	**10,801,848**	9,437,343	**3,920,912**	3,803,208
Real estate sales	**12,152,309**	13,732,495	**3,621,703**	4,222,060
Construction contracts	**13,331,220**	15,300,018	**3,893,781**	4,432,460
Nickel mining	**864,037**	1,066,110	**121,683**	98,699
Merchandise sales and others	**198,920**	184,306	**66,125**	56,463
	52,765,764	54,210,726	**16,359,990**	17,723,563
GROSS PROFIT	**61,535,005**	25,814,082	**16,474,444**	8,641,577
OPERATING EXPENSES (Note 5)	**19,304,542**	9,016,319	**5,382,048**	3,284,046
	42,230,463	16,797,763	**11,092,396**	5,357,531
OTHER INCOME (EXPENSES)				
Equity in net earnings of associates (Note 6)	**1,152,008**	1,303,009	**399,504**	403,037
Finance income	**486,124**	297,368	**245,564**	87,760
Finance costs	**(797,007)**	(906,647)	**(225,823)**	(347,052)
Other income - net	**3,318,181**	1,619,277	**1,269,359**	620,870
INCOME BEFORE INCOME TAX	**46,389,769**	19,110,770	**12,781,000**	6,122,146
PROVISION FOR INCOME TAX	**3,077,002**	963,463	**1,035,361**	372,565
NET INCOME	**₱43,312,767**	₱18,147,307	**₱11,745,639**	₱5,749,581
NET INCOME ATTRIBUTABLE TO				
Equity holders of the Parent Company (Note 4)	**₱27,628,808**	₱13,476,305	**₱7,338,260**	₱3,993,440
Non-controlling interests	**15,683,959**	4,671,002	**4,407,379**	1,756,141
	₱ 43,312,767	₱18,147,307	**₱11,745,639**	₱5,749,581
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY-BASIC AND DILUTED (Note 7)	**₱ 2.08**	₱1.01	**₱0.55**	₱0.30

DMCI HOLDINGS, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the Period and Quarter Ended September 30, 2022 and 2021
(Amounts in Thousands)

	For the period		For the quarter	
	Jan to Sep 2022	Jan to Sep 2021	**Jul to Sep 2022**	Jul to Sep 2021
NET INCOME	**₱43,312,767**	₱18,147,307	**₱11,745,639**	₱5,749,581
OTHER COMPREHENSIVE INCOME (LOSS)				
Items to be reclassified subsequently to profit or loss				
Changes in fair values of investments in equity instruments designated at FVOCI	**–**	–	**–**	–
	–	–	**–**	–
Items not to be reclassified to profit or loss in subsequent periods				
Remeasurement gains on retirement plans	**–**	–	**–**	–
Income tax effect	**–**	–	**–**	–
	–	–	**–**	–
OTHER COMPREHENSIVE INCOME	**–**	–	**–**	–
TOTAL COMPREHENSIVE INCOME	**₱43,312,767**	₱18,147,307	**₱11,745,639**	₱5,749,581
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Equity holders of the Parent Company (Note 4)	**₱27,628,808**	₱13,476,305	**₱7,338,260**	₱3,993,440
Non-controlling interests	**15,683,959**	4,671,002	**4,407,379**	1,756,141
	₱43,312,767	₱18,147,307	**₱11,745,639**	₱5,749,581

DMCI HOLDINGS, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Period Ended September 30, 2022 and 2021
(Amounts in Thousands)

	Attributable to Equity Holders of the Parent Company											
	Capital Stock (Note 3)	Additional Paid-in Capital (Note 3)	Total Paid-in Capital (Note 3)	Treasury Shares - Preferred (Note 3)	Unppropriated Retained Earnings (Note 3)	Premium on Acquisition of Non-controlling Interest	Remeasurements on Retirement Plans	Net Accumulated Unrealized Gain on equity investments designated at FVOCI	Other Equity	Parent Equity	Non controlling Interests	Total Equity
	For the Period Ended September 30, 2022											
Balances as of January 1, 2022	**₱13,277,474**	**₱4,672,394**	**₱17,949,868**	**(₱7,069)**	**₱70,039,693**	**(₱817,958)**	**₱513,860**	**₱100,319**	**(₱21,611)**	**₱87,757,102**	**₱21,089,510**	**₱108,846,612**
Comprehensive income												
Net income	–	–	–	–	**27,628,808**	–	–	–	–	**27,628,808**	**15,683,959**	**43,312,767**
Other comprehensive income	–	–	–	–	–	–	–	–	–	–	–	–
Total comprehensive income	–	–	–	–	**27,628,808**	–	–	–	–	**27,628,808**	**15,683,959**	**43,312,767**
Cash dividends declared (Note 3)	–	–	–	–	**(6,373,186)**	–	–	–	–	**(6,373,186)**	**(2,767,219)**	**(9,140,405)**
Balances at September 30, 2022	**₱13,277,474**	**₱4,672,394**	**₱17,949,868**	**(₱7,069)**	**₱91,295,315**	**(₱817,958)**	**₱513,860**	**₱100,319**	**(₱21,611)**	**₱109,012,724**	**₱34,006,250**	**₱143,018,974**
	For the Period Ended September 30, 2021											
Balances as of January 1, 2021	₱13,277,474	₱4,672,394	₱17,949,868	(₱7,069)	₱64,391,833	(₱817,958)	₱149,316	₱99,131	(₱118,800)	₱81,646,321	₱19,556,451	₱101,202,772
Comprehensive income												
Net income	–	–	–	–	13,476,305	–	–	–	–	13,476,305	4,671,002	18,147,307
Other comprehensive income	–	–	–	–	–	–	–	–	–	–	–	–
Total comprehensive income	–	–	–	–	–	–	–	–	–	13,476,305	4,671,002	18,147,307
Cash dividends declared (Note 3)	–	–	–	–	(6,373,186)	–	–	–	–	(6,373,186)	(2,303,109)	(8,676,295)
Balances at September 30, 2021	₱13,277,474	₱4,672,394	₱17,949,868	(₱7,069)	₱71,494,952	(₱817,958)	₱149,316	₱99,131	(₱118,800)	₱88,749,440	₱21,924,344	₱110,673,784

DMCI HOLDINGS, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Period Ended September 30, 2022 and 2021
(Amounts in Thousands)

	September 30	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱46,389,769**	₱19,110,770
Adjustments for:		
Depreciation, depletion and amortization	**6,094,961**	6,702,438
Finance cost	**797,007**	906,647
Movement in net retirement asset	**106,395**	(238,161)
Net unrealized foreign exchange gain	**(1,786,203)**	(108,244)
Equity in net earnings of associates and joint ventures	**(1,152,008)**	(1,303,009)
Finance income	**(486,124)**	(297,368)
Gain or loss on sale property, plant and equipment	**(46,873)**	–
Movement in net retirement liability	**–**	–
Gain on sale of undeveloped land	**–**	(203,362)
Operating income before changes in working capital	**49,916,924**	24,569,711
Decrease (increase) in:		
Inventories	**(6,596,553)**	2,014,249
Receivables and contract assets	**(6,483,777)**	(10,543,358)
Other current assets	**1,072,940**	(1,304,997)
Increase (decrease) in:		
Accounts and other payables	**4,120,990**	1,767,507
Contract liabilities and other customer advances and deposits	**(1,792,309)**	(1,016,386)
Liabilities for purchased land	**367,777**	(360,628)
Cash generated from operations	**40,605,992**	15,126,098
Income taxes paid	**(2,944,493)**	(1,085,833)
Interest paid and capitalized as cost of inventory	**(1,198,426)**	(1,003,324)
Interest received	**486,124**	297,368
Net cash provided by operating activities	**36,949,197**	13,334,309
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to:		
Property, plant and equipment	**(5,787,600)**	(5,093,901)
Exploration and evaluation asset	**(112,150)**	(6,132)
Investment properties	**(16,163)**	(346)
Proceeds from disposal of property, plant and equipment	**93,413**	1,299
Dividends received	**759,831**	**805,000**
Interest paid and capitalized as part of property, plant and equipment	**(1,188)**	(3,162)
Proceeds from sale of undeveloped land	**–**	469,388
Decrease (increase) in other noncurrent assets	**(1,372,970)**	(202,222)
Net cash used in investing activities	**(6,436,827)**	(4,030,076)

(Forward)

	September 30	
	2022	2021
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from:		
Long-term debt	**₱9,886,892**	₱13,790,407
Short-term debt	**1,688,318**	1,071,735
Payments of:		
Long-term debt	**(8,506,589)**	(5,232,113)
Dividends paid to equity holders of parent company	**(6,373,186)**	(6,373,186)
Dividends to non-controlling interests	**(2,767,218)**	(2,303,108)
Short-term debt	**(835,081)**	(5,625,000)
Interest	**(797,007)**	(995,908)
Increase/ (decrease) in other noncurrent liabilities	**234,932**	1,567,839
Net cash used in financing activities	**(7,468,939)**	(4,099,334)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**1,786,203**	108,244
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**24,829,634**	5,313,143
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**18,342,019**	18,918,450
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**₱43,171,653**	₱24,231,593

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

1. Corporate Information

DMCI Holdings, Inc. (the Parent Company) was incorporated on March 8, 1995 with a corporate life of 50 years from and after the date of incorporation and is domiciled in the Philippines. The Parent Company's registered office address and principal place of business is at 3rd Floor, Dacon Building, 2281 Chino Roces Avenue, Makati City.

The Parent Company and its subsidiaries (collectively referred to herein as the Group) is primarily engaged in general construction, coal and power generation, real estate development, water concession, nickel mining and manufacturing.

The Parent Company's shares of stock are listed and are currently traded at the Philippine Stock Exchange (PSE).

The accompanying consolidated financial statements were approved and authorized for issue by the Board of Directors (BOD) on November 7, 2022.

2. Summary of Significant Accounting Policies

<u>Basis of Preparation</u>
The interim unaudited condensed consolidated financial statements of the Group have been prepared in accordance with Philippine Accounting Standards (PAS) 34, *Interim Financial Reporting*. Accordingly, the unaudited condensed consolidated financial statements do not include all of the information and disclosures required in the annual audited financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at December 31, 2021.

The interim financial statements have been prepared using the historical cost basis, except for financial assets at fair value through profit or loss (FVPL) and at fair value through comprehensive income (FVOCI) financial assets that have been measured at fair value. The Group's functional and presentation currency is the Philippine Peso (₱). All amounts are rounded to the nearest thousand (₱000), unless otherwise indicated.

<u>Statement of Compliance</u>
The interim unaudited condensed consolidated financial statements of the Group have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs), which include availment of the relief granted by the Securities and Exchange Commission (SEC) under Memorandum Circular No. 14, Series of 2018, Memorandum Circular No. 3, Series of 2019 and Memorandum Circular No. 4, Series of 2020. PFRS include Philippine Financial Reporting Standards, Philippine Accounting Standards and Interpretations issued by Philippine Interpretations Committee (PIC).

<u>Basis of Consolidation</u>
The interim unaudited condensed consolidated financial statements comprise the financial statements of the Group as of September 30, 2022 and December 31, 2021.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included or excluded in the consolidated financial statements from the date the Group gains control or until the date the Group ceases to control the subsidiary.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company and to the noncontrolling interests (NCI), even if this results in the NCI having a deficit balance. The consolidated financial statements are prepared using uniform accounting policies for like transactions and other similar events. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary, the carrying amount of any noncontrolling-interests and the cumulative translation differences recorded in equity.
- Recognizes the fair value of the consideration received, the fair value of any investment retained and any surplus or deficit in profit or loss.
- Reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss or retained earnigns, as appropriate.

The consolidated financial statements include the financial statements of the Parent Company and the following subsidiaries (which are all incorporated in the Philippines). The voting rights held by the Group in these subsidiaries are in proportion of their ownership interest.

	Nature of Business	2022 Direct	2022 Indirect	2022 Effective Interest	2021 Direct	2021 Indirect	2021 Effective Interest
				(In percentage)			
General Construction:							
D.M. Consunji, Inc. (DMCI)	General Construction	**100.00**	**–**	**100.00**	100.00	–	100.00
Beta Electromechanical Corporation (Beta Electric) [1]	General Construction	**–**	**53.20**	**53.20**	–	53.20	53.20
Raco Haven Automation Philippines, Inc. (Raco) [1]	Non-operating	**–**	**50.14**	**50.14**	–	50.14	50.14
Oriken Dynamix Company, Inc. (Oriken) [1]	Non-operating	**–**	**89.00**	**89.00**	–	89.00	89.00
DMCI Technical Training Center (DMCI Training) [1]	Services	**–**	**100.00**	**100.00**	–	100.00	100.00
Bulakan North Gateway Holdings Inc (Bulakan North)[1]	Non-operating	**–**	**100.00**	**100.00**	–	100.00	100.00
Real Estate:							
DMCI Project Developers, Inc. (PDI)	Real Estate Developer	**100.00**	**–**	**100.00**	100.00	–	100.00
DMCI-PDI Hotels, Inc. (PDI Hotels) [2]	Hotel Operator	**–**	**100.00**	**100.00**	–	100.00	100.00
DMCI Homes Property Management Corporation (DPMC) [2]	Property Management	**–**	**100.00**	**100.00**	–	100.00	100.00
Zenith Mobility Solutions Services, Inc. (ZMSSI)[2]	Services	**–**	**100.00**	**100.00**	–	100.00	100.00
Riviera Land Corporation (Riviera) [2]	Real Estate Developer	**–**	**100.00**	**100.00**	–	100.00	100.00
Hampstead Gardens Corporation (Hampstead) [2*]	Real Estate Developer	**–**	**100.00**	**100.00**	–	100.00	100.00
DMCI Homes, Inc. (DMCI Homes) [2*]	Marketing Arm	**–**	**100.00**	**100.00**	–	100.00	100.00
L & I Development Corporation (LIDC)	Real estate Developer	**–**	**100.00**	**100.00**	–	100.00	100.00
Coal Mining:							
Semirara Mining and Power Corporation (SMPC)	Mining	**56.65**	**–**	**56.65**	56.65	–	56.65
On-Grid Power:							
Sem-Calaca Power Corporation (SCPC) [3]	Power Generation	**–**	**56.65**	**56.65**	–	56.65	56.65
Southwest Luzon Power Generation Corporation (SLPGC) [3]	Power Generation	**–**	**56.65**	**56.65**	–	56.65	56.65
Sem-Calaca RES Corporation (SCRC) [3]	Retail	**–**	**56.65**	**56.65**	–	56.65	56.65
SEM-Cal Industrial Park Developers, Inc. (SIPDI) [3]	Non-operational	**–**	**56.65**	**56.65**	–	56.65	56.65
Semirara Energy Utilities, Inc. (SEUI) [3]	Non-operational	**–**	**56.65**	**56.65**	–	56.65	56.65

(Forward)

	Nature of Business	2022 Direct	2022 Indirect	2022 Effective Interest	2021 Direct	2021 Indirect	2021 Effective Interest
				(In percentage)			
Southeast Luzon Power Generation Corporation (SeLPGC) [3]	Non-operational	–	**56.65**	**56.65**	–	56.65	56.65
Semirara Claystone, Inc. (SCI) [3]	Non-operational	–	**56.65**	**56.65**	–	56.65	56.65
St. Raphael Power Generation Corporation (SRPGC) [3]	Non-operational	–	**56.65**	**56.65**	–	56.65	56.65
Off-Grid Power:							
DMCI Power Corporation (DPC)	Power Generation	**100.00**	**–**	**100.00**	100.00	–	100.00
DMCI Masbate Power Corporation (DMCI Masbate) [4]	Power Generation	–	**100.00**	**100.00**	–	100.00	100.00
Nickel Mining:							
DMCI Mining Corporation (DMC)	Holding Company	**100.00**	**–**	**100.00**	100.00	–	100.00
Berong Nickel Corporation (BNC) [5]	Mining	–	**74.80**	**74.80**	–	74.80	74.80
Ulugan Resouces Holdings, Inc. (URHI) [5]	Holding Company	–	**30.00**	**30.00**	–	30.00	30.00
Ulugan Nickel Corporation (UNC) [5]	Holding Company	–	**58.00**	**58.00**	–	58.00	58.00
Nickeline Resources Holdings, Inc. (NRHI) [5]	Holding Company	–	**58.00**	**58.00**	–	58.00	58.00
TMM Management, Inc. (TMM) [5]	Services	–	**40.00**	**40.00**	–	40.00	40.00
Zambales Diversified Metals Corporation (ZDMC) [5]	Mining	–	**100.00**	**100.00**	–	100.00	100.00
Zambales Chromite Mining Company Inc. (ZCMC) [5]	Non-operational	–	**100.00**	**100.00**	–	100.00	100.00
Fil-Asian Strategic Resources & Properties Corporation (FASRPC) [5]	Non-operational	–	**100.00**	**100.00**	–	100.00	100.00
Montague Resources Philippines Corporation (MRPC) [5]	Non-operational	–	**100.00**	**100.00**	–	100.00	100.00
Montemina Resources Corporation (MRC) [5]	Non-operational	–	**100.00**	**100.00**	–	100.00	100.00
Mt. Lanat Metals Corporation (MLMC) [5]	Non-operational	–	**100.00**	**100.00**	–	100.00	100.00
Fil-Euro Asia Nickel Corporation (FEANC) [5]	Non-operational	–	**100.00**	**100.00**	–	100.00	100.00
Heraan Holdings, Inc. (HHI) [5]	Holding Company	–	**100.00**	**100.00**	–	100.00	100.00
Zambales Nickel Processing Corporation (ZNPC) [5]	Non-operational	–	**100.00**	**100.00**	–	100.00	100.00
Zamnorth Holdings Corporation (ZHC) [5]	Holding Company	–	**100.00**	**100.00**	–	100.00	100.00
ZDMC Holdings Corporation (ZDMCHC) [5]	Holding Company	–	**100.00**	**100.00**	–	100.00	100.00
Manufacturing:							
Semirara Cement Corporation (SemCem)	Non-operational	**100.00**	**–**	**100.00**	100.00	–	100.00
Wire Rope Corporation of the Philippines (Wire Rope)	Manufacturing	**45.68**	**16.02**	**61.70**	45.68	16.02	61.70

*Ongoing liquidation.
[1] DMCI's subsidiaries. Bulakan North was incorporated on October 10, 2019 and has not yet started commercial operations.
[2] PDI's subsidiaries. In 2020, ZMSSI became a wholly-owned subsidiary thru the acquisition of 49% noncontrolling-interests. In addition, on October 1, 2020, PDI entered into a share purchase agreement to acquire 100% of the total outstanding shares of LIDC. The acquisition of LIDC was accounted for as an asset acquisition (see Note 3).
[3] SMPC's subsidiaries. During the year, SMPC entered into a deed of assignment for acquisition of remaining 50% ownership interest in SRPGC. The acquisition of SRPGC was accounted for as an asset acquisition (see Note 3).
[4] DPC's subsidiaries.
[5] DMC's subsidiaries.

Noncontrolling Interests

Noncontrolling interests represent the portion of profit or loss and net assets not owned, directly or indirectly, by the Group.

Noncontrolling interests are presented separately in the consolidated statement of income, consolidated statement of comprehensive income, and within equity in the consolidated statement of financial position, separately from parent shareholder's equity. Any losses applicable to the noncontrolling interests are allocated against the interests of the noncontrolling interest even if this results to the noncontrolling interest having a deficit balance. The acquisition of an additional ownership interest in a subsidiary without a change of control is accounted for as an equity transaction. Any excess or deficit of consideration paid over the carrying amount of the noncontrolling interest is recognized in equity of the parent in transactions where the noncontrolling interest are acquired or sold without loss of control.

The proportion of ownership interest held by noncontrolling interests on the consolidated subsidiaries are presented below. The voting rights held by the Group in these subsidiaries are in proportion of their ownership interest.

	(In Percentage)
Beta Electromechanical Corporation (Beta Electromechanical)	46.80
Raco Haven Automation Philippines, Inc. (Raco)	49.86
Oriken Dynamix Company, Inc. (Oriken)	11.00
Semirara Mining and Power Corporation (SMPC)	43.35
Sem-Calaca Power Corporation (SCPC)	43.35
Southwest Luzon Power Generation Corporation (SLPGC)	43.35
Sem-Calaca RES Corporation (SCRC)	43.35
SEM-Cal Industrial Park Developers, Inc. (SIPDI)	43.35
Semirara Energy Utilities, Inc. (SEUI)	43.35
Southeast Luzon Power Generation Corporation (SeLPGC)	43.35
Semirara Claystone, Inc. (SCI)	43.35
St. Raphael Power Generation Corporation (SRPGC)	43.35
Berong Nickel Corporation (BNC)	25.20
Ulugan Resouces Holdings, Inc. (URHI)	70.00
Ulugan Nickel Corporation (UNC)	42.00
Nickeline Resources Holdings, Inc. (NRHI)	42.00
TMM Management, Inc. (TMM)	60.00
Wire Rope Corporation of the Philippines (Wire Rope)	38.30

In 2020, ZMSSI and SRPGC became wholly-owned subsidiaries of the Group. PDI acquired the remaining 49% noncontrolling-interest in ZMSSI during the year. Equity shareholdings of the joint venture partner in SRPGC of 50% was acquired by SMPC upon the termination of the joint venture arrangement between the parties.

Changes in Accounting Policies and Disclosures

The accounting policies adopted in the preparation of the Group's consolidated financial statements are consistent with those of the previous financial year, except for the adoption of the following new accounting pronouncements.

Effective beginning on or after January 1, 2022

- Amendments to PFRS 9, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform – Phase 2*

  The amendments provide the following temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR):
  - Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform
  - Relief from discontinuing hedging relationships
  - Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

The Group shall also disclose information about:

- The nature and extent of risks to which the entity is exposed arising from financial instruments subject to IBOR reform, and how the entity manages those risks; and,
- Their progress in completing the transition to alternative benchmark rates, and how the entity is managing that transition.

The amendments are effective for annual reporting periods beginning on or after January 1, 2021 and apply retrospectively, however, the Group is not required to restate prior periods.

- Amendments to PFRS 3, *Reference to the Conceptual Framework*
  The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, *Business Combinations* to avoid the issue of potential 'day 2'gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or Philippine-IFRIC 21, *Levies*, if incurred separately.

  At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and apply prospectively.

- Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use*
  The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

  The amendment is effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

  The amendments are not expected to have a material impact on the Group.

- Amendments to PAS 37, *Onerous Contracts – Costs of Fulfilling a Contract*
  The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

Effective beginning on or after January 1, 2023

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

  The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

  The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

  An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented for annual reporting periods on or after January 1, 2023.

- Amendments to PAS 8, *Definition of Accounting Estimates*

  The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

  An entity applies the amendments to changes in accounting policies and changes in accounting estimates that occur on or after January 1, 2023 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

  The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

  - Replacing the requirement for entities to disclose their ‘significant’ accounting policies with a requirement to disclose their ‘material’ accounting policies, and
  - Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

  The amendments to the Practice Statement provide non-mandatory guidance. Meanwhile, the amendments to PAS 1 are effective for annual periods beginning on or after January 1, 2023. Early application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on the Group.

Effective beginning on or after January 1, 2024

- Amendments to PAS 1*, Classification of Liabilities as Current or Non-current*

  The amendments clarify paragraphs 69 to 76 of PAS 1, *Presentation of Financial Statements*, to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:
  - What is meant by a right to defer settlement
  - That a right to defer must exist at the end of the reporting period
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

  The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. However, in November 2021, the International Accounting Standards Board (IASB) tentatively decided to defer the effective date to no earlier than January 1, 2024. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*
  PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This is not expected to apply to the Group.

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

  The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

  On January 13, 2016, the Financial Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the IASB completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

3. **Equity**

Capital Stock

As of September 30, 2022 and December 31, 2021, the Parent Company's capital stock consists of:

Authorized capital stock

	No. of shares
Common stock, ₱1 par value	19,900,000,000
Preferred stock - ₱1 par value	100,000,000

Outstanding capital stock

	No. of shares
Common shares	13,277,470,000
Preferred shares	3,780
Less: treasury shares	2,820
	960

The preferred stock is redeemable, convertible, non-voting, non-participating and cumulative with par value of ₱1.00 per share. The preferred shareholders' right of converting the preferred shares to common shares expired in March 2002.

On October 1, 2018, the Board authorized the Parent Company to make an offer (the "Redemption Offer") to the outstanding preferred shareholders for the Parent Company to acquire the remaining outstanding 3,780 preferred shares at the purchase price of ₱2,500 per preferred share from October 8 to November 29, 2018. The Redemption Offer is intended to provide the preferred shareholders a final chance to divest of their preferred shares in view of their previous inability to avail of the Exchange Offer in 2002. On November 29, 2018, the Parent Company has redeemed a total of 2,820 preferred shares for a total cost of ₱7.07 million.

On May 21, 2019, the Stockholders approved the amendment of Articles of Incorporation to increase the Par Value of Preferred Shares from ₱1.00 to ₱1,000 per Preferred Share.

Retained Earnings

On April 1, 2022, the BOD approved the declaration of (1) *regular cash dividends* in the amount of ₱0.34 per common share or a total of ₱4,514.34 million; and (2) *special cash dividends* of ₱0.14 per common share or a total of ₱1,858.85 million, or a grand total of ₱6,373.19 million out of the unrestricted retained earnings of the Parent Company as of March 31, 2022, in favor of the common stockholders of record as of April 19, 2022, and was paid on April 29, 2022.

On October 12, 2021, the BOD approved the declaration of cash dividends amounting Php 0.48 special dividends per common share for a total of ₱6,373.19 million out of the unrestricted retained earnings of the Parent Company as of October 12, 2021, in favor of the stockholders of record as of October 26, 2021 and was paid on November 10, 2021.

On March 29, 2021, the BOD approved the declaration of (1) *regular cash dividends* in the amount of ₱0.13 per common share or a total of ₱1,726.07 million; and (2) *special cash dividends* of ₱0.35 per common share or a total of ₱4,647.12 million, or a grand total of ₱6,373.19 million out of the unrestricted retained earnings of the Parent Company as of March 25, 2021, in favor of the common stockholders of record as of April 15, 2021, and was paid on April 26, 2021.

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares. There were no changes made in the Group's capital management objectives, policies or processes. The Group considers total equity attributable to equity holders of the Parent Company less net accumulated unrealized gain or loss on equity investments designated at FVOCI as capital.

The Group is not subject to any externally imposed capital requirements.

4. Business Segments

The following tables present the net income of the specific business segments for the period ended September 30, 2022 and 2021:

Segment Revenues

	For the period		Variance	
(in PHP Millions)	**September 2022**	September 2021	Amount	%
Semirara Mining and Power Corporation	**₱73,168**	₱38,033	₱35,135	92%
DMCI Homes	**17,818**	18,862	(1,044)	-6%
D.M. Consunji, Inc.	**14,674**	16,467	(1,793)	-9%
DMCI Power (SPUG)	**5,489**	3,415	2,074	61%
DMCI Mining	**2,877**	2,998	(121)	-4%
Parent and others	**275**	250	25	10%
	₱114,301	₱80,025	₱34,276	2%

Net income after non-controlling interests

	For the period		Variance	
(in PHP Millions)	**September 2022**	September 2021	Amount	%
Semirara Mining and Power Corporation	**₱20,381**	₱5,948	₱14,433	243%
DMCI Homes	**3,853**	3,225	628	19%
Maynilad	**1,108**	1,124	(16)	-1%
DMCI Mining	**1,087**	983	104	11%
D.M. Consunji, Inc.	**676**	585	91	16%
DMCI Power (SPUG)	**549**	428	121	28%
Parent and others	**(27)**	15	(42)	-280%
Core net income	**27,627**	12,308	15,319	124%
Non-recurring items	**2**	1,168	(1,166)	-100%
	₱27,629	₱13,476	₱14,153	105%

5. Operating Expenses

The following tables present the consolidated operating expenses for the period ended September 30, 2022 and 2021:

	2022	2021
Government share	**₱13,688,925**	₱4,047,255
Salaries, wages and employee benefits	**1,701,870**	1,556,948
Taxes and licenses	**1,156,287**	1,173,943
Repairs and maintenance	**751,611**	393,332
Outside services	**376,159**	284,973
Insurance	**294,828**	230,732
Supplies	**193,619**	139,831
Advertising and marketing	**189,982**	136,666
Association dues	**170,471**	75,354
Depreciation, depletion and amortization	**158,756**	190,993
Entertainment, amusement and recreation	**95,599**	89,179
Transportation and travel	**94,576**	42,756
Communication, light and water	**82,692**	109,944
Rent	**37,943**	45,349
Loss on writedown of property, plant and equipment	**10,868**	-
Miscellaneous expense	**300,356**	499,064
	₱19,304,542	₱9,016,319

6. Summarized Financial Information of Interests in Related Entities

Financial information as of and for the period ended September 30, 2022 and December 30, 2021 on the Group's subsidiary with material non-controlling interest (NCI) follows:

Semirara Mining and Power Corporation and Subsidiaries (SMPC)

(in millions)	**September 30, 2022**	December 31, 2021
Statements of Financial Position		
Current assets	**₱57,119**	₱26,933
Noncurrent assets	**42,727**	44,712
Current liabilities	**15,366**	14,595
Noncurrent liabilities	**9,291**	11,440
Equity	**75,189**	45,610

(in millions)	**September 30, 2022**	September 30, 2021
Statements of Comprehensive Income		
Revenue	**₱73,168**	₱38,033
Net income	**35,955**	10,295
Other comprehensive income	**–**	–
Total comprehensive income	**35,955**	10,295

Financial information as of and for the period ended September 30, 2022 and December 31, 2021 on the Group's material interest in associate follows:

Maynilad Water Holdings Company, Inc. and Subsidiaries

(in millions)	**September 30, 2022**	December 31, 2021
Statements of Financial Position		
Current assets	**₱9,162**	₱14,084
Noncurrent assets	**130,172**	123,331
Current liabilities	**24,170**	21,995
Noncurrent liabilities	**45,767**	47,149
Equity	**69,397**	68,271

(in millions)	**September 30, 2022**	September 30 2021
Statements of Comprehensive Income		
Revenue	**₱17,128**	₱16,618
Net income	**4,225**	5,019
Other comprehensive income	**–**	–
Total comprehensive income	**4,225**	5,019

Investment in Maynilad Water Holdings Company, Inc. (MWHCI) is accounted for using the equity method. Equity in net earnings in the nine months ended September 30 amounted to ₱1,066.58 million in 2022 and ₱1,267.19 million in 2021.

Financial information as of and for the period ended September 30, 2022 and December 31, 2021 on the Group's immaterial interest in associate and joint ventures follows:

Subic Water

On January 22, 1997, PDI subscribed to 3.26 million shares at the par value of ₱10 per share for an aggregate value of ₱32.62 million in Subic Water, a joint venture company among Subic Bay Metropolitan Authority (SBMA), a government-owned corporation, Olongapo City Water District, and Cascal Services Limited (a company organized under the laws of England).

The Group owns a total of 30% of Subic Water's outstanding capital stock after the sale of 10% share to the City of Olongapo on March 23, 2016.

The investment in Subic Water is accounted for as an investment in an associate using the equity method. The carrying amount of the investment in associate amounted to ₱357.41 million and ₱293.23 million as of September 30, 2022 and December 31, 2021, respectively. The unaudited share in net earnings amounted to ₱24.25 million and ₱28.28 million for the period ended September 30, 2022 and 2021, respectively.

RLC DMCI Property Ventures Inc (RDPVI).

In March 2019, the RLC DMCI Property Ventures Inc., a joint venture agreement with Robinsons Land Corporation, was incorporated to purchase, acquire and develop into a residential condominium project a portion of the parcels of land situated in Las Pinas City with an area of fourteen thousand four hundred ninety-two (14,492) square meters or less. Initial capitalization to the joint venture from DMCI PDI amounted to ₱500 million. The carrying amount of the investment amounted to ₱505.08 million and ₱474.41 million as of September 30, 2022 and December 31, 2021, respectively.

DMC Estate Development Ventures, Inc. (DMC EDVI)
In June 2021, the Group and DMC Urban Property Developers Inc. (UPDI) entered into a joint venture agreement to purchase, acquire and develop parcels of land into condominium project for residential and commercial uses. Each party holds a 50% ownership interest in the joint venture. Initial capitalization to the joint venture from DMCI PDI amounted to ₱125 million.

7. Earnings Per Share

The following table presents information necessary to calculate basic and diluted earnings per share on net income attributable to equity holders of the Parent Company (in thousands except basic earnings per share):

Basic/diluted earnings per share

	For the period (2022)	For the period (2021)	**For 3rd Quarter (2022)**	For 3rd Quarter (2021)
Net income attributable to equity holders of Parent Company	**₱27,628,808**	₱13,476,305	**₱7,338,260**	₱3,993,440
Divided by weighted average number of common shares	**13,277,470**	13,277,470	**13,277,470**	13,277,470
Basic and diluted earnings per share	**₱2.08**	₱1.01	**₱0.55**	₱0.30

8. Related Party Transactions

Related parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making the financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

Transactions entered into by the Group with related parties are at arm's length and have terms similar to the transactions entered into with third parties. In the regular course of business, the Group's significant transactions with related parties include the following:

a. Engineering and construction works of the water business is contracted to the construction segment of the Group. These projects are bid out to various contractors and are awarded on arm's length transactions. Booked revenues from these contracts amounted to ₱913.14 million and ₱197 million for the period ended September 30, 2022 and 2021, respectively.

b. An affiliate had transactions with the Group for services rendered relating to the Group's coal operations. These include services for the confirmatory drilling for coal reserve and evaluation of identified potential areas, exploratory drilling of other minerals within the Island, dewatering well drilling along the mine and fresh water well drilling for industrial and domestic supply under an agreement.

   The affiliate also provides to the group marine vessels for use in the delivery of coal to its various customers. The coal freight billing is on a per metric ton basis plus demurrage charges when delay will be incurred in the loading and unloading of coal cargoes.

c. An affiliate of the Group transports visitors and employees from point to point in relation to the Group's ordinary course of business and vice versa and bills the related party for the utilization costs of the aircrafts.

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9. Financial Risk Management Objectives and Policies

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

The main risks arising from the use of financial instruments are liquidity risk, market risk and credit risk. The Group’s BOD reviews and approves policies for managing each of these risks and they are summarized below.

a. *Liquidity Risk*

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

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

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

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

b. *Market Risk*

Market risk is the risk of loss to future earnings, to fair values or to future cash flows that may result from changes in the price of a financial instrument. The value of a financial instrument may change as a result of changes in equity prices, market prices, interest rates and foreign currency exchange rates.

The sensitivity analyses have been prepared on the following bases:

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

The assumption used in calculating the sensitivity analyses of the relevant income statement item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at September 30, 2022 and December 31, 2021.

Equity Price Risk
The Group's equity price risk exposure at year-end relates to financial assets whose values will fluctuate as a result of changes in market prices, principally, equity securities classified as Equity investment designated at FVOCI.

Quoted securities are subject to price risk due to changes in market values of instruments arising either from factors specific to individual instruments or their issuers or factors affecting all instruments traded in the market. The Group's market risk policy requires it to manage such risks by setting and monitoring objectives and constraints on investments; diversification plan; and limits on investment in each industry or sector.

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

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

As the coal price is reset on a periodic basis under coal supply agreements, this may increase its exposure to short-term coal price volatility.

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

To mitigate this risk, the Group continues to improve the quality of its coal and diversify its market from power industry, cement industry, other local industries and export market. This will allow flexibility in the distribution of coal to its target customers in such manner that minimum target average price of its coal sales across all its customers will still be achieved. Also, in order to mitigate any negative impact resulting from price changes, it is the Group's policy to set minimum contracted volume for customers with long term supply contracts for each given period (within the duration of the contract) and pricing is negotiated on a monthly basis to even out the impact of any fluctuation in coal prices, thus, protecting its target margin. The excess volumes are allocated to spot sales which may command different price than those contracted already since the latter shall follow pricing formula per contract.

Nevertheless, on certain cases temporary adjustments on coal prices with reference to customers following a certain pricing formula are requested in order to recover at least the cost of coal if the resulting price is abnormally low vis-à-vis cost of production (i.e., abnormal rise in cost of fuel, foreign exchange).

Below are the details of the Group's coal sales to the domestic market and to the export market (as a percentage of total coal sales volume):

	September 30, 2022	December 31, 2021
Domestic market	**39%**	27%
Export market	**61%**	73%

The following table shows the effect on income before income tax should the change in the prices of coal occur based on the inventory of the Group as of September 30, 2022 and December 31, 2021 with all other variables held constant. The change in coal prices used in the simulation assumes fluctuation from the lowest and highest price based on one-year historical price movements in 2022 and 2021.

	Effect on income before income tax	
Change in coal price (in thousands)	**September 30, 2022**	December 31, 2021
Based on ending coal inventory		
Increase by 22% in 2022 and 83% in 2021	**₱713,810**	₱916,186
Decrease by 22% in 2022 and 83% in 2021	**(713,810)**	(916,186)
Based on coal sales volume		
Increase by 69% in 2022 and 155% in 2021	**3,765,418**	12,103,657
Decrease by 69% in 2022 and 155% in 2021	**(3,765,418)**	(12,103,657)

Interest Rate Risk

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

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in interest rates, with all variables held constant, through the impact on floating rate borrowings:

	Effect on income before income tax	
Basis points (in thousands)	**September 30, 2022**	December 31, 2021
+100	**(₱119,723)**	(₱185,760)
-100	**119,723**	185,760

The sensitivity analyses shown above are based on the assumption that the interest movements will be more likely be limited to hundred basis points upward or downward fluctuation in both 2022 and 2021. The forecasted movements in percentages of interest rates used were derived based on the Group's historical changes in the market interest rates on unsecured bank loans.

There was no effect on the equity other than those affecting the income before tax.

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

The Group does not have any foreign currency hedging arrangements.

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

	September 30, 2022				
	U.S. Dollar	**Japanese Yen**	**UK Pounds**	**Euro**	**Equivalent in PHP**
Financial assets					
Cash and cash equivalents	**$177,092**	**¥254,328**	**£11**	**€1,111**	**₱10,603,712**
Receivables	**4,587**	**–**	**–**	**–**	**270,217**
	181,679	**254,328**	**11**	**1,111**	**10,873,929**
Financial liabilities					
Accounts payable and accrued expenses	**43,777**	**–**	**–**	**–**	**2,578,878**
	$137,902	**¥254,328**	**£11**	**€1,111**	**₱8,295,051**

The following tables demonstrates the sensitivity to a reasonably possible change in foreign exchange rates, with all variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities) as of September 30, 2022 (amounts in thousands):

	Exchange rate movement	**Effect on profit before tax**
In Peso per US Dollar		
Increase	**₱2**	**₱275,804**
Decrease	**(2)**	**(275,804)**
In Peso per Japanese Yen		
Increase	**2**	**508,655**
Decrease	**(2)**	**(508,655)**
In Peso per UK Pound		
Increase	**2**	**21**
Decrease	**(2)**	**(21)**
In Peso per Euro		
Increase	**2**	**2,222**
Decrease	**(2)**	**(2,222)**

There is no impact on the Group's equity other than those already affecting profit or loss. The movement in sensitivity analysis is derived from current observations on movement in dollar average exchange rates.

c. *Credit Risk*

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Group's maximum exposure to credit risk for the components of the statement of financial position at September 30, 2022 and December 31, 2021 is the carrying amounts except for real estate receivables. The Group's exposure to credit risk arises from default of the counterparties which include certain financial institutions, real estate buyers, subcontractors, suppliers and various electric companies. Credit risk management involves dealing only with recognized, creditworthy third parties. It is the Group's policy that all counterparties who wish to trade on credit terms are subject to credit verification procedures. The Treasury Department's policy sets a credit limit for each counterparty. In addition, receivable balances are monitored on an ongoing basis. The Group's financial assets are not subject to collateral and other credit enhancement except for real estate receivables. As of September 30, 2022 and December 31, 2021, receivables that are doubtful of collection had been provided with allowance.

Real estate contracts

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables and contract assets are regularly monitored.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses (using incurred loss model prior to adoption of PFRS 9). The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. Title of the real estate property is only transferred to the customer if the consideration had been fully paid. In case of default, after enforcement activities, the Group has the right to cancel the sale and enter into another CTS to another customer after certain proceedings (e.g. grace period, referral to legal, cancellation process, reimbursement of previous payments) had been completed. Given this, based on the experience of the Group, the maximum exposure to credit risk at the reporting date is nil considering that fair value less cost to repossess of the real estate projects is higher than the exposure at default (i.e., recovery rate is more than 100%). The Group evaluates the concentration of risk with respect to trade receivables and contract assets as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

Electricity sales

The Group earns substantially all of its revenue from bilateral contracts, WESM and from various electric companies. WESM and the various electric companies are committed to pay for the energy generated by the power plant facilities.

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

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

The Group generally offers 80% of coal delivered payable within thirty (30) days upon receipt of billing and the remaining 20% payable within 15 days after receipt of final billing based on final analysis of coal delivered.

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

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information.

Generally, trade receivables are writtenoff when deemed unrecoverable and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets.

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

Given the Group's diverse base of counterparties, it is not exposed to large concentrations of credit risk.

Cash and Cash Equivalents
Cash and cash equivalents are short-term placements and working cash fund placed, invested or deposited in foreign and local banks belonging to top 10 banks in the Philippines in terms of resources and profitability. These financial assets are classified as Grade A due to the counterparties' low probability of insolvency.

Equity investment designated at FVOCI
The Group's Equity investment designated at FVOCI are classified as Grade B because these assets are susceptible to untoward consequences due to the current financial positions of counterparties.

Receivables
Included under Grade A are accounts considered to be of high value and are covered with coal supply, power supply, and construction contracts. The counterparties have a very remote likelihood of default and have consistently exhibited good paying habits. Grade B accounts are active accounts with minimal to regular instances of payment default, due to collection issues or due to government actions or regulations. These accounts are typically not impaired as the counterparties generally respond to credit actions and update their payments accordingly. The Group determines financial assets as impaired when probability of recoverability is remote and in consideration of lapse in period which the asset is expected to be recovered.

For real estate receivables, and other receivables, Grade A are classified as financial assets with high credit worthiness and probability of default is minimal. While receivables under Grade B and C have favorable and acceptable risk attributes, respectively, with average credit worthiness.

Receivable from related parties are considered Grade A due to the Group's positive collection experience.

Impairment analysis (using incurred loss model prior to adoption of PFRS 9) is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of customer segments with similar loss patterns (i.e., by geographical region, payment scheme, type of customers, etc.). The calculation reflects the probability-weighted outcome and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Security and Refundable Deposits
Security and refundable deposits are classified as Grade A since these are to be refunded by the lessor and utility companies at the end of lease term and holding period, respectively, as stipulated in the agreements.

As of September 30, 2022, the aging analysis of the Group's receivables presented per class follows:

	September 30, 2022							
	Neither past	**Past due but not impaired**					**Impaired**	
	nor impaired	**<30 days**	**30-60 days**	**61-90 days**	**91-120 days**	**>120 days**	**assets**	**Total**
Receivables								
Trade								
Real estate	**₱2,751,372**	**₱676,622**	**₱44,755**	**₱42,791**	**₱168,850**	**₱1,051,623**	**₱43,708**	**₱4,779,721**
General construction	**6,194,473**	**635,331**	**714,747**	**–**	**–**	**372,665**	**24,417**	**7,941,633**
Electricity sales	**4,395,190**	**698,620**	**43,811**	**361,436**	**682,070**	**347,182**	**1,542,897**	**8,071,206**
Coal mining	**3,838,856**	**554,363**	**267,127**	**70,739**	**246,015**	**200,571**	**36,113**	**5,213,784**
Merchandising and others	**28,697**	**–**	**19,586**	**19,708**	**10,979**	**45,719**	**–**	**124,689**
Receivables from related parties	**1,129,664**	**–**	**–**	**–**	**–**	**–**	**–**	**1,129,664**
Other receivables	**1,349,444**	**8,739**	**12,247**	**1,464**	**415**	**–**	**98,923**	**1,471,232**
	₱19,687,696	**₱2,573,675**	**₱1,102,273**	**₱496,138**	**₱1,108,329**	**₱2,017,760**	**₱1,746,058**	**₱28,731,929**

Financial assets
The fair values of cash and cash equivalents and receivables (except installment contract receivables) approximate their carrying amounts as of reporting dates due to the short-term nature of the transactions.

The fair values of installment contracts receivables are based on the discounted value of future cash flows using the applicable rates for similar types of loans and receivables.

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

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

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

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

Fair values of receivables, long-term debt, liabilities for purchased land and investment properties are based on level 3 inputs while that of quoted Equity investment designated at FVOCI and financial assets at FVTPL are from level 1 inputs.

There has been no reclassification from Level 1 to Level 2 or 3 category as of September 30, 2022 and December 31, 2021.