CR02391-2023

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A, AS AMENDED

ANNUAL REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SECTION 141 OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended
   Dec 31, 2022
2. SEC Identification Number
   ASO95002283
3. BIR Tax Identification No.
   004-703-376-000
4. Exact name of issuer as specified in its charter
   DMCI HOLDINGS, INC.
5. Province, country or other jurisdiction of incorporation or organization
   Philippines
6. Industry Classification Code(SEC Use Only)

7. Address of principal office
   3RD FLOOR DACON BLDG. 2281 CHINO ROCES AVENUE, MAKATI CITY
   Postal Code
   1231
8. Issuer's telephone number, including area code
   (632) 8888 3000
9. Former name or former address, and former fiscal year, if changed since last report
   N/A
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
COMMON	13,277,470,000
PREFERRED	960

11. Are any or all of registrant's securities listed on a Stock Exchange?
    (●) Yes ( ) No
    If yes, state the name of such stock exchange and the classes of securities listed therein:
    THE PHILIPPINE STOCK EXCHANGE / COMMON AND PREFERRED SHARES
12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 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 that the registrant was required to file such reports)

- (●) Yes
- ( ) No

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

- (●) Yes
- ( ) No

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within sixty (60) days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form

Php41,646,058,032.00

APPLICABLE ONLY TO ISSUERS INVOLVED IN INSOLVENCY SUSPENSION OF PAYMENTS PROCEEDINGS DURING THE PRECEDING FIVE YEARS

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

- ( ) Yes
- (●) No

DOCUMENTS INCORPORATED BY REFERENCE

15. If any of the following documents are incorporated by reference, briefly describe them and identify the part of SEC Form 17-A into which the document is incorporated:

(a) Any annual report to security holders

Audited Financial Statements as of December 31, 2022

(b) Any information statement filed pursuant to SRC Rule 20

NONE

(c) Any prospectus filed pursuant to SRC Rule 8.1

Exhibits and Schedules

DMCI Holdings, Inc.
DMC

PSE Disclosure Form 17-1 - Annual Report
References: SRC Rule 17 and
Section 17.2 and 17.8 of the Revised Disclosure Rules

For the fiscal year ended	Dec 31, 2022
Currency	PHP THOUSANDS

Balance Sheet

	Year Ending	Previous Year Ending
	Dec 31, 2022	Dec 31, 2021
Current Assets	144,294,124	121,167,027
Total Assets	240,759,984	215,145,488
Current Liabilities	49,722,147	53,954,822
Total Liabilities	108,090,350	106,298,876
Retained Earnings/(Deficit)	85,194,218	70,039,693
Stockholders' Equity	132,669,634	108,846,612
Stockholders' Equity - Parent	103,451,404	87,757,102
Book Value Per Share	7.79	6.61

Income Statement

	Year Ending	Previous Year Ending
	Dec 31, 2022	Dec 31, 2021
Gross Revenue	142,599,693	108,342,869
Gross Expense	93,574,900	83,753,727
Non-Operating Income	5,283,435	3,976,400
Non-Operating Expense	1,108,564	1,139,255
Income/(Loss) Before Tax	53,199,664	27,426,287
Income Tax Expense	4,723,689	1,759,163
Net Income/(Loss) After Tax	48,475,975	25,667,124
Net Income/(Loss) Attributable to Parent Equity Holder	31,087,484	18,394,231
Earnings/(Loss) Per Share (Basic)	2.34	1.39
Earnings/(Loss) Per Share (Diluted)	2.34	1.39

Financial Ratios

	Formula	Fiscal Year Ended	Previous Fiscal Year
		Dec 31, 2022	Dec 31, 2021
Liquidity Analysis Ratios:			
Current Ratio or Working Capital Ratio	**Current Assets / Current Liabilities**	2.9	2.25
Quick Ratio	**(Current Assets - Inventory - Prepayments) / Current Liabilities**	1.11	0.78
Solvency Ratio	**Total Assets / Total Liabilities**	2.23	2.02

Financial Leverage Ratios			
Debt Ratio	**Total Debt/Total Assets**	0.22	0.25
Debt-to-Equity Ratio	**Total Debt/Total Stockholders' Equity**	0.4	0.49
Interest Coverage	**Earnings Before Interest and Taxes (EBIT) / Interest Charges**	20.43	10.22
Asset to Equity Ratio	**Total Assets / Total Stockholders' Equity**	1.81	1.98
Profitability Ratios			
Gross Profit Margin	**Sales - Cost of Goods Sold or Cost of Service / Sales**	0.52	0.36
Net Profit Margin	**Net Profit / Sales**	0.34	0.24
Return on Assets	**Net Income / Total Assets**	0.22	0.13
Return on Equity	**Net Income / Total Stockholders' Equity**	0.33	0.22
Price/Earnings Ratio	**Price Per Share / Earnings Per Common Share**	5.13	5.57

Other Relevant Information

Attached is SEC Form 17-A, Consolidated Audited Financial Statements as of Dec. 31, 2022, Parent Company Audited Financial Statements as of Dec. 31, 2022 (duly received by the BIR) and other schedules and attachments.

Filed on behalf by:

Name	Herbert Consunji
Designation	Executive Vice President & Chief Finance Officer

COVER SHEET

A	S	O	9	5	0	0	2	2	8	3

SEC Registration Number

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

(Company's Full Name)

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

2 2 8 1 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	(632) 8888-3000
Contact Person	Company Telephone Number

1 2	3 1	**SEC Form 17-A**	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

S T A M P S

Remarks: Please use BLACK ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A, AS AMENDED

ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended **December 31, 2022**

2. SEC Identification Number ASO95-002283 3. BIR Tax Identification No. 004-703-376

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

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

6. [ ] (SEC Use Only)
   Industry Classification Code:

7. 3rd Floor, Dacon Building, 2281 Chino Roces Avenue, Makati City 1231
   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	13,277,470,000	Php13,277,470,000.00
Preferred Shares	960	960.00
TOTAL	13,277,470,960	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 | Common Shares & Preferred Shares

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 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 that 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 [ ]

13. **Php41,646,058,032.00**
The aggregate market value of the voting stock held by non-affiliates of the registrant

APPLICABLE ONLY TO ISSUERS INVOLVED IN INSOLVENCY/SUSPENSION OF PAYMENTS PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

14. Not applicable
Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

DOCUMENTS INCORPORATED BY REFERENCE

15. If any of the following documents are incorporated by reference, briefly describe them and identify the part of SEC Form 17-A into which the document is incorporated:

(a) Audited Financial Statements as of December 31, 2022 (Part II C)
(b) Exhibits and Schedules (Part V)

DMCI HOLDINGS, INC.
ANNUAL REPORT ENDING DECEMBER 31, 2022

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SEC FORM 17-A

ATTACHMENTS

A. STATEMENT OF MANAGEMENT'S RESPONSIBILITY

B. CONSOLIDATED AUDITED FINANCIAL STATEMENTS

   a. Independent Auditors' Report
   b. Consolidated Statements of Financial Position
   c. Consolidated Statements of Income
   d. Consolidated Statements of Comprehensive Income
   e. Consolidated Statements of Changes in Equity
   f. Consolidated Statements of Cash Flows
   g. Notes to Consolidated Financial Statements

C. INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY SCHEDULES

   a. Schedules required by Annex 68-J
   b. Reconciliation of Retained Earnings Available for Dividend Declaration (Annex 68-D)
   c. Statement of Financial Soundness Indicators (Annex 68-E)
   d. Map of the relationships of the companies within the group

D. SPECIAL FORM FOR FINANCIAL STATEMENTS

PART I - BUSINESS AND GENERAL INFORMATION

ITEM 1. BUSINESS DESCRIPTION

DMCI Holdings, Inc. (the “Company”) was incorporated on March 8, 1995 as a holding company to extract greater value from the engineering expertise and construction resources of D.M. Consunji, Inc., the pioneering contractor behind some of the biggest and most complex infrastructures in the Philippines. It was listed on the Philippine Stock Exchange on December 18, 1995.

In only a few years after incorporation, the Company has expanded its business organization to include five major subsidiaries, namely: **D.M. Consunji, Inc., DMCI Project Developers, Inc., Semirara Mining and Power Corporation, DMCI Power Corporation** and **DMCI Mining Corporation**. In addition, the Company has an indirect ownership in Maynilad Water Services, Inc. through a 27 percent stake in **Maynilad Water Holding Company, Inc.**, which owns 93 percent of the water concessionaire.

D. M. Consunji, Inc. (DMCI), a wholly owned subsidiary, is engaged in general construction services. It is also engaged in various construction component businesses such as the production and trading of concrete products and electrical and foundation works. Incorporated and founded in 1954, DMCI is currently one of the leading engineering and construction firms in the country. It operates in four key construction segments: building, energy, infrastructure, and utilities. Over the years, its pioneering methodologies and expertise have allowed it to complete high-rise buildings, toll roads, bridges, power plants and water facilities of varying scale and complexity. DMCI is at the forefront of building important and technically challenging structures that will improve lives, sustain communities and enable growth in the Philippines.

DMCI Project Developers, Inc. (PDI), a wholly owned subsidiary incorporated in 1995 initially as a housing division under DMCI. Subsequently in 1999, DMCI Homes was spun off to address the surge in demand for urban homes. Since then, the Company has made high-quality living available to average Filipino families through its innovative designs, proprietary technologies and cost-efficient methodologies. Its core products include residential condominium units with resort-inspired amenities in mid-rise and high-rise developments in Metro Manila and other key areas in Luzon, as well as in Cebu and Davao City.

Semirara Mining and Power Corporation (SMPC), was established in 1980 and is engaged in the exploration, mining, development and sales of coal resources on Semirara Island in Caluya, Antique. It is the largest coal producer in the country. In 1997, the Company purchased 40% interest in SMPC. Currently, SMPC is 56.65% owned by the Company. SMPC has two wholly owned operating subsidiaries, Sem-Calaca Power Corporation (2x300 MW) and Southwest Luzon Power Generation Corporation (2x150 MW). The two companies provide baseload power through bilateral contracts with distribution utilities. Excess generation is sold to the Wholesale Electricity Spot Market (WESM).

DMCI Power Corporation (DPC) is a wholly-owned subsidiary of the Company incorporated in 2006 and is engaged in the business of a generation company which designs, constructs, invest in, and operate power plants. DPC provides off-grid power to missionary areas through long-term power supply agreements with local electric cooperatives. It currently operates and maintains thermal power plant, bunker-fired power plants and diesel generating sets in parts of Masbate, Oriental Mindoro and Palawan.

DMCI Mining Corporation (DMC) incorporated in 2007 to engage in ore and mineral mining and exploration. It has two nickel mining assets, namely Berong Nickel Corp (BNC) and Zambales Diversified Metals Corp (ZDMC). The former is located in Berong, Long Point, Moorsom and Ulugan, all in the province of Palawan, while the latter is located in Acoje, Zambales. Both mining companies use open pit technique to extract nickel, chromite and iron laterite.

Maynilad Water Holding Company, Inc. (Maynilad) *(formerly DMCI-MPIC Water Co.)* is a consortium with Metro Pacific Investments Corporation and Marubeni Philippines Corp. which owns 93% equity at Maynilad Water Services, Inc. (MWSI). The Company's economic interest in MWSI decreased to 25% from 41%, after Marubeni acquired 20% of economic interest in Maynilad in February 2013.

The lists of subsidiaries, associates and joint venture as well as the information of each operating segment of the Company are contained in the attached Consolidated Financial Statements as of December 31, 2021.

Any bankruptcy, receivership or similar proceeding
There has been no other business development such as bankruptcy, receivership or similar proceeding that affected the registrant for the past three years.

Material reclassification, merger, consolidation, or purchase or sale of a significant amount of asset not in the ordinary course of business
There has been no material reclassification, merger, consolidation or purchase or sale of a significant amount of asset that is not in the ordinary course of business for the past three years.

Business of Issuer

Principal products or services and their markets
The Company is a publicly-listed firm with subsidiaries or affiliates engaged in construction, real estate, coal mining, nickel mining, power generation, and water distribution businesses. Its revenues and net income are being generated and consolidated from its subsidiaries.

Percentage of sales or revenues and net income contributed by foreign sales
Except for coal and nickel segments, revenues of the Group were primarily derived from sales within the Philippines. Excluding sales from its own power plant, export sales from coal segment accounted

for 73%, 75% and 79% of coal sales in 2021, 2020 and 2019, respectively. For nickel segment, 100% are export sales.

Distribution methods of the products or services
This is not applicable to the Parent Company being a holding company. For the operating companies, the following are the distribution methods of products and services: DMCI pursue construction projects both from government and private investors. DMCI closely works with the project owners, concerned government agencies, qualified subcontractors and service providers in delivering quality service. Meanwhile, PDI has its own in-house sales team and external brokers in marketing its residential products to its customers. Marketing policy of SMPC is to sell directly to ultimate consumers for local sales on FOB basis. Export sales are distributed through coal traders, also on FOB basis. For nickel mining, DMC sells directly to the customers. All nickel sales are on FOB basis. The Company's power segments have power supply agreements to private distribution utilities, various cooperatives and other customers. Meanwhile, Water is distributed through Maynilad's network of pipelines, pumping stations and mini-boosters.

Status of any publicly-announced new product or service
There has been no new product or services aside from the existing products or services offered by the operating subsidiaries of the Company.

Competition
Among the publicly listed companies, DMCI Holdings, Inc. is the only holding company which has construction for its primary investment. Its construction business is primarily conducted by wholly-owned subsidiary, D.M. Consunji, Inc. (DMCI), which has, for its competitors, numerous construction contracting companies, both local and foreign, currently operating in the country. It has been an acknowledged trend that the state of construction industry depends mainly on prevailing economic conditions. Thus, the currently strong economic growth explains the continued expansion in the construction industry. To optimize its resources and profitability, DMCI has been focusing on selected markets where construction demand has remained relatively strong, particularly, in more complex building structures and civil works. The Company's coal mining is the largest coal producer in the country. Competition is coming from imported coal. The real estate business, PDI, is well-positioned to capture the end-user market with much lower price for the same market with that of its competitor.

Sources and availability of raw materials and the names of principal suppliers
Not applicable to DMCI Holdings, Inc. For DMCI and PDI, it has its own pool of equipment and construction materials supplies. Meanwhile, SMPC and DMC sources its ore from its mining properties under appropriate rights granted by law or the Government of the Philippines.

Dependence on single customer or a few customers
DMCI Holdings has successfully diversified into various business segments and market base. Total revenue consists of the following: coal (33%), real estate (22%), construction (21%), on-grid power (16%), off-grid power (4%) and nickel (4%). The subsidiaries have various customers in terms of

location, profile and target market such that the loss of a few customers would not have a material adverse effect on DMCI Holdings and its subsidiaries taken as a whole.

Transactions with and/or dependence on related parties

All transactions with related companies are done on market terms and arm's length basis. See Note 19 (Related Party Disclosures) of the Notes to the Consolidated Financial Statements.

Patents, trademarks, copyrights, licenses, franchises, concessions, and royalty agreements held

Not applicable to DMCI Holdings, Inc. For DMCI, it is and remains a quadruple-A ("AAAA") licensed contractor, given by the Philippine Construction Accreditation Board (PCAB), in consideration of certain minimum requirements such as: (1) financial capacity; (2) equipment capacity; (3) experience of firm; and (4) experience of technical personnel. The Quadruple A license is currently the highest given to firms that satisfy the institution's requirements and allows the AAAA builder-developer to qualify to be invited to foreign bids. PDI is also recognized as a Quadruple A contractor by PCAB on January 2017. It is the first real estate firm to be recognized as such. Meanwhile, SMPC has existing royalty agreements with the Department of Energy (DOE) and land claimants. SMPC is in full compliance with its existing royalty agreements as of December 31, 2021.

Need for any government approval of principal products or services

Not applicable to DMCI Holdings, Inc. The operating subsidiaries and affiliate comply with all existing and applicable requirements to secure government approvals on its products/services.

Effect of existing or probable governmental regulations to the business

Not applicable to DMCI Holdings, Inc. but only to its operating subsidiaries and affiliate. The operating subsidiaries and affiliate comply with all existing and applicable government regulations and secure all government approvals for its registered activities. For DMCI and PDI, it is required under Philippine laws to secure construction permits and environmental clearances from appropriate government agencies prior to actually undertaking each project. Meanwhile, SMPC and DMC are required under Philippine laws to secure mining and exploration permits, as well as environmental clearances from appropriate government agencies for its continuing operations. The power businesses under SMPC and DPC, on the other hand, is required to comply with the provisions of the Electric Power Industry Reform Act (EPIRA) that was passed in June 2001. For Maynilad, any tariff rate adjustments require the approval of the Metropolitan Waterworks and Sewerage System (MWSS) and regulatory office.

Estimate of amount spent for research and development activities

Research and development activities of DMCI Holdings, Inc. and its subsidiaries are done on a per project basis. DMCI Holdings, Inc. and its subsidiaries do not allocate fixed percentages or specific amounts as the costs of research and development varies depending on the nature of the project.

Costs and effects of compliance with environmental laws

Not directly applicable to DMCI Holdings, Inc., but only to its operating subsidiaries. Costs vary depending on the size and nature of a construction project for the construction and real estate businesses. SMPC and DMC must comply with the environmental standards in accordance to their respective Environmental Compliance Certificate (ECC). Meanwhile, the power businesses are required to be compliant with certain environmental laws such as the Clean Air Act (RA 9275). For Maynilad, wastewater facilities are required to be maintained in compliance with environmental standards set primarily by the Department of Environment and Natural Resources (DENR) regarding effluent quality. DMCI Holdings, Inc. and its subsidiaries has made continuous efforts to meet and exceed all statutory and regulatory standards.

Total Number of Employees
The total number of full-time employees of the Company is twelve (12) who are neither unionized nor covered by special incentive arrangements.

Major Risks
Risk management is entrenched in the decision-making process of the Company and its subsidiaries. We continually monitor and assess our risk areas and develop strategies and action plans to better manage them.

The Company identified three key risk management areas.

1. **Key people movement**
   With a number of senior executives set to retire from key positions in the next few years, developing a clear succession plan and roadmap is key to sustaining the operations and growth of the organization.

   The Company is now developing a pool of potential successors, from which future leaders and senior managers will be drawn.

   Mentoring and talent development is also being intensified to prepare the next batch of professionals to assume greater responsibilities in the organization.

2. **Portfolio management**
   Financial stability of the holding company
   Our primary responsibility is to deliver value to our shareholders by ensuring the financial stability of the Company. We continue to maintain a strong balance sheet that will provide support for growth and cushion for economic uncertainties.

   Our cash flows are dependent on the ability of our subsidiaries and affiliate to pay dividends. These are used to pay dividends to our shareholders and to fund new investments.

   The senior management of the holding company participates in the strategic planning process of the subsidiaries and affiliates to align their strategic goals and actions with the holding company, to unlock synergies within the Group and to ensure that their capital allocation decisions will allow the holding company to deliver on its dividend commitment.

Entering into new or allied investments
We recognize that identifying and pursuing strategic business opportunities as they arise is critical for the creation of long-term value for the holding company.

A gating process is established wherein all new business opportunities are evaluated based on highly selective criteria identified by the Board and senior management. This is conducted to minimize the time and resources of evaluating potential investments that may not be pursued eventually.

In making investment decisions, Management considers investments in industries that will leverage the Company's engineering and management expertise and construction resources, along with the risk adjusted returns of the potential investments and specific measures to manage these identified risks.

Upon the Board's decision to pursue the investment, a technical working group is established to perform due diligence covering the financial, operational, regulatory and risk management of the investment. Once the holding company has invested, a post implementation review is performed to evaluate if project objectives are met and to identify improvements for mitigating future risks.

3. **Regulatory and compliance risk**
The Group operates in highly regulated, contract-based industries. Compliance with applicable laws, regulations, contractual obligations and stakeholder covenants is key to sustaining its businesses.

To manage our compliance risks, we have dedicated compliance and regulatory teams in our operating subsidiaries that coordinate with the different business units to ensure conformity to applicable laws and regulations and ISO standards. They also monitor emerging laws and regulations affecting the industries.

ITEM 2. PROPERTIES

The Company and its subsidiaries own and lease several tracts of land for operations and for administrative/office use. The leases are renewable under such terms and conditions that are agreed upon by the contracting parties. Rental rates are based on prevailing market rental rates for the said properties. Please refer to Note 31 of the accompanying Notes to the Consolidated Financial Statements for further details on lease agreements.

The Company and its subsidiaries also invested in equipment used especially in its construction, real estate, mining and power businesses.

All properties and equipment are free of any liens and encumbrances except for some equipment used as collateral for existing loans of the subsidiaries for which they are in full compliant with (see

Notes 11, 13 and 17 of the accompanying Notes to the Consolidated Financial Statements for further details).

SEMIRARA MINING AND POWER CORPORATION

Property

Coal segment

The mine site located in Semirara Island, Caluya, Antique, is part of the coal mining reservation under Proclamation No. 649 issued by then President Manuel L. Quezon on November 20, 1940. Certain areas in the mine site are leased with rental payments of Php5.15 million for 2022. The infrastructures and road network, office administration buildings, and power plants, are some of the improvements made by the Company on the leased area, as well as the following:

a. Building/Offices	Units		Units
Administration Building	1	Motorpool MWS	1
Analab Building	1	MS1 Building	1
Civil Works Office & Warehouse	1	MS2 Building	1
Coal Power Plant 2 x 7.5MW	1	MS3 Building	1
Coal Power Plant 1 x 15MW	1	MS4 Building	1
Coal Silo	4	MS5 Building	1
Core House	1	MS7 Building	1
Refo Office	1	Oxygen/Acetylene Building	2
Genset Shed at CPP	1	Molave Pit Offices	1
IMS Office & Library	1	Molave Pitshop	1
Lime Plant	1	Narra Pit Offices	1
Magazine Building	3	Product Offices	2
Main Workshop	1	RMO Office	1
Warehouse	1	Sandblasting & Painting	3
Coal Shed at Product	1	Shipping Mayflower Office	1
HRD Building	1	Shipping Shipyard Office	1
Diesel Power Plant	1	Tire Shop at MWS	1
Roller and Belt Repair Shop	1		

b. Housing

Altar Boys Quarter	1	Molave Housing (Laborer's Unit)	845
Group Staff House	4	Pinatubo Housing	52
Phase 7 Housing	153	Molave Phase 1 Extension	69
Kalamansig Housing	100	Waffle Crete Building	2
Laborer's Clusters 1-8	180	IS Extension	49
Bunlao Phase 5 & 6 Housing	200	Tabunan Staff House	3
Lebak Housing	150		

c. Others

Commuter Terminal	1	Messhall at Waffle Crete	1
Covered Tennis Court	1	Mix Commercial Building	3
Gantry at mayflower	1	Multi-Purpose Gym	3
Gantry at MWS	1	Multi-Purpose Hall	4
Grotto	1	Evacuation/Covered Court	5
Hangar	4	ONB ATM Machine Building	1
Material Recovery Facility	1	Oval at Pinagpala Area	1
Messhall 1	1	Indoor Swimming Pool at Pinagpala	1
Messhall at Cluster 5	1	Pall Water Filtration Plant	1
Messhall at Cluster 7	1	Pottery Building	1
Semirara Plaza	1	Semirara Biodiversity Center	1
5k Slipway	1	Semirara Airstrip	1
SMC Infirmary	1	Wind Breaker	1
Tabunan hatchery & Laboratory	1	K2 Overpass Bridge	1
Desalination Plant	1		

All properties with the net book values are active assets. These are all located in Semirara Island, Caluya, Antique (mine site). All properties are free of any liens and encumbrances. The Company also invested in mining and other equipment worth Php3.43 billion, Php2.95 billion, and Php1.29 billion for 2022, 2021, and 2020, respectively.

Power segment

The power segment owns the following equipment, structures, buildings and improvements among others:

SCPC

1. 32.1 ha of land in Calaca, Batangas
2. 2x300 MW CFB with its major components and accessories
3. Other structures:
   - Harbour/Unloading Facilities 1
   - Site Grading and Access Roads 1
   - Ash Disposal Yard 1
   - Coal Storage Yard and Facilities 1
   - Diesel Station 1
   - Perimeter Fence and Gate 1
   - Perimeter Lighting 1
4. Buildings/offices:
   - Office Buildings 4
   - Coal handling control room and Fuel laboratory 1
   - Maintenance Shop and Office 1
   - Carpentry and Motor Pool Building 1
   - Training Center and Office 1
   - Messhall 1
   - Warehouse 3
   - Chapel 1
   - Guesthouse/Dormitories 5

SLPGC

1. 8.27 ha of land in Calaca, Batangas
2. 2x150 MW CFB with its major components and accessories*
3. 2x25 MW Gas Turbine with its major components and accessories
4. Other structures:
   - Coal Yard 2
   - Road Networks 1
   - SemCal Bridge 1
   - Perimeter Lighting 1
5. Buildings/offices:
   - Administration Building 1
   - Warehouse 1
   - Maintenance Workshop Building 1

____

**Currently in the process of negotiated sale.*

These assets are located over parcels of land in Calaca, Batangas under a 25-year lease contract between SCPC and Power Sector Assets Liabilities and Management Corporation (PSALM). Total rental for the entire duration of the lease amounting to Php150.57 million has already been paid in advanced. SCPC exercised its option to buy several parcels of land under the said lease contract with an aggregate area of 32.1 hectares on various dates. SCPC assigned its option to buy an additional 8.27-hectare lot to SMPC which option was exercised on July 4, 2011. The 8.27 hectares of land was later sold to SLPGC on August 28, 2013.

D.M. CONSUNJI, INC.

The following are the properties and equipment owned by the Company:

Power Generating	258
Shop equipment	245
Hauling equipment	222
Lifting equipment	219
Service Vehicles	146
Excavation equipment	104
Special support equipment	75
Earthmoving equipment	66
Air equipment	65
Pile driving equipment	58
Compaction equipment	22
Personnel Lift Equipment	19
Concreting equipment	9
Trackworks	4
TOTAL	**1,512**

DMCI POWER

DMCI Power and its subsidiary owns the following power plant:

LOCATION (MASBATE)	TECHNOLOGY	DEPENDABLE CAPACITY (MW)
Mobo	Thermal	15.00
	Diesel	14.72
	Bunker	12.40
Cataingan	Diesel	4.23
Aroroy	Diesel	4.23
Cawayan	Diesel	1.00
Balud	Diesel	2.00
TOTAL		53.58

LOCATION (PALAWAN)	TECHNOLOGY	DEPENDABLE CAPACITY (MW)
Aborlan	Diesel	1.73
	Bunker	9.90
Irawan	Diesel	44.60
Quezon	Diesel	6.90
TOTAL		63.13

LOCATION (ORIENTAL MINDORO)	TECHNOLOGY	DEPENDABLE CAPACITY (MW)
Calapan	Bunker	19.71
TOTAL		19.71

DMCI PROJECT DEVELOPERS, INC.

Classification	Property Description	Location
EQUIPMENT	Office equipment Communication equipment Furniture and fixtures Transportation equipment Machinery & other construction equipment Software Mock-up assets	Various
LAND	Residential	Cavite, Laguna, Rizal, Batangas, Bulacan, Benguet, Pampanga, Davao City, Cebu City, Iloilo City, Manila, Quezon City, Taguig, Las Pinas, Makati, Pasay, Valenzuela, Pasig and Caloocan City

DMCI MINING CORPORATION

All mining equipment are owned by its operating subsidiaries, namely Berong Nickel Corporation and Zambales Diversified Metals Corp.

ITEM 3. LEGAL PROCEEDINGS

None of the directors and officers was involved in the past five (5) years in any bankruptcy proceeding. Neither have they been convicted by final judgment in any criminal proceeding, nor been subject to any order, judgment or decree of competent jurisdiction, permanently enjoining, barring, suspending, or otherwise limiting their involvement in any type of business, securities, commodities or banking activities, nor found in an action by any court or administrative body to have violated a securities or commodities law.

Except for the following, none of the directors, executive officers and nominees for election is subject to any pending material legal proceedings as of the date of this information statement.

(1) Pp. vs. Consunji, et. al., Criminal Case No. Q-02-114052, RTC-QC, Branch 78. - A complaint for violation of Article 315(2)(a) of the Revised Penal Code, as qualified by Presidential Decree No. 1689 was filed in RTC-QC Branch 78 as Criminal Case No. Q-02-114052 pursuant to a resolution of the Quezon City Prosecutor dated December 3, 2002 in I.S. No. 02-7259 finding probable cause against the directors and officers of Universal Leisure Club (ULC) and its parent company, Universal Rightfield Property Holdings, Inc., including Isidro A. Consunji as former Chairman, Cesar A. Buenaventura and Ma. Edwina C. Laperal as former directors of ULC. Complainants claim to have been induced to buy ULC shares of stock on the representation that ULC shall develop a project known as “a network of 5 world clubs.”

The case was re-raffled to RTC-QC Branch 85 (the “Court”). On January 10, 2003 respondents filed their Motion for Reconsideration on the resolution dated December 3, 2002 recommending the filing of the complaint in court, which was granted on August 18, 2003. Accordingly, a Motion to Withdraw Information was filed in Court. On September 11, 2003, complainants’ sought reconsideration of the resolution withdrawing the information, but was denied by the City Prosecutor. By reason of the denial, Complainants’ filed a Petition for Review with the Department of Justice (DOJ) on August 26, 2005.

Meanwhile, the Court granted the withdrawal of information on June 6, 2005. Complainants filed a Motion for Reconsideration and Urgent Motion for Inhibition, but were both denied by the Court in its Omnibus Order dated November 29, 2005. Thereafter, a Notice of Appeal was filed by the complainants, but was ordered stricken out from records by the Court for being unauthorized and declaring the Omnibus Order final and executory in its Order dated February 22, 2007. The Petition for Review, however, filed by the Complainants with the DOJ on August 26, 2005 is pending to date.

(2) Rodolfo V. Cruz, et. al. vs. Isidro A. Consunji, et. al., I.S. Nos. 03-57411-I, 03-57412-I, 03-57413-I, 03-57414-I, 03-57415-I, 03-57446-I and 03-57447-I, Department of Justice, National Prosecution Service. - These consolidated cases arose out of the same events in the immediately above-mentioned case, which is likewise pending before the DOJ.

In its 1st Indorsement dated December 9, 2003, the City Prosecutor for Mandaluyong City, acting on a motion for inhibition filed by complainants, through counsel, recommended that further proceedings be conducted by the DOJ. In an order dated February 3, 2004, the DOJ designated State Prosecutor Geronimo Sy to conduct the preliminary investigation of this case. The last pleading filed is a notice of change of address dated June 27, 2008 filed by complainants' counsel. This case remains pending to date.

(3) Sps. Andrew D. Pope and Annalyn Pope vs. Alfredo Austria, et al., NPS Docket No. XV-INV-14K-01066, Office of the City Prosecutor, Taguig City. – This involves a complaint for syndicated estafa filed against certain directors of the Corporation, namely Messrs. Isidro A. Consunji, Jorge A. Consunji, Ma. Edwina C. Laperal, Victor A. Consunji, Cesar A. Buenaventura, certain directors of the Corporation's subsidiaries D.M. Consunji, Inc. ("DMCI") and DMCI Project Developers, Inc. ("DMCI-PDI"), namely, Alfredo A. Austria, Victor S. Limlingan, Maria Cristina C. Gotianun, David Consunji, Edilberto C. Palisoc, and the Corporation's Corporate Secretary and Assistant Corporate Secretary, Atty. Noel A. Laman and Atty. Ma. Pilar Pilares-Gutierrez. The complainants alleged that DMCI failed to deliver the transfer certificate of title over the parcel of land they bought in Mahogany Place III, one of the developments of DMCI-PDI. In a Resolution dated February 16, 2016, the Office of the City Prosecutor for Taguig City dismissed the Complaint-Affidavit dated November 6, 2014 of complainants Andrew David Pope and Annalyn Pope, because of Spouses Pope's failure to show the element of deceit as would establish probable cause to indict the respondents for syndicated estafa. Spouses Pope filed a Petition for Review dated May 6, 2016 ("Petition") with the Department of Justice ("DOJ"), seeking to reverse and set aside the Taguig City Prosecutor's Office's ("TCPO") Resolution dated February 16, 2016 insofar as it dismissed Pope Spouses' complaint for syndicated estafa against the Corporation's directors and officers. The impleaded officers and directors filed their Comment on May 27, 2016. The review is still pending with the DOJ.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

There were no matters submitted to vote of the security holders during the fourth quarter of the fiscal year covered by this report.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

ITEM 5. MARKET FOR ISSUER'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Market Price of and Dividends on Registrant's Common Equity and Related Stockholder Matters

(1) Market Information

Both common and preferred shares of DMCI Holdings, Inc. are traded on the Philippine Stock Exchange.

The high and low sales prices of the Company's equity at the Philippine Stock Exchange for each quarter of the last two fiscal years and the first quarter of 2023 are set forth below.

Common Share Prices

		High	Low
2021	First Quarter	5.81	4.80
	Second Quarter	6.70	5.18
	Third Quarter	7.25	5.48
	Fourth Quarter	9.42	7.12
2022	First Quarter	9.85	7.65
	Second Quarter	9.33	7.98
	Third Quarter	10.72	8.49
	Fourth Quarter	12.00	8.28
2023	First Quarter	13.06	10.50

Preferred Share Prices

		High	Low
2021	First Quarter	–	–
	Second Quarter	–	–
	Third Quarter	–	–
	Fourth Quarter	–	–
2022	First Quarter	–	–
	Second Quarter	–	–
	Third Quarter	–	–
	Fourth Quarter	–	–
2023	First Quarter	–	–

If the information called for by the aforementioned paragraph is being presented in a registration statement relating to a class of common equity for which at the time of filing there is no established public trading market in the Philippines, indicate the amounts of common equity – **Not applicable**

(2) Holders

(a) Set forth the approximate number of holders of each class of common equity of the registrant as of the latest practicable date but in no event more than ninety (90) days prior to filing the registration statement. Include the names of the top twenty (20) shareholders of each class and the number of shares held and the percentage of total shares outstanding held by each.

Number of Shareholders: As of March 31, 2023, the Company had a total of 709 shareholders of which 698 were holders of common shares and 11 were holders of preferred shares.

Common Shares: 13,277,470,000 - Of the total outstanding common shares, 915,667,761 common shares representing 6.90% of the outstanding common shares are owned by foreign shareholders as of March 31, 2023.

Title of Class	Name	Citizenship	Number of Shares Held	Percent of Class
Common	DACON Corporation	Filipino	6,621,561,069	49.87%
Common	Philippine Central Depository, Inc. (PCD)	Filipino	2,905,156,157	21.88%
Common	DFC Holdings, Inc.	Filipino	2,379,799,910	17.92%
Common	Philippine Central Depository, Inc. (PCD)	Foreigner	905,827,110	6.82%

Top 20 Common Shareholders: The list of the Top 20 common shareholders as of December 31, 2022 as contained in Exhibit (2) is herein incorporated by reference.

(3) Dividends

Set forth below are cash dividends declared on each class of its common equity by the Company for the two most recent fiscal years and any subsequent interim period for which financial statements are required to be presented by SRC Rule 68:

1. On March 5, 2020, the BOD of the Parent Company declared cash dividends amounting P0.23 regular dividends and P0.25 special cash dividends per outstanding common shares in favor of the common stockholders of record as of March 23, 2020. This was paid on April 3, 2020 with a total amount of P6.37 billion.
2. On March 29, 2021, the BOD of the Parent Company declared dividends amounting P0.13 regular cash dividends and P0.35 special cash dividends per outstanding common shares in

favor of the common stockholders of record as of April 15, 2021. This will be paid on April 26, 2021 with a total amount of P6.37 billion.

3. 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.
4. On April 1, 2022, the BOD of the Parent Company declared cash dividends amounting t Php 0.34 regular cash dividends and Php 0.14 special cash dividends per outstanding common shares in favor of the common stockholders of record as of April 19, 2022. This will be paid on April 29, 2022 with a total amount of P6.37 billion.
5. On October 18, 2022, the BOD of the Parent Company declared cash dividends amounting to Php 0.72 special dividends per common share for a total of Php 9.56 billion in favor of the stockholders of record as of November 2, 2022, and was paid on November 16, 2022.

There are no contractual or other restrictions on the Company's ability to pay dividends. However, the ability of the Company to pay dividends will depend upon the amount of distributions, if any, received from the Company's operating subsidiaries and joint venture investments and the availability of unrestricted retained earnings.

(4) Recent Sales of Unregistered Securities – ***NONE***

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD DECEMBER 31, 2022

Full Year 2022 vs Full Year 2021

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 periods ended December 31, 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: buildings 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-market segment developers in the Philippines, offering best-in-class amenities and value-for-money properties in Metro Manila and other key urban areas. The company has two ongoing joint venture projects namely, Robinsons Land Corporation (RLC) - DMCI Property Ventures and DMC Estate Development Ventures.

- 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 is vertically integrated and runs on 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 through bilateral contract quantity (BCQ) and the Wholesale Electricity Spot Market (WESM).

- DMCI Power Corporation (DMCI Power), a wholly owned subsidiary, is the largest off-grid energy supplier 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 transports 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 the 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	January to December (FY)		
	2022	**2021**	**Change**
I. SMPC (57%)	22,661	9,234	145%
II. DMCI Homes	4,469	4,397	2%
III. Maynilad (27%)	1,467	1,559	-6%
IV. DMCI Mining	1,285	1,206	7%
V. DMCI Power	742	580	28%
VI. D.M. Consunji, Inc.	587	378	55%
VII. Parent and others	-28	11	-355%
Core Net Income	**31,183**	**17,365**	**80%**
Nonrecurring Items	(93)	1,031	-109%
Reported Net Income	**31,090**	**18,396**	**69%**
EPS (reported)	**2.34**	**1.39**	**69%**

FY 2022 vs FY 2021 Consolidated Highlights

- The DMCI Group set a new record as reported net income expanded by 69% from Php 18.40 billion to Php 31.09 billion, translating to an earnings per share (EPS) of Php 2.34. Its 2022 net income is 65% higher than its longstanding profit record of Php 18.94 billion from 2013.

  Moreover, the group registered its best-ever topline as consolidated revenues accelerated by 32% to Php 142.60 billion, from its previous high of Php 108.34 billion. This was mainly driven by elevated coal, power and nickel average selling prices, which was tempered by lower revenue recognition from construction activities and real estate sales.

  Cash costs—together with royalties, interest expense and income tax—grew by 14% from Php 77.56 billion to Php 88.62 billion largely due to the accrual of 2020 tax expense, increased power plant maintenance expenses and higher insurance costs under SMPC, coupled with higher association dues of unsold ready-for-occupancy (RFO) real estate units and digital marketing spending under DMCI Homes.

Excluding dividends paid out during the year, its return on equity (ROE) of 33% is the highest among mid- and large-cap conglomerate peers in the Philippines.

Other income and finance income boosted earnings by Php 1.41 billion, which stemmed from foreign exchange gains and higher cash balance. However, income taxes more than doubled (169%) from Php 1.76 billion to Php 4.72 billion on higher operating income, accrual of SMPC's 2020 tax expense and expiry of SLPGC's income tax holiday (ITH).

- Excluding nonrecurring items, core net income accelerated by 80% from Php 17.34 billion to Php 31.18 billion.

- 2022 nonrecurring loss includes the write-down of SLPGC's 2x25MW gas turbines (Php 88 million) and miscellaneous Maynilad payments (Php 47 million), partially offset by DMCI gain on land sale (Php 43 million).

- 2021 nonrecurring gain primarily due the combined effect of gain from deferred tax remeasurement under CREATE Act (Php 955 million) and land sale (Php 203 million), as well as Maynilad's severance and other expenses (Php 127 million).

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

- All subsidiaries reported core net income growth.

- Financial credit health remained strong as key liquidity, solvency and book value per share (BVPS) ratios all significantly improved. Even after record high dividend payout (Php 15.93 billion), current ratio increased by 29% from 2.25x to 2.90x, while BVPS expanded by 18% from 6.61 to 7.80. Net debt to equity ratio imrproved to 18% in 2022 versus the previous year's 32% owing to the prepayment of debt by SMPC and DMCI.

- Ending consolidated cash balance stood at Php 28.41 billion, 55% higher than Php 18.34 billion in 2021. The group delivered strong cash growth even after its capital expenditures (Php 22.81 billion), net loan payment (Php 491 million) and all-time high cash dividend payout (Php 1.20 per share or Php 15.93 billion).

FY 2022 vs FY 2021 Subsidiaries and Associate Performance

I. Semirara Mining and Power Corporation (SMPC)

From a historic high of Php 9.23 billion in 2021, SMPC more than doubled (+145%) its contribution, setting a new record of Php 22.66 billion. Its exceptional performance was primarily driven by all-time high coal production, strategic coal and power market pivots, elevated market prices, and favorable foreign exchange movement.

The coal segment's contribution to the DMCI group surged by 151% from Php 8.13 billion to Php 20.39 billion, representing 65% of the total core net income in 2022. Meanwhile, the power segment's contribution doubled (+105%) from Php 1.11 billion to Php 2.27 billion, accounting for 7% of the group's total core net income.

Additionally, the Board of Investments (BOI) recently approved the correction of the ITH availment period of Molave mine, which was originally set to expire in October 2022. The approval effectively extends SMPC's ITH status up to October 2023, subject to the payment of its 2020 tax due (without the ITH incentive) of P897 million and P184 million to cover related interest.

The following elaborates more on the performance of the two segments:

Coal

Standalone revenues advanced by 86% from P40.86 billion to P76.18 billion on higher selling prices, and further boosted by favorable forex rates. Reported net income more than doubled (+149%) owing to better operating margins.

The above results are due to the combined results of the following:

- **Elevated selling prices.** Semirara coal average selling price (ASP) sizzled by 91% from P2,695 per metric ton (MT) to P5,136 per MT on elevated market indices and the company's strategic pivot to domestic and other Asian markets.

  Average Newcastle index (NEWC) surged by 162% from US$137.3 to US$360.2 per metric ton (MT), peaking at US$452.8/MT on September 9 before ending the year at US$398.50/MT. Average Indonesian Coal Index (ICI4) grew at a slower pace (32%) from US$65.3/MT to US$85.9/MT, closing the year at US$90.45.

- **Lower sales.** Shipments slightly declined (-3%) from 15.2 MMT to 14.8 MMT, mainly due to weaker demand from Chinese buyers.

  Semirara coal exports dropped by 24% from 9.4 MMT to 7.1 MMT as China sales cratered by 55% from 8.9 MMT to 4.0 MMT. However, sale to other foreign buyers improved more than 6x (520%) from 0.5 MMT to 3.1 MMT.

  China accounted for 56% of foreign shipments, followed by South Korea (31%), Thailand (7%), Cambodia (2%), Vietnam (2%), Brunei (1%) and India (1%).

  Domestic sales climbed by 33% from 5.8 MMT to 7.7 MMT mainly due to the company's strategic pivot away from China and stronger demand from SLPGC.

Coal shipments to other power plants skyrocketed by 83% from 1.8 MMT to 3.3 MMT while sale to own plants rose by 13% from 2.3 MMT to 2.6 MMT. Sale to industrial and cement plants stood at 1.8 MMT in 2022, 6% higher than 1.7 MMT in 2021.

- **Better EBITDA margin.** Core EBITDA more than doubled (+115%) from P18.35 billion to P39.44 billion, which translated to higher Core EBITDA margin from 45% to 52%.

  The margin expansion was due to the cumulative impact of stronger topline, slower growth in cost of sales (COS) – cash component and higher government share.

  COS – cash increased by 27% from P15.67 billion to P19.96 billion largely due to a 71-percent increase in fuel costs from P5.31 billion in 2021 to P9.05 billion in 2022. Fuel costs accounted for 48% of total COS-cash costs, versus 36% the previous year.

  Government share surged by 151% from P6.36 billion to an all-time high of P15.96 billion.

- **Favorable foreign exchange rate.** The segment booked P1.02 billion in net foreign exchange gain following an 11-percent jump in average US$/PHP exchange rate from US$: Php 49.3 to US$: Php 54.5.

- **Higher tax expenses.** Tax expense multiplied more than 20x (+1,918%) fromPhp 60 million to Php 1.21 billion owing to the accrual of income tax expense of Php 897 million for year 2020 in relation to the deferral of Molave mine's ITH.

The coal segment also reported the following operational highlights:

- **All-time high production.** Production rose by 12% from 14.3 MMT to 16 MMT, which is the maximum allowable volume under the company's Environmental Compliance Certificate. Good weather conditions, sustained water seepage management and better-than-expected strip ratio led to the record high production.

- **Better strip ratio.** Strip ratio was at 9.9, 10% lower than last year (11.0) and 8% below the expected level for 2022 (10.8). The improved strip ratio was attributable to the near-depletion of East Block 4 and South Block 5 (both in Molave mine), together with the reduced water seepage level in the area.

- **Double-digit inventory growth.** Ending high-grade coal inventory grew by 22% from 0.9 MMT to 1.1 MMT on robust production and slightly lower shipments. Including lower grade coal, inventory increased by 67% from 1.2 MMT to 2.0 MMT.

<u>Power</u>

Standalone net income of the power segment more than doubled (+117%) from Php 1.78 billion to Php 3.86 billion as a result of better average selling prices, higher spot sales volume, and lower replacement power purchases.

Net of intercompany eliminations, the segment's net income contribution rose by 56% from Php 4.78 billion to Php 7.46 billion on better margins.

The above financial results are due to the combined impact of the following:

- **Reduced plant availability, average capacity and gross generation.** Overall plant availability dipped from 63% to 62%, as the 54-day increase in SCPC outage days (412 days vs 358 days in 2021) was moderated by the 34-day decrease in SLPGC outage days (143 days from 177 days in 2021). In turn, better SLPGC availability (from 76% to 80%) cushioned the effect of lower SCPC availability (from 51% to 44%).

  Total average capacity fell by 5% from 749 MW to 708 MW because of the deration of SCPC Unit 2 from 230 MW to 190 MW (average dependable capacity).

  Gross generation dropped by 6% from 3,959 GWh to 3,729 GWh following lower plant availability and average capacity. SLPGC contributed the bulk (54%) of total generation (versus 48% last year) on better operating performance.

- **Muted power sales.** Reduced power generation led to an 11-percent decline in total power sales from 4,032 GWh to 3,596 GWh. BCQ sales sustained a 43-percent drop from 3,004 GWh to 1,715 GWh, cushioned by an 83-percent upsurge in spot sales from 1,028 GWh to 1,881 GWh. Spot sales accounted for 52% of power sales (vs. 25% last year) due to lower contracted capacity.

- **Higher spot exposure.** At the beginning of 2022, the segment had 345.65MW or 64% of running dependable capacity (540MW) uncontracted and available for spot selling.

  By the end of 2022, spot exposure widened by 56% to 540.85 MW due to the commercial operation of SCPC Unit 2 on October 9. This represents 74% of the segment's total dependable capacity (730MW).

- **Robust selling prices.** Overall ASP increased by 38% from Php 4.11/KWh to Php 5.67/KWh mainly due to elevated spot prices.

  Persistent red and yellow alerts, elevated fuel prices and thin supply margins led to a 53-percent jump in average spot prices in the Luzon-Visayas grid, from Php 4.83/KWh to Php 7.39/KWh.

BCQ ASP firmed up by 2% from Php 3.64/KWh to Php 3.71/KWh owing to fixed prices in the companies' power supply agreements, while spot ASP rose by 35% from Php 5.51/KWh to Php 7.46/KWh.

At the standalone level, SMPC set a new annual profit record after more than doubling (+146%) its bottom line from Php 16.2 billion to Php 39.9 billion. This translated to a return on equity of 73%, the highest among power and mining peers for the year.

II. DMCI Project Developers Inc. (DMCI Homes)

Core net income contribution from DMCI Homes improved by 2% from Php 4.40 billion to Php 4.47 billion largely due to better earnings from income-generation activities. The following provides more substantiation on the net income drivers:

- **Lower revenue recognition.** Total revenues fell by 11% from Php 24.66 billion to Php 21.91 billion as fewer prior-year sales qualified for recognition and sales cancellations continued to trend higher. Revenue contribution from newly-recognized accounts (out of total) declined from 47% to 41% while cancellations rose from 6% to 13% .

  Helping offset these results were higher construction accomplishment and better selling prices from qualified accounts.

- **Proportional cash costs decline.** Total cash costs dropped by 12% from Php 19.94 billion to Php 17.62 billion. This was mainly driven by a 15-percent decline in cost of sales (COS) from Php 17.67 billion to Php 14.94 billion, following lower revenues.

  Operating expenses, on the other hand, increased by 18% from Php 2.27 billion to Php 2.68 billion owing to higher association dues related to unsold RFO units, sales incentives and digital marketing spending.

- **Higher other income.** Other income increased (+30%) from Php 1.27 billion to Php 1.65 billion on higher forfeitures from cancelled accounts.

- **Better margins**. While EBITDA margin remained flattish at 19%, core net income margin rose from 18% to 21% on higher other income and net finance income earned during the period.

The company also reported the following operational highlights:

- **Sales recovery.** Total units sold soared by 49% from 5,180 units to 7,701 units, driven by more project launches. Residential units sold expanded by 46% from 2,959 units to 4,326 units, while parking slot sales surged by 52% from 2,221 units to 3,375 units. Residential units accounted for 56% of total sales (versus 57% the previous year).

- **Double-digit ASP growth.** ASP per unit improved by 12% from Php 6.10 million to Php 6.82 million, while ASP per square meter similarly grew by 12% from Php 111,000 to Php 125,000. The value appreciation was attributable to the prime locations (Makati City and Mandaluyong City) of its project launches, coupled with new amenities and features introduced in the launched projects, i.e. full water reuse capabilities and e-charging stations.

- **Increased sales value.** With better sales volume and ASP, total sales value rallied by 63% from Php 19.65 billion to Php 32.09 billion.

- **More project launches.** Three projects were launched during the year, versus just one in 2021. Consequently, sales value more than doubled (+130%) from Php 16.1 billion to Php 37.0 billion.

- **Sufficient inventory.** Total inventory swelled by 25% from Php 45.8 billion to Php 57.4 billion, driven by the increase in pre-selling units. Pre-selling inventory rose by 32% from Php 31.6 billion to Php 41.8 billion, following the launch of The Erin Heights, Fortis Residences (a joint venture project) and Sage Residences. Pre-selling units accounted for 73% of fourth-quarter inventory.

  RFO inventory moderately increased (+9%) from Php 14.2 billion to Php 15.5 billion due to the completion of several projects namely, Infina Towers, Brixton Place, Prisma Residences and Verdon Parc.

- **Land bank for new product/s.** Total land bank expanded by 17% from 186.5 hectares to 217.9 hectares because of land banking activities for a new product formats. Luzon land bank ramped up by 52% from 64.9 hectares to 98.4 hectares, mostly for a soon-to-be launched leisure projects. Project launches for the year trimmed Metro Manila land bank by 2% from 114.0 hectares to 111.9 hectares.

Standalone net income declined by 12% from Php 5.19 billion to Php 4.55 billion mainly due to high base effect from CREATE Act.

Excluding 2021 nonrecurring gain of Php 649 million pertaining to deferred tax remeasurement under CREATE act, core net income was flat at Php 4.55 billion (versus Php 4.54 billion).

III. Maynilad Water Services, Inc. (Maynilad)

Attributable income from associate Maynilad decreased by 6% from Php 1.56 billion to Php 1.47 billion largely due to higher cash costs, tempered by lower noncash expenses. The following provides more context:

- **Flat billed volume.** The company reported flattish billed volume growth (+1%) from 519.6 million cubic meters (MCM) to 526.9 MCM, still below (-1.6%) the pre-pandemic level of 535.3 MCM.

  Easing pandemic restrictions boosted commercial consumption by 10% from 59.3 MCM to 65.3 MCM while industrial and semi-business accounts both showed improvements.

  Industrial consumption grew by 5% from 24.5 MCM to 25.8 MCM while semi-business accounts posted a 4-percent uptick in billed volume from 35.9 MCM to 37.4 MCM. Domestic consumption was mostly flat at 398.5 MCM compared to 399.9 MCM last year.

  Served population also inched up (+1%) from 9.9 million to 10.0 million as the company continued its network expansion program.

- **Flat tariff.** Average effective tariff showed a slight improvement (1%) from Php 41.7 per cubic meter to Php 42.1per cubic meter owing to non-domestic consumption recovery and absence of inflationary tariff adjustment.

- **Narrower margins.** While total revenue rose by 4% from Php 21.95 billion to Php 22.88 billion, core EBITDA margin compressed from 67% to 58% due to higher cash costs (+29%) and booked provisions (+2,557%).

  Revenue increased from collected government tax, recovering billed volume and average effective tariff uptick.

  The government tax pertains to other percentage tax implemented on March 21 in lieu of the 12-percent value-added tax. It consists of the national and local franchise taxes.

- **Elevated cash costs.** Total cash costs expanded by 29% from Php 6.69 billion to Php 8.62 billion largely due to higher electricity spending, increased chemical expenses, franchise tax and crossborder water purchases.

  Higher electricity spending is mainly attributable to a supplier-imposed fuel cost recovery adjustment (FCRA), while additional chemical costs were incurred to treat the raw water from Laguna Lake.

- **More booked provisions.** The company accrued Php 170 million for credit losses and inventory obsolescence.

- **Lower noncash items.** Noncash items dropped by 36% from Php 4.58 billion to Php 2.95 billion mainly due to depreciation adjustments following the January 2022-effectivity of the company's legislative franchise under Republic Act 11600, which extended its service concession assets by ten years (from 2037 to January 2047).

- **Higher income taxes.** Provisions for income taxes increased by 36% from Php 1.60 billion to Php 2.17 billion on higher taxable income brought by lower noncash expenses.

The company also reported the following operational highlights:

- **Reduced water losses**. Average non-revenue water (NRW) improved from 44.9% to 43.4% brought about by growth in service connection, better supply-demand management and continuing network diagnostic activities.

- **Downscaled production.** Water production edged lower (-1%) from 762.3 million cubic meters (MCM) to 756.2 MCM as algal bloom and high turbidity in Laguna lake curbed Putatan plant production.

- **Expanded sewer coverage.** With aggressive capital spending, sewer coverage improved from 21.6% to 23.0%, while served population increased by 1% from 2.1 million to 2.3 million.

Standalone reported net income contracted by 4% from Php 6.14 billion to Php 5.88 billion. Excluding nonrecurring items, core net income fell by 7% from Php 6.53 billion to Php 6.05 billion. 2022 and 2021 nonrecurring losses pertain to , the impact of change in method of deduction for deferred tax liability and COVID-19 expenses.

IV. DMCI Mining Corporation (DMCI Mining)

Despite operating a single mine, DMCI Mining achieved a 7-percent increase in core net income which rose from Php 1.21 billion to Php 1.29 billion. The growth can be attributed to improved selling prices and favorable foreign exchange rates. To elaborate:

- **Reduced production and shipments.** Total production retreated by 42% from 1,788,000 wet metric tons (WMT) to 1,031,000 WMT following the depletion of its Palawan mine in Q4 2021. Consequently, total shipments dropped by 26% from 1,945,000 WMT to 1,449,000 WMT.

  ZDMC production expanded by 10% from 934,000 WMT to roughly 1,000,000 WMT, its maximum allowable production volume under its Environmental Compliance Certificate (ECC). In turn, Zambales shipments grew by 22% from 894,000 WMT to 1,088,000 WMT.

- **Higher selling prices.** While average nickel grade sold declined from 1.36% to 1.33%, ASP increased by 14% from US$ 42/WMT to US$ 48/WMT on rallying global nickel prices. Average LME Nickel index surged by 39% from US$18,478 per metric ton (MT) to US$25,638 per MT, while the Philippine FOB prices for 1.50%-grade rose by 22% from US$49 per tonne to US$60 per tonne.

- **Favorable foreign exchange rates.** Average US$/Php exchange rate rose by 10% from US$ 1: Php 49 to US$ 1: Php 54 driven by currency market volatility, global inflationary environment and central banks' hawish policy stance.

- **Flat profit margins.** Core EBITDA margin declined modestly from 59% to 58% as revenues fell steeper (-6%) than cash costs (-3%) on higher costs including environment spending. Core net income margins stood at around 35% following lower noncash expenses and higher foreign exchange gains (other income).

  Noncash expenses dropped by 17% from Php 584 million to Php 488 million mainly due to lower shipments, which led to lower amortizations.

The company also reported the following operational and financial highlights:

- **Lower stockpile.** Total ending inventory slumped by 86% from 389,000 WMT to 54,000 WMT due to the 93-percent decline in BNC inventory. From 287,000 WMT, Palawan stockpile fell to 21,000 WMT. Zambales stockpile receded by 68% from 102,000 WMT to 33,000 WMT with the resumption of shipment season in the fourth quarter. Both mines ended the year with stockpiles less than the standard shipping volume of 50,000 WMT.

- **Higher cash and flat debt level.** Cash levels increased by 38% from Php 800 million to Php 1.10 billion, even after paying cash dividends (Php 1.0 billion) to the parent company and capital expenditures (Php 590 million). Debt level remained at Php 350 million.

- **More Capital expenditures.** Committed capital expenditures climbed by 43% from Php 322 million to Php 459 million on BNC exploration activities and heavy equipment purchases of ZDMC. Explorations have started in the Dangla and Longpoint sites, while ZDMC ramped up its production capacity to sustain shipments amid BNC depletion.

Standalone reported net income decreased by 18% from Php 1.65 billion to Php 1.36 billion mainly on high base from nonrecurring gains from deferred tax remeasurement under CREATE law amounting to Php 247 million in 2021.

V. DMCI Power Corporation (DMCI Power)

Core net income contribution from DMCI Power jumped by 28% from Php 580 million to a historic high of Php 742 million mainly due to record breaking operating performance of the business. The following elaborates on the highlights:

Historic revenue. Revenue increased by 61% from Php 4.65 billion to an all-time high of Php 7.47 billion due to record generation, dispatch and average selling prices.

Record output. Total gross generation grew by 15% from 388.0 GWh to 447.3 GWh, as all service areas posted notable growth. Oriental Mindoro generation surged by 42% from 72.8 GWh to 103.5 GWh while Palawan generation went improved by 10% from 162.7 GWh to 178.9 GWh. Masbate generation also grew (+8%) from 152.5 GWh to 165.0 GWh.

Best-ever dispatch. Total power sales rose by 16% from 367.6 GWh to 426.0 GWh, as all three locations posted record-high dispatch. Palawan remained as the top contributor, accounting for 42% of total sales, followed by Masbate (35%) and Oriental Mindoro (23%).

Record selling prices. ASP climbed by 39% from Php 12.6/KWh to Php 17.5/KWh, mainly due to elevated fuel prices. Diesel prices accelerated by 44% from Php 39.6/liter to Php 56.9/liter, while bunker prices advanced by 31% from Php 35.31/liter to Php 46.1/liter.

COS growth. COS grew (+73%) from Php 3.58 billion to Php 6.17 billion due to the Masbate plant maintenance in Q1 and higher fuel costs.

The company also reported the following operational matters:

Higher market share in Oriental Mindoro. Oriental Mindoro market share grew by 25% mainly due the unavailability of the renewable energy plant, coupled with tourism demand recovery.

Changes in Masbate and Palawan market shares were flat (0% and -1%) at 100% and 52%, respectively.

More infrastructure spending. Capital spending rose by 35% from Php 1.40 billion to Php 1.89 billion largely from the construction of the 15MW power plant in Palawan.

Higher debt. Total debt swelled by 45% from Php 3.8 billion to Php 5.6 billion primarily due to the development of the 15MW Masbate plant, 15MW Palawan thermal plant (targeted for commercial operation on Q2 2023) and 8.34MW hybrid diesel plant in Masbate (targeted for commercial operation in 2023).

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

DMCI profit improved by 55% from Php 378 million to Php 587 million mainly due to steeper decline in cash (-6%) and noncash costs (-11%), relative to topline (-4%). The following provides more elaboration on the performance:

- Lower revenue. Construction revenue decreased by 4% from Php 20.26 billion to Php 19.50 billion on fewer projects and demand for project support, coupled with rescoping of North South Commuter Railway (NSCR) contract package (CP) 01. Slower revenue recognition was cushioned by the completion of major projects such as the CCLEX and IKEA MOA.

- Lower costs. Cost of sales slipped by 6% due to construction accomplishment slowdown and high base effect, which resulted from conservative revenue recognition in 2021 and absence of COVID-19 related expenses.

- Better profit margins. EBITDA margin improved from 7.3% to 9.6% partly due to relatively fast decline costs versus sales drop. Core net income margin also widened from 1.6% to 4.2% following an 11-percent decline in depreciation from Php 886 million to Php 790 million, stemming from capital expenditure rationalization.

- Higher intercompany accounting eliminations. Intercompany eliminations grew by 303% from Php 73 million to Php 294 million largely attributable to the Poblacion Water Treatment Plant and Camana Water Reclamation Facility projects of DMCI Holdings associate Maynilad.

- Lower debt and cash balances. Ending cash balance dropped by 30% as debt was paid down. Consequently, loan balance decreased by 71% from Php 700 million to Php 200 million.

The company also reported the following operational highlights:

- **Order book reduction.** Order book declined by 29% from Php 49.3 billion to Php 35.2 billion due to weak construction demand and rescoping of the North South Commuter Rail Contract Package 01 (Taisei-DMCI Joint Venture).

  Current obstructions prevented access, possession and delivery of the NSCR CP 01 project site, resulting in the omission of Section 1 (amounting to Php 7.0 billion) from the order book.

  Cushioning the impact of the omission, the company bagged Php 10.7 billion worth of new projects, which included Pioneer BGC and Metro Manila Subway Project contract package 102.

Standalone net income increased by 61% from Php 535 million to Php 863 million. Excluding nonrecurring items pertaining to gain from equipment and land sale, core net income expanded roughly 2.5x (+146%) from Php 331 million to Php 815 million.

Outlook

The DMCI Group expects mixed results in 2023 owing to coal and nickel market volatility, cost inflation, high interest rates and lingering impact of the pandemic. Bright spots would be the power and water businesses, which are expected to benefit from resilient consumption and elevated pricing.

Global coal price indices are seen to pull back on easing energy security risk, high fuel stockpiles, mild winter, slow economic recovery and influx of steeply-discounted Russian coal.

With Semirara coal pricing mostly derived from the Indonesian Coal Index, SMPC expects its ASP to be more stable, hovering below the 2022-level but still above pre-pandemic level.

Global nickel supply surplus is set to push average selling prices down but should remain supported during the year owing to strong demand from the stainless steel and electric vehicle sectors.

To counter the price volatility, SMPC and DMCI Mining are focusing on optimizing their production, which could go up to as much as 16 MMT and 2 MMT, respectively.

On-grid power (SCPC and SLPGC) has around 540 MW of uncontracted capacity for dispatch to the Wholesale Electricity Spot Market (WESM). For 2023, WESM prices are forecasted to remain elevated (~P7.10/kWh), with some upside potential given growing demand and limited baseload capacity entering the market in 2023 (~300MW).

Off-grid power (DMCI Power) is projected to grow with the commissioning of the 15 MW thermal plant in Palawan and the 12 MW hybrid plant (diesel and solar) in Masbate at various periods during the year.

The water business (Maynilad) expects a marked improvement in its financial performance on the combined effect of billed volume recovery, improved customer mix and implementation of its basic rate adjustment starting January 1.

Construction (DMCI) and real estate (DMCI Homes) should continue to face headwinds as high interest rates and hybrid work models nip demand and inflated raw materials cost gnaw at margins. New product formats (leisure and premium segment), value engineering and alternative business models (joint ventures and partnerships) should help both businesses weather these challenges.

Explanation of movement in consolidated income statement accounts:

Revenue
Consolidated revenue for 2022 grew by 32% from P108.3 billion to P142.6 billion primarily driven by stronger coal, electricity, and nickel markets.

Cost of Sales and Services
From P69.7 billion in 2021, cost of sales and services decreased marginally by 2% in spite of the surge in revenue as cost of sales related to real estate and construction softened. As a result, gross profit margin improved to 57% in 2022 from 43% of the previous year.

Operating Expenses
Government royalties for the year amounted to P16.0 billion, a 151% surge from P6.4 billion the previous year due to higher profitability of the coal business. Excluding government royalties, operating expenses incurred increased by 17.7% to P9.1billion due mainly to higher salaries and wages, repairs and maintenance, and association dues.

Equity in Net Earnings
Equity in net earnings of associates decreased by 7%, from P1.61 billion to 1.51 billion in 2022 and 2021, respectively, as a result of lower income take up from Maynilad.

Finance Costs - net
Consolidated finance costs (net) declined by 66% as cash placements generated higher returns during the year.

Other Income (Expense) - net
Other income (net) increased by 48% due to the higher sales forfeitures and cancellation fees coupled with the higher foreign exchange gain owing to favorable foreign exchange rates and higher dollar-denominated short-term placements rates.

Provision for Income Tax
Higher taxable income amounted to P4.7 billion, which is a 169%-percent year-on-year increase in consolidated provision for income tax (both current and deferred) during the year. The accrual of the income tax expense amounting to P897 million for 2020 is in relation to the deferral of the Molave mine's income tax holiday, which contributed to the increase in tax provisions for the year.

II. CONSOLIDATED FINANCIAL CONDITION

December 31, 2022 (Audited) vs December 31, 2021 (Audited)
The Company's financial condition for the year improved as total assets reached P240.8 billion, a 12% increase from December 31, 2021. Meanwhile, consolidated stockholders' equity increased by 22% to Php 132.7 billion following the dividend declaration during the year.

Consolidated cash balance increased by 55% from P18.3 billion in December 31, 2021 to P28.4 billion in December 31, 2022 as a result higher coal and nickel earnings, which was offset by the higher dividend payment during the year.

Receivables rose by 14% from P23.5billion to P26.8 billion in 2022 mainly due to the bulk of coal sales that transpired in the latter part of 2022 and timing difference of the collection from the government.

Contract assets (current and non-current) amounting to P29.4 billion in 2022 is higher by 11% versus the previous year due to higher accomplishments on the real estate and construction businesses.

Consolidated inventories increased by 13% in 2022 from P54.2 billion to P61.5 billion following higher construction costs incurred on ongoing residential projects, as well as higher coal inventory and spare parts.

Other current assets decreased by 7% to P10.2 billion due mainly to the application of tax credits to income tax payables during the year.

Investments in associates and joint ventures grew by 4%, reflecting the net impact of the income take-up and dividends received from Maynilad.

Right-of-use assets declined by 20% due to the amortization recognized in 2022.

Property, plant and equipment stood at P57.6 billion from P59.4 billion last year as depreciation expense more than offset the capital expenditures in 2022. The reclassification of gas turbine to “Asset held for sale” further pulled down the balance of the account.

Exploration and evaluation assets increased by 66% due to the relevant engineering studies conducted for the nickel mining segment.

Pension assets and remeasurements on retirement plans (under equity) grew by 24% and 60%, respectively. Meanwhile, pension liabilities slipped by 51% in 2022. The movements in these accounts were mainly due to the effects of the differences between the actual results and previous actuarial assumptions.

Deferred tax assets decreased by 7% versus the previous year, from P0.60 billion to P0.55 billion, following the realization of previous year tax benefit.

Other noncurrent assets expanded by 107% due mainly to the retention receivables which are expected to be collected after the completion of construction projects.

Accounts and other payables, which includes income tax payables, increased by 1% to P28.3 billion mainly due to the accrual of production related expenses and higher government share in profits payable to DOE.

Contract liabilities (current and non-current) declined by 3% from last year to P15.9 billion due to the recoupment of advances from customers.

Liabilities for purchased land rose by 15% in 2022 versus the previous year due to acquisition of land for real estate development.

Total debt (under short-term and long-term debt) from 2021 amounting to P53.0 billion slightly decreased by 1% to P52.6 billion following net loan prepayments during the year.

Other noncurrent liabilities increased by 75% due mainly to noncurrent portion of retention payables which are expected to be paid to suppliers and subcontractors after the completion of projects.

Net accumulated unrealized gains on equity investments designated at FVOCI grew by 31% as fair market value of quoted securities during the year increased.

Consolidated retained earnings stood at P85.2 billion at the end of December 2022, 22% higher from P70.0 billion at the close of 2021 after generating P31.2 billion of net income and payment of P15.9 billion in cash dividends.

Non-controlling interest increased by 139%, from P21.09 billion in 2022 to P29.22 billion in 2021, as a result of the higher minority share in profits of SMPC.

III. KEY RESULT INDICATORS

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

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

SEGMENT REVENUES

(in Php Millions)	For the Year 2022	2021	Variance Amount	%
SEMIRARA MINING AND POWER CORPORATION	P90,382	P52,424	P37,958	72%
DMCI HOMES	21,911	24,657	(2,746)	(11%)
D.M. CONSUNJI, INC.	18,656	22,233	(3,577)	(16%)
DMCI POWER	7,470	4,640	2,830	61%
DMCI MINING	3,789	4,022	(233)	(6%)
PARENT & OTHERS	392	367	25	7%
TOTAL REVENUE	**P142,600**	**P108,343**	**P34,257**	**32%**

The initial indicator of the Company's gross business results is seen in the movements of revenue in each business segment. As shown above, consolidated revenue increased by 32% primarily driven by higher coal and energy sales volume and average selling prices.

CONSOLIDATED NET INCOME AFTER NON-CONTROLLING INTERESTS

(in Php Millions)	For the Period 2022	2021	Variance Amount	%
SEMIRARA MINING AND POWER CORPORATION	P22,661	P9,234	P13,427	145%
DMCI HOMES	4,469	4,395	74	2%
MAYNILAD	1,467	1,559	(92)	(6%)
DMCI MINING	1,285	1,206	79	7%
DMCI POWER	742	580	162	28%
D.M. CONSUNJI, INC.	587	378	209	55%
PARENT & OTHERS	(28)	11	(39)	(355%)
CORE NET INCOME	**31,183**	**17,363**	**13,820**	**80%**
NON-RECURRING ITEMS	(93)	1,031	(1,124)	(109%)
REPORTED NET INCOME	**P31,090**	**P18,394**	**12,696**	**69%**

The net income (after non-controlling interest) of the Group was driven by the stronger performance of its coal, power, and construction segments arising from higher commodity prices and completion of various developmental projects. The non-recurring items primarily pertain to the write down of the on-grid power segment's gas turbines.

EARNINGS PER SHARE

Earnings per share (EPS) pertains to how much profits a company makes for each of its common shares. EPS is one of the most common ways to gauge a company's profitability attributable to common shareholders.

The Company's consolidated basic and diluted EPS was P2.34/share for the year ended December 31, 2022, a 69% jump from P1.39/share EPS year-on-year.

RETURN ON COMMON EQUITY
Return on common equity is defined as the amount of net income a company earns relative to the book value of common equity. It is a primary financial metric used by equity investors to determine whether management is efficiently and effectively utilizing the capital that shareholders have provided to generate profits. It is calculated by dividing the net income attributable to common equity shareholders of the parent company divided by the average book value of equity attributable to the equity holders of the parent company. The Company's return on common equity stood at 33% and 22% for the year ended December 31, 2022 and 2021, respectively.

NET DEBT TO EQUITY RATIO
The net debt-to-equity ratio measures to amount of debt financing relative to the equity capital. The ratio tells the Company the amount of risk associated with the way its capital structure is set up. The ratio highlights the amount of debt a company is using to run their business and the financial leverage that is available to the Company. The net debt-to-equity ratio is calculated by dividing the interest-bearing loans less cash and cash equivalents by total shareholders' equity.

Total borrowings in 2022 stood at P52.6 billion from P53.0 billion in the previous year, which resulted to a net debt-to-equity ratio of 0.18:1 as of December 31, 2022 and 0.32:1 as of December 31, 2021.

FINANCIAL SOUNDNESS RATIOS

	December 31, 2022	**December 31, 2021**
Gross Margin	52%	36%
Net Profit Margin	34%	24%
Return on Assets	22%	13%
Return on Common Equity	33%	22%
Current Ratio	290%	225%
Net Debt to Equity Ratio	18%	32%
Asset to Equity Ratio	181%	198%
Interest Coverage Ratio	20 times	10 times

PART II--OTHER INFORMATION

1. The Group's operation is a going concern and is expected to remain in business indefinitely.
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 demand and supply of the commodities market and is also affected by weather conditions. Businesses that are not affected by known business cyclicality, trends, or other uncertainties would include power generation and water utility.

3. On October 18, 2022, the BOD of the Parent Company declared cash dividends amounting to Php 0.72 special dividends per common share totaling Php 9.56 billion in favor of the stockholders of record as of November 2, 2022, and was paid on November 16, 2022.
4. 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 totaling Php 6.37 billion in favor of the stockholders of record as of April 19, 2022, and was paid on April 29, 2022.
5. On October 12, 2021, the BOD of the Parent Company declared cash dividends amounting to Php 0.48 special dividends per common share totaling Php 6.37 billion in favor of the stockholders of record as of October 26, 2021 and was paid on November 10, 2021.
6. 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 totaling Php 6.37 billion in favor of the stockholders of record as of April 15, 2021 and was paid on April 26, 2021.
7. There are no undisclosed material subsequent events and transfer of assets not in the normal course of business that have not been disclosed for the period that the Group has knowledge of;
8. There are no known material contingencies during the interim period; events that will trigger direct or contingent financial obligations that are material to the Group, including any default or acceleration of an obligation has been disclosed in the notes to financial statements.
9. There are no known material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Group with unconsolidated entities or other persons created during the reporting period.
10. Except for interest payments on loans, which the Group can fully service, the only significant commitment that would have a material impact on liquidity would be construction guarantees. These are usually required from contractors in case of any damage and/or destruction on a completed project.
11. There are no known trend or demand, commitment, event or uncertainty that will result in or have a material impact on the Group's liquidity.
12. The Group does not have any rights offering, issuance of primary shares, granting of stock options, and corresponding plans at this time.
13. All necessary disclosures were made under SEC Form 17-C.

CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD DECEMBER 31, 2021

Full Year 2021 vs Full Year 2020

I. RESULTS OF OPERATIONS

Below is a table on the net income contributions of the Company's businesses for 2021 and 2020:

CONSOLIDATED NET INCOME AFTER NON-CONTROLLING INTERESTS

	For the Period		Variance	
(in Php Millions)	2021	2020	Amount	%
SEMIRARA MINING AND POWER CORPORATION	P9,234	P2,009	P7,225	360%
DMCI HOMES	4,395	1,940	2,455	127%
MAYNILAD	1,559	1,540	19	1%
DMCI MINING	1,206	483	723	150%
DMCI POWER (SPUG)	580	537	43	8%
D.M. CONSUNJI, INC.	378	109	269	247%
PARENT & OTHERS	11	(51)	62	122%
CORE NET INCOME	**17,363**	**6,567**	**10,796**	**164%**
NON-RECURRING ITEMS	1,031	(708)	1,739	246%
REPORTED NET INCOME	**P18,394**	**P5,859**	**12,535**	**214%**

FY 2021 vs FY 2020 Consolidated Highlights

- Reported net income grew threefold (214%) from Php 5.86 billion to Php 18.40 billion as all of the businesses delivered robust growth on the back of stronger-than-expected coal, electricity and nickel markets, coupled with higher construction accomplishments. This translated to Php 1.39 in earnings per share and 21.7% in return on equity.

- Excluding nonrecurring gain in 2021 which comes mostly from deferred tax remeasurement because of the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act (Php 955 million) and gain on sale of land (Php 203 million), versus a nonrecurring loss of Php 708 million in 2020 pertaining mainly to sales cancellations for a Davao project, core net income accelerated by 164% from Php 6.57 billion to Php 17.37 billion, the highest ever recorded by the group.

- SMPC and DMCI Homes accounted for 79% of core net income.

- Strong operating cashflow from elevated commodity and electricity prices allowed the group pay out Php 6.37 billion in regular (Php 0.23/share) and special (Php 0.25/share) cash dividends in April and Php 6.37 billion in special (Php 0.48/share) cash dividends in

November. In effect, total cash dividends reached Php 12.75 billion (Php 0.96 per share), which translates to a payout ratio of 194%—well above the company dividend policy of 25% of the previous year's core net income and an all-time high for the group.

FY 2021 vs FY 2020 Subsidiaries and Associate Performance

I. Semirara Mining and Power Corporation (SMPC)

Core income contribution from SMPC expanded four times (360%) from Php 2.0 billion to Php 9.23 billion, a record high for the business. The strong performance was attributable to soaring coal and electricity prices, improved coal production, substantial beginning inventory and ample uncontracted power capacity. The following summarizes the performance of its two operating segments:

<u>Coal Segment</u>

- **Better production.** Aggregate (actual) strip ratio declined from 13.9 to 11.0 on significantly improved weather and water seepage conditions. Consequently, total production advanced by 8% from 13.2 million metric tons (MMT) to 14.3 MMT.
- **High inventory.** At the end of 2020, coal stockpile stood at 2.0 MMT, around 45% of which was high grade (820,000 MT).
- **Double-digit sales volume growth.** Higher production and inventory levels allowed the company to boost shipments by 16% from 13.1 MMT to 15.2 MMT, mainly driven by external sales. Exports rallied by 24% from 7.6 MMT to 9.4 MMT, and accounted for 62% of total shipments. Excluding sale to own plants, domestic sales grew faster (35%) than exports from 2.6 MMT to 3.5 MMT. Sale to own plants declined by 21% from 2.9 MMT to 2.3 MMT because of the prolonged outage of SEM-Calaca Power Corporation (SCPC) Unit 2.
- **Record-high prices.** Tempered by contracts from December 2020 that were delivered in Q1 and ceiling prices for domestic sales, Semirara coal average selling prices (ASP) rebounded by 71% from P1,577 to P2,695. Faster-than-expected economic recovery and supply disruptions led to a global energy crunch, which more than doubled index prices. Average Newcastle coal prices (NEWC) rocketed by 127% from USD 60.45 to USD 127.28 while Average Indonesian Coal Index 4 (ICI4) swelled by 122% from USD 29.40 to USD 65.30.

<u>Power Segment</u>

- **Lower output.** Overall gross generation dropped by 15% from 4,677 GWh to 3,959 GWh as the combined plant outages of SCPC and Southwest Luzon Power Generation Corporation (SLPGC) reached 535 days, up by 14% from 471 days.
- **Reduced sales.** Total power sales slid by 4% from 4,218 GWh to 4,032 GWh due to the 25-percent decline in SCPC sales (2,692 GWh vs. 2,023 GWh), which was significantly offset by the 32-percent growth in SLPGC sales (1,526 GWh vs. 2,009 GWh). 75% of total power sales went to BCQ.
- **Elevated prices. .** Overall ASP recovered by 49% from Php 2.76/KWh to Php 4.11/KWh largely due to higher spot market prices and an SCPC 170MW bilateral contract with a fuel pass-

through provision (expired October 25). Bilateral contract quantity (BCQ) ASP picked up by 8% from Php 3.37/KWh to Php 3.64/KWh while Wholesale Electricity Spot Market (WESM) ASP more than doubled (138%) from Php 2.31/KWh to Php 5.51KWh. Magnifying the impact of the spot price movement is the 1,028 GWh of electricity sales to WESM.

- **Higher replacement power purchases.** Total replacement power purchases expanded by 139% from 162 GWh to 387 GWh owing to lower gross generation and elevated spot prices.

DMCI Holdings recognized a nonrecurring loss of Php 74 million for SMPC from deferred tax asset remeasurement and income tax adjustment from CREATE Act.

II. DMCI Project Developers Inc. (DMCI Homes)

Core net income contribution from DMCI Homes more than doubled (127%) from Php 1.94 billion to Php 4.40 billion due to the combined effect of the following:

- **Higher revenue recognition.** Revenues increased by 39% from Php 17.69 billion to a record high of Php 24.66 billion because of higher construction accomplishments and uptick in new accounts that qualified for revenue recognition.
- **Better gross margin.** Gross margin improved from 22.4% to 28.3% following the normalization of dress-up costs for ready-for-occupancy (RFO) units.
- **Higher operating expenses (OPEX).** OPEX rose by 12% from Php 2.03 billion to Php 2.27 billion on higher manpower costs, association dues and utilities from unsold RFO units, taxes and licenses.
- **Rise in other income**. Other income spiked by 66% from Php 767 million to Php 1.27 billion because of unit cancellations, forfeitures and rental income.

The company also reported the following operational highlights:

- **Weak sales and reservations.** Units sold slipped by 3% from 5,353 to 5,180 following a 9-percent sales slowdown in residential units (2,959 vs 3,267) and a 6-percent upswing in parking slots sold (2,221 vs 2,086).
- **Flattish sales value.** Total sales value was flat at Php 19.65 billion (vs Php 19.58 billion) as higher selling prices offset the impact of lower unit sales.
- **Higher selling prices.** ASP per square meter was largely unchanged at Php 111,000 (vs Php 110,000) but ASP per unit improved by 10% from Php 5.51 million to Php 6.07 million with the sale of larger cut units.
- **Substantial inventory.** Total Inventory rose by 66% from Php 24.6 billion to Php 40.8 billion as more RFO units and newly-launched units from pre-selling projects became available. RFO units accounted for 28% of total inventory.

DMCI Homes recognized a nonrecurring gain of Php 640 million from deferred tax liabilities remeasurement and income tax adjustment from CREATE Act and Php 12 million from the sale of land.

III. Maynilad Water Services, Inc. (Maynilad)

Core net income contribution from associate Maynilad was steady at Php 1.56 billion (vs Php 1.54 billion) due to the following:

- **Lower billed volume.** Billed volume dropped by 3% from 536.4 million cubic meters (MCM) to 519.6 MCM as COVID-19 restrictions continued to sap overall demand.
- **Lower average effective tariff.** Average effective tariff receded by 1% from Php 42.1 to Php 41.6 due to lower billed volume and absence of tariff and inflationary adjustments.
- **Unfavorable customer mix.** From 16.2%, non-domestic demand dipped to 16.1% as business establishments closed down or reduced operations because of the pandemic.
- **Lower gross margin.** Standalone revenues fell by 4% from Php 22.93 billion to Php 21.95 billion while cost of sales (COS) increased by 4% from Php 3.79 billion to Php 3.93 billion. The COS upturn was largely due to higher utilities consumption, repairs and maintenance and water treatment chemicals for Putatan water treatment plants 1 and 2, coupled with low-base effect as some utilities billings for 2020 were received and expensed in 2021.

The nonrecurring expenses pertain to the impact of change in method of deduction for deferred tax recognition (Php 380 million), COVID-19 expenses (Php 57 million) and donations (Php 55 million).

DMCI Holdings also recognized Php 132 million pesos of nonrecurring gain from the impact of CREATE Act to its investments on Maynilad.

IV. DMCI Mining Corporation (DMCI Mining)

Core net income contribution from DMCI Mining widened by 150% from Php 483 million to an all-time high of Php 1.21 billion owing to historic revenues. Standalone topline surged by 63% from Php 2.47 billion to Php 4.02 billion as a result of the following:

- **Double-digit production growth.** Total production increased by 13% from 1.58 million wet metric tons (WMT) to 1.79 million WMT on the uneven nickel output of Berong Nickel Corporation (BNC) and Zambales Diversified Metals Corporation (ZDMC). BNC production dropped by 22% from 1.09 million WMT to 854,000 WMT with the depletion of its Berong mine at the latter part of the year. Meanwhile, ZDMC production nearly doubled (91%) from 490,000 WMT to 934,000 WMT on ramped-up capacity.
- **Higher Shipments.** Total shipment accelerated by 18% from 1.65 million WMT to 1.94 million WMT on strong China demand and higher mine production.

- **Surging selling prices.** ASP escalated by 40% from USD 30/WMT to USD 42/WMT on robust market demand and supply disruptions. Average London Metal Exchange (LME) nickel spot prices went up by 34% from USD13,773 to USD 18,478. After peaking at USD21,135 in November, LME closed the year at USD20,925.
- **Better nickel grades.** Average nickel grade sold improved from 1.33% to 1.36% on higher shipments from BNC.
- **Higher noncash cost.** Noncash costs climbed by 68% from Php 348 million to Php 584 million largely due to depletion rate adjustments from operating mine assets.
- **Final mine rehabilitation.** The company fully expensed Php 110 million for the rehabilitation of its Berong mine.

The company also reported the following operational highlights:

- **Substantial inventory.** Total inventory receded by 17% from 469,000 WMT to 389,000 WMT as BNC inventory retreated by 31% from 418,000 WMT to 287,000 WMT. Mitigating the impact of this decline was the doubling of ZDMC inventory from 51,000 WMT to 102,000 WMT.
- **New debt for capital expenditures (CAPEX).** DMCI Mining availed a long-term loan of Php 350 million to boost ZDMC's in-house mine production capacity. Around Php 47 million was spent to acquire additional heavy equipment for the Zambales operations.

At the parent level, a nonrecurring gain of Php 236 million was recognized from deferred tax liabilities remeasurement and income tax adjustment from CREATE Act.

V. DMCI Power Corporation (DMCI Power)

Core net income contribution from DMCI Power rose by 8% from Php 537 million to Php 580 million due to the combined effect of the following:

- **Higher energy sales**. Energy dispatch climbed by 5% from 349.0 GWh to 368.0 GWh as demand in Masbate, Oriental Mindoro and Palawan recovered on looser quarantine restrictions, together with the first full-year operation of its 15MW Masbate thermal plant.
- **Elevated selling prices.** ASP expanded by 11% from Php 11.4/KWh to Php 12.7 /KWh on higher fuel costs.
- **Cost of sales (COS) in line with revenues.** COS grew by 18% (vs revenues by 17%) from Php 3.03 billion to Php 3.58 billion, slightly lifted by higher fuel costs during a Masbate plant maintenance outage.

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

Core net income contribution from DMCI grew threefold (247%) from Php 109 million Php 378 million because of the following:

- **Revenue recovery.** Gross revenues climbed by 19% from Php 17.01 billion to Php 20.26 billion on looser quarantine restrictions and higher construction accomplishments from infrastructure projects, tempered by conservative revenue recognition.
- **Flattish gross margin.** Gross profit was largely flat (9.9% vs 9.3%) due to lower pandemic-related expenses and conservative revenue recognition. COS jumped by 18% from Php 15.43 billion to Php 18.26 billion, in line with topline growth (19%).
- **Higher operating expenses (OPEX).** OPEX rose by 8% from Php 523 million to Php 566 million on COVID-19 vaccine procurement.

The company also reported the following updates:

- **Order book slowdown.** Balance of work decreased by 16% from Php 58.7 billion to Php 49.3 billion as project bidding and construction spending remained sluggish. The current order book is enough to sustain the company for roughly three years. The company secured Php 4.7 billion in new contracts and Php 2.9 billion in variation orders but realized Php 17.1 billion in order book during the year.
- **Higher ending cash balance.** Down payment from new projects raised cash balance by 37% from Php 1.4 billion to Php 2.0 billion, as of end of December 2021.

DMCI posted a nonrecurring gain of Php 191 million from the sale of land.

Parent and Others

Parent and other investments recorded a net income of Php 11 million from a net loss of Php 51 million last year mainly due to absence of COVID-19 related expenses.

Outlook

Our 2022 performance will be largely defined by the ongoing geopolitical crisis and rate of economic recovery of the Philippines from the COVID-19 pandemic. The outcome of this year’s elections could also affect the growth and sustainability of our businesses.

We anticipate significant volatility in the coal and nickel markets because of global supply disruptions and economic sanctions on Russia, the world’s third-largest and sixth-largest producer of nickel and coal, respectively.

While the escalation and prolonged aftermath of these sanctions will keep index prices elevated, possible policy interventions by China and Indonesia could create significant drawbacks for SMPC and DMCI Mining. Supply disruptions could also mean higher fuel expenses and raw materials costs for DMCI and DMCI Homes.

Meanwhile, we expect our power and water businesses to benefit from the full economic reopening of the Philippines. Consumption should return to normal as companies and schools revert to on-site arrangements. Off-grid demand could also grow with the unrestricted entry of foreign and local tourists.

More in-person activities leading up to the elections should also boost electricity demand. Historically, the highest power consumption growths were seen in 2010 and 2016, which were both election years.

Post elections, we expect some changes in regulation with the takeover of a new administration. These changes could have significant impacts on our coal operating contract, Mineral Production Sharing Agreement (MPSA) applications, rate rebasing exercise and project bids under the Build, Build, Build program.

Explanation of movement in consolidated income statement accounts:

Revenue

Consolidated revenue for 2021 grew by 60% from P67.7 billion to P108.3 billion owing to stronger coal, electricity and nickel markets. Improved collection and higher construction accomplishments raised the sales revenues of DMCI Homes while DMCI revenues surged on improved project accomplishments.

Cost of Sales and Services

From P51.9 billion in 2020, cost of sales and services increased by 34% to P69.7 billion, slower than the recorded revenue growth. This is due to higher global coal and nickel prices which boosted gross profit margin.

Operating Expenses

Government royalties for the year amounted to P6.4 billion, 250% surge from P1.8 billion last year due to higher profitability of the coal business. Excluding government royalties, operating expenses incurred increased by 9% to P7.7 billion due mainly to higher salaries and wages and taxes and licenses.

Equity in Net Earnings

Equity in net earnings of associates increased by 4% as a result of higher income take up from Maynilad.

Finance Costs - net

Consolidated finance costs (net) rose by 8% due mainly to additional loan availments during the year coupled with lower interest income from placements.

Other Income (Expense) - net
Other income - net increased by 90% due to the higher sales forfeitures and cancellation during the year coupled with the gain resulting from the sale of land.

Provision for Income Tax
Higher taxable income resulted in a 31-percent jump in consolidated provision for income tax (both current and deferred) during the year.

II. CONSOLIDATED FINANCIAL CONDITION

December 31, 2021 (Audited) vs December 31, 2020 (Audited)
The Company's financial condition for the year improved as total assets reached P215.2 billion, a 5% increase from December 31, 2020. Meanwhile, consolidated total equity increased by 8% to Php 108.8 billion following dividend declaration during the year.

Consolidated cash decreased by 3% from P18.9 billion in December 31, 2020 to P18.3 billion in December 31, 2021 due mainly to payment of dividends and capital expenditures during the period.

Receivables rose by 15% from P20.4 billion to P23.5 billion in 2021 due mainly to the bulk of coal sales which transpired in the latter part of 2021.

Contract assets (current and non-current) increased by 47% as accomplishments in the real estate and construction businesses improved.

Consolidated inventories slightly increased by 1% from P53.9 billion to P54.2 billion following higher construction materials and supplies which are offset by lower nickel inventories.

Other current assets jumped by 39% to P11.0 billion due mainly to advances to suppliers and subcontractors and reclassification of the current portion of cost to obtain contract from other noncurrent assets.

Investments in associates and joint ventures grew by 6% due mainly to income take-up from Maynilad.

Investment properties and right-of-use assets decreased by 26% and 20%, respectively, due to depreciation and amortization recognized during the year.

Property, plant and equipment stood at P59.4 billion from P62.0 billion last year as depreciation and depletion more than offset capital expenditures in 2021.

Exploration and evaluation asset increased by 3% due to exploration and evaluation activity of the nickel mining segment.

Pension assets and remeasurements on retirement plans (under equity) grew by 15% and 244%, respectively. Meanwhile, pension liabilities slipped by 62% in 2021. The movements in these accounts were due mainly to the effects of differences between actual results and previous actuarial assumptions.

Deferred tax assets decreased by 36% following the realization of previous year tax benefit and impact of CREATE law adjustment.

Other noncurrent assets contracted by 38% due mainly to recoupment of advances to suppliers as construction activities continue to ramp up.

Accounts and other payables including income tax payable increased by 13% to P28.1 billion attributable to accruals of production related expenses and higher government share payable to DOE.

Contract liabilities (current and non-current) declined by 2% from last year due to recoupment of advances from customers.

Liabilities for purchased land declined by 22% as a result of net payment of land previously acquired for real estate development.

From P51.9 billion, total debt (under short-term and long-term debt) slightly grew by 2% to P53.0 billion following loan availments during the year.

Other noncurrent liabilities slipped by 5% due mainly to lower lease liabilities and commission payable following payments made during the year.

Net accumulated unrealized gains on equity investments designated at FVOCI grew 1% due to the increase in fair market value of quoted securities during the year.

Share in other comprehensive loss of associates decline by 82% due mainly to the take-up from Maynilad.

Consolidated retained earnings stood at P70.0 billion at the end of December 2021, 9% up from P64.4 billion at the close of 2020 after generation of P18.4billion net income and payment of P12.7 billion Parent dividends.

Non-controlling interest increased by 8% as a result of the non-controlling share in net income and dividends in SMPC.

III. KEY RESULT INDICATORS

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

f) Segment Revenues
g) Segment Net Income (after Non-controlling Interests)
h) Earnings Per Share
i) Return on Common Equity
j) Net Debt to Equity Ratio

SEGMENT REVENUES

	For the Year		Variance	
(in Php Millions)	2021	2020	Amount	%
SEMIRARA MINING AND POWER CORPORATION	P52,424	P28,250	24,174	86%
DMCI HOMES	24,657	16,267	8,390	52%
D.M. CONSUNJI, INC.	22,233	16,445	5,788	35%
DMCI POWER (SPUG)	4,640	3,969	671	17%
DMCI MINING	4,022	2,472	1,550	63%
PARENT & OTHERS	367	297	70	24%
TOTAL REVENUE	**P108,343**	**P67,700**	**P40,643**	**60%**

The initial indicator of the Company's gross business results is seen in the movements of revenues in each business segment. As shown above, consolidated revenue increased by 60% due to higher coal sales volume and selling price. Higher accomplishments in real estate and construction, coupled with better electricity and nickel sales, pushed revenues further.

CONSOLIDATED NET INCOME AFTER NON-CONTROLLING INTERESTS

	For the Period		Variance	
(in Php Millions)	2021	2020	Amount	%
SEMIRARA MINING AND POWER CORPORATION	P9,234	P2,009	P7,225	360%
DMCI HOMES	4,395	1,940	2,455	127%
MAYNILAD	1,559	1,540	19	1%
DMCI MINING	1,206	483	723	150%
DMCI POWER (SPUG)	580	537	43	8%
D.M. CONSUNJI, INC.	378	109	269	247%
PARENT & OTHERS	11	(51)	62	122%
CORE NET INCOME	**17,363**	**6,567**	**10,796**	**164%**
NON-RECURRING ITEMS	1,031	(708)	1,739	246%
REPORTED NET INCOME	**P18,394**	**P5,859**	**12,535**	**214%**

The net income (after non-controlling interest) of the Company was driven by the improved results of all its subsidiaries. Topline improved on the solid recovery of coal and nickel prices, which resulted in better gross margin. Higher real estate sales recognition and ramped up of construction activities further pushed net income higher. Gain on sale of land and impact of CREATE law also contributed to the 214-percent growth in net income.

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 P1.39/share for the year ended December 31, 2021, a 214% jump from P0.44/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 book value of common shares. 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 common equity. The Company's return on common equity stood at 22% and 7% for the year ended December 31, 2021 and 2020, 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 P53.0 billion from P51.9 billion last year, which resulted to a net debt to equity ratio of 0.32:1 as of December 31, 2021 and 0.33:1 as of December 31, 2020.

FINANCIAL SOUNDNESS RATIOS

	December 31, 2021	**December 31, 2020**
Gross Margin	36%	23%
Net Profit Margin	24%	11%
Return on Assets	13%	4%
Return on Parent Equity	22%	7%
Current Ratio	225%	231%
Net Debt to Equity Ratio	32%	33%
Asset to Equity Ratio	198%	202%
Interest Coverage Ratio	10 times	4 times

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 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.
4. 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.
5. On March 5, 2020, the BOD of the Parent Company declared cash dividends amounting Php 0.23 regular dividends per common share and Php 0.25 special dividends per common share for a total of Php 6.37 billion in favor of the stockholders of record as of March 23, 2020 and was paid on April 3, 2020.
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.

CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD DECEMBER 31, 2020

<u>Full Year 2020 vs Full Year 2019</u>

I. RESULTS OF OPERATIONS

Below is a table on the net income contributions of the Company's businesses for 2020 and 2019:

CONSOLIDATED NET INCOME AFTER NON-CONTROLLING INTERESTS

	For the Period		Variance	
(in Php Millions)	2020	2019	Amount	%
SEMIRARA MINING AND POWER CORPORATION	P2,009	P5,727	(P3,718)	-65%
DMCI HOMES	1,940	3,020	(1,080)	-36%
MAYNILAD	1,540	1,761	(221)	-13%
DMCI POWER (SPUG)	537	611	(74)	-12%
DMCI MINING	483	182	301	165%
D.M. CONSUNJI, INC.	109	906	(797)	-88%
PARENT & OTHERS	(51)	223	(274)	-123%
CORE NET INCOME	**6,567**	**12,430**	**(5,863)**	**-47%**
NON-RECURRING ITEMS	(708)	(1,897)	1,189	63%
REPORTED NET INCOME	**P5,859**	**P10,533**	**(P4,674)**	**-44%**

DMCI Holdings, Inc. (the "Company") recorded P5.9 billion in reported net income in 2020, a 44% drop from P10.5 billion the previous year. The decline was largely attributable to the strict quarantine restrictions and economic impacts of the COVID-19 pandemic.

Excluding non-recurring losses of P1.9 billion mostly coming from one-time noncash goodwill impairment charge for its Zambales mining assets in 2019 and P708 million pertaining mainly to sales cancellations for a real estate project in 2020, core net income fell 47% from P12.4 billion to P6.6 billion.

For the fourth quarter alone, the Company posted P1.9 billion in consolidated net income, a 59% improvement from P1.2 billion last year owing to the absence of a one-time goodwill impairment loss. Core net income, on the other hand, slipped by 34% from P3.1 billion to P2.1 billion.

Core income contribution from Semirara Mining and Power Corporation dropped 65% from P5.7 billion to P2 billion owing to double-digit declines in coal sales (-16%) and average selling prices for coal (-23%) and electricity (-32%).

DMCI Homes contributed P1.9 billion in core income, 36% lower from P3 billion as the suspension of non-essential work in the first semester led to a slowdown in construction accomplishments which effectively lowered revenue recognition and unit turnovers. Higher construction costs also contributed to the earnings decline.

Affiliate Maynilad accounted for P1.5 billion, a 13% decline from P1.8 billion in 2019 owing to lower commercial and industrial sales and higher depreciation and amortization for its water source and wastewater capital investments.

DMCI Power income fell 12% from P611 million to P537 million due to the absence of a one-time retroactive adjustment in Palawan's non-fuel tariff amounting to P113 million recorded in 2019. However, without the retroactive adjustment, the off-grid power business posted an 8% increase in income contribution.

Core income share from DMCI Mining soared 165% from P182 million to P483 million following a 41% jump in nickel shipments and a 14% increase in average selling prices.

D.M. Consunji, Inc. recorded an 88% drop in earnings contribution from P906 million to P109 million mainly due to lower construction productivity and accomplishments because of the COVID-19 pandemic.

DMCI Holdings and other investments realized a P51 million loss compared to a P223 million net income in 2019 owing to lower interest income and COVID-19 expenses.

SEMIRARA MINING AND POWER CORPORATION

Core income contributions from SMPC plunged 65% from P5.7 billion to P2 billion due to the combined effect of the following:

- Coal sales volume declined 16% from 15.6 MMT to 13.1 MMT due to sharp contraction in global demand and domestic consumption.
- Average selling price of coal dropped 23% from P2,074 to P1,591 due to weak market conditions.
- Electricity sales improved 14% from 3,702 GWh to 4,218 GWh due to higher availability of SCPC plants post-Life Extension Program.
- BCQ and spot market prices contracted 9% and 50%, respectively. Consequently, average selling price for electricity declined by 32% from 4.07 to 2.76 Php/KWh.
- Revenues down as demand and prices for coal and electricity contracted due to COVID-19 restrictions and China coal import quotas. Decline in coal and electricity sales also attributable in part to the deferment of mining operations in Molave North Block 7 and unplanned outages of SLPGC.

Including non-recurring items mainly pertaining to asset impairment loss, SMPC's net income attributable to DMCI Holdings declined by 65% to P1.9 billion from P5.5 billion.

DMCI HOMES

Wholly-owned subsidiary DMCI Homes contributed P1.9 billion in core net income to the Parent Company, a 36% decline from last year.

The weak performance was mainly due to a 12% percent drop in revenues from P18.6 billion to P16.3 billion as the suspension of non-essential business operations in the first semester led to a 76-day construction stoppage while the passage of Bayanihan law provided a moratorium on payment collections from mid-March until the end of 2020. Sales cancelation in its Davao property further dragged down revenue realized during the year.

Meanwhile, gross profit of the real estate business slipped by 41% to P3.2 billion following higher construction costs related to the dress-up of units completed in prior years.

Including the non-recurring losses from the cancellations, net income dropped 55% to P1.4 billion.

Strict quarantine measures and limited mobility resulted in a marked slowdown in sales booking and project launches. Sales and reservations contracted 47% from P36.7 billion to P19.6 billion. Meanwhile, DMCI Homes project launches declined from 4 projects in 2019 to 2 projects in 2020: Alder Residences and The Camden Place.

MAYNILAD

DMCI Holdings has indirect ownership of Maynilad through a 27% stake in Maynilad Water Holdings, which owns 93% of the water company.

Maynilad reported a net income of P6.4 billion, 16% down from P7.7 billion last year. The decline was due to the following:

- Flattish growth in billed volume, from 535.3 mcm in 2019 to 536.4 mcm in 2020
- Customer mix shifted to 83.8% domestic market from 80.1% in 2019 as lockdowns reduced commercial and industrial activities
- Average effective tariff declined by 4% to 42.1
- 17% increase in depreciation and amortization due to substantial investments in water source and wastewater reclamation

After adjustments at the consortium company level, the Company's equity in net earnings fell 13% from P1.7 billion to P1.5 billion. Excluding the share in non-recurring items, equity in net earnings also contracted by 13% to P1.5 billion.

DMCI POWER (SPUG)

DMCI Power, a wholly-owned subsidiary, provides off-grid power to missionary areas through long-term power supply agreements with local electric cooperatives.

Net income contribution from DMCI Power declined by 12% from P611 million to P537 million due to the combined effect of the following:

- Total sales volume increased by 6% due to higher demand across all markets
    - Masbate electricity sales grew 6% from 120.4 GWh to 127.5 GWh
    - Palawan sales improved 5% from 148.3 GWh to 155.5 GWh
    - Oriental Mindoro sales increased 8% from 61.2 GWh to 65.9 GWh

- Despite the increase in volume sold, revenues declined by 13% while EBITDA declined by 8% due to the absence of the P113 million one-time retroactive adjustment approved in 2019 pertaining to Palawan's non-fuel tariff for 2017 and 2018 operations coupled with a 17% drop in average selling prices attributed to lower pass-through fuel component.

DMCI Power began commercial operations of its P2.7 billion 15MW thermal power plant in Masbate on September 11, 2020. The commercial operation of the thermal plant will provide significant savings in the Universal-Charge for Missionary Electrification (UC-ME) subsidy of about P500 million every year.

DMCI MINING

DMCI Mining delivered a core net income contribution of P483 million, a 165% increase from P182 million last year. The marked improvement was due to the combined effect of the following:

- 15% increase in nickel production from 1.4 million WMT to 1.6 million WMT owing to the full-year operations of Zambales Diversified Metals Corporation (ZDMC)
- 41% rise in shipments as strong stainless steel production boosted China demand for low-grade nickel and the prevailing Indonesian ore export ban tightened supply
- 14% improvement in average selling price despite selling lower average grade nickel due to better market conditions
- 10% decline in cash cost per WMT from P860 / WMT to P771 / WMT on the back of higher nickel shipments
- 15% growth in total depletion, depreciation and amortization from P302 million to P348 million due mainly to the resumption of mining operations in Zambales

The nonrecurring loss of P1.6 billion in 2019 pertains to the noncash goodwill impairment associated with its mining assets in Zambales.

D.M. CONSUNJI, INC.

Net income contributions from core business DMCI declined 88% from P906 million to P109 million due to the negative impacts of the COVID-19 pandemic, to elaborate:

- Revenues contracted by 10% from P18.3 million to P16.4 million as the 76-day lockdown in the first semester led to lower construction accomplishments, reduced manpower and supply chain disruptions. Limited public transporation and quarantine restrictions in the second semester also dragged down productivity compared to the previous year.
- As a result of lower construction productivity, gross profit fell 53%.
- Despite the COVID-19 and operational headwinds, DMCI posted a positive EBITDA of P 1.1 billion. Contributions from its three integrated joint venture projects, namely, North South Commuter Railway, Solaire North and Cebu-Cordova Link Expressway, provided strong revenue support.

At the end of 2020, the DMCI order book (balance of work) stood at P58.7 billion, 14% down from P68.2 billion at the close of 2019 following the realization of construction revenue for the period. This amount includes P22.6 billion share in the balance of work of integrated joint ventures.

Only three projects were awarded to the company during the year, reflecting the steep drop in public and private infrastructure investments as proponents either cancelled or delayed their planned projects to preserve cash.

Meanwhile, major ongoing projects in the order book include among others, NLEX-SLEX Connector Road of NLEX Corporation, viaduct works and depot of Phase 1 of North-South Commuter Rail, Cavite-Laguna Expressway of MPCALA Holdings, Inc., Skyway Stage 3 (Section 1) of Citra Central Expressway Corp. (a unit of San Miguel Corporation), Connor and Maven at Capitol Commons of Ortigas & Company, IKEA Philippines of SM Prime Holdings, Inc. and The Estate Makati, an ultra-high end residential condominium of SM Development Corp. and Federal Land.

Explanation of movement in consolidated income statement accounts:

Revenue

Consolidated revenue for 2020 contracted by 23% from P87.8 billion to P67.7 billion as the COVID-19 pandemic resulted to work disruptions and lower market demand and prices. Coal import quotas imposed by China last August as well as the sales cancelation in a real estate project in Davao also dragged down revenues for the year.

Cost of Sales and Services

From P60.1 billion in 2019, cost of sales and service declined by 14% to P51.9 billion due mainly to lower accomplishments, fuel cost and sales volume partially offset by higher cost of real estate sales owing to dress-up of units already completed in previous years.

Operating Expenses
Government royalties for the year amounted to P1.8 billion, 54% down from P3.9 billion last year due to lower profitability of the coal business. Excluding government royalties, operating expenses incurred slipped by 14% to P7.1 billion due mainly to lower depreciation, repairs and selling expenses.

Equity in Net Earnings
Equity in net earnings of associates dropped by 14% as a result of lower income share in Maynilad consortium.

Finance Income
Consolidated finance income decreased by 50% due mainly to the absence of SCPC's one-time interest income from PSALM claims. Lower interest income from placements likewise contributed to the decline.

Finance Costs
Consolidated finance costs fell by 22% due to lower borrowing rates.

Impairment of Goodwill
In 2019, the goodwill associated with the mining assets in Zambales Diversified Metals Corporation (ZDMC) and Zambales Chromite Mining Company (ZCMC) was written-off as certain regulatory restrictions and differences in ore grade estimates no longer support the original valuation.

Other Income (Expense) - net
Other income slipped by 27% due mainly to lower penalties and forfeitures fees of the real estate business in line with the Bayanihan Act.

Provision for Income Tax
Lower taxable income resulted to the 24% drop in consolidated provision for income tax (both current and deferred) during the year.

II. CONSOLIDATED FINANCIAL CONDITION

December 31, 2020 (Audited) vs December 31, 2019 (Audited)
Despite the economic contraction brought by the COVID-19 pandemic, the Company's financial condition remained stable as consolidated total assets as of December 31, 2020 stood at P204 billion, a 2% increase from December 31, 2019. Meanwhile, consolidated total equity decreased by 2% to P101 billion following dividend payments and lower profitability during the year.

Consolidated cash decreased by 12% from P21.6 billion in December 31, 2019 to P18.9 billion in December 31, 2020 due mainly to payment of dividends and capital expenditures during the period.

Receivables rose by 26% from P16.3 billion to P20.4 billion in 2020 due mainly to the extended grace period in real estate receivables.

Contract assets (current and non-current) dropped by 6% as lockdown restrictions dragged down accomplishments in the real estate and construction businesses.

Consolidated inventories increased by 9% from P49.7 billion to P53.9 billion following the land acquisitions of the real estate business.

Other current assets jumped by 10% to P7.9 billion due mainly to advances to suppliers and subcontractors and reclassification of the current portion of cost to obtain contract from other noncurrent assets.

Investments in associates and joint ventures grew by 9% due mainly to income take-up from Maynilad.

Investment properties and right-of-use assets decreased by 7% and 31%, respectively, due to depreciation and amortization recognized during the year.

Property, plant and equipment stood at P62 billion from P63.2 billion last year as depreciation and depletion more than offset capital expenditures in 2020.

Exploration and evaluation asset increased by 1% due to exploration and evaluation activity of the nickel mining segment.

Pension assets and remeasurements on retirement plans (under equity) slipped by 3% and 57%, respectively. Meanwhile, pension liabilities grew by 56% in 2020. The movements in these accounts were due mainly to the effects of differences between actual results and previous actuarial assumptions.

Deferred tax assets decreased by 16% following the realization of previous year tax benefit.

Other noncurrent assets contracted by 27% due mainly to recoupment of advances to suppliers. Further dragging down the account is lower real estate commission due to slowdown in sales booking as a result of strict quarantine measures and limited mobility during the year.

Accounts and other payables including income tax payable increased by 1% to P25.1 billion due mainly to the timing of payments of trade payables.

Contract liabilities (current and non-current) rose by 2% from last year due mainly to the excess of customer’s deposit/billed accomplishments over progress of work.

Liabilities for purchased land jumped by 7% due to the acquisition of land for real estate development.

From P46.9 billion, total debt (under short-term and long-term debt) grew by 11% to P51.9 billion following loan availments during the year.

Deferred tax liabilities dropped by 5% due mainly to the excess of taxable over book income.

Other noncurrent liabilities slipped by 18% due mainly to movement in the provision for decommissioning and rehabilitation in coal mining and lower lease liabilities following payments and contract modifications during the year.

Net accumulated unrealized gains on equity investments designated at FVOCI grew 8% due to the increase in fair market value of quoted securities during the year.

Share in other comprehensive loss of associates rose by 88% due mainly to the take-up from Maynilad.

Consolidated retained earnings stood at P64.4 billion at the end of December 2020, 1% down from P64.9 billion at the close of 2019 after generation of P5.9 billion net income and payment of P6.4 billion Parent dividends.

Non-controlling interest declined by 4% as a result of the non-controlling share in net income and dividends in SMPC.

III. KEY RESULT INDICATORS

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

k) Segment Revenues
l) Segment Net Income (after Non-controlling Interests)
m) Earnings Per Share
n) Return on Common Equity
o) Net Debt to Equity Ratio

SEGMENT REVENUES

(in Php Millions)	For the Year		Variance	
	2020	2019	Amount	%
SEMIRARA MINING AND POWER CORPORATION	P28,250	P44,255	(P16,005)	-36%
D.M. CONSUNJI, INC.	16,445	18,303	(1,858)	-10%
DMCI HOMES	16,267	18,584	(2,317)	-12%
DMCI POWER (SPUG)	3,969	4,541	(572)	-13%
DMCI MINING	2,472	1,610	862	54%
PARENT & OTHERS	297	468	(171)	-36%
TOTAL REVENUE	**P67,700**	**P87,761**	**(P20,061)**	**-23%**

The initial indicator of the Company's gross business results is seen in the movements of revenues in each business segment. As shown above, consolidated revenue dropped by 23% as the COVID-19 pandemic resulted to work disruptions and lower market demand and prices. Coal import quotas imposed by China last August as well as the sales cancelation in a real estate project in Davao also dragged down revenues for the year.

CONSOLIDATED NET INCOME AFTER NON-CONTROLLING INTERESTS

(in Php Millions)	For the Period		Variance	
	2020	2019	Amount	%
SEMIRARA MINING AND POWER CORPORATION	P2,009	P5,727	(P3,718)	-65%
DMCI HOMES	1,940	3,020	(1,080)	-36%
MAYNILAD	1,540	1,761	(221)	-13%
DMCI POWER (SPUG)	537	611	(74)	-12%
DMCI MINING	483	182	301	165%
D.M. CONSUNJI, INC.	109	906	(797)	-88%
PARENT & OTHERS	(51)	223	(274)	-123%
CORE NET INCOME	**6,567**	**12,430**	**(5,863)**	**-47%**
NON-RECURRING ITEMS	(708)	(1,897)	1,189	63%
REPORTED NET INCOME	**P5,859**	**P10,533**	**(P4,674)**	**-44%**

The net income (after non-controlling interest) of the Company has multiple drivers for growth from different business segments. The economic slowdown and challenges brought by the COVID-19 pandemic resulted to the 44% decline in consolidated net income for the year. The community quarantines hit productivity while weak market conditions dragged the sales performance of most business segments. DMCI Mining was able to beat the downtrend because of strong nickel demand from China amid the Indonesian nickel ore export ban. DMCI Power posted higher sales volume but its profitability fell due to the high base effect of the retroactive tariff adjustment for its Aborlan plant in 2019.

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 P0.44/share for the year ended December 31, 2020, a 44% drop from P0.79/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 book value of common shares. 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 common equity. The Company's return on common equity stood at 7% and 13% for the year ended December 31, 2020 and 2019, 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 P51.9 billion from P46.9 billion last year, which resulted to a net debt to equity ratio of 0.33:1 as of December 31, 2020 and 0.25:1 as of December 31, 2019.

FINANCIAL SOUNDNESS RATIOS

	December 31, 2020	December 31, 2019
Gross Margin	23%	32%
Net Profit Margin	11%	17%
Return on Assets	4%	9%
Return on Parent Equity	7%	13%
Current Ratio	231%	218%
Net Debt to Equity Ratio	33%	25%
Asset to Equity Ratio	202%	195%
Interest Coverage Ratio	4 times	6 times

PART II--OTHER INFORMATION

1. The Company's operation is a continuous process. It is not dependent on any cycle or season;
2. Economic and infrastructure developments in the country may affect construction business; Interest rate movements may affect the performance of the real estate industry; Mining activities are generally hinge on the commodities market. Businesses not affected by known cycle, trends or uncertainties are power and water.
3. COVID-19 Pandemic
   The COVID-19 pandemic and containment measures have caused disruptions in the Group's businesses. However, there have been easing of the quarantine measures in key areas of the Philippines and the rollout of the national vaccination program is expected to further improve market activities. The Group continues to implement measures to alleviate the effects and believes that its business would remain relevant despite the challenges posed by the COVID-19 pandemic. The details on operating metrics and impact of COVID-19 on the 2020 earnings are discussed in "Section 1 of the Management's Discussion and Analysis".
4. On March 5, 2020, the BOD of the Parent Company has declared cash dividends amounting to P0.23 regular dividends per common share and P0.25 special cash dividends per common share for a total of P6.37 billion in favor of the stockholders of record as of March 23, 2020 and payable on April 3, 2020.
5. There were 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 have knowledge of;
6. 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.
7. 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
8. 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.
9. 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
10. The Group does not have any offering of rights, granting of stock options and corresponding plans thereof.
11. All necessary disclosures were made under SEC Form 17-C.

ITEM 7. FINANCIAL STATEMENTS

Please see the attached consolidated financial statements and schedules listed in the accompanying Index to Financial Statements and Supplementary Schedules.

ITEM 8. INFORMATION ON INDEPENDENT ACCOUNTANT AND OTHER RELATED MATTERS

a. The external auditors of the Company and its subsidiaries is the accounting firm Sycip, Gorres, Velayo and Co. (SGV & Co.). Pursuant to the General Requirements of SRC Rule 68, paragraph 3 (Qualifications and Reports of Independent Auditors), the Board of Directors of the Company, upon recommendation of its Audit Committee, approved the engagement of the services of SGV & Co. as external auditor and Ms. Jennifer D. Ticlao as the Partner-in-Charge starting 2022 audit period given the required audit partner rotation every five years.

   The re-appointment of the external auditor SGV & Co. will be presented to the stockholders for their approval at the annual stockholders' meeting.

   Representatives of SGV & Co. are expected to be present at the stockholders' meeting. They will have the opportunity to make a statement if they desire to do so and they are expected to be available to respond to appropriate questions.

b. The Company's Audit Committee reviews and discusses with management and the external auditor the annual audited financial statements, including discussion of material transactions with related parties, accounting policies, as well as the external auditor's written communications to the Committee and to management. It also reviews the external auditor's audit plans that increase the credibility and objectivity of the Company's financial reports and public disclosure.

   The Company's Audit Committee reviews the external auditor's fee schedules and any related services proposals for Board approval.

<u>External audit fees and services</u>

Below are the External Audit Fees of the Company and its subsidiaries for two fiscal years:

	2022	**2021**
Audit and audit related fees	P20,633,069	P18,955,783
Non-audit	110,000	0

SGV & Co. was engaged by the Company to audit its annual financial statements in connection with the statutory and regulatory filings or engagements for the years ended 2022 and 2021. The audit-related fees include assurance services that are reasonably related to the performance of the audit of the Company's financial statements pursuant to the regulatory requirements.

Tax fees
No tax consultancy services were secured from SGV & Co. for the past two years.

Non-audit fees
Non-audit fees pertain to an agreed upon procedures performed by SGV for the review of the Company's financial statements pursuant to the regulatory requirements in connection with the Company's dividend declaration.

Changes in and disagreements with accountants on accounting and financial disclosure
The Company has engaged the services of SGV & Co. during the two most recent fiscal years. There were no disagreements with SGV & Co. on any matter of accounting principles or practices, financial statement disclosures, or auditing scope or procedure.

PART III - CONTROL AND COMPENSATION INFORMATION

ITEM 9. DIRECTORS AND EXECUTIVE OFFICERS OF THE ISSUER

(1) Identify Directors, Including Independent Directors, and Executive Officer.

Name	Position	Age	Citizenship
Isidro A. Consunji	Chairman of the Board President/Chief Executive Officer	74	Filipino
Cesar A. Buenaventura	Vice-Chairman of the Board	93	Filipino
Ma. Edwina C. Laperal	Director/ Treasurer	61	Filipino
Maria Cristina C. Gotianun	Director/ Assistant Treasurer	68	Filipino
Luz Consuelo A. Consunji	Director	69	Filipino
Jorge A. Consunji	Director	71	Filipino
Roberto L. Panlilio	Director (Independent)	68	Filipino
Bernardo M. Villegas	Director (Independent)	84	Filipino
Cynthia R. Del Castillo	Director (Independent)	70	Filipino
Herbert M. Consunji	Director/Executive Vice President & Chief Finance Officer/Chief Compliance Officer/Chief Risk Officer	70	Filipino
Noel A. Laman	Corporate Secretary	83	Filipino
Ma. Pilar P. Gutierrez	Asst. Corporate Secretary	46	Filipino
Cherubim O. Mojica	Senior Vice President for Corporate Communications & Investor Relations/ Chief Diversity Officer	45	Filipino
Joseph Adelbert V. Legasto	Deputy Chief Finance Officer/ Chief Strategy and Sustainability Officer	45	Filipino

REGULAR DIRECTORS

Isidro A. Consunji – is 74 years old; has served the Corporation as a regular director for twenty eight (28) years since March 1995; is a regular Director of the following: ***(Listed)*** Semirara Mining and Power Corp. and Atlas Consolidated Mining and Development Corp.; ***(Non-listed)*** D. M. Consunji, Inc., DMCI Project Developers, Inc., DMCI Mining Corp., DMCI Power Corp., DMCI Masbate Corp., Maynilad Water Holdings, Co. Inc., Maynilad Water Services, Inc., Sem-Calaca Power Corp., Southwest Luzon Power Generation Corp., Sem-Calaca Res Corp., Sem-Cal Industrial Park Developers, Inc., Semirara Claystone, Inc., Dacon Corp., DFC Holdings, Inc., Beta Electric Corp. and Crown Equities, Inc., Wire Rope Corporation of the Philippines, Philippine Overseas Construction Board (Chairman), Construction Industry Authority of the Phils. ***Education.*** Bachelor of Science in Engineering (University of the Philippines), Master of Business Economics (Center for Research and Communication), Master of Business Management (Asian Institute of Management), Advanced Management (IESE School, Barcelona, Spain). ***Civic Affiliations.*** Philippine Overseas Construction Board, *Chairman*, Construction Industry Authority of the Philippines, *Board Member*, Philippine Constructors Association, *Past President*, Philippine Chamber of Coal Mines, *Past President*, Asian Institute of Management Alumni Association, *Member*, UP Alumni Engineers, *Member*, UP Aces Alumni Association, *Member.*

Cesar A. Buenaventura – is 93 years old; has served the Corporation as a regular director for twenty eight (28) years since March 1995; is a regular/independent Director of the following: ***(Listed)*** Semirara Mining and Power Corp., iPeople Inc. (Independent Director), Petroenergy Resources Corp., Concepcion Industrial Corp (Independent Director); Pilipinas Shell Petroleum Corp. (Independent Director); International Container Terminal Services, Inc. (Independent Director), Manila Water Company, Inc.; ***(Non-listed)*** D.M. Consunji, Inc., Mitsubishi-Hitachi Power Systems Phils, Inc. (Chairman) ***Education.*** Bachelor of Science in Civil Engineering (University of the Philippines), Masters Degree in Civil Engineering, Major in Structures (Lehigh University, Bethlehem, Pennsylvania). ***Civic Affiliations.*** Pilipinas Shell Foundation, *Founding Member*, Makati Business Club, *Founding Member and* Former *Trustee,* University of the Philippines, *Former Board of Regents*, Asian Institute of Management, *Former Board of Trustee*, Benigno Aquino Foundation, *Past President*, Trustee of Bloomberry Cultural Foundation, Trustee of ICTSI Foundation Inc.; ***Special Recognition.*** Honorary Officer, Order of the British Empire (OBE) by Her Majesty Queen Elizabeth II; MAP Management Man of the Year 1985; One of the top 100 graduates of the University of the Philippines College of Engineering in its 100-year History; Outstanding Professional in Engineering, Professional Regulatory Commission; Outstanding Fullbrighter (Business), Philippine Fulbright Association.

Jorge A. Consunji – is 71 years old; has served the Corporation as a regular director for twenty eight (28) years since March 1995; is a regular Director of the following: ***(Listed)*** Semirara Mining and Power Corp.; ***(Non-listed)*** D.M. Consunji Inc., DMCI Project Developers, Inc., DMCI Mining Corp., DMCI Power Corp., DMCI Masbate Corp., Sem-Calaca Power Corp., Southwest Luzon Power Generation Corp., Maynilad Water Holdings, Co. Inc., Maynilad Water Services, Inc., Dacon Corp., DFC Holdings, Inc., Beta Electric Corporation, Wire Rope Corporation of the Phils., Manila Herbal Corporation, Sirawai Plywood & Lumber Co., M&S Company, Inc. ***Education.*** Bachelor of Science in Industrial Engineering (De La Salle University); Advanced Management Program Seminar at the University of Asia and the Pacific and Top

Management Program at the Asian Institute of Management. ***Civic Affiliations.*** PLDT-Smart Foundation, *Trustee*, Construction Industry Authority of the Phils, *Board Member*, Asean Constructors Federation, *Former Chairman*, Phil. Constructors Association, *Past President/Chairman*, Phil. Contractors Accreditation Board, *Former Chairman*, Association of Carriers & Equipment Lessors, *Past President.*

Ma. Edwina C. Laperal - is 61 years old; has served the Corporation as a regular director from March 1995 to July 2006 (11years and 4 months) and from July 2008 to present (15 years); is a regular Director of the following: **(*Listed)*** Semirara Mining and Power Corporation; ***(Non-listed)*** D.M. Consunji, Inc., DMCI Project Developers, Inc., Dacon Corporation, DMCI Urban Property Developers, Inc, Sem-Calaca Power Corp., DFC Holdings, Inc. ***Education.*** BS Architecture (University of the Philippines), Masters in Business Administration (University of the Philippines), Certificate in Strategic Business Economics, Center for Research and Communication. ***Civic Affiliations.*** UP College of Architecture Alumni Foundation Inc., *Member*; United Architects of the Philippines, *Member*; Guild of Real Estate Entrepreneurs And Professionals (GREENPRO) formerly Society of Industrial-Residential-Commercial Realty Organizations, *Member*; Institute of Corporate Directors, *Fellow.*

Luz Consuelo A. Consunji – is 69 years old; has served the Corporation as a regular director for seven (7) years since 2016. She is a regular director of the following: ***(Listed)*** Semirara Mining and Power Corporation; ***(Non-listed)*** South Davao Development Corp., Dacon Corp. and Zanorte Palm-Rubber Plantation, Inc.; ***Education.*** Bachelor's Degree in Commerce, Major in Management (Assumption College), Master's in Business Economics (University of Asia and the Pacific). ***Civic Affiliations.*** Missionaries of Mary Mother of the Poor, Treasurer (May 2012 – present).

Maria Cristina C. Gotianun is 68 years old; has served the Corporation as a regular director for four years since 2019 and as Assistant Treasurer for twenty eight (28) years. She is a regular director of the following positions: ***(Listed)*** Semirara Mining and Power Corporation; ***(Non-listed)*** D.M. Consunji, Inc., DMCI Project Developers, Inc., DMCI Power Corporation, DMCI Masbate Power Corp., Sem-Calaca Power Corp., Sem-Cal Industrial Park Development Corp., Semirara Claystone, Inc., Semirara Training Center, Inc., Southwest Luzon Power Generation Corp., Southeast Luzon Power Corp., St. Raphael Power Generation Corp., Dacon Corporation, DFC Holdings, Inc., Sirawan Food Corporation, ***Education.*** Bachelor of Science in Business Economics (University of the Philippines), and Strategic Business Economics Program, University of Asia & the Pacific. ***Civic Affiliations.*** Institute of Corporate Directors, *Fellow*.

INDEPENDENT DIRECTORS

Roberto L. Panlilio, is 68 years old; he served previously as J.P. Morgan's Country Chairman for the Philippines and as Senior Country Officer (SCO) for the Philippines from 1999-2019 and led the management, governance and control of J.P. Morgan's franchise in the Philippines across all lines of business and the bank's Corporate Centers in the Philippines. He is also director of the following: ***(Non-listed)*** Maya Bank, Philippine Association of Securities Brokers and Dealers, Inc., Endeavor Philippines.

He is president of L&R Corporation. Prior to joining J.P. Morgan, he was the Senior Executive Vice President & Chief Operating Officer for non-commercial banking activities of PCIBank in Manila. He held various Treasury and Investment Banking posts in Manila, Hong Kong and Kuala Lumpur in Citibank from 1979 to 1993. ***(Education)*** He holds a Master's Degree in Business Administration and International Finance from the University of Southern California and a bachelor of science degree in Business Management from the Ateneo de Manila University.

Bernardo M. Villegas is 84 years old; He is a Visiting Professor of IESE Business School in Barcelona, Professor at the University of Asia and the Pacific (UA&P) and Research Director of the Center for Research and Communication, Manila. He is currently a member of the boards of directors or advisory boards of leading national and multinational firms, such as the; ***(Listed)*** Benguet Corporation, Filipino Fund, Inc., First Metro Philippine Equity Exchange Traded Fund, Inc.; ***(Non-listed)*** Cuervo Appraisers, Inc., PHINMA Properties Corporation, and Transnational Diversified, Inc. He served in the boards of Bank of the Philippine Islands, Alaska Milk Corporation, AES, Globe Telecom, Insular Life, McDonalds and IBM. ***(Education)*** Doctor of Philosophy in Economics, Harvard University; Master of Arts in Economics, Harvard University, Bachelor of Arts in Humanities and Bachelor of Science in Commerce, De La Salle University (Summa Cum Laude). He is a Certified Public Accountant, having been one of the CPA board topnotchers. At Harvard, at the age of 21, he was one of the youngest ever to be a teaching fellow in the College of Arts and Sciences. His special fields of study are development economics, social economics, business economics and strategic management.

Atty. Cynthia R. Del Castillo is 70 years old; She is currently a Senior Partner and member of the Executive Board of Romulo Mabanta Buenaventura Sayoc and De Los Angeles since 1977. ***(Directorship in Listed Companies)*** Shang Properties, Inc. (***Professional Affiliations)*** Senior Partner, Romulo Mabanta Buenaventura Sayoc & delos Angeles; Dean of the Ateneo de Manila University School of Law (May 1990-June 2000); Professor of Law at the Ateneo de Manila University School of Law (April 1977-Present); Admitted to the Philippine Bar in March 1977, placing 11th in the Philippine Bar Examinations given November 1976. ***(Education)*** Bachelor of Laws, Ateneo de Manila School of Law, 1976. Graduated Valedictorian. Recipient of Gold Medal for Academic Excellence and Golden Leaf Awards for academics. Editor-in-Chief of the Ateneo Law Journal. Member of the Board of Editors of the school paper; Bachelor of Arts, Major in Political Science. University of Santo Tomas, 1972.President of Arts & Letters Student Council, Section Editor of the official student organ and Quezon Leadership Awardee for 1972. ***(Other Affiliations)*** Bar Examiner in Civil Law, 2008 and 2019 Philippine Bar Examinations; Member, Audit Committee of the International School, Inc. (2012-Present); Member, Supreme Court of the Philippines Legal Education Committee for Bar Reforms (May 2019 – Present); Amicus Curiae in Supreme Court Cases (2019-Present).

KEY OFFICERS

Herbert M. Consunji – is 70 years old; has served the Corporation as a regular director for twenty seven (27) years since March 1995; is a regular Director of the following: **(*Listed)*** Semirara Mining and Power Corporation; ***(Non-listed)*** D.M. Consunji, Inc., Subic Water and Sewerage Company, Inc., DMCI Mining Corp., Sem-Calaca Res Corporation, DMCI Power Corp., Sem-Calaca Power Corp., Southwest Luzon Power Generation Corp., Sem-Cal Industrial Park Developers, Inc. ***Education.*** Top Management Program, Asian Institute of Management; Bachelor of Science in Commerce, Major in Accounting (De La Salle University), Certified Public Accountant (CPA). ***Civic Affiliations***. Philippine Institute of Certified Public Accountants, *Member;* Financial Executives Institute of the Phils., *Member*; Shareholders' Association of the Phils., *Member; Management Association of the Philippines, Member.*

Noel A. Laman is 83 years old; has been the Corporate Secretary for twenty eight (28) years since March 1995; he holds the following positions: ***(Non-listed)*** Castillo Laman Tan Pantaleon & San Jose Law Offices, Founder/Senior Partner; Co-founder, DCL Group of Companies; President, DCL Management Ventures, Inc. ***Education.*** Bachelor of Science, Jurisprudence (University of the Philippines); Bachelor of Laws (University of the Philippines); Master of Laws (University of Michigan Law School); ***Civic Affiliations.*** Integrated Bar of the Philippines, Past Secretary, Treasurer, Vice President, Makati Chapter; Rotary Club Makati West, Past President; Intellectual Property Association of the Philippines (IPAP), Past President; Asian Patent Attorneys Association (APAA), Past Council Member; Firm Representative to the German Philippine Chamber of Commerce, Inc., Member.

Ma. Pilar P. Gutierrez is 46 years old; has served the Corporation as Assistant Corporate Secretary for thirteen (13) years since 2010; she holds the following positions: ***(Listed)*** National Reinsurance Corporation of the Philippines, Assistant Corporate Secretary; ***(Non-listed)*** Castillo Laman Tan Pantaleon & San Jose Law Firm, Senior Partner. She serves as Assistant Corporate Secretary of the following subsidiaries/affiliates of the Corporation: D.M. Consunji, Inc., DMCI Project Developers, Inc., Dacon Insurance Brokers, Inc., Wire Rope Corporation of the Philippines, and DM Consunji Technical Training Center Inc. She is also the Corporate Secretary of the following companies: Pricon Microelectronics, Inc., Test Solution Services, Inc., MRA Offshore Corporation, Sealanes Marine Services, Inc., Software AG Philippines, Inc., Mercury Battery Industries, Inc., Philippine Advanced Processing Technology, Inc., Rentokil Initial Philippines, Inc., Draeger Philippines Corporation, NCSI Philippines Inc., CBRE Corporate Outsourcing Inc., Pratt Whitney Global Philippines, Inc. Cement Roadstone Holdings Philippines Inc. , Top Keen Philippines Inc., Plama Premium Lounge CRK Inc. and Jacobs Projects Philippines, Inc. She is likewise the Assistant Corporate Secretary of the following companies: Honeywell CEASA (Subic Bay) Company, Inc., IQVIA Solutions Philippines, Inc., IQVIA Solutions Operations Center Philippines, Inc., SingTel Philippines, Inc., CCT Constructors Corporation, GTVL Manufacturing Industries, Inc., Multisports, Inc., KBP Real Estate Corporation and JTEKT Philippines Corporation. She is currently a Senior Lecturer at the University of the Philippines, College of Law. ***Education.*** Bachelor of Laws, University of the Philippines (2001); Bachelor of Science in Management, Major in Legal Management (B.S.L.M.), Ateneo de Manila University (1997).

Cherubim O. Mojica is 45 years old**,** and is currently the Senior Vice President and Head of Corporate Communications of the Company. She previously worked as the Head of Corporate Communications Department of Maynilad from October 2008 to 2014; Corporate Communications Coordinator of First Philippine Corp. from December 2000 to July 2007; Deputy Supervisor of the US Embassy Manila from July 2000 to November 2007; and Political Affairs Officer VI of House of Representatives of the Philippines from March 1999 to February 2000. She joined the Company last September 2014 as Corp. Communications Officer and was appointed as Senior Vice President for Corporate Communications and Investor Relations in October 2021.

Joseph Adelbert V. Legasto is 45 years old and is currently the Deputy Chief Financial Officer of DMCI Holdings, Inc., joining the Company in June 2022. Prior to his current role, he was an Assistant Vice President under the Corporate Planning and Project Development Department of San Miguel Corporation and Vice President and Strategic Planning Head of ABS-CBN Global. He also worked in the banking industry as an Associate for Deutsche Bank and Analyst for UnionBank of the Philippines. **Education.** Joseph graduated with a master's degree in finance (with Honors) from New York University's Stern School of Business and holds a bachelor's degree in finance from De La Salle University.

Currently, there are no director or executive officer share options relating to the capital of the Company.

(2) Identify Significant Employees –

There are no other significant employees of the Corporation other than the executive officers.

Although the Corporation has and will likely continue to rely significantly on the aforementioned individuals, it is not dependent on the services of any particular employee. It does not have any special arrangements to ensure that any employee will remain with the Corporation and will not compete upon termination.

(3) Family Relationships - Describe any family relationships up to the fourth civil degree either by consanguinity or affinity among directors, executive officers, or persons nominated or chosen by the registrant to become directors or executive officers. – **See below:**

Name	Relationship
Isidro A. Consunji	Brother of Jorge A. Consunji, Luz Consuelo A. Consunji, Ma. Edwina C. Laperal and Maria Cristina C. Gotianun

(4) Involvement in Certain Legal Proceedings -

(Please refer to PART I-C. Legal Proceedings)

(a) Any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time - **NONE**

i. Any conviction by final judgment, including the nature of the offense, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses - **NONE**

ii. Being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities - **NONE**

iii. Being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign Exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended, or vacated – **NONE**

ITEM 10. EXECUTIVE COMPENSATION

ANNUAL COMPENSATION

Name	**Principal Position**	**Salary**	**Bonus**	**Per Diem Allowance****	**Other annual compensation**
Isidro A. Consunji	President and CEO		None		None
Herbert M. Consunji	Executive Vice President & Chief Finance Officer		None		None
Ma. Edwina C. Laperal[1]	Treasurer		None		None

[1] The Treasurer does not receive any compensation as Treasurer of the Corporation. However, she receives the usual *per diem* as a regular director of the Corporation.

Maria Cristina C. Gotianun[2]	Asst. Treasurer		None		None
Cherubim O. Mojica	Senior Vice President for Corporate Communications and Investor Relations		None		None
Joseph Adelbert V. Legasto	Deputy Chief Financial Officer		None		None
	YEARS	In Php		In Php	
	2019	11,120,190.25	-	1,360,000.00	-
	2020	9,178,322.29	-	1,760,000.00	-
	2021	10,529,999.02	-	2,600,000.00	-
	2022	12,771,693.83	-	1,640,000.00	-
	2023*	12,771,693.83		1,640,000.00	
	TOTAL:	**56,371,899.22**		**9,000,000.00**	
	YEARS	In Php		In Php	
All other directors and executive officers as a group unnamed	2019 2020 2021 2022 2023*	4,267,289.17 2,059,876.48 0 0 0	None	2,880,000.00 2,720,000.00 2,560,000.00 3,200,000.00 3,200,000.00	- - - - -
	TOTAL:	**6,327,165.65**		**14,560,000.00**	-

PER DIEM AS DIRECTORS FOR 2022

Name	**Principal Position**	**Per Diem Allowance****
Isidro A. Consunji	Chairman of the Board of Directors/President	560,000.00
Ma. Edwina C. Laperal	Director/ Treasurer	520,000.00
Maria Cristina C. Gotianun	Director/ Asst. Treasurer	560,000.00
Jorge A. Consunji	Director	520,000.00
Luz Consuelo A. Consunji	Director	520,000.00
Cesar A. Buenaventura	Vice Chairman of the Board	680,000.00
Roberto L. Panlilio	Independent Director	560,000.00
Bernardo M. Villegas	Independent Director	560,000.00
Cynthia R. Del Castillo	Independent Director	360,000.00
	Total	**4,840,000.00**
	YEARS	

[2] The Assistant Treasurer does not receive any compensation as Assistant Treasurer of the Corporation. However, she receives the usual *per diem* as a regular director of the Corporation.

	2019	3,840,000.00
	2020	4,480,000.00
	2021	5,160,000.00
	2022	4,840,000.00
	2023*	4,840,000.00
	TOTAL	**23,160,000.00**

**Approximate figures*

***The directors receive per diem in the amount of Php80,000.00 for every regular board meeting and Php40,000.00 for every committee meeting.*

There is no contract covering their employment with the Corporation and they hold office by virtue of their election to office. The Company has no agreements with its named executive officers regarding any bonus, profit sharing, pension or retirement plan.

There are no outstanding warrants, options, or right to repurchase any securities held by the directors or executive officers of the Company.

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

a. Beneficial Ownership of Directors of the Corporation as of March 31, 2023.

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership		Citizenship	Percent of Class
Common	Isidro A. Consunji	65,000	Direct	Filipino	0.000%
Common	Cesar A. Buenaventura	650,000	Direct	Filipino	0.005%
Common	Ma. Edwina C. Laperal	3,315,000	Direct	Filipino	0.020%
Common	Jorge A. Consunji	5,000	Direct	Filipino	0.000%
Common	Luz Consuelo A. Consunji	101,000	Direct	Filipino	0.000%
Common	Maria Cristina C. Gotianun	5,500	Direct	Filipino	0.000%
Common	Roberto L. Panlilio	1,000	Direct	Filipino	0.000%
Common	Bernardo M. Villegas	1,000	Direct	Filipino	0.000%
Common	Cynthia R. Del Castillo	1,000	Direct	Filipino	0.000%
Aggregate Ownership		**4,144,500**			**0.031%**

b. Owners owning 5% or more of the voting stocks of the Corporation as of March 31, 2023

Title of Class	Name and Address of Beneficial Owner	Amount/Nature of Beneficial Ownership	Percent of Class
Common	Dacon Corporation (Fil) 2281 Chino Roces Avenue Makati City	6,621,561,069	49.87%
Common	PCD Nominee Corp. (Fil) 6764 Ayala Avenue Legaspi Village, Makati City	2,905,156,157	21.88%
Common	DFC Holdings, Inc. (Fil) 2281 Chino Roces Avenue Makati City	2,379,799,910	17.92%
Common	PCD Nominee Corp. (For) 6764 Ayala Avenue Legaspi Village, Makati City	905,827,110	6.82%

Below is the list of the individual beneficial owners under PCD account who holds more than 5% of the voting securities of Registrant.

Title of Class	Name and Address of Beneficial Owner and Relationship with Record Owner	Citizenship	Number of Shares Held	Percent of Class
	None			

There is no person under PCD account who hold more than 5% of the company’s shares.

c. Changes in Control – NONE

ITEM 12. Certain Relationships and Related 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 which includes affiliates. Related parties may be individuals or corporate entities.

The Group, in the regular conduct of business, has entered into transactions consisting of construction contracts, equipment rentals, sale and purchases of goods, services and properties, reimbursement of operating expenses, with associates, joint ventures and other related parties. Transactions entered into with related parties are made at normal commercial prices and terms.

These are settled in cash, unless otherwise specified.

Material related party transactions are reviewed by the Audit and Related Party Transactions Committee of the Board and properly disclosed in the accompanying consolidated financial statements. The Company have approval requirements and limits on the amount and extent of related party transactions in compliance with the requirements under Revised SRC Rule 68.

PART IV - CORPORATE GOVERNANCE AND SUSTAINABILITY REPORT

Item 13. CORPORATE GOVERNANCE

For a detailed report on 2022 Corporate Governance please refer to this link

Click or copy and paste the link below
https://dmciholdings.com/corporate_governance/page/corporate-governance-report/2022

Item 14. SUSTAINABILITY REPORT

Click or copy and paste the link below
https://dmciholdings.com/corporate_social_responsibility/page/2022-sustainability-report

PART V - EXHIBITS AND SCHEDULES

Item 15. Exhibits and Reports on SEC Form 17-C

(a) Exhibits - See accompanying index to exhibits

(a) **Reports on SEC Form 17-C -** The list of the reports from the preceding period ending December 31, 2022 is herein incorporated by reference.

LIST OF TOP 20 STOCKHOLDERS
AS OF DECEMBER 31, 2022

Rank	Last Name	Shareholdings	Percentage
1	DACON CORPORATION	6,621,561,069	49.87%
2	PCD NOMINEE CORPORATION (FILIPINO)	2,900,694,042	21.85%
3	DFC HOLDINGS INC.	2,379,799,910	17.92%
4	PCD NOMINEE CORPORATION (FOREIGN)	910,255,225	6.86%
5	BERIT HOLDINGS CORPORATION	117,573,568	0.89%
6	AUGUSTA HOLDINGS INC.	108,297,072	0.82%
7	DMCI RETIREMENT PLAN	99,900,000	0.75%
8	MERU HOLDINGS INC.	18,689,266	0.14%
9	GREAT TIMES HOLDINGS CORP.	15,803,015	0.12%
10	DMCI RETIREMENT FUND	13,000,000	0.10%
11	DAVEPRIME HOLDINGS, INC.	7,487,377	0.06%
12	ARTREGARD HOLDINGS INC.	6,580,776	0.05%
13	F. YAP SECURITIES INC.	6,500,000	0.05%
14	JOSEFA CONSUNJI REYES	5,650,000	0.04%
15	JAIME B. GARCIA	3,300,000	0.02%
16	WINDERMERE HOLDINGS, INC.	2,905,715	0.02%
17	LAPERAL, MA. EDWINA/MIGUEL DAVID C.	2,750,000	0.02%
18	YNTALCO REALTY DEVT. CORPORATION	2,500,000	0.02%
19	BENIGNO DELA VEGA	2,050,000	0.02%
20	ZHENG, AO	1,840,000	0.01%

Summary of Submittals of SEC Form 17-C
For the Year 2022

Date	Nature of Report
January 3, 2022	Redemption of Preferred Shares
January 10, 2022	Franchise granted to Maynilad in the West Zone area of Metro Manila and Cavite
January 12, 2022	Board Meeting Attendance
January 21, 2022	Certificate of Compliance of Corporate Governance Manual
January 27, 2022	Press Release: DHI-SMPC at GRI Index
February 2, 2022	Redemption of Preferred Shares
February 2, 2022	DMC share transaction by Director/Officer
February 11, 2022	DMC share transaction by Director/Officer
February 14, 2022	DMC share transaction by Director/Officer
March 1, 2022	Redemption of Preferred Shares
March 1, 2022	Analysts' Briefing
March 3, 2022	Press Release: DMCI Mining
March 7, 2022	Board Meeting Results
March 7, 2022	Amendments to By-Laws
March 7, 2022	Notice of Annual Stockholders' Meeting
March 18, 2022	Amended Notice of Annual Stockholders' Meeting
April 1, 2022	Declaration of Cash Dividends
April 4, 2022	Redemption of Preferred Shares
May 2, 2022	Redemption of Preferred Shares
May 4, 2022	Notice of Analysts' Briefing
May 10, 2022	Board Meeting Results
May 10, 2022	Press Release: DMCI Holdings Q1 earnings
May 17, 2022	Results of the Annual Stockholders' Meeting
May 17, 2022	Press Release: Newly elected Independent Directors
May 18, 2022	DMC Share Transactions of Director/Officer
May 19, 2022	Certification of Independent Directors
June 1, 2022	Redemption of Preferred Shares

Date	Nature of Report
June 1, 2022	Press Release: DMCI Mining Q1 core earnings
June 9, 2022	DMC Share Transactions of Director/Officer
June 16, 2022	Appointment of new Key Officer
July 1, 2022	Redemption of Preferred Shares
August 1, 2022	Redemption of Preferred Shares
August 1, 2022	Notice of Analysts' Briefing
August 8, 2022	Board Meeting Results
August 8, 2022	Press Release: DMCI Holdings Q2 H1 earnings
August 17, 2022	Press Release: DMCI Mining core profits up 8% in Q2
August 17, 2022	DMCI Mining 1H Results
September 1, 2022	Redemption of Preferred Shares
September 26, 2022	Press Release: DMC – SMPC recognized in Asiamoney 2022 Outstanding Companies
October 4, 2022	Redemption of Preferred Shares
October 5, 2022	Press Release: DMCI bags first subway project
October 13, 2022	Amendments to By-Laws
October 18, 2022	Declaration of Cash Dividends
October 18, 2022	Press Release: Special Cash Dividends
October 21, 2022	Maynilad CWA Case
October 28, 2022	Notice of Analysts' Briefing
November 2, 2022	Redemption of Preferred Shares
November 7, 2022	Board Meeting Results
November 7, 2022	Press Release: DMCI Holdings 9M net earnings
November 17, 2022	MWSS approved Maynilad rate adjustments
November 23, 2022	Press Release: DMCI Mining nets P1.2billion in 9M
December 1, 2022	Press Release: DMCI Orderbook at P45.3B
December 1, 2022	Redemption of Preferred Shares
December 2, 2022	Press Release: DMCI Homes posts 159% sales recovery in Q3

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Makati on 14 APR 2023.

By:

Isidro A. Consunji
Chairman and President

Herbert M. Consunji
Executive Vice President & Chief Finance Officer

Joseph Adelbert V. Legasto
Deputy Chief Financial Officer

Atty. Noel A. Laman
Corporate Secretary

SUBSCRIBED AND SWORN to before me this 14 day of APR 2023 affiants exhibiting to me his/their Passport details, as follows:

NAMES	Passport No.	DATE OF ISSUE	PLACE OF ISSUE
Isidro A. Consunji	P2690001B	07-31-19	DFA Manila
Herbert M. Consunji	P9195543A	10-17-18	DFA NCR North East
Joseph Adelbert V. Legasto	P8250661B	11-23-21	DFA NCR Central
Atty. Noel A. Laman	P0578138B	02-07-19	DFA Manila

ATTY. RENE MA. M. VILLA
Notary Public of Makati City
Notary Public
Until December 31, 2024
PTR No. MKT 9565644; 01-03-2023; Makati City
IBP Lifetime No. 013695; 12-27-2013; I.C.
Roll No. 37226
MCLE Compliance No. VII-0024195; 11-15-2022
Ground Floor, Makati Terraces Condominium
3650 Davila St., Brgy. Tejeros, Makati City 1204

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DMCI HOLDINGS
INCORPORATED

3rd Floor
DACON Building
2281 Don Chino Roces Ave.
Makati City 1231, Philippines

Telephone
(632) 888 • 3000
Facsimile
(632) 816 • 7362
E-Mail
investors.dmciholdings@gmail.com

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The management of **DMCI HOLDINGS, INC. AND SUBSIDIARIES** is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the years ended December 31, 2022 and 2021, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are fee from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

The Board of Directors reviews and approves the consolidated financial statements including the schedules attached therein, and submits the same to the stockholders.

SyCip Gorres Velayo & Co., the independent auditor appointed by the stockholders, has audited the consolidated financial statements of the Group in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

Isidro A. Consunji
Chairman of the Board/
President

Herbert M. Consunji
Executive Vice President/
Chief Finance Officer

Joseph Adelbert V. Legasto
Deputy Chief Finance Officer

Signed this March 06, 2023

Subsidiaries and Associates:
D.M. Consunji, Inc.
DMCI Project Developers, Inc.
DMCI Power Corporation
DMCI Mining Corporation
Semirara Mining and Power Corporation
Wire Rope Corporation of the Phils.
ENK Plc.
DMCI - MPIC Water Co.

SUBSCRIBED AND SWORN TO BEFORE ME, a Notary Public for and in MAKATI CITY, this day of 08 MAR 2023.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Notarial Seal on the date and place above written.

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Book No. XI
Series No. 2023

ATTY. RENE MA. M. VILLA
Notary Public of Makati City
Appointment No. M-111
Until December 31, 2024
PTR No. MKT 9565544; 01-03-2023; Makati City
IBP Lifetime No. 013595; 12-27-2013; I.C.
Roll No. 37226
MCLE Compliance No. VII-0024195; 11-15-2022
Ground Floor, Makati Terraces Condominium
3650 Davila St., Brgy. Tejeros, Makati City 1204

COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

A	S	O	9	5	0	0	2	2	8	3

COMPANY NAME

DMCI HOLDINGS, INC. AND SUBSIDIARIES

PRINCIPAL OFFICE *(No. / Street / Barangay / City / Town / Province)*

3RD FLOOR, DACON BUILDING, 2281 DON CHINO ROCES AVENUE, MAKATI CITY

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS	CRMD	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
www.dmciholdings.com	8888-3000	N/A
No. of Stockholders	**Annual Meeting (Month / Day)**	**Fiscal Year (Month / Day)**
699	Third Tuesday of May	December 31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Herbert M. Consunji	hmc@dmcinet.com	8888-3000	N/A

CONTACT PERSON's ADDRESS

3rd Floor Dacon Building, 2281 Chino Roces Avenue, Makati City

NOTE 1 *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.*

2 *All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.*

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
DMCI Holdings, Inc.
3rd Floor, Dacon Building
2281 Chino Roces Avenue
Makati City

Opinion

We have audited the consolidated financial statements of DMCI Holdings, Inc. and its subsidiaries (collectively, the Group), which comprise the consolidated statements of financial position as at December 31, 2022 and 2021, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group as at December 31, 2022 and 2021, and for each of the three years in the period ended December 31, 2022 are prepared in all material respects, in accordance with Philippine Financial Reporting Standards (PFRSs), as modified by the application of the financial reporting reporting reliefs issued and approved by the Securities and Exchange Commission (SEC) as described in Note 2 to the consolidated financial statements.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 2 to the consolidated financial statements which indicates that the consolidated financial statements have been prepared in accordance with PFRSs, as modified by the application of the financial reporting reliefs issued and approved by the SEC in response to the COVID-19 pandemic. The impact of the application of the financial reporting reliefs, which are applicable to DMCI Project Developers, Inc., a subsidiary under the Group's real estate segment, on the 2022 consolidated financial statements are discussed in detail in Note 2. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Recognition of Revenue from Real Estate and Construction Contracts

For real estate contracts, the following matters are significant to our audit because these involve the application of significant judgment and estimation around: (a) the assessment of the probability that the Group will collect the consideration from the buyer; (b) the determination of the transaction price; (c) the application of the output method as the measure of progress in determining real estate revenue; and (d) the recognition of cost to obtain a contract.

In evaluating whether collectability of the amount of consideration is probable, the Group considers the significance of the buyer's initial payments (buyer's equity) in relation to the total contract price. Collectability is assessed by considering factors such as history with the buyer, age of real estate receivables and pricing of the property. Also, management evaluates the historical sales cancellations and back-outs, after considering the impact of the coronavirus pandemic, if it would still support its current threshold of buyers' equity before commencing revenue recognition.

In determining the transaction price, the Group considers the selling price of the real estate property and other fees and charges collected from the buyers that are not held on behalf of other parties.

In measuring the progress of its performance obligation over time, the Group uses the output method. This method measures progress based on the physical proportion of work done on the real estate project which requires technical determination by the Group's specialists (i.e., project engineers).

The Group identifies sales commission after contract inception as the cost of obtaining the contract. For contracts which qualified for revenue recognition, the Group capitalizes the total sales commission due to sales agents as cost to obtain the contract and recognizes the related commission payable. The Group uses the percentage of completion (POC) method in amortizing sales commission consistent with the Group's revenue recognition policy.

For construction contracts, revenues are determined using the input method, which is based on the actual costs incurred to date relative to the total estimated cost to complete the construction projects. The Group also recognizes, as part of its revenue from construction contracts, the effects of variable considerations arising from various change orders and claims, to the extent that they reflect the amounts the Group expects to be entitled to and to be received from the customers, provided that it is highly probable that a significant reversal of the revenue recognized in connection with these variable considerations will not occur in the future. We considered this as a key audit matter because this process requires significant management judgements and estimates, particularly with respect to the identification of the performance obligations, estimation of the variable considerations arising from the change orders and claims, and calculation of estimated costs to complete the construction projects, which requires the technical expertise of the Group's engineers.

Relevant disclosures related to this matter are provided in Notes 3 and 33 to the consolidated financial statements.

Audit Response

We obtained an understanding of the Group's revenue recognition process.

Real estate contracts
For the buyer's equity, we evaluated management's basis of the buyer's equity by comparing this to the historical analysis of sales collections from buyers with accumulated payments above the collection threshold. We also considered the impact of the coronavirus pandemic to the level of cancellations during the year. We traced the analysis to cancelled sales monitoring and supporting documents such as notice of cancellations.

For the determination of the transaction price, we obtained an understanding of the nature of other fees charged to the buyers. For selected contracts, we agreed the amounts excluded from the transaction price against the expected amounts required to be remitted to the government based on existing tax rules and regulations (e.g., documentary stamp taxes, transfer taxes and real property taxes).

For the application of the output method in determining real estate revenue, we obtained an understanding of the Group's processes for determining the POC and performed tests of the relevant controls. We obtained the certified POC reports prepared by the project engineers and assessed their competence, capabilities and objectivity by reference to their qualifications, experience and reporting responsibilities. For selected projects, we conducted ocular inspections, made relevant inquiries, including inquiries on how the coronavirus pandemic affected the POC during the period, and obtained the supporting details of POC reports showing the completion of the major activities of the project construction.

For the recognition of cost to obtain a contract, we obtained an understanding of the sales commission process. For selected contracts, we agreed the basis for calculating the sales commission capitalized and portion recognized in profit or loss, particularly: (a) the percentage of commission due against contracts with sales agents, (b) the total commissionable amount (i.e., net contract price) against the related contract to sell, (c) the buyers' equity based on the collections per statement of account; and, (d) the POC used in calculating the sales commission against the POC used in recognizing the related revenue from real estate sales.

Construction contracts
We inspected sample contracts and supplemental agreements (e.g., purchase orders, approved variation orders) and reviewed management's assessment over the identification of performance obligation within the contract and the timing of revenue recognition. For the selected contracts with variable considerations arising from change orders for which the corresponding change in price has not yet been finalized, we obtained an understanding of the management's process to estimate the amount of consideration expected to be received from the customers. For change orders and claims of sampled contracts, we compared the amounts approved by the customers against the amounts estimated by management to be received from those customers.

For the measurement of progress of the construction projects, we obtained an understanding of the Group's processes to accumulate actual costs incurred and to estimate the expected cost to complete and tested the relevant controls. We considered the competence, capabilities and objectivity of the Group's engineers by referencing their qualifications, experience and reporting responsibilities. We examined the approved total estimated completion costs, any revisions thereto, and the cost report and cost-to-complete analysis. On a sampling basis, we tested actual costs incurred through examination of invoices and other supporting documents such as progress billings from subcontractors. We conducted ocular inspections on selected projects and inquired the status of the projects under construction with the Group's project engineers, including inquiries on how the coronavirus pandemic affected the POC during the period. We also inspected the associated project documentation, such as accomplishment reports and variation orders, and inquired about the significant deviations from the targeted completion. We also performed test computation of the POC calculation of management.

Accounting for the Investment in a Significant Associate

The Group has an investment in Maynilad Water Holdings Company, Inc. (MWHCI) that is accounted for under the equity method. More than 90% of MWHCI's net income is derived from Maynilad Water Services, Inc. (MWSI). For the year ended December 31, 2022, the Group's share in the net income of MWHCI amounted to ₱1,419.87 million and is material to the consolidated financial statements. The Group's share in the net income of MWHCI is significantly affected by: (a) MWSI's recognition of water and sewerage service revenue, (b) the amortization of MWSI's service concession assets (SCA) using the units-of-production (UOP) method, and (c) MWSI's recognition and measurement of provisions related to ongoing regulatory proceedings, disputes and tax assessments. In addition, the Revised Concession Agreement is still not effective. The foregoing remains an impairment indicator for which the Group is required under PFRSs to assess the recoverability of its investment in MWHCI.

These matters are significant to our audit because (a) the recognition of water and sewerage service revenue of MWSI depends on the completeness and accuracy of capture of water consumption based on meter readings over the concession area taken on various dates, propriety of rates applied across various customer types, and reliability of the systems involved in processing the bills and in recording revenues, (b) the UOP method involves significant management judgment, estimates, and assumptions, particularly in determining the total estimated billable water volume over the remaining period of the CA, and (c) significant management judgment is involved in MWSI's estimation of provisions related to ongoing regulatory proceedings, disputes and tax assessments. The inherent uncertainty over the outcome of these regulatory, legal and tax matters is brought about by the differences in the interpretation and implementation of the Revised Concession Agreement, relevant laws and tax regulations and/or rulings. Moreover, the determination of the recoverable amount of the investment in MWHCI requires the use of significant judgments, estimates, and assumptions about the future results of business such as the tariff rate, revenue growth, billed water volume, and discount rate.

The Group's disclosures regarding these matters are included in Notes 3 and 10 to the consolidated financial statements.

Audit Response

Our audit procedures included, among others, obtaining the relevant financial information from management about MWHCI and performed recomputation of the Group's equity in net earnings of MWHCI as recognized in the consolidated financial statements.

On the recognition of water and sewerage service revenue of MWSI, we obtained an understanding of the water and sewerage service revenue process, which includes maintaining the customer database, capturing billable water consumption, uploading captured billable water consumption to the billing system, calculating billable amounts based on MWSS-approved rates, and uploading data from the billing system to the financial reporting system. We also evaluated the design of and tested the relevant controls over this process. In addition, we performed test recalculation of the billed amounts using the MWSS-approved rates and formulae, and compared these with the amounts reflected in the billing statements. Moreover, we involved our internal specialist in understanding the information technology (IT) processes and in testing the IT general controls over the IT systems supporting the revenue process.

On the amortization of MWSI's SCA using the UOP method, we reviewed the report of the management's specialist and gained an understanding of the methodology and the basis of computing the forecasted billable water. We evaluated the competence, capabilities, and objectivity of management's specialist who estimated the forecasted volumes, taking into consideration the impact associated with the coronavirus pandemic. Furthermore, we compared the billable water volume during the year against the data generated from the billing system. We recalculated the amortization expense for the year based on the established billable water volume.

On the recognition and measurement of MWSI's provisions, we involved our internal specialist in evaluating management's assessment on whether provisions on the contingencies should be recognized, and the estimation of such amount. We also discussed with management and obtained their assessment on the expected outcome and the status of the regulatory proceedings and disputes arbitration. In addition, we obtained correspondences from relevant government agencies and tax authorities, replies from third party legal counsels and any relevant historical and recent decisions by the courts/tax authorities on similar matters.

On the determination of recoverable amount of the investment in MWHCI, we involved our internal specialist in evaluating the methodology and the assumptions used in the determination of the recoverable amount of the investment. These assumptions include the tariff rate, revenue growth, billed water volume, and discount rate. We compared the forecasted revenue growth against the historical data of the investee and inquired from management about the plans to support the forecasted revenue and tariff rates assumed. We also compared the Group's key assumptions such as water volume against historical data. We tested the discount rate used in the impairment test by comparing it with the weighted average cost of capital of comparable companies in the region. Furthermore, we reviewed the Group's disclosures about those assumptions to which the outcome of the impairment test is most sensitive; specifically, those that have the most significant effect in determining the recoverable amount of the investment.

Estimation of Provision for Decommissioning and Mine Site Rehabilitation Costs

The Group has recognized provision for decommissioning and mine site rehabilitation costs amounting to ₱285.95 million as of December 31, 2022 for the open pit mines of its coal mining activities. This matter is important to our audit because the estimation of the provision requires significant management judgment in the use of assumptions, which are subject to higher level of estimation uncertainty. Key assumptions include costs of reforestation, and maintenance of the rehabilitated area, inflation rate, and discount rate.

Relevant information on the provision for decommissioning and mine site rehabilitation costs are disclosed in Notes 3 and 19 to the consolidated financial statements.

Audit response

We obtained an understanding of management's processes and controls in the estimation of future decommissioning and mine site rehabilitation costs. We evaluated the competence, capabilities and objectivity of the mine site engineers and reviewed the relevant comprehensive mine rehabilitation plan prepared by the Group's Mine Planning and Exploration Department and Environment Department. We inquired of changes in the mine plan and in the cash flow assumptions, including management's bases for identifying and estimating the costs for various mine rehabilitation and closure activities, such as reforestation and maintenance of the rehabilitated area. We compared the timing of the expected cash flows with reference to the rehabilitation plan for the open pit mines. We compared the cost estimates and actual charges to billings, invoices and official receipts. We also evaluated the discount and inflation rates used by comparing these to external data.

Estimation of Mineable Ore Reserves

The Group's coal mining properties with a carrying value of ₱4,196.98 million as of December 31, 2022 are amortized using the units-of-production method. Under this method, management is required to estimate the volume of mineable ore reserves for the remaining life of the mine which is a key input to the amortization of the coal mining properties. This matter is significant to our audit because the estimation of the mineable ore reserves of the Group's coal mines requires use of assumptions and significant estimation from management's specialists.

The related information on the estimation of mineable ore reserves and related coal mining properties are discussed in Notes 3 and 12 to the consolidated financial statements.

Audit response

We obtained an understanding on management's processes and controls in the estimation of mineable ore reserves. We evaluated the competence, capabilities and objectivity of management's internal specialists engaged by the Group to perform an assessment of the ore reserves by considering their qualifications, experience and reporting responsibilities. We reviewed the internal specialists' report and obtained an understanding of the nature, scope and objectives of their work and basis of estimates, including the changes in the reserves during the year. We also tested the application of the estimated ore reserves in the amortization of mining properties.

Presentation and Valuation of 2x25 MW Gas Turbine Power Plant as Asset Held-for-Sale

The Group disclosed its commitment to sell the 2x25 MW Gas Turbine Power Plant (the Asset) as discussed and approved in the minutes of meeting of the Board of Directors (BOD) held on August 2, 2022. The Group maintains that the carrying amount of the Asset will be recovered principally through a sale transaction rather than through continuing use.

As of December 31, 2022, the Group has yet to complete the sale of the Asset with a carrying value of ₱789.31 million and assessed that the Asset will be accounted for as asset held-for-sale in accordance with Philippine Financial Reporting Standards (PFRS) 5, *Non-current Assets Held-for-Sale and Discontinued Operations*.

This is a key audit matter because the presentation and valuation of asset held-for-sale involves significant management judgments and estimates in assessing whether the requirements under PFRS 5 have been met.

The relevant information on this matter is disclosed in Notes 3 and 9 to the consolidated financial statements.

Audit response

We obtained management's evaluation on whether the requirements of PFRS 5 have been met as regards the proper presentation of the Asset in the consolidated financial statements. We evaluated whether management is committed to sell the Asset, an active program to locate a buyer has been initiated, and the sale is highly probable to take place within 12 months upon classification, by inspecting documents such as minutes of BOD meetings and correspondences with potential buyers. We determined whether the asset is available for immediate sale in its present condition by checking if the asset is no longer used in operations and cleared of any regulatory requirements. We assessed the likelihood that the plan to sell the Asset will not be significantly changed or withdrawn by evaluating management's courses of action and their related impact.

We determined if the Asset is carried at the lower of carrying amount and fair value less costs to sell. We reviewed the fair value assessment made by management, including assessment of key assumptions applied and evaluation of the explanations provided by comparing key assumptions against market data, where available. We obtained an understanding and reviewed the appropriateness of the nature, scope and basis of estimates of costs to sell the Asset.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2022, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS, SEC Form 17-A and Annual Report for the year ended December 31, 2022 are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRSs, as modified by the application of financial reporting reliefs issued and approved by the SEC as described in Note 2 to the consolidated financial statements, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in accordance with PFRS, as modified by the application of financial reporting reliefs issued and approved by the SEC, as described in Note 2 to the consolidated financial statements.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Jennifer D. Ticlao.

SYCIP GORRES VELAYO & CO.

Jennifer D. Ticlao

Jennifer D. Ticlao
Partner
CPA Certificate No. 109616
Tax Identification No. 245-571-753
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 109616-SEC (Group A)
Valid to cover audit of 2022 to 2026 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-110-2020, November 27, 2020, valid until November 26, 2023
PTR No. 9566008, January 3, 2023, Makati City

March 6, 2023

DMCI HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Amounts in Thousands of Pesos)

	December 31	
	2022	2021
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 4 and 34)	**₱28,408,474**	₱18,342,019
Receivables - net (Notes 5, 20 and 34)	**26,738,903**	23,537,419
Current portion of contract assets (Note 6)	**16,643,258**	14,063,912
Inventories (Note 7)	**61,524,534**	54,208,873
Other current assets (Notes 8 and 35)	**10,189,642**	11,014,804
	143,504,811	121,167,027
Asset held-for-sale (Note 9)	**789,313**	–
Total Current Assets	**144,294,124**	121,167,027
Noncurrent Assets		
Contract assets - net of current portion (Note 6)	**12,765,717**	12,455,643
Investments in associates and joint ventures (Note 10)	**18,195,324**	17,522,876
Investment properties (Note 11)	**101,894**	97,787
Property, plant and equipment (Note 12)	**57,638,317**	59,355,978
Exploration and evaluation assets (Note 13)	**390,384**	235,192
Pension assets - net (Note 22)	**1,012,667**	814,947
Deferred tax assets - net (Note 28)	**554,597**	598,948
Right-of-use assets (Note 32)	**116,945**	145,731
Other noncurrent assets (Notes 13 and 34)	**5,690,015**	2,751,359
Total Noncurrent Assets	**96,465,860**	93,978,461
	₱240,759,984	₱215,145,488
LIABILITIES AND EQUITY		
Current Liabilities		
Short-term debt (Notes 14 and 34)	**₱1,129,418**	₱1,039,363
Current portion of long-term debt (Notes 18 and 34)	**6,758,448**	10,396,191
Current portion of liabilities for purchased land (Notes 15 and 34)	**960,623**	694,654
Accounts and other payables (Notes 16, 20, 32 and 34)	**28,376,732**	28,122,231
Current portion of contract liabilities and other customers' advances and deposits (Note 17)	**12,322,699**	13,450,572
Income tax payable	**174,227**	251,811
Total Current Liabilities	**49,722,147**	53,954,822

(Forward)

	December 31	
	2022	2021
Noncurrent Liabilities		
Long-term debt - net of current portion (Notes 18 and 34)	**₱44,669,935**	₱41,613,047
Contract liabilities - net of current portion (Note 17)	**3,596,710**	2,950,368
Liabilities for purchased land - net of current portion (Notes 15 and 34)	**844,078**	876,715
Deferred tax liabilities - net (Note 28)	**6,245,576**	4,961,965
Pension liabilities - net (Note 22)	**148,850**	301,256
Other noncurrent liabilities (Notes 19 and 32)	**2,863,054**	1,640,703
Total Noncurrent Liabilities	**58,368,203**	52,344,054
Total Liabilities	**108,090,350**	106,298,876
Equity		
Equity attributable to equity holders of the Parent Company:		
Paid-in capital	**17,949,868**	17,949,868
Treasury shares - Preferred (Note 21)	**(7,069)**	(7,069)
Retained earnings (Note 21)	**85,194,218**	70,039,693
Premium on acquisition of noncontrolling-interests (Note 31)	**(817,958)**	(817,958)
Remeasurements on retirement plans - net of tax (Note 22)	**975,442**	513,860
Net accumulated unrealized gains on equity investments designated at fair value through other comprehensive income (Note 13)	**131,613**	100,319
Share in other comprehensive income (loss) of associates (Note 10)	**25,290**	(21,611)
	103,451,404	87,757,102
Noncontrolling-interests (Note 31)	**29,218,230**	21,089,510
Total Equity	**132,669,634**	108,846,612
	₱240,759,984	₱215,145,488

See accompanying Notes to Consolidated Financial Statements.

DMCI HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(Amounts in Thousands of Pesos, Except for Earnings Per Share Figures)

	Years Ended December 31		
	2022	2021	2020
REVENUE (Note 33)			
Coal mining	**₱69,759,876**	₱35,592,979	₱16,488,547
Real estate sales	**21,398,777**	24,328,512	16,078,509
Construction contracts	**19,076,915**	22,469,649	16,563,725
Electricity sales	**28,092,159**	21,471,122	15,730,695
Nickel mining	**3,788,595**	4,022,442	2,471,999
Merchandise sales and others	**483,371**	458,165	366,624
	142,599,693	108,342,869	67,700,099
COSTS OF SALES AND SERVICES (Note 23)			
Coal mining	**21,169,795**	17,449,383	12,280,312
Real estate sales	**14,480,400**	17,387,078	12,954,284
Construction contracts	**17,577,604**	21,194,313	15,601,800
Electricity sales	**13,685,705**	11,814,131	9,849,262
Nickel mining	**1,206,505**	1,436,291	928,705
Merchandise sales and others	**387,935**	384,835	312,036
	68,507,944	69,666,031	51,926,399
GROSS PROFIT	**74,091,749**	38,676,838	15,773,700
OPERATING EXPENSES (Note 24)	**25,066,956**	14,087,696	8,913,688
	49,024,793	24,589,142	6,860,012
EQUITY IN NET EARNINGS OF ASSOCIATES AND JOINT VENTURES (Note 10)	**1,506,278**	1,612,328	1,546,131
OTHER INCOME (EXPENSES)			
Finance income (Note 25)	**858,495**	394,817	503,052
Finance costs (Note 26)	**(1,108,564)**	(1,139,255)	(1,191,072)
Other income - net (Note 27)	**2,918,662**	1,969,255	1,034,558
	2,668,593	1,224,817	346,538
INCOME BEFORE INCOME TAX	**53,199,664**	27,426,287	8,752,681
PROVISION FOR INCOME TAX (Note 28)	**4,723,689**	1,759,163	1,344,572
NET INCOME (Note 33)	**₱48,475,975**	₱25,667,124	₱7,408,109
NET INCOME ATTRIBUTABLE TO:			
Equity holders of the Parent Company	**₱31,087,484**	₱18,394,231	₱5,858,949
Noncontrolling-interests (Note 31)	**17,388,491**	7,272,893	1,549,160
	₱48,475,975	₱25,667,124	₱7,408,109
Basic/diluted earnings per share attributable to equity holders of the Parent Company (Note 29)	**₱2.34**	₱1.39	₱0.44

See accompanying Notes to Consolidated Financial Statements.

DMCI HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Amounts in Thousands of Pesos)

	Years Ended December 31		
	2022	2021	2020
NET INCOME	**₱48,475,975**	₱25,667,124	₱7,408,109
OTHER COMPREHENSIVE INCOME (LOSS)			
Items that will not be reclassified to profit or loss in subsequent periods			
Changes in fair values of investments in equity instruments designated at FVOCI (Note 13)	**32,055**	(1,262)	7,916
Net remeasurement gain (loss) on pension plans - net of tax (Note 22)	**473,891**	297,082	(209,970)
Share in other comprehensive income (loss) of associates (Note 10)	**46,901**	157,525	(55,509)
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)	**552,847**	453,345	(257,563)
TOTAL COMPREHENSIVE INCOME	**₱49,028,822**	₱26,120,469	₱7,150,546
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Equity holders of the Parent Company	**₱31,627,261**	₱18,857,152	₱5,615,860
Noncontrolling-interests	**17,401,561**	7,263,317	1,534,686
	₱49,028,822	₱26,120,469	₱7,150,546

See accompanying Notes to Consolidated Financial Statements.

DMCI HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Amounts in Thousands of Pesos)

	Attributable to Equity Holders of the Parent Company											
	Capital Stock (Note 21)	**Additional Paid-in Capital** (Note 21)	**Total Paid-in Capital** (Note 21)	**Treasury Shares – Preferred** (Note 21)	**Unappropriated Retained Earnings** (Note 21)	**Premium on Acquisition of Non-controlling Interest** (Note 31)	**Remeasurements on Pension Plans** (Note 22)	**Net Accumulated Unrealized Gain on Equity Investments Designated at FVOCI** (Note 13)	**Share in Other Comprehensive Income (Loss) of Associates** (Note 10)	**Total**	**Noncontrolling -Interests** (Note 31)	**Total Equity**
	For the Year Ended December 31, 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	–	–	–	–	**31,087,484**	–	–	–	–	**31,087,484**	**17,388,491**	**48,475,975**
Other comprehensive income	–	–	–	–	–	–	**461,582**	**31,294**	**46,901**	**539,777**	**13,070**	**552,847**
Total comprehensive income	–	–	–	–	**31,087,484**	–	**461,582**	**31,294**	**46,901**	**31,627,261**	**17,401,561**	**49,028,822**
Cash dividends declared (Note 21)	–	–	–	–	**(15,932,959)**	–	–	–	–	**(15,932,959)**	**(9,272,841)**	**(25,205,800)**
Balances at December 31, 2022	**₱13,277,474**	**₱4,672,394**	**₱17,949,868**	**(₱7,069)**	**₱85,194,218**	**(₱817,958)**	**₱975,442**	**₱131,613**	**₱25,290**	**₱103,451,404**	**₱29,218,230**	**₱132,669,634**
	For the Year Ended December 31, 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	₱19,556,450	₱101,202,771
Comprehensive income (loss)												
Net income	–	–	–	–	18,394,231	–	–	–	–	18,394,231	7,272,893	25,667,124
Other comprehensive income (loss)	–	–	–	–	–	–	364,544	1,188	97,189	462,921	(9,576)	453,345
Total comprehensive income	–	–	–	–	18,394,231	–	364,544	1,188	97,189	18,857,152	7,263,317	26,120,469
Cash dividends declared (Note 21)	–	–	–	–	(12,746,371)	–	–	–	–	(12,746,371)	(5,730,257)	(18,476,628)
Balances at December 31, 2021	₱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

	For the Year Ended December 31, 2020												
	Capital Stock (Note 21)	Additional Paid-in Capital (Note 21)	Total Paid-in Capital (Note 21)	Treasury Shares – Preferred (Note 21)	Unappropriated Retained Earnings (Note 21)	Premium on Acquisition of Non-controlling Interest (Note 31)	Remeasurements on Pension Plans (Note 22)	Net Accumulated Unrealized Gain on Equity Investments Designated at FVOCI (Note 13)	Share in Other Comprehensive Income (Loss) of an Associate (Note 10)	Total	Noncontrolling -Interests (Note 31)	Total Equity
Balances as of January 1, 2020	₱13,277,474	₱4,672,394	₱17,949,868	(₱7,069)	₱64,906,070	(₱817,958)	₱344,568	₱91,459	(₱63,291)	₱82,403,647	₱20,434,427	₱102,838,074
Comprehensive income (loss)												
Net income	–	–	–	–	5,858,949	–	–	–	–	5,858,949	1,549,160	7,408,109
Other comprehensive income (loss)	–	–	–	–	–	–	(195,252)	7,672	(55,509)	(243,089)	(14,474)	(257,563)
Total comprehensive income	–	–	–	–	5,858,949	–	(195,252)	7,672	(55,509)	5,615,860	1,534,686	7,150,546
Acquisition of noncontrolling interest	–	–	–	–	–	–	–	–	–	–	9,148	9,148
Cash dividends declared (Note 21)	–	–	–	–	(6,373,186)	–	–	–	–	(6,373,186)	(2,421,811)	(8,794,997)
Balances at December 31, 2020	₱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	₱19,556,450	₱101,202,771

DMCI HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in Thousands of Pesos)

	Years Ended December 31		
	2022	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱53,199,664**	₱27,426,287	₱8,752,681
Adjustments for:			
Depreciation, depletion and amortization (Notes 11, 12, 13, 23, 24 and 32)	**7,817,903**	8,674,659	8,166,024
Finance costs (Note 26)	**1,108,564**	1,139,255	1,191,072
Write-down/impairment of property, plant and equipment (Notes 3, 12, 24 and 27)	**466,240**	1,041	157,196
Net movement in net pension asset (liability)	**171,771**	(158,969)	59,589
Net unrealized foreign exchange loss (gain)	**(1,283,418)**	174,050	58,544
Equity in net earnings of associates and joint ventures (Note 10)	**(1,506,278)**	(1,612,328)	(1,546,131)
Finance income (Note 25)	**(858,495)**	(394,817)	(503,052)
Gain on sale of property, plant and equipment - net (Notes 12 and 27)	**(69,346)**	(189,372)	(67,003)
Gain on sale of undeveloped parcel of land (Note 27)	**–**	(12,432)	–
Operating income before changes in working capital	**59,046,605**	35,047,374	16,268,920
Decrease (increase) in:			
Receivables and contract assets	**(6,090,904)**	(11,824,299)	(3,103,847)
Inventories	**(5,372,448)**	1,402,585	(2,684,959)
Other current assets	**2,575,202**	(2,471,300)	(504,374)
Increase (decrease) in:			
Accounts and other payables	**(481,531)**	4,253,926	(242,589)
Liabilities for purchased land	**233,332**	(448,237)	123,443
Contract liabilities and other customers' advances and deposits	**(81,212)**	(272,686)	3,515,197
Cash generated from operations	**49,829,044**	25,687,363	13,371,791
Income taxes paid	**(6,354,377)**	(2,198,634)	(1,636,124)
Interest paid and capitalized as cost of inventory (Note 7)	**(1,611,318)**	(1,407,899)	(1,436,506)
Interest received	**858,495**	392,642	506,747
Net cash provided by operating activities	**₱42,721,844**	₱22,473,472	₱10,805,908

(Forward)

	Years Ended December 31		
	2022	2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received from associates	**₱834,367**	₱45,000	₱36,000
Additions to:			
Property, plant and equipment (Note 12)	**(6,514,073)**	(6,451,869)	(7,543,412)
Investments in associates and joint ventures (Note 10)	–	(207,376)	(56,500)
Investment properties and exploration and evaluation assets (Notes 11 and 13)	**(174,766)**	(6,132)	(8,241)
Interest paid and capitalized as cost of property, plant and equipment (Note 12)	**(1,188)**	(3,162)	(21,742)
Proceeds from disposals of:			
Property, plant and equipment	**93,684**	469,388	642,927
Investment properties	–	19,320	–
Decrease (increase) in other noncurrent assets	**(2,932,467)**	1,662,636	1,567,484
Net cash used in investing activities	**(8,694,443)**	(4,472,195)	(5,383,484)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from availment of:			
Short-term debt (Note 37)	**1,065,655**	350,000	4,260,929
Long-term debt (Note 37)	**11,906,818**	17,759,494	13,558,760
Payments of:			
Short-term debt (Note 37)	**(975,600)**	(5,110,697)	(952,991)
Long-term debt (Note 37)	**(12,487,673)**	(11,838,767)	(11,951,261)
Dividends to equity holders of the Parent Company (Notes 21 and 37)	**(15,932,959)**	(12,746,371)	(6,373,186)
Dividends to noncontrolling-interests (Notes 21 and 37)	**(9,256,131)**	(5,730,257)	(2,307,438)
Interest	**(1,045,927)**	(1,384,172)	(968,913)
Lease liabilities (Note 32)	**(32,940)**	(46,625)	(43,872)
Increase (decrease) in other noncurrent liabilities (Note 37)	**1,514,788**	164,271	(3,314,421)
Acquisition of noncontrolling-interests	–	–	(3,230)
Net cash used in financing activities	**(₱25,243,969)**	(₱18,583,124)	(₱8,095,623)

(Forward)

	Years Ended December 31		
	2022	2021	2020
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**₱1,283,023**	₱5,416	(₱6,174)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**10,066,455**	(576,431)	(2,679,373)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**18,342,019**	18,918,450	21,597,823
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	**₱28,408,474**	₱18,342,019	₱18,918,450

See accompanying Notes to Consolidated Financial Statements.

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 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 nickel mining, power generation, real estate development, and manufacturing of certain construction materials. In addition, the Group has equity ownership in water concession business.

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 March 6, 2023.

2. Summary of Significant Accounting Policies

Basis of Preparation

The consolidated financial statements of the Group have been prepared using the historical cost basis, except for financial assets at fair value through other comprehensive income (FVOCI) which have been measured at fair value. The Parent Company's functional currency and the Group's presentation currency is the Philippine Peso (₱). All amounts are rounded to the nearest thousand (₱000), except for earnings per share and par value information or unless otherwise indicated.

Statement of Compliance

The consolidated financial statements of the Group have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs), as modified by the application of the financial reporting reliefs as issued and approved by SEC in response to COVID-19 pandemic.

Through DMCI Project Developers, Inc., a subsidiary under its real estate segment, the Group has availed of the relief granted by the SEC under Memorandum Circular (MC) No. 34-2020 which further extended the deferral of PIC Q&A 2018-12-D (assessment if the transaction price includes a significant financing component) until December 31, 2023.

The Group has also availed of the relief granted by SEC under MC No. 34-2020 deferring the adoption of IFRIC Agenda Decision on Over Time Transfers of Constructed Goods under PAS 23, Borrowing Cost (the IFRIC Agenda Decision on Borrowing Cost) until December 31, 2023.

SEC MC No. 34-2020 deferring the adoption of the exclusion of land in the calculation of percentage of completion is not applicable to the Group as is it is already in full compliance with the requirements of the provisions of the Philippine Interpretations Committee Q&A No. 2018-12.

The details and the impact of the adoption of the above financial reporting reliefs are discussed in the Adoption of New and Amended Accounting Standards and Interpretations section of this Note.

PFRSs include Philippine Financial Reporting Standards, Philippine Accounting Standards and Interpretations Committee (PIC).

Basis of Consolidation
The consolidated financial statements comprise the financial statements of the Group as of December 31, 2022 and 2021, and for each of the three years in the period ended December 31, 2022.

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; and,
- 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.

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 earnings, as appropriate.

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.

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

		2022			2021		
	Nature of Business	**Direct**	**Indirect**	**Effective Interest**	Direct	Indirect	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
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) [2*]	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
Southeast Luzon Power Generation Corporation (SeLPGC) [3]	Non-operational	**–**	**56.65**	**56.65**	–	56.65	56.65
Semirara Materials and Resources Inc. (SRMI) [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
Sem-Calaca Port Facilities, Inc. (SCPFI) [3 & 6]	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

(Forward)

	Nature of Business	2022 Direct	2022 Indirect	2022 Effective Interest	2021 Direct	2021 Indirect	2021 Effective Interest
				(In percentage)			
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. In 2021, Bulakan North was sold.
[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. SMRI was formerly known as Semirara Claystone, Inc, (SCI)
[4] DPC's subsidiaries.
[5] DMC's subsidiaries.
[6] Wholly owned subsidiary of SCPC. Incorporated on December 20, 2022.

Change in Corporate Name of Semirara Claystone, Inc.
On April 15, 2022, SEC approved the change in name of Semirara Claystone, Inc. (SCI) to Semirara Materials and Resources, Inc.(SMRI).

Incorporation of Semirara Ports Facilities, Inc.
Semirara Ports Facilities, Inc. (SPFI) was incorporated on December 20, 2022 and is 100% owned by Sem-Calaca Power Corporation, a wholly owned subsidiary of SMPC. The Company is organized primarily to manage, operate and develop the ports in the Philippines.

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 equity holders of the Parent Company. Any losses applicable to the noncontrolling-interests are allocated against the interests of the noncontrolling-interests even if these result 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-interests is recognized in equity of the parent company in transactions where the noncontrolling interest are acquired or sold without loss of control.

The proportion of ownership interest held by noncontrolling-interests presented below on the consolidated subsidiaries are consistent with the prior year:

	(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 Materials and Resource, Inc. (SMRI)	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

The voting rights held by the Group in the these subsidiaries are in proportion to their ownership interests, except for URHI and TMM (see Note 3).

Interest in Joint Control

DMCI, a wholly-owned subsidiary of the Parent Company, has an interest in joint arrangement, whereby the parties have a contractual arrangement that establishes joint control. DMCI recognizes its share of jointly held assets, liabilities, income and expenses of the joint operation with similar items, line by line, in its consolidated financial statements.

The financial statements of the joint operations are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Adoption of New and Amended Accounting Standards and Interpretations

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those of the previous financial year, except for the adoption of the following new accounting pronouncements starting January 1, 2022. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The adoption of these new standards did not have a significant impact on the consolidated financial statements of the Group.

- *Annual Improvements to PFRSs* 2018-2020 Cycle

  - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*

    The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to PFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

    This amendment has no material impact to the Group.

  - Amendments to PFRS 9, *Financial Instruments*, *Fees in the '10 per cent' test for derecognition of financial liabilities*

    The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

    This amendment has no material impact to the Group.

  - Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

    The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.

    This amendment is not applicable to the Group.

<u>Standards Issued but not yet Effective</u>
Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group does not expect that the future adoption of the said pronouncements will have a significant impact on its consolidated financial statements. The Group intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2023
- 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 Group is currently assessing the impact of adopting these amendments.

- 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 Group is currently assessing the impact of adopting these amendments.

- 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.

  This amendment has no material impact to the Group.

Effective beginning on or after January 1, 2024

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

  The amendments clarify:
  - That only covenants with which an entity must comply on or before reporting date will affect a liability's classification as current or noncurrent.
  - 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, 2024 and must be applied retrospectively. The Group is currently assessing the impact of adopting these amendments.

- Amendments to PFRS 16*, Lease Liability in a Sale and Leaseback*

  The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right of use retained.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively. Earlier adoption is permitted and that fact must be disclosed.

  This amendment has no material impact to the Group.

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 new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

  The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:
  - A specific adaptation for contracts with direct participation features (the variable fee approach)
  - A simplified approach (the premium allocation approach) mainly for short-duration contracts

  On December 15, 2021, the FRSC amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the IASB.

  PFRS 17 is effective for reporting periods beginning on or after January 1, 2025, with comparative figures required. Early application is permitted.

  This standard is not applicable 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 and Sustainability 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.

The Group is currently assessing the impact of adopting these amendments.

Significant Accounting Policies and Disclosures
The significant accounting policies that have been used in the preparation of consolidated financial statements are summarized below. These accounting policies have been consistently applied to all the years presented, unless otherwise stated.

Current versus Noncurrent Classification
The Group presents assets and liabilities in the consolidated statement of financial position based on current and noncurrent classification.

An asset is current when:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within 12 months after reporting date; or,
- Cash or cash equivalents, unless restricted from being exchanged or used to settle a liability for at least 12 months after reporting date.

All other assets are classified as noncurrent.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within 12 months after reporting date; or,
- There is no unconditional right to defer the settlement of the liability for at least 12 months after reporting date.

The Group classifies all other liabilities as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent assets and noncurrent liabilities, respectively.

Fair Value Measurement
The Group measures financial assets designated at FVOCI and financial assets at FVPL at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or,
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

<u>Recognition and Measurement of Financial Instruments</u>
Financial assets

a. Initial recognition
   Financial assets are classified, at initial recognition, as either subsequently measured at amortized cost, at FVOCI, or at FVPL.

   The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under PFRS 15.

   In order for a financial asset to be classified and measured at amortized cost or at FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest' (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test' and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

The Group's financial assets comprise of financial assets at amortized cost, financial assets at FVPL and financial assets at FVOCI.

b. Subsequent measurement – Financial assets at amortized cost
Financial assets are measured at amortized cost if both of the following conditions are met:
- the asset is held within the Group's business model, the objective of which is to hold assets in order to collect contractual cash flows; and,
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Group classifies cash and cash equivalents, receivables, due from related parties, and refundable deposit as financial assets at amortized cost (see Notes 4, 6, 10 and 14).

c. Subsequent measurement - Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition
Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under PAS 32, *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the consolidated statement of income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its quoted and non-listed equity investments under this category (see Note 13).

c. Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of financial assets) is derecognized when:

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities

a. Initial recognition
   Financial liabilities are classified, at initial recognition, either as financial liabilities at FVPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

   All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

   The Group's financial liabilities comprise of financial liabilities at amortized cost including accounts and other payables and other obligations that meet the above definition (other than liabilities covered by other accounting standards, such as pension liabilities, income tax payable, and other statutory liabilities).

b. Subsequent measurement – Payables, loans and borrowings
   After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

   Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the consolidated statement of income.

   This category generally applies to short-term and long-term debt.

c. Derecognition
   A financial liability is derecognized when the obligation under the liability is discharged or canceled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statement of income.

<u>Impairment of Financial Assets</u>
The Group recognizes an allowance for ECLs for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate (EIR). The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For receivables, except for receivables from related parties where the Group applies general approach, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For real estate, installment contracts receivable (ICR) and contract assets, the Group uses the vintage analysis for ECL by calculating the cumulative loss rates of a given ICR pool. It derives the probability of default from the historical data of a homogenous portfolio that share the same origination period. The information on the number of defaults during fixed time intervals of the accounts is utilized to create the probability model. It allows the evaluation of the loan activity from its origination period until the end of the contract period.

As these are future cash flows, these are discounted back to the time of default (i.e., is defined by the Group as upon cancellation of CTS) using the appropriate effective interest rate, usually being the original EIR or an approximation thereof.

For other financial assets such receivable from related parties, other receivables and refundable deposits, ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For cash and cash equivalents, the Group applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from Standard & Poor's (S&P), Moody's and Fitch to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

For short term investments, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument.

In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Deferred Financing Costs
Deferred financing costs represent debt issue costs arising from the fees incurred to obtain project financing. This is included in the initial measurement of the related debt. The deferred financing costs are treated as a discount on the related debt and are amortized using the effective interest method over the term of the related debt.

Offsetting of Financial Instruments
Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position, if and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the asset and settle the liability simultaneously. The Group assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Group and all of the counterparties.

Inventories
Real Estate Held for Sale and Development
Real estate held for sale and development consists of condominium units and subdivision land for sale and development.

Condominium units and subdivision land for sale are carried at the lower of aggregate cost and net realizable value (NRV). Costs include acquisition costs of the land, plus costs incurred for the construction, development and improvement of residential units. Borrowing costs are capitalized while the development and construction of the real estate projects are in progress, and to the extent that these are expected to be recovered in the future. NRV is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Undeveloped land is carried at lower of cost and NRV.

The costs of inventory recognized in profit or loss on disposal is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

Valuation allowance is provided for real estate held for sale and development when the NRV of the properties are less than their carrying amounts.

Coal Inventory
Inventories are valued at the lower of cost and net realizable value (NRV). NRV is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale for coal inventory or replacement cost for spare parts and supplies. Cost is determined using the weighted average production cost method for coal inventory and the moving average method for spare parts and supplies.

The cost of extracted coal includes stripping costs and other mine-related costs incurred during the period and allocated on per metric ton basis by dividing the total production cost with total volume of coal produced. Except for ship loading cost, which is a period cost, all other production related costs are charged to production cost. Spare parts and supplies are usually carried as inventories and are recognized in the consolidated statement of comprehensive income when consumed.

Inventories transferred to property, plant and equipment are used as a component of self-constructed property, plant and equipment and are recognized as expense during useful life of that asset.

Transfers of inventories to property, plant and equipment do not change the carrying amount of the inventories transferred, and that carrying amount becomes cost for recognition.

Nickel Ore Inventory
Nickel ore inventories are valued at the lower of cost and NRV. Cost of beneficiated nickel ore or nickeliferous laterite ore is determined by the moving average production cost and comprise of outside services, production overhead, personnel cost, and depreciation, amortization and depletion that are directly attributable in bringing the beneficiated nickel ore or nickeliferous laterite ore in its saleable condition. NRV for beneficiated nickel ore or nickeliferous laterite ore is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Stockpile tonnages are verified by periodic surveys.

Materials in Transit
Cost is determined using the specific identification basis.

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

Equipment parts and supplies are transferred from inventories to property, plant and equipment when the use of such supplies is expected to extend the useful life of the asset and increase its economic benefit. Transfers between inventories to property, plant and equipment do not change the carrying amount of the inventories transferred and they do not change the cost of that inventory for measurement or disclosure purposes.

Equipment parts and supplies used for repairs and maintenance of the equipment are recognized in the consolidated statement of income when consumed.

NRV for supplies and fuel is the current replacement cost. For supplies and fuel, cost is also determined using the moving average method and composed of purchase price, transport, handling and other costs directly attributable to its acquisition. Any provision for obsolescence is determined by reference to specific items of stock. A regular review is undertaken to determine the extent of any provision or obsolescence.

Assets Held-for-Sale
The Group classifies noncurrent assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Noncurrent assets classified as held-for-sale are carried at the lower of carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification under PFRS 5, *Noncurrent Assets Held for Sale and Discontinued Operations* is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale is expected to be completed within one year from the date of the classification.

Property, plant and equipment are not depreciated or amortized once classified as held for sale. Assets classified as held for sale are presented separately as current items in the consolidated statement of financial position.

Immediately before the initial classification of the asset as held for sale, the carrying amount of the asset will be measured in accordance with applicable PFRSs. Any impairment loss on initial classification and subsequent measurement is recognized as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognized) is recognized in profit or loss.

Stripping Costs
As part of its mining operations, the Group incurs stripping (waste removal) costs both during the development phase and production phase of its operations. Stripping costs incurred in the development phase of a mine, before the production phase commences (development stripping), are capitalized as part of the cost of mine properties and subsequently amortized over its useful life using the units-of-production method over the mine life. The capitalization of development stripping costs ceases when the mine/component is commissioned and ready for use as intended by management.

After the commencement of production further development of the mine may require a phase of unusually high stripping that is similar in nature to development phase stripping. The costs of such stripping are accounted for in the same way as development stripping (as discussed above).

Stripping costs incurred during the production phase are generally considered to create two benefits, being either the production of inventory or improved access to the coal body to be mined in the future. Where the benefits are realized in the form of inventory produced in the period, the production stripping costs are accounted for as part of the cost of producing those inventories.

Where the benefits are realized in the form of improved access to ore to be mined in the future, the costs are recognized as a noncurrent asset, referred to as a stripping activity asset, if the following criteria are met:
- Future economic benefits (being improved access to the coal body) are probable;
- The component of the coal body for which access will be improved can be accurately identified; and,
- The costs associated with the improved access can be reliably measured.

If all of the criteria are not met, the production stripping costs are charged to the consolidated statement of comprehensive income as operating costs as they are incurred.

In identifying components of the coal body, the Group works closely with the mining operations department for each mining operation to analyze each of the mine plans. Generally, a component will be a subset of the total coal body, and a mine may have several components. The mine plans, and therefore the identification of components, can vary between mines for a number of reasons. These include, but are not limited to, the type of commodity, the geological characteristics of the coal body, the geographical location, and/or financial considerations.

The stripping activity asset is initially measured at cost, which is the accumulation of costs directly incurred to perform the stripping activity that improves access to the identified component of coal body, plus an allocation of directly attributable overhead costs. If incidental operations are occurring at the same time as the production stripping activity but are not necessary for the production stripping activity to continue as planned, these costs are not included in the cost of the stripping activity asset. If the costs of the inventory produced and the stripping activity asset are not separately identifiable, a relevant production measure is used to allocate the production stripping costs between the inventory produced and the stripping activity asset. This production measure is calculated for the identified component of the coal body and is used as a benchmark to identify the extent to which the additional activity of creating a future benefit has taken place.

The stripping activity asset is accounted for as an addition to, or an enhancement of, an existing asset, being the mine asset, and is included as part of 'Mine properties, mining tools and other equipment' under 'Property, plant and equipment' in the consolidated statement of financial position. This forms part of the total investment in the relevant cash generating unit (CGU), which is reviewed for impairment if events or changes of circumstances indicate that the carrying value may not be recoverable.

The stripping activity asset is subsequently depreciated using the units-of-production method over the life of the identified component of the coal body that became more accessible as a result of the stripping activity. Economically recoverable reserves, which comprise proven and probable reserves, are used to determine the expected useful life of the identified component of the coal body. The stripping activity asset is then carried at cost less accumulated amortization and any impairment losses.

Mineable Ore Reserves

Mineable ore reserves are estimates of the amount of coal that can be economically and legally extracted from the Group's mining properties. The Group estimates its mineable ore reserves based on information compiled by appropriately qualified persons relating to the geological data on the size, depth and shape of the coal body, and require complex geological judgments to interpret the data.

The estimate on the mineable ore reserve is determined based on the information obtained from activities such as drilling, core logging or geophysical logging, coal sampling, sample database encoding, coal seam correlation and geological modelling. The Group will then estimate the recoverable reserves based upon factors such as estimates of commodity prices, future capital requirements, foreign currency exchange rates, and production costs along with geological assumptions and judgments made in estimating the size and grade of the coal body. Changes in the reserve or resource estimates may impact the amortization of mine properties included as part of 'Mine properties, mining tools and other equipment' under 'Property, plant and equipment'.

Other assets

Other current and noncurrent assets, which are carried at cost, pertain to resources controlled by the Group as a result of past events and from which future economic benefits are expected to flow to the Group.

Advances to Suppliers and Contractors

Advances to suppliers and contractors are recognized in the consolidated statement of financial position when it is probable that the future economic benefits will flow to the Group and the assets has cost or value that can be measured reliably. These assets are regularly evaluated for any impairment in value. Current and noncurrent classification is determined based on the usage/realization of the asset to which it is intended for (e.g., inventory, investment property, property plant and equipment).

Value-added Tax (VAT)

Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable. Input VAT pertains to the 12% indirect tax paid by the Group in the course of the Group's trade or business on local purchase of goods or services. Deferred input VAT pertains to input VAT on accumulated purchases of property, plant and equipment for each month amounting to ₱1.00 million or more. This is amortized over five (5) years or the life of the property, plant and equipment, whichever is shorter, in accordance with the Bureau of Internal Revenue (BIR) regulation. Output VAT pertains to the 12% tax due on the local sale of goods and services by the Group.

When VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the consolidated statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset in the consolidated statement of financial position to the extent of the recoverable amount.

Investments in Associates and Joint Ventures
An associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

Joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investments in associates and joint ventures are accounted for using the equity method.

Under the equity method, the investments in associate or joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is neither amortized and is not tested for impairment individually.

The consolidated statement of income reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the associate or joint venture, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share ofin profit or loss of an associate and joint venture is shown on the face of the consolidated statement of income outside operating profit and represents profit or loss after tax and noncontrolling-interests in the subsidiaries of the associate or joint venture. If the Group's share of losses of an associate or a joint venture equals or exceeds its interest in the associate or joint venture, the Group discontinues recognizing its share to the extent of the interest in associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

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

Investment Properties
Investment properties comprise completed property and property under construction or redevelopment that are held to earn rentals or capital appreciation or both and that are not occupied by the Group.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties, except land, are stated at cost less accumulated depreciation and amortization and any impairment in value. Land is stated at cost less any impairment in value.

The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property.

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

Depreciation and amortization of investment properties are computed using the straight-line method over the estimated useful lives (EUL) of assets of 20 to 25 years.

The assets' residual value, useful life, and depreciation and amortization method are reviewed periodically to ensure that the period and method of depreciation and amortizations are consistent with the expected pattern of economic benefits from items of investment property.

A transfer is made to investment property when there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. A transfer is made from investment property when and only when there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale. A transfer between investment property, owner-occupied property and inventory does not change the carrying amount of the property transferred nor does it change the cost of that property for measurement or disclosure purposes.

Exploration and Evaluation Assets and Mining Properties
Exploration and evaluation activity involves the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource.

Exploration and evaluation activity includes:

- Researching and analyzing historical exploration data
- Gathering exploration data through geophysical studies
- Exploratory drilling and sampling
- Determining and examining the volume and grade of the resource
- Surveying transportation and infrastructure requirements
- Conducting market and finance studies

License costs paid in connection with a right to explore in an existing exploration area are capitalized and amortized over the term of the permit. Once the legal right to explore has been acquired, exploration and evaluation expenditure is charged to consolidated statement of income as incurred, unless the Group's management concludes that a future economic benefit is more likely than not to be realized. These costs include materials and fuel used, surveying costs, drilling costs and payments made to contractors.

In evaluating whether the expenditures meet the criteria to be capitalized, several different sources of information are used. The information that is used to determine the probability of future benefits depends on the extent of exploration and evaluation that has been performed.

Expenditure is transferred from 'Exploration and evaluation assets' to 'Mining properties' which is a subcategory of 'Property, plant and equipment' once the work completed to date supports the future development of the property and such development receives appropriate approvals. After transfer of the exploration and evaluation assets, all subsequent expenditure on the construction, installation or completion of infrastructure facilities is capitalized in 'Mining properties and equipment'.

Development expenditure is net of proceeds from the sale of ore extracted during the development phase.

Property, Plant and Equipment

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

The initial cost of property, plant and equipment comprises its purchase price, including import duties, taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Costs also include decommissioning and site rehabilitation costs. Expenditures incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to operations in the period in which the costs are incurred.

In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional cost of property, plant and equipment.

Construction-in-progress included in property, plant and equipment is stated at cost. This includes the cost of the construction of property, plant and equipment and other direct costs. Construction-in-progress is not depreciated until such time that the relevant assets are completed and put into operational use.

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

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

	Years
Land improvements	5-25
Power plant, buildings and building improvements	10-25
Equipment and machinery under “coal mining properties and equipment”	2-3
Equipment and machinery under “nickel mining properties and equipment”	2-5
Construction equipment, machinery and tools	5-10
Office furniture, fixtures and equipment	3-5
Transportation equipment	4-5
Leasehold improvements	5-7

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

Land is stated at historical cost less any accumulated impairment losses. Historical cost includes the purchase price and directly attributable costs.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. When assets are retired, or otherwise disposed of, the cost and the related accumulated depreciation are removed from the accounts. Any gain or loss arising from derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated statement of comprehensive income in the year the item is derecognized.

Coal and nickel mining properties are amortized using the units-of-production method. Coal and nickel mining properties consists of mine development costs, capitalized cost of mine rehabilitation and decommissioning (refer to accounting policy on “Provision for mine rehabilitation and decommissioning”), stripping costs (refer to accounting policy on “Stripping Costs”) and mining rights. Mine development costs consist of capitalized costs previously carried under “Exploration and Evaluation Assets”, which were transferred to property, plant and equipment upon start of commercial operations. Mining rights are expenditures for the acquisition of property rights that are capitalized.

The net carrying amount of mining properties is depleted using unit-of-production method based on the estimated economically, legal and environmental saleable reserves of the mine concerned which is based on the current market prices, and are written-off if the property is abandoned.

<u>Research and Development Costs</u>
Research costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset

- The ability to measure reliably the expenditure during development
- The ability to use the intangible asset generated

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. Amortization is recorded as part of cost of sales in the consolidated statement of income. During the period of development, the asset is tested for impairment annually.

Impairment of Nonfinancial Assets
This accounting policy applies primarily to the Group's property, plant and equipment, investment properties, investments in associates and joint ventures, right-of-use assets and intangible assets.

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

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

Exploration and evaluation assets
Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation assets may exceed its recoverable amount. Under PFRS 6 one or more of the following facts and circumstances could indicate that an impairment test is required. The list is not intended to be exhaustive: (a) the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed; (b) substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
(c) exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and (d) sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation assets is unlikely to be recovered in full from successful development or by sale.

Investments in associates and joint ventures
For investments in associates and joint ventures, after application of the equity method, the Group determines whether it is necessary to recognize any additional impairment loss with respect to the Group's net investment in the investee companies. The Group determines at each reporting date whether there is any objective evidence that the investment in associates or jointly controlled entities is impaired. If this is the case, the Group calculates the amount of impairment as being the difference between the carrying value and the recoverable amount of the investee company and recognizes the difference in the consolidated statement of income.

Liabilities for Purchased Land
Liabilities for purchased of land represents unpaid portion of the acquisition costs of raw land for future development, including other costs and expenses incurred to effect the transfer of title of the property. Noncurrent portion of the carrying amount is discounted using the applicable interest rate for similar type of liabilities at the inception of the transactions.

Equity
Capital Stock
Capital stock consists of common and preferred shares which are measured at par value for all shares issued. When the Group issues more than one class of stock, a separate account is maintained for each class of stock and the number of shares issued.

When the shares are sold at a premium, the difference between the proceeds and the par value is credited to 'Additional paid-in capital' account. When shares are issued for a consideration other than cash, the proceeds are measured by the fair value of the consideration received. Direct cost incurred related to the equity issuance, such as underwriting, accounting and legal fees, printing costs and taxes are charged to 'Additional paid-in capital' account.

Treasury Shares
Treasury shares pertains to own equity instruments which are reacquired and are carried at cost and are deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Parent Company's own equity instruments. When the shares are retired, the capital stock account is reduced by its par value and excess of cost over par value upon retirement is debited to additional paid-in capital to the extent of the specific or average additional paid in capital when the shares were issued and to retained earnings for the remaining balance.

Retained Earnings
Retained earnings represent accumulated earnings of the Group, and any other adjustments to it as required by other standards, less dividends declared. The individual accumulated earnings of the subsidiaries are available for dividend declaration when these are declared as dividends by the subsidiaries as approved by their respective BOD.

Dividends on common shares are deducted from retained earnings when declared and approved by the BOD or shareholders of the Parent Company. Dividends payable are recorded as liability until paid. Dividends for the year that are declared and approved after the reporting date, if any, are dealt with as an event after the reporting date and disclosed accordingly.

Business Combinations and Goodwill
Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any NCI in the acquiree. For each business combination, the acquirer measures the NCI in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net

assets. Acquisition costs incurred are charged to expense and included in operating expenses in the consolidated statement of income.

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

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through consolidated statement of income. Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration, which is deemed to be an asset or liability, will be recognized in accordance with PFRS 9 either in consolidated statement of income or as a change to OCI. If the contingent consideration is not within the scope of PFRS 9, it is measured in accordance with the appropriate PFRS. Contingent consideration that is classified as equity is not measured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at costs being the excess of the aggregate of the consideration transferred and the amount recognized for noncontrolling-interests and any previous interest held over the net identifiable assets acquired and liabilities assumed. If the consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in the consolidated statement of income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

If the initial accounting for a business combination can be determined only provisionally by the end of the period in which the combination is effected because either the fair values to be assigned to the acquiree's identifiable assets, liabilities or contingent liabilities or the cost of the combination can be determined only provisionally, the acquirer shall account for the combination using those provisional values. The acquirer shall recognize any adjustments to those provisional values as a result of completing the initial accounting within 12 months of the acquisition date as follows: (i) the carrying amount of the identifiable asset, liability or contingent liability that is recognized or adjusted as a result of completing the initial accounting shall be calculated as if its fair value at the acquisition date had been recognized from that date; (ii) goodwill or any gain recognized shall be adjusted by an amount equal to the adjustment to the fair value at the acquisition date of the identifiable asset, liability or contingent liability being recognized or adjusted; and (iii) comparative information presented for the periods before the initial accounting for the combination is complete shall be presented as if the initial accounting has been completed from the acquisition date.

Asset Acquisitions
To assess whether a transaction is the acquisition of a business, the Group applies first a quantitative concentration test (also known as a screening test). The Group is not required to apply the test but may elect to do so separately for each transaction or other event. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is required. Otherwise, or if the Group elects not to apply the test, the Group will perform the qualitative analysis of whether an acquired set of assets and activities includes at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

If the assets acquired and liabilities assumed in an acquisition transaction do not constitute a business as defined under PFRS 3, the transaction is accounted for as an asset acquisition. The Group identifies and recognizes the individual identifiable assets acquired (including those assets that meet the definition of, and recognition criteria for, intangible assets) and liabilities assumed. The acquisition cost is allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such transaction or event does not give rise to goodwill. Where the Group acquires a controlling interest in an entity that is not a business, but obtains less than 100% of the entity, after it has allocated the cost to the individual assets acquired, it notionally grosses up those assets and recognizes the difference as non-controlling interests.

When the Group obtains control over a previously held joint operation, and the joint operation does not constitute a business, the transaction is also accounted for as an asset acquisition which does not give rise to goodwill. The acquisition cost to obtain control of the joint operation is allocated to the individual identifiable assets acquired and liabilities assumed, including the additional share of any assets and liabilities previously held or incurred jointly, on the basis of their relative fair values at the date of purchase. Previously held assets and liabilities of the joint operation should remain at their carrying amounts immediately before the transaction.

Revenue and Cost recognition
Revenue from contract with customers
The Group is primarily engaged in general construction, coal and nickel mining, power generation, real estate development, water concession and manufacturing. Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is acting as principal in all of its significant revenue arrangements since it is the primary obligor in these revenue arrangements. The following specific recognition criteria must also be met before revenue is recognized:

Revenue recognized at a point in time
- *Coal Mining*
  Revenue is recognized when control passes to the customer, which occurs at a point in time once the performance obligation to the customer is satisfied. The revenue is measured at the amount to which the Group expects to be entitled, being the price expected to be received upon final billing, and a corresponding trade receivable is recognized.

  Revenue from local and export coal sales are denominated in Philippine Peso and US Dollar (US$), respectively.

  Cost of coal includes directly related production costs such as materials and supplies, fuel and lubricants, labor costs including outside services, depreciation and amortization, cost of decommissioning and site rehabilitation, and other related production overhead. These costs are recognized when incurred.

- *Nickel Mining*
  Revenue is recognized when control passes to the customer, which occurs at a point in time when the beneficiated nickel ore/nickeliferous laterite ore is physically transferred onto a vessel or onto the buyer's vessel.

  Cost of nickel includes cost of outside services, production overhead, personnel cost and depreciation, amortization and depletion that are directly attributable in bringing the inventory to its saleable condition. These are recognized in the period when the goods are delivered.

- *Sales and services*
  Revenue from room use, food and beverage sales and other services are recognized when the related sales and services are rendered.

- *Merchandise Sales*
  Revenue from merchandise sales is recognized upon delivery of the goods to and acceptance by the buyer and when the control is passed on to the buyers.

Revenue recognized over time using output method

- *Real Estate Sales*
  The Group derives its real estate revenue from sale of lots, house and lot and condominium units. Revenue from the sale of these real estate projects under pre-completion stage are recognized over time during the construction period using the percentage of completion or (POC) since based on the terms and conditions of its contract with the buyers, the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

  In measuring the progress of its performance obligation over time, the Group uses the output method. The Group recognizes revenue on the basis of direct measurements of the value to customers of the goods or services transferred to date, relative to the remaining goods or services promised under the contract. Progress is measured using survey of performance completed to date. This is based on the monthly project accomplishment report prepared by project engineers, and reviewed and approved by area managers under construction department which integrates the surveys of performance to date of the construction activities for both subcontracted and those that are fulfilled by the developer itself.

  Any excess of progress of work over the right to an amount of consideration that is unconditional, recognized as installment contract receivables, under "Receivables", is included in the "Contract asset" account in the asset section of the consolidated statement of financial position.

  Any excess of collections over the total of recognized installment contract receivables is included in the "Contract liabilities" account in the liabilities section of the consolidated statement of financial position. The impact of the significant financing component on the transaction price has not been considered since the Group availed of the relief granted by the SEC under MC Nos. 14-2018 for the implementation issues of PFRS 15 affecting the real estate industry. Under the SEC MC No. 34-2020, the relief has been extended until December 31, 2023.

  The Group recognizes costs relating to satisfied performance obligations as these are incurred taking into consideration the contract fulfillment assets such as land and connection fees. These include costs of land, land development costs, building costs, professional fees, depreciation, permits and licenses and capitalized borrowing costs. These costs are allocated to the saleable area, with the portion allocable to the sold area being recognized as costs of sales while the portion allocable to the unsold area being recognized as part of real estate inventories.

In addition, the Group recognizes as an asset these costs that give rise to resources that will be used in satisfying performance obligations in the future and that are expected to be recovered.

- *Electricity Sales*
  Revenue from sale of electricity is derived from its primary function of providing and selling electricity to customers of the generated and purchased electricity. The Group recognizes revenue from contract energy sales over time, using output method measured on actual energy delivered or nominated by the customer, net of adjustments, as agreed between parties.

  Revenue from spot electricity sales is derived from the sale to the spot market of excess generated electricity over the contracted energy using price determined by the spot market, also known as Wholesale Electricity Spot Market (WESM), the market where electricity is traded, as mandated by Republic Act (RA) No. 9136 of the Department of Energy (DOE). Revenue is recognized over time using the output method measured principally on actual generation delivered to trading participants of WESM.

  Under PFRS 15, the Group has concluded that revenue should be recognized over time since the customer simultaneously receives and consumes the benefits as the seller supplies power. In this case, any fixed capacity payments for the entire contract period is determined at contract inception and is recognized over time. The Group has concluded that revenue should be recognized over time and will continue to recognize revenue based on amounts billed.

  Cost of electricity sales includes costs directly related to the production and sale of electricity such as cost of coal, coal handling expenses, bunker, lube, diesel, depreciation and other related production overhead costs. Cost of electricity sales are recognized at the time the related coal, bunker, lube and diesel inventories are consumed for the production of electricity. Cost of electricity sales also includes electricity purchased from the spot market and the related market fees. It is recognized as cost when the Group receives the electricity and simultaneously sells to its customers.

Revenue recognized over time using input method

- *Construction Contracts*
  Revenue from construction contracts are recognized over time (POC) using the input method. Input method recognizes revenue on the basis of the entity's efforts or inputs to the satisfaction of a performance obligation. Progress is measured based on actual resources consumed such as materials, labor hours expended and actual overhead incurred relative to the total expected inputs to the satisfaction of that performance obligation, or the total estimated costs of the project. The Group uses the cost accumulated by the accounting department to determine the actual resources used. Input method exclude the effects of any inputs that do not depict the entity's performance in transferring control of goods or services to the customer.

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

The asset "Costs and estimated earnings in excess of billings on uncompleted contracts", which is presented under "Contract assets", represents total costs incurred and estimated earnings recognized in excess of amounts billed. The liability "Billings in excess of costs and estimated earnings on uncompleted contracts", which is presented under "Contract liabilities", represents billings in excess of total costs incurred and estimated earnings recognized. Contract retention receivables are presented as part of "Trade receivables" under the "Receivables" account in the consolidated statement of financial position.

Contract Balances

Receivables
A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract assets
A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

For the Group's real estate segment, contract assets are initially recognized for revenue earned from development of real estate projects as receipt of consideration is conditional on successful completion of development. Upon completion of development and acceptance by the customer, the amounts recognized as contract assets are reclassified to receivables. It is recognized as "contract asset" account in the consolidated statement of financial position.

For the Group's construction segment, contract asset arises from the total contract costs incurred and estimated earnings recognized in excess of amounts billed.

A receivable (e.g., ICR, receivable from construction contracts), represent the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of consideration is due).

Costs to obtain contract
The incremental costs of obtaining a contract with a customer are recognized as an asset if the Group expects to recover them. The Group's commission payments to brokers and marketing agents on the sale of pre-completed real estate units are deferred when recovery is reasonably expected and are charged to expense in the period in which the related revenue is recognized as earned. Commission expense is included in the "Cost of Sales and Services - Real estate sales" account in the consolidated statement of income. Capitalized cost to obtain a contract is included in 'Other current and noncurrent assets' account in the consolidated statement of financial position.

Contract liabilities
A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract.

For the Group's real estate segment, contract liability arises when the payment is made or the payment is due (whichever is earlier) from customers before the Group transfers goods or services to the customer. Contract liabilities are recognized as revenue when the Group performs (generally measured through POC) under the contract. The contract liabilities also include payments received by the Group from the customers for which revenue recognition has not yet commenced.

For the Group's construction segment, contract liability arises from billings in excess of total costs incurred and estimated earnings recognized.

Contract fulfillment assets
Contract fulfillment costs are divided into: (i) costs that give rise to an asset; and (ii) costs that are expensed as incurred. When determining the appropriate accounting treatment for such costs, the Group firstly considers any other applicable standards. If those standards preclude capitalization of a particular cost, then an asset is not recognized under PFRS 15.

If other standards are not applicable to contract fulfillment costs, the Group applies the following criteria which, if met, result in capitalization: (i) the costs directly relate to a contract or to a specifically identifiable anticipated contract; (ii) the costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and (iii) the costs are expected to be recovered. The assessment of these criteria requires the application of judgement, in particular when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recoverable.

The Group's contract fulfillment assets pertain to connection fees and land acquisition costs as included in the 'Inventory' account in the consolidated statement of financial position.

Amortization, derecognition and impairment of contract fulfillment assets and capitalized costs to obtain a contract
The Group amortizes contract fulfillment assets and capitalized costs to obtain a contract to cost of sales over the expected construction period using percentage of completion following the pattern of real estate revenue recognition. The amortization is included within cost of sales.

A contract fulfillment asset or capitalized costs to obtain a contract is derecognized either when it is disposed of or when no further economic benefits are expected to flow from its use or disposal.

At each reporting date, the Group determines whether there is an indication that contract fulfillment asset or capitalized cost to obtain a contract may be impaired. If such indication exists, the Group makes an estimate by comparing the carrying amount of the assets to the remaining amount of consideration that the Group expects to receive, less the costs that relate to providing services under the relevant contract. In determining the estimated amount of consideration, the Group uses the same principles as it does to determine the contract transaction price, except that any constraints used to reduce the transaction price will be removed for the impairment test.

Where the relevant costs or specific performance obligations are demonstrating marginal profitability or other indicators of impairment, judgement is required in ascertaining whether or not the future economic benefits from these contracts are sufficient to recover these assets. In performing this impairment assessment, management is required to make an assessment of the costs to complete the contract. The ability to accurately forecast such costs involves estimates around cost savings to be achieved over time, anticipated profitability of the contract, as well as future performance against any contract-specific performance indicators that could trigger variable consideration, or service credits.

Where a contract is anticipated to make a loss, these judgements are also relevant in determining whether or not an onerous contract provision is required and how this is to be measured.

Other Revenue and Income Recognition

Forfeitures and cancellation of real estate contracts

Income from forfeited reservation and collections is recognized when the deposits from potential buyers are deemed nonrefundable due to prescription of the period for entering into a contracted sale. Such income is also recognized, subject to the provisions of Republic Act 6552, *Realty Installment Buyer Act,* upon prescription of the period for the payment of required amortizations from defaulting buyers.

Income from commissioning

Income from commissioning pertains to the excess of proceeds from the sale of electricity produced during the testing and commissioning of the power plant over the actual cost incurred to perform the testing and commissioning.

Dividend income

Dividend income is recognized when the Group's right to receive payment is established, which is generally when shareholders approve the dividend.

Rental income

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

Interest income

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

Operating Expenses

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

Borrowing Costs

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

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

Foreign Currency Translations and Transactions
The consolidated financial statements are presented in Philippine Peso. Each entity in the Group determines its own functional currency and items included in the consolidated financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded in the functional currency rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate at the reporting date. All differences are taken to consolidated statement of income. Non-monetary items that are measured in terms of historical cost in foreign currency are translated using the exchange rates as at the dates of initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Pension Cost
The Group has a noncontributory defined benefit multi-employer retirement plan.

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:
- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Termination benefit
Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either an entity's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment.

A liability and expense for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of those benefits and when the entity recognizes related restructuring costs. Initial recognition and subsequent changes to termination benefits are measured in accordance with the nature of the employee benefit, as either post-employment benefits, short-term employee benefits, or other long-term employee benefits.

Employee leave entitlement
Employee entitlements to annual leave are recognized as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the annual reporting period is recognized for services rendered by employees up to the end of the reporting period.

<u>Leases</u>
The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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

The Group as a lessee
Except for short-term leases and leases of low-value assets, the Group applies a single recognition and measurement approach for all leases. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets
The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the underlying assets.

"Right-of-use assets" are presented under noncurrent assets in the consolidated statement of financial position.

Lease liabilities
At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases
The Group applies the short-term lease recognition exemption to its leases of office spaces, storage and warehouse spaces that have lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on these short-term leases are recognized as expense on a straight-line basis over the lease term.

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

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

Deferred tax liabilities are recognized for all taxable temporary differences with certain exception. Deferred tax assets are recognized for all deductible temporary differences, carryforward benefit of unused tax credits from excess minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT) and net operating loss carryover (NOLCO), to the extent that it is probable that taxable income will be available against which the deductible temporary differences and carryforward benefits of unused tax credits from MCIT and NOLCO can be utilized.

Deferred tax liabilities are not provided on nontaxable temporary differences associated with investments in domestic associates and investments in joint ventures.

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

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realized or the liability is settled, based on tax rate and tax laws that have been enacted or substantially enacted at the financial reporting date. Movements in the deferred income tax assets and liabilities arising from changes in tax rates are charged against or credited to income for the period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets relate to the same taxable entity and the same taxation authority.

For periods where the income tax holiday (ITH) is in effect, no deferred taxes are recognized in the consolidated financial statements as the ITH status of the subsidiary neither results in a deductible temporary difference or temporary taxable difference. However, for temporary differences that are expected to reverse beyond the ITH, deferred taxes are recognized.

Earnings Per Share (EPS)
Basic EPS is computed by dividing the consolidated net income for the year attributable to equity holders of the Parent Company (net income for the period less dividends on convertible redeemable preferred shares) by the weighted average number of common shares issued and outstanding during the year and adjusted to give retroactive effect to any stock dividends declared during the period. Diluted EPS is computed by dividing the net income for the year attributable to equity holders of the Parent Company by the weighted average number of common shares outstanding during the year adjusted for the effects of dilutive convertible redeemable preferred shares. Diluted EPS assumes the conversion of the outstanding preferred shares. When the effect of the conversion of such preferred shares is anti-dilutive, no diluted EPS is presented.

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

Provisions
Provisions are recognized only when the Group has: (a) a present obligation (legal or constructive) as a result of a past event; (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Provision for decommissioning and site rehabilitation costs
The Group records the present value of estimated costs of legal and constructive obligations required to restore operating locations in the period in which the obligation is incurred. The nature of these restoration activities includes closure of plants, dismantling and removing of structures, reforestation, rehabilitation activities on marine and rainwater conservation and maintenance of rehabilitated area.

The obligation generally arises when the asset is installed, or the ground environment is disturbed at the production location. When the liability is initially recognized, the present value of the estimated cost is capitalized by increasing the carrying amount of the related mining assets and restoration of power plant sites. Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognized in the consolidated statement of comprehensive income as a finance cost. Additional disturbances or changes in rehabilitation costs will be recognized as additions or charges to the corresponding assets and rehabilitation liability when they occur. For closed sites, changes to estimated costs are recognized immediately in the consolidated statement of comprehensive income.

Contingencies
Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed in the notes to consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but disclosed when an inflow of economic benefits is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the consolidated financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the consolidated financial statements on the period in which the change occurs.

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

3. **Significant Accounting Judgments and Estimates**

The preparation of the accompanying consolidated financial statements in conformity with PFRSs requires management to make judgments, estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. The judgments, estimates and assumptions used in the accompanying consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the consolidated financial statements. Actual results could differ from such estimates.

Judgments
In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations which have the most significant effect on the amounts recognized in the consolidated financial statements:

Determining the lease term of contracts with renewal and termination options - Group as lessee
The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

The Group did not include the renewal and termination period of several lease contracts since the renewal and termination options is based on mutual agreement, thus currently not enforceable (see Note 32).

Classification of asset held-for-sale
The Group classified its 2x25 MW gas turbine plant as asset held-for-sale under PFRS 5, *Noncurrent Assets Held-for-Sale and Discontinued Operations*, as result of the assessment that the assets' carrying amount will be recovered principally through a sale transaction rather than through continuing use.

The following criteria are met:
a) The asset is available for immediate sale in its present condition.
b) The sale is highly probable to be completed within 12 months from the classification date.
c) The Group is committed to sell the 2x25 MW gas turbine plant as evidenced by the approval of the Group's BOD on August 2, 2022, and the clearances obtained from relevant government agencies.
d) The Group has initiated an active program to locate a buyer upon approval of the BOD.
e) The Group determined that it is unlikely that the plan will be significantly changed or withdrawn.

The Group identified that the above criteria are met in October 2022 upon completely securing all relevant clearances from regulatory bodies to disconnect, deregister, decommission and sell the asset and reclassified the asset as held-for-sale.

Revenue recognition method and measure of progress

- *Real estate revenue recognition*
  The Group concluded that revenue for real estate sales is to be recognized over time because (a) the Group's performance does not create an asset with an alternative use and; (b) the Group has an enforceable right to payment for performance completed to date. The promised property is specifically identified in the contract and the contractual restriction on the Group's ability to direct the promised property for another use is substantive. This is because the property promised to the customer is not interchangeable with other properties without breaching the contract and without incurring significant costs that otherwise would not have been incurred in relation to that contract. In addition, under the current legal framework, the customer is contractually obliged to make payments to the developer up to the performance completed to date. The Group also considers the buyer's commitment to continue the sale which may be ascertained through the significance of the buyer's initial payments and the stage of completion of the project.

  In evaluating whether collectability of the amount of consideration is probable, the Group considers the significance of the buyer's initial payments (buyer's equity) in relation to the total contract price. Collectability is assessed by considering factors such as history with the buyer, age of real estate receivables and pricing of the property. Also, management evaluates the historical sales cancellations and back-outs, after considering the impact of the coronavirus pandemic, if it would still support its current threshold of buyers' equity before commencing revenue recognition.

In measuring the progress of its performance obligation over time, the Group uses the output method which is based on the physical proportion of work done on the real estate project and requires technical determination by the Group's specialists (project engineers). The Group believes that this method faithfully depicts the Group's performance in transferring control of real estate development to the customers.

- *Construction revenue recognition*
  a. Existence of a contract
  The Group assessed that various documents or arrangements (whether separately or collectively) will create a contract in accordance with PFRS 15. The Group considered relevant facts and circumstances including customary business practices and assessed that the enforceability of its documents or arrangements depends on the nature and requirements stated in the terms of those documents or arrangements. Certain documents that indicate enforceability of contract include Letter/ Notice of Award, Letter of Intent, Notice to Proceed and Purchase Order.

  b. Revenue recognition method and measure of progress
  The Group concluded that revenue for construction services is to be recognized over time because (a) the customer controls assets as it is created or enhanced; (b) the Group's performance does not create an asset with an alternative use and; (c) the Group has an enforceable right for performance completed to date. The Group assessed that the first criterion is consistent with the rationale for percentage of completion (POC) revenue recognition approach for construction contract. Moreover, the customer can also specify the design of the asset being constructed and the Group builds the asset on the customer's land or premises and the customer can generally control any work in progress arising from the Group's performance. The last criterion is evident in the actual provisions of the contract. As the Group cannot direct the asset to another customer, it satisfies the criteria of no alternative use.

  In measuring the progress of its performance obligation over time, the Group uses the input method which is based on actual costs incurred to date relative to the total estimated cost to complete the construction projects. The Group believes that this method faithfully depicts the Group's performance in transferring control of construction services to the customers.

  c. Identifying performance obligation
  Construction projects of the Group usually includes individually distinct goods and services. These goods and services are distinct as the customers can benefit from the service on its own and are separately identifiable. However, the Group assessed that goods and services are not separately identifiable from other promises in the contract. The Group provides significant service of integrating the various goods and services (inputs) into a single output for which the customer has contracted. Consequently, the Group accounts for all of the goods and services in the contract as a single performance obligation.

  With regard to variation orders, the Group assessed that these do not result in the addition of distinct goods and services and are not identified as separate performance obligations because they are highly interrelated with the services in the original contract, and are part of the contractor's service of integrating services into a single output for which the Group has been contracted.

- *Mining and electricity sales - Revenue recognition method and measure of progress*
  The Group concluded that revenue from coal and nickel ore sales is to be recognized at a point in time as the control transfers to customers at the date of shipment.

  On the other hand, the Group's revenue from power sales is to be recognized over time because the customer simultaneously receives and consumes the benefits provided by the Group. The fact that another entity would not need to re-perform the delivery of power that the Group has provided to date demonstrates that the customer simultaneously receives and consumes the benefits of the Group's performance obligation

  The Group has determined that output method used in measuring the progress of the performance obligation faithfully depicts the Group's performance of its obligation to its customers, since the customer obtains the benefit from the Group's performance based on actual energy delivered each month.

Exploration and evaluation expenditure
The application of the Group's accounting policy for exploration and evaluation assets requires judgment to determine whether future economic benefits are likely, from either future exploitation or sale, or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves. The criteria used to assess the start date of a mine are determined based on the unique nature of each mine development project. The Group considers various relevant criteria to assess when the mine is substantially complete, ready for its intended use and moves into the production phase.

Some of the criteria include, but are not limited to the following:
- the level of capital expenditure compared to construction cost estimates;
- completion of a reasonable period of testing of the property and equipment;
- ability to produce ore in saleable form; and,
- ability to sustain ongoing production of ore.

When a mine development project moves into the production stage, the capitalization of certain mine construction costs ceases and costs are either regarded as inventory or expensed, except for capitalizable costs related to mining asset additions or improvements, mine development or mineable reserve development. It is also at this point that depreciation or depletion commences.

Determination of components of ore bodies and allocation of measures for stripping cost allocation
The Group has identified that each of its two active mine pits, Narra and Molave, is a whole separate ore component and cannot be further subdivided into smaller components due to the nature of the coal seam orientation and mine plan.

Judgment is also required to identify a suitable production measure to be used to allocate production stripping costs between inventory and any stripping activity asset(s) for each component. The Group considers that the ratio of the expected volume of waste to be stripped for an expected volume of ore to be mined for a specific component of the coal body (i.e., stripping ratio) is the most suitable production measure. The Group recognizes stripping activity asset by comparing the actual stripping ratio during the year for each component and the component's mine life stripping ratio.

Evaluation and reassessment of control
The Group refers to the guidance in PFRS 10, *Consolidated Financial Statements,* when determining whether the Group controls an investee. Particularly, the Group controls an investee when it 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. The Group considers the purpose and design

of the investee, its relevant activities and how decisions about those activities are made and whether the rights give it the current ability to direct the relevant activities (see Note 10).

The Group controls an investee if and only if it has all the following:
a. power over the investee;
b. exposure, or rights, to variable returns from its involvement with the investee; and,
c. the ability to use its power over the investee to affect the amount of the investor's returns.

Ownership interests in URHI and TMM represent 30% and 40%, respectively. The stockholders of these entities signed the Memorandum of Understanding (MOU) that gives the Group the ability to direct the relevant activities and power to affect its returns considering that critical decision-making position in running the operations are occupied by the representatives of the Group.

Management's Use of Estimates
The key assumptions concerning the future and other sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

a. Mining
Estimating mineable ore reserves
The Group uses the estimated minable ore reserve in the determination of the amount of amortization of mining properties using units-of-production (UOP) method. The Group estimates its mineable ore reserves by using estimates provided by third party, and professionally qualified mining engineers and geologist (specialists). These estimates on the mineable ore reserves are determined based on the information obtained from activities such as drilling, core logging or geophysical logging, coal sampling, sample database encoding, coal seam correlation and geological modelling.

The carrying value of mining properties and mining rights, included in "Property, plant and equipment" as presented in the consolidated statements of financial position amounted to ₱4,196.98 million and ₱4,562.64 million in 2022 and 2021, respectively (see Note 12).

Estimating coal stockpile inventory quantities
The Group estimates the stockpile inventory of clean and unwashed coal by conducting a topographic survey which is performed by in-house and third-party surveyors. The survey is conducted by in-house surveyors on a monthly basis with a confirmatory survey by third party surveyors at year end. The process of estimation involves a predefined formula which considers an acceptable margin of error of plus or minus five percent (5%). Thus, an increase or decrease in the estimation threshold for any period would differ if the Group utilized different estimates and this would either increase or decrease the profit for the year. The coal inventory as of December 31, 2022 and 2021 amounted to ₱2,557.12 million and ₱1,524.34 million, respectively (see Note 7).

Estimating provision for decommissioning and mine site rehabilitation costs
The Group is legally required to fulfill certain obligations under its Department of Energy and National Resources (DENR) issued Environmental Compliance Certificate when its activities have ended in the depleted mine pits. In addition, the Group assesses its mine rehabilitation provision annually. Significant estimates and assumptions are made in determining the provision for decommissioning and mine site rehabilitation costs as there are numerous factors that will affect the ultimate liability. These factors include estimates of the extent and costs of rehabilitation activities given the approved decommissioning and mine site rehabilitation plan, (e.g., costs of reforestation, and maintenance of the rehabilitated area), technological changes,

regulatory changes, cost increases, and changes in inflation rates and discount rates. Those uncertainties may result in future actual expenditure differing from the amounts currently provided.

An increase in decommissioning and site rehabilitation costs would increase the carrying amount of the related assets and increase noncurrent liabilities. The provision at reporting date represents management's best estimate of the present value of the future rehabilitation costs required. Assumptions used to compute the decommissioning and site rehabilitation costs are reviewed and updated annually.

As of December 31, 2022 and 2021, the provision for decommissioning and mine site rehabilitation for coal mining activities amounted to ₱285.95 million and ₱298.76 million, respectively. As of the same dates, the provision for decommissioning and minesite rehabilitation cost for the nickel mining activities amounted to ₱95.56 million and ₱123.49 million, respectively (see Note 19).

b. Construction

Revenue recognition - construction contracts
The Group's construction revenue is based on the POC method measured principally on the basis of total actual cost incurred to date over the estimated total cost of the project. Actual cost incurred to date includes labor, materials and overhead which are billed and unbilled by contractors. The Group also updates the estimated total cost of the project based on latest discussions with customers to include any revisions to the job order sheets and the cost variance analysis against the supporting details. The POC method is applied to the contract price after considering approved change orders.

When it is probable that total contract costs will exceed total contract revenue, the expected loss shall be recognized as an expense immediately. The amount of such a loss is determined irrespective of:

(a) whether work has commenced on the contract;
(b) the stage of completion of contract activity; or
(c) the amount of profits expected to arise on other contracts which are not treated as a single construction contract.

The Group regularly reviews its construction projects and used the above guidance in determining whether there are projects with contract cost exceeding contract revenues. Based on the best estimate of the Group, adjustments were made in the books for those projects with expected losses in 2022 and 2021. There is no assurance that the use of estimates may not result in material adjustments in future periods. Revenue from construction contracts amounted to ₱19,076.92 million, ₱22,469.65 million and ₱16,563.73 million in 2022, 2021 and 2020, respectively (see Note 33).

Determining method to estimate variable consideration for variation orders
It is common for the Group to receive numerous variation orders from the customers during the period of construction. These variation orders could arise due to changes in the design of the asset being constructed and in the type of materials to be used for construction.

The Group estimates the transaction price for the variation orders based on a probability-weighted average approach (expected value method) based on historical experience.

c. Real estate
Revenue recognition – real estate sales
The assessment process for the percentage-of completion and the estimated project development costs requires technical determination by management's specialists (project engineers) and involves significant management judgment. The Group applies POC method in determining real estate revenue. The POC is measured principally on the basis of the estimated completion of a physical proportion of the contract work based on the inputs of the internal project engineers.

Revenue from real estate sales amounted to ₱21,398.77 million, ₱24,328.51 million and ₱16,078.51 million in 2022, 2021 and 2020, respectively (see Note 33).

d. Power
Estimating provision for decommissioning and site rehabilitation costs
The Group is contractually required to fulfill certain obligations under Section 8 of the Land Lease Agreement (LLA) upon its termination or cancellation. Significant estimates and assumptions are made in determining the provision for site rehabilitation as there are numerous factors that will affect the ultimate liability. These factors include estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases, and changes in discount rates. Those uncertainties may result in future actual expenditure differing from the amounts currently provided. An increase in decommissioning and site rehabilitation costs would increase the property, plant and equipment and increase noncurrent liabilities.

The provision at the reporting date represents management's best estimate of the present value of the future rehabilitation costs required. Assumptions used to compute the provision for decommissioning and site rehabilitation costs are reviewed and updated annually.

As of December 31, 2022 and 2021, the estimated provision for decommissioning and site rehabilitation costs amounted to ₱29.11 million and ₱26.80 million, respectively (see Note 19).

Estimating allowance for expected credit losses (ECLs)
a. Installment contracts receivable and contract assets
The Group uses the vintage analysis in calculating the ECLs for real estate ICR. Vintage Analysis calculates the vintage default rate of each period through a ratio of default occurrences of each given point in time in that year to the total number of receivable issuances or occurrences during that period or year. The rates are also determined based on the default occurrences of customer segments that have similar loss patterns (i.e., by payment scheme).

The vintage analysis is initially based on the Group's historically observed default rates. The Group will adjust the historical credit loss experience with forward-looking information. For instance, if forecasted economic conditions (i.e., bank lending rates and interest rates) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historically observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historically observed default rates, forecasted economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

b. *Trade receivables*
The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by customer type).

The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information such as inflation and foreign exchange rates. At every reporting date, the historically observed default rates are updated and changes in the forward-looking estimates are analyzed.

The Group has considered the impact of COVID-19 pandemic and revisited its assumptions in determining the macroeconomic variables and loss rates in the computation of ECL. The changes in the gross carrying amount of receivables during the year and impact of COVID-19 pandemic did not materially affect the allowance for ECLs.

The above assessment resulted to recognition of additional allowance for impairment of ₱9.54 million, ₱33.39 million and ₱44.73 million in 2022, 2021 and 2020, respectively (see Notes 5 and 24).

The Group has considered the impact of COVID-19 pandemic and revisited its assumptions in determining the macroeconomic variables and loss rates in the computation of ECL. The changes in the gross carrying amount of receivables during the year and impact of COVID-19 pandemic did not materially affect the allowance for ECLs.

Evaluation of net realizable value of inventories
Inventories are valued at the lower of cost and NRV. This requires the Group to make an estimate of the inventories' selling price in the ordinary course of business, cost of completion and costs necessary to make a sale to determine the NRV.

For real estate inventories, the Group adjusts the cost of its real estate inventories to NRV based on its assessment of the recoverability of the real estate inventories. NRV for completed real estate inventories is assessed with reference to market conditions and prices existing at the reporting date and is determined by the Group in the light of recent market transactions. NRV in respect of real estate inventories under construction is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete construction and less estimated costs to sell. The amount and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized. In evaluating NRV, recent market conditions and current market prices have been considered.

For inventories such as equipment parts, materials in transit and supplies, the Group's estimate of the NRV of inventories is based on evidence available at the time the estimates are made of the amount that these inventories are expected to be realized. These estimates consider the fluctuations of price or cost directly relating to events occurring after the end of the reporting period to the extent that such events confirm conditions existing at reporting date. The amount and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized.

Inventories carried at cost amounted to ₱52,312.89 million and ₱44,860.47 million as of December 31, 2022 and 2021, respectively. Inventories carried at NRV amounted to ₱9,364.82 million and ₱9,034.92 million as of December 31, 2022 and 2021, respectively (see Note 7).

Estimating useful lives of property, plant and equipment (see 'estimation of minable ore reserves" for the discussion of amortization of coal mining properties)
The Group estimated the useful lives of its property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment are reviewed at least annually and are updated if expectations differ from previous estimates due to physical wear and tear and technical or commercial obsolescence on the use of these assets.

It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment would increase depreciation expense and decrease noncurrent assets.

In 2017, the BOD approved the rehabilitation of SCPC's Units 1 and 2 coal-fired thermal power plant. The rehabilitation of Units 1 and 2 coal fired power plant resulted to the recording of accelerated depreciation amounting to ₱101.23 million in 2020 (nil in 2022 and 2021). The rehabilitation of the Units 1 and 2 were completed in 2019 and 2020, respectively, and there are no salvage values for the parts replaced.

In estimating the useful life of depreciable assets that are constructed in a leased property, the Group considers the enforceability of and the intent of management to exercise the option to purchase the leased property. For these assets, the depreciation period is over the economic useful life of the asset which may be longer than the remaining lease period.

As of December 31, 2022 and 2021, the carrying value of property, plant and equipment of the Group amounted to ₱57,638.32 million and ₱59,355.98 million, respectively (see Note 12).

Impairment assessment of nonfinancial assets
The Group assesses impairment of nonfinancial assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Group considers important and which could trigger an impairment review include the following:

- significant underperformance relative to projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; and,
- significant negative industry or economic trends or change in technology.

When indicators exist, an impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Assets that are subject to impairment testing when impairment indicators are present are as follows:

	2022	2021
Asset held-for-sale (Note 9)	**₱789,313**	₱–
Investments in associates and joint ventures (Note 10)	**18,195,324**	17,522,876
Property, plant and equipment (Note 12)	**57,638,317**	59,355,978
Right-of-use assets (Note 32)	**116,945**	145,731
Other current assets (Note 8) *	**8,829,378**	10,054,702
Other noncurrent assets (Note 13)*	**3,597,473**	2,476,600

**Excluding current and noncurrent financial assets.*

SRPGC
The Group also reassessed for impairment the aggregate carrying value representing the pre-construction costs of the 2x350 power plants of SRPGC due to termination of the related joint venture agreement in 2020. The carrying value of the pre-construction costs amounted to ₱112.67 million and ₱104.84 million as of December 31, 2022 and 2021, respectively. As of December 31, 2022, construction of the plant itself has yet to commence and the Group has yet to secure a supply agreement. Based on management's estimation of the recoverable amount, there is no resulting impairment loss for both 2022 and 2021.

Maynilad Water
On May 18, 2021, the Revised Concession Agreement (RCA) has been executed and signed by the representative parties of MWSI and MWSS. On December 10, 2021, Republic Act 11600 was signed into law (see Note 36). On December 14, 2021, Maynilad Water again requested the MWSS Board to defer the RCA's Effective Date by another two months (until February 16, 2022) or until the Republic Letter of Undertaking is issued. On June 30, 2022, Maynilad received MWSS's letter of even date informing Maynilad Water that the DOF has issued the Republic Undertaking dated June 24, 2022 signed by the Executive Secretary and the DOF Secretary.

Maynilad Water wrote the MWSS on July 1, 2022 informing them that the signed Republic Letter of Undertaking does not conform to the agreed form in the RCA, and, thus, Section 16.3 (iii) (c) of the RCA has not been satisfied. Thus, Maynilad Water's obligation to effect the changes in the Original Concession Agreement (OCA) has not commenced, except those terms provided under the Legislative Franchise (see Note 36).

The determination of the recoverable amount of the investment in MWHCI was determined using assumptions such as tariff rates, revenue growth, billed water volume, and discount rate. No impairment loss was recognized in 2022, 2021 and 2020, as a result of the test. As of December 31, 2022 and 2021, the carrying value of the investment in MWHCI amounted to ₱17,184.80 million and ₱16,554.29 million, respectively (see Note 10).

Management believes that no impairment indicator exists for the Group's other nonfinancial assets.

Estimating the incremental borrowing rate
The Group uses its incremental borrowing rate (IBR) to measure lease liabilities because the interest rate implicit in the lease is not readily determinable. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use assets in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating). The Group's lease liabilities amounted to ₱70.71 million and ₱97.41 million as of December 31, 2022 and 2021, respectively (see Notes 19 and 32).

Deferred tax assets
The Group reviews the carrying amounts of deferred taxes at each reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deductible temporary differences and carryforward benefits of unused tax credits from MCIT and NOLCO to be utilized. However, there is no assurance that the Group will generate sufficient future taxable income to allow all or part of the deferred tax assets to be utilized.

The deferred tax assets recognized amounted to ₱1,367.19 million and ₱1,529.59 million as of December 31, 2022 and 2021, respectively. The unrecognized deferred tax assets of the Group amounted to ₱202.88 million and ₱182.01 million as of December 31, 2022 and 2021, respectively (see Note 28).

Estimating pension obligation and other retirement benefits
The cost of defined benefit pension plans and other employee benefits as well as the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The net pension liabilities as at December 31, 2022 and 2021 amounted to ₱148.85 million and ₱301.26 million, respectively (see Note 22). Net pension assets amounted to ₱1,012.67 million and ₱814.95 million as of December 31, 2022 and 2021, respectively (see Note 22).

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit liability. Future salary increases are based on expected future inflation rates and other relevant factors.

The mortality rate is based on publicly available mortality tables for the specific country and is modified accordingly with estimates of mortality improvements. Future salary increases and pension increases are based on expected future inflation rates.

Contingencies
The Group is currently involved in various legal proceedings and taxation matters. The estimate of the probable costs for the resolution of these claims has been developed in consultation with outside counsel handling the defense in these matters and is based upon an analysis of potential results. The Group currently does not believe these proceedings will have a material effect on the Group's financial position. It is possible, however, that future results of operations could be materially affected by changes in the evaluation of the case, the estimates of potential claims or in the effectiveness of the strategies relating to these proceedings (see Notes 27 and 35).

4. Cash and Cash Equivalents

This account consists of:

	2022	2021
Cash on hand and in banks	**₱8,444,448**	₱13,346,715
Cash equivalents	**19,964,026**	4,995,304
	₱28,408,474	₱18,342,019

Cash in banks earn interest at the respective bank deposit rates. Cash equivalents are short-term placements made for varying periods of up to three (3) months, depending on the immediate cash requirements of the Group, and earn annual interest ranging from 0.50% to 6.00%, 0.25% to 1.75% and 0.50% to 4.25% in 2022, 2021 and 2020, respectively. Total finance income earned on cash in banks and cash equivalents amounted to ₱509.65 million, ₱72.44 million and ₱190.05 million in 2022, 2021 and 2020, respectively (see Note 25).

5. Receivables

This account consists of:

	2022	2021
Trade:		
Coal mining	**₱7,351,674**	₱4,298,951
Construction contracts	**6,274,186**	8,202,381
Electricity sales	**5,591,220**	4,283,821
Real estate	**3,458,309**	3,662,800
Nickel mining	**118,850**	260,322
Merchandising and others	**128,040**	104,042
	22,922,279	20,812,317
Receivables from related parties (Note 20)	**1,049,028**	1,377,041
Other receivables	**4,548,792**	3,119,716
	28,520,099	25,309,074
Less allowance for expected credit losses	**1,781,196**	1,771,655
	₱26,738,903	₱23,537,419

Trade Receivables

Coal and nickel mining

Receivable from mining pertains to receivables from the sale of coal and nickel ore both to domestic and international markets. These receivables are noninterest-bearing and generally have 30 to 45-day credit terms.

Construction contracts

Receivables from construction contracts principally consist of receivables arising from third-party construction projects over period of construction. These are non-interest bearing and collectible over a period of 30-60-day term. These also include current portion of retentions which pertain to the part of the contract billed and retained as security and shall be released upon the period allotted as indicated in the contract. These are collected after a certain period of time upon acceptance by project owners upon presentation of certificate of completion amounting to ₱2,153.22 million and ₱4,112.39 million as of December 31, 2022 and 2021, respectively. Retention receivables pertain to the part of the contract which the contract owner retains as security and shall be released after the period allotted as indicated in the contract for the discovery of defects and other non-compliance from the specifications indicated.

Electricity sales

Receivables from electricity sales are claims from power distribution utilities, spot market operator and other customers for the sale of contracted energy and spot sales transactions. These are generally on a 30-day credit term and are carried at original invoice amounts, less discounts and rebates.

Real estate
Real estate receivables consist of accounts collectible in equal monthly principal installments with various terms up to a maximum of 10 years. These are recognized at amortized cost using the EIR method. The corresponding titles to the residential units sold under this arrangement are transferred to the buyers only upon full payment of the contract price. Installment contracts receivable are collateralized by the related property sold. In 2022, 2021 and 2020, annual interest rates on installment contracts receivable range from 9.00% to 19.00%. Interest on installment contracts receivable amounted to ₱348.85 million, ₱320.43 million and ₱313.00 million in 2022, 2021 and 2020, respectively (see Note 25).

The Group retains the assigned receivables in the “real estate receivables” account and records the proceeds from these sales as long-term debt (see Note 18). The carrying value of installment contracts receivable sold with recourse amounted to ₱119.19 million and ₱2,441.04 million as of December 31, 2022 and 2021, respectively. The installment contracts receivable on a with recourse basis are used as collaterals for the bank loans obtained.

Merchandising and others
Receivables from merchandise sales and others arise from the sale of wires, services rendered and others to various local companies. These receivables are noninterest-bearing and generally have a 30 to 60-day credit terms.

Other Receivables
Other receivables include the Group’s receivables from condominium corporations, advances to brokers and receivable from sale of fly ashes. These receivables are noninterest-bearing and are generally collectible within one (1) year from the reporting date.

Allowance for expected credit losses
Movements in the allowance for expected credit losses are as follows:

2022

	Trade Receivables			
	Electricity Sales	**Coal Mining**	**Other Receivables**	**Total**
At January 1	**₱867,032**	**₱41,927**	**₱862,696**	**₱1,771,655**
Provision (Reversal) (Note 24)	**28,532**	**–**	**(18,991)**	**9,541**
At December 31	**₱895,564**	**₱41,927**	**₱843,705**	**₱1,781,196**

2021

	Trade Receivables			
	Electricity Sales	Coal Mining	Other Receivables	Total
At January 1	₱867,032	₱41,927	₱829,308	₱1,738,267
Provision (Note 24)	–	–	33,388	33,388
At December 31	₱867,032	₱41,927	₱862,696	₱1,771,655

6. **Contract assets**

The accounts consist of:

	2022	2021
Contract assets	**₱26,556,650**	₱23,321,488
Costs and estimated earnings in excess of billings on uncompleted contracts	**2,852,325**	3,198,067
	29,408,975	26,519,555
Less: Contract assets - noncurrent portion	**12,765,717**	12,455,643
Current portion	**₱16,643,258**	₱14,063,912

Contract Assets
For real estate segment, contract assets are initially recognized for revenue earned from property under development rendered but not yet to be billed to customers. Upon billing of invoice, the amounts recognized as contract assets are reclassified as installment contracts receivable.

For construction segment, contract assets represent total costs incurred and estimated earnings recognized in excess of amounts billed.

Costs and estimated earnings in excess of billings on uncompleted contracts are as follows:

	2022	2021
Total costs incurred	**₱70,941,153**	₱59,809,919
Add estimated earnings recognized	**5,050,417**	4,804,124
	75,991,570	64,614,043
Less total billings (including unliquidated advances from contract owners of ₱5.84 billion in 2022 and ₱5.71 billion in 2021)	**81,661,636**	68,552,861
	(₱5,670,066)	(₱3,938,818)

The foregoing balances are reflected in the consolidated statements of financial position under the following accounts:

	2022	2021
Contract assets (liabilities)		
Costs and estimated earnings in excess of billings on uncompleted contracts	**₱2,852,325**	₱3,198,067
Billings in excess of costs and estimated earnings on uncompleted contracts (Note 17)	**(8,522,391)**	(7,136,885)
	(₱5,670,066)	(₱3,938,818)

7. Inventories

This account consists of:

	2022	2021
At Cost:		
Real estate held for sale and development	**₱46,738,228**	₱41,361,333
Coal inventory	**2,557,123**	1,524,336
Equipment parts, materials in transit and supplies	**2,995,845**	1,717,631
Nickel ore	**21,692**	240,757
	52,312,888	44,844,057
At NRV:		
Equipment parts, materials in transit and supplies (Note 12)	**9,211,646**	9,364,816
	₱61,524,534	₱54,208,873

Real estate inventories recognized as cost of sales amounted to ₱13,123.72 million, ₱18,035.61 million and ₱11,582.20 million in 2022, 2021 and 2020, respectively (see Note 23). Costs of real estate sales includes acquisition cost of land, amount paid to contractors, development costs, capitalized borrowing costs, and other costs attributable to bringing the real estate inventories to their intended condition. Borrowing costs capitalized in 2022, 2021 and 2020 amounted to ₱1,611.32 million, ₱1,407.90 million and ₱1,436.51 million, respectively. The capitalization rates used to determine the amount of borrowing costs eligible for capitalization in 2022, 2021 and 2020 are 4.89%, 4.60% and 5.01%, respectively.

There is no real estate held for sale and development used as collateral or pledged as security to secure liabilities. Summary of the movement in real estate held for sale and development is set out below:

	2022	2021
Balance at beginning of year	**₱41,361,333**	₱40,901,921
Construction/development cost incurred	**15,338,403**	16,650,447
Land acquired during the year	**1,550,894**	589,788
Borrowing costs capitalized	**1,611,318**	1,407,899
Cost of undeveloped land sold during the year	**–**	(12,977)
Recognized as cost of sales (Note 23)*	**(13,123,720)**	(18,035,611)
Transfers to Property, Plant and Equipment (Note 12)	**–**	(140,134)
Balance at end of year	**₱46,738,228**	₱41,361,333

**Includes depreciation expense amounted to ₱245.16 million and ₱321.82 million in 2022 and 2021, respectively.*

Coal and Power Inventories transferred to property, plant and equipment are used as a component of self-constructed property, plant and equipment and are recognized as expense over the useful life of the asset (see Note 12).

Coal pile inventory is stated at cost, which is lower than NRV. The cost of coal inventories recognized as 'Cost of coal sales' in the consolidated statements of comprehensive income amounted to ₱20,039.12 million and ₱16,001.58 million in 2022 and 2021, respectively (see Note 23).

Coal pile inventory at cost includes capitalized depreciation of ₱324.22 million and ₱278.09 million in 2022 and 2021, respectively (see Note 12).

Movement in the Group's allowance for inventory obsolescence are as follows:

	2022	2021
Balance at beginning of year	**₱230,051**	₱61,512
Provision for inventory write-down (Notes 8, 20 and 21)	**38,981**	168,540
Balance at end of year	**₱269,032**	₱230,052

The Group recognized provision for inventory write down amounting to ₱38.98 million and ₱168.54 million in 2022 and 2021, respectively. This amount includes provision of ₱36.77 million in 2022 which pertains to the spare parts of the 2x25 MW gas turbine plant classified as "Asset held-for-sale" under PFRS 5 (see Notes 9 and 24). This is included in "Miscellaneous" under operating expenses in profit or loss (see Note 24). Provision for loss on write-down of inventories amounting to ₱168.54 million in 2021 is included in "Materials and supplies" under cost of coal in profit or loss (see Note 23).

8. Other Current Assets

This account consists of:

	2022	2021
Advances to suppliers and contractors	**₱3,167,630**	₱3,617,714
Creditable withholding taxes	**2,538,592**	2,202,051
Input VAT	**1,352,191**	795,786
Refundable deposits (Notes 13 and 34)	**855,987**	730,895
Cost to obtain a contract - current portion (Notes 3 and 13)	**810,380**	1,168,965
Deposit in escrow fund (Note 34)	**504,277**	229,207
Prepaid expenses	**325,388**	677,554
Prepaid taxes	**110,513**	82,074
Advances to officers and employees	**67,215**	63,225
Others	**1,772,126**	1,447,333
	₱10,189,642	₱11,014,804

Advances to suppliers and contractors
Advances to suppliers and contractors under current assets are recouped upon rendering of services or delivery of asset within the Group's normal operating cycle. The balance, net of the related allowance, is estimated to be recoverable in future periods (Note 3).

Creditable withholding taxes
Creditable withholding taxes pertain to the amount withheld by the Group's customers from their income payments. These will be claimed as tax credit and will be used against future income tax payable.

Input VAT
Input VAT represents VAT imposed on the Group by its suppliers and contractors for the acquisition of goods and services required under Philippine taxation laws and regulations. Input VAT is applied against output VAT. The balance, net of the related allowance, is recoverable in future periods.

Refundable deposits
Refundable deposits pertain to bill deposits and guaranty deposits for utilities that will be recovered within one (1) year.

Costs to obtain a contract
Costs to obtain a contract with a customer pertain to commissions paid to brokers and marketing agents on the sale of pre-completed real estate units.

The balances below pertain to the costs to obtain contracts included in the other current and noncurrent assets:

	2022	2021
Balance at beginning of year	**₱2,491,867**	₱3,421,818
Additions	**1,056,865**	203,447
Amortization	**(1,161,369)**	(1,133,398)
Balance at end of year	**2,387,363**	2,491,867
Noncurrent portion (Note 13)	**1,576,983**	1,322,902
Current portion	**₱810,380**	₱1,168,965

The amortization of capitalized commission and advance commissions which are expensed as incurred totaling ₱1,237.03 million, ₱1,148.03 million and ₱963.49 million in 2022, 2021 and 2020, respectively, are presented under 'Cost of sales and services - real estate sales' account in the consolidated statements of income (see Note 23).

Deposit in escrow fund
Deposit in escrow fund pertains to fund deposits for securing license to sell (LTS) of the Group's real estate projects.

Prepaid expenses
Prepaid expenses consist mainly of prepayments for insurance and maintenance costs.

Prepaid taxes
Prepaid taxes represent prepayment for taxes as well as local business and real property taxes.

Advances to officers and employees
Advances to officers and employees pertain to salary and other loans granted to the Group's employees that are collectible through salary deduction. These are noninterest-bearing and are due within one (1) year.

Others
Others include prepayments on insurance and various types of advances and other charges which could be recovered within one (1) year.

9. Asset Held-for-Sale

In 2022, the Group assessed that the carrying amount of its 2x25 MW gas turbine plant will be recovered principally through a sale transaction rather than continuing use.

The gas turbine pertains to two (2) units of GE TM2500 G6 Generator ("the Asset") which was acquired in 2016 to provide ancillary services. However, since its withdrawal from the ancillary contract, the gas turbine continued to run and supply electricity directly to the spot market. The gas turbine is one of the power generating assets of SLPGC under the Power Segment.

The plan to decommission and sell the Asset was approved on August 2, 2022 by the BOD. On October 3, 2022, the Group has completely secured all relevant clearances from regulatory bodies to disconnect, deregister, decommission, and sell the Asset.

The Group has launched an active search for interested buyers of the gas turbine and had ongoing negotiations in the advanced stages. Management expects that the sale transaction will be finalized within 12 months from end of reporting period.

In accordance with PFRS 5, the Group measured the Asset at the lower of carrying amount and fair value less costs to sell while depreciation ceased immediately upon reclassification. Consequently, a loss on write-down amounting to ₱171.77 million was recognized to bring the Asset's carrying amount to its net realizable value or fair value less costs to sell (see Note 24).

10. Investments in Associates and Joint Ventures

The details of the Group's investments in associates and joint ventures follow:

	2022	2021
Acquisition cost		
Balance at beginning of year	**₱1,146,469**	₱939,093
Additional investments	**–**	207,376
Balance at end of year	**1,146,469**	1,146,469
Accumulated impairment loss	**(6,798)**	(6,798)
	1,139,671	1,139,671
Accumulated equity in net earnings		
Balance at beginning of year	**16,480,394**	15,770,268
Equity in net earnings	**1,506,278**	1,612,328
Dividends and others	**(977,920)**	(1,156,916)
Balance at end of year	**17,008,752**	16,225,680
Share in other comprehensive income	**46,901**	157,525
	₱18,195,324	₱17,522,876

The details of the Group's equity in the net assets of its associates and joint ventures, which are all incorporated in the Philippines, and the corresponding percentages of ownership follow:

	Percentages of Ownership		Equity in Net Assets	
	2022	2021	**2022**	2021
Associates:				
Maynilad Water Holding Company, Inc. (MWHCI)	**27.19**	27.19	**₱17,184,796**	₱16,554,291
Subic Water and Sewerage Company, Inc. (Subic Water)	**30.00**	30.00	**276,020**	293,231
Bachy Soletanche Philippines Corporation (Bachy)	**49.00**	49.00	**43,060**	43,060
Celebrity Sports Plaza	**4.62**	4.62	**18,100**	17,563
			17,521,976	16,908,145
Joint Ventures:				
RLC DMCI Property Ventures, Inc. (RDPVI)	**50.00**	50.00	**538,346**	474,411
DMCI-First Balfour Joint Venture (DMFB)	**51.00**	51.00	**15,320**	15,320
DMC Estate Development Ventures Inc. (DMC-EDVI)	**50.00**	50.00	**119,682**	125,000
			673,348	614,731
			₱18,195,324	₱17,522,876

There have been no outstanding capital commitments in 2022 and 2021.

The following table summarizes the Group's share in the significant financial information of the associates and joint ventures that are material to the Group:

	2022	
	MWHCI	**Subic Water**
Statement of financial position		
Current assets	**₱16,158,002**	**₱676,931**
Noncurrent assets	**136,734,927**	**1,246,391**
Current liabilities	**(27,466,639)**	**(202,773)**
Noncurrent liabilities	**(54,472,389)**	**(431,940)**
Noncontrolling interests	**(4,360,407)**	**–**
Equity attributable to parent company	**66,593,494**	**1,288,609**
Proportion of the Group's ownership	**27.19%**	**30%**
Equity in net assets of associates	**18,106,771**	**386,583**
Less unrealized gains	**(921,975)**	**(110,563)**
Carrying amount of the investment	**₱17,184,796**	**₱276,020**
Statement of income		
Revenue and other income	**₱22,874,733**	**₱725,679**
Costs and expenses	**17,250,418**	**673,529**
Net income	**5,624,315**	**52,150**
Net income attributable to NCI	**402,282**	**–**
Net income attributable to parent company	**₱5,222,033**	**₱52,150**

	2021	
	MWHCI	Subic Water
Statement of financial position		
Current assets	₱14,083,639	₱462,366
Noncurrent assets	123,330,882	1,315,668
Current liabilities	(21,994,916)	(208,696)
Noncurrent liabilities	(47,149,334)	(204,227)
Noncontrolling interests	(4,144,494)	–
Equity attributable to parent company	64,125,777	1,365,111
Proportion of the Group's ownership	27.19%	30%
Equity in net assets of associates	17,435,799	409,533
Less unrealized gain	(881,508)	(116,303)
Carrying amount of the investment	₱16,554,291	₱293,230
Statement of income		
Revenue and other income	₱21,950,014	₱539,074
Costs and expenses	15,746,240	444,803
Net income	6,203,774	94,271
Net income attributable to NCI	443,627	–
Net income attributable to parent company	₱5,760,147	₱94,271

The Group's dividend income from MWHCI amounted to ₱759.83 million and ₱760.10 million in 2022 and 2021, respectively (nil in 2020), while dividend income from Subic Water amounted to ₱45.00 million in 2022 and 2021 and ₱36.00 million in 2020.

Equity in net earnings from MWHCI amounted to ₱1,419.87 million, ₱1,566.18 million and ₱1,513.81 million in 2022, 2021 and 2020, respectively, while equity in net earnings from Subic Water amounted to ₱27.79 million, ₱28.28 million and ₱36.47 million in 2022, 2021 and 2020, respectively.

The carrying amount of the investment in MWHCI is reduced by unrealized gains from transaction with a subsidiary of the Parent Company, relating to engineering and construction projects which are bid out to various contractors and are awarded on an arms-length basis. Equity in net earnings from MWHCI are adjusted for the realization of these unrealized gains and losses.

MWHCI

MWHCI is a company incorporated in the Philippines. The primary contributor in the consolidated net income of MWHCI is its 92.85% owned subsidiary, MWSI. MWSI is involved in the operations of privatized system of waterworks and sewerage services, including the provision of allied and ancillary services. The Group's equity in net earnings of MWHCI represents its share in the consolidated net income attributable to MWHCI.

Rollforward of the carrying value of the investment in MWHCI follows:

	2022	2021
Acquisition cost	**₱390,428**	₱390,428
Accumulated equity in net earnings		
Balance at beginning of year	**16,163,863**	15,334,704
Equity in net earnings	**1,419,871**	1,566,184
Dividends received and other adjustments	**(789,366)**	(737,025)
Balance at end of year	**16,794,368**	16,163,863
	₱17,184,796	₱16,554,291

Subic Water
On January 22, 1997, the Group 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).

On April 1, 2016, PDI disposed its 10% share in Subic Water. The remaining percentage of ownership in Subic Water after the sale is 30%.

RLC DMCI Property Ventures Inc. (RDPVI)
In October 2018, PDI and Robinsons Land Corporation (RLC) entered into a joint venture agreement to develop a condominium project. Each party will hold a 50% ownership interest in the joint venture. In March 2019, RDPVI, the joint venture, was incorporated to purchase, acquire and develop into a residential condominium project a portion of the parcels of land situated in Las Piñas City and to operate, manage, sell and/or lease the resulting condominium units and parking spaces therein

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.

The aggregate carrying amount of the Group's individually immaterial investments in associates and joint ventures in 2022 and 2021 amounted to ₱734.51 million and ₱675.35 million, respectively.

The Group's share in the other comprehensive loss of the associates and joint venture (e.g., remeasurement of retirement liability) is presented under equity section in the consolidated statements of financial position.

11. **Investment Properties**

The movements in this account follow:

	2022		
	Buildings and Building Improvements	**Condominium Units**	**Total**
Cost			
Balances at beginning of year	**₱214,998**	**₱37,811**	**₱252,809**
Disposal	**–**	**(172)**	**(172)**
Balances at end of year	**214,998**	**37,639**	**252,637**
Accumulated Depreciation and Amortization			
Balances at beginning of year	**₱125,465**	**₱29,557**	**₱155,022**
Depreciation and amortization (Note 23)	**–**	**15,098**	**15,098**
Disposal	**–**	**(19,377)**	**(19,377)**
Balances at end of year	**125,465**	**25,278**	**150,743**
Net Book Value	**₱89,533**	**₱12,361**	**₱101,894**

	2021		
	Buildings and Building Improvements	Condominium Units	Total
Cost			
Balances at beginning of year	₱214,998	₱41,616	₱256,614
Disposal	–	(3,805)	(3,805)
Balances at end of year	214,998	37,811	252,809
Accumulated Depreciation and Amortization			
Balances at beginning of year	₱105,892	₱18,059	₱123,951
Depreciation and amortization (Note 23)	19,573	15,188	34,761
Disposal	–	(3,690)	(3,690)
Balances at end of year	125,465	29,557	155,022
Net Book Value	₱89,533	₱8,254	₱97,787

The aggregate fair values of the investment properties as of December 31, 2022 and 2021 amounted to ₱266.55 million and ₱198.96 million, respectively.

The fair values of investment properties were determined using either the income approach using discounted cash flow (DCF) method or by the market data approach. These are both categorized within Level 3 of the fair value hierarchy. The fair value of investment properties, which has been determined using DCF method with discount rates ranging from 5.21% to 6.47%, exceeds its carrying cost. The fair values of the investment properties which were arrived at using the market data approach require the establishment of comparable properties by reducing reasonable comparative sales and listings to a common denominator. This is done by adjusting the differences between the subject property and those actual sales and listings regarded as comparables. The properties used as basis of comparison are situated within the immediate vicinity of the subject property.

Management believes that the impact of COVID-19 pandemic on the fair value measurement of investment properties is short-term and temporary.

Rental income from investment properties (included under ‘Other income - net’) amounted to ₱279.19 million, ₱45.83 million and ₱54.88 million in 2022, 2021 and 2020, respectively (see Note 27). Direct operating expenses (included under ‘Operating expenses’ in the consolidated statements of income) arising from investment properties amounted to ₱26.46 million, ₱14.87 million and ₱14.76 million in 2022, 2021 and 2020, respectively (see Notes 23 and 24).

There are no investment properties as of December 31, 2022 and 2021 that are pledged as security against liabilities. The Group has no restrictions on the realizability of its investment properties and no contractual obligations to either purchase or construct or develop investment properties or for repairs, maintenance and enhancements.

12. Property, Plant and Equipment

Movements in this account follow:

	2022									
	Land and Land Improvements	Power Plant, Buildings and Building Improvements	Coal Mining Properties and Equipment	Nickel Mining Properties and Equipment	Construction Equipment, Machinery and Tools	Office Furniture, Fixtures and Equipment	Transportation Equipment	Leasehold Improvements	Construction in Progress	Total
Cost										
Balances at beginning of year	**₱3,198,004**	**₱67,376,365**	**₱38,370,710**	**₱5,731,464**	**₱13,911,848**	**₱899,184**	**₱957,354**	**₱363,154**	**₱1,034,564**	**₱131,842,647**
Additions	**88,097**	**33,663**	**3,830,141**	**–**	**479,050**	**80,396**	**188,442**	**4,330**	**1,839,716**	**6,543,835**
Transfers (Note 7)	**–**	**695,206**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**695,206**
Disposals	**–**	**(20,163)**	**(96,063)**	**–**	**(192,652)**	**–**	**–**	**–**	**–**	**(308,878)**
Asset held-for-sale (Note 9)	**–**	**(1,415,603)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(1,415,603)**
Adjustments (Note 19)	**–**	**1,030,456**	**(18,449)**	**(3,838)**	**–**	**–**	**–**	**–**	**(1,030,456)**	**(22,287)**
Balances at end of year	**3,286,101**	**67,699,924**	**42,086,339**	**5,727,626**	**14,198,246**	**979,580**	**1,145,796**	**367,484**	**1,843,824**	**137,334,920**
Accumulated Depreciation, Depletion and Amortization										
Balances at beginning of year	**1,166,816**	**24,234,483**	**32,392,372**	**1,629,025**	**11,393,546**	**797,072**	**612,093**	**261,262**	**–**	**72,486,669**
Depreciation, depletion and amortization (Notes 22 and 23)	**89,162**	**3,436,134**	**3,145,907**	**77,224**	**1,100,129**	**61,996**	**134,419**	**1,975**	**–**	**8,046,946**
Write-down	**–**	**171,771**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**171,771**
Disposals		**(1,433)**	**(81,979)**	**–**	**(297,612)**	**(925)**	**(543)**	**–**	**–**	**(382,492)**
Asset held for sale	**–**	**(626,291)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(626,291)**
Balances at end of year	**1,255,978**	**27,214,664**	**35,456,300**	**1,706,249**	**12,196,063**	**858,143**	**745,969**	**263,237**	**–**	**79,696,603**
Net Book Value	**₱2,030,123**	**₱40,485,260**	**₱6,630,039**	**₱4,021,377**	**2,002,183₱**	**₱121,437**	**₱399,827**	**₱104,247**	**₱1,843,824**	**₱57,638,317**

	2021									
	Land and Land Improvements	Power Plant, Buildings and Building Improvements	Coal Mining Properties and Equipment	Nickel Mining Properties and Equipment	Construction Equipment, Machinery and Tools	Office Furniture, Fixtures and Equipment	Transportation Equipment	Leasehold Improvements	Construction in Progress	Total
Cost										
Balances at beginning of year	₱3,126,648	₱63,308,491	₱35,719,154	₱5,650,349	₱13,537,730	₱840,179	₱701,860	₱361,255	₱1,932,793	₱125,178,459
Additions	181,222	2,648,508	2,688,469	84,040	745,677	59,291	263,729	1,899	1,912,887	8,585,722
Transfers (Note 7)	140,134	1,419,366	–	–	12,060	–	–	–	(2,811,116)	(1,239,556)
Disposals	(250,000)	–	–	–	(383,619)	(286)	(8,235)	–	–	(642,140)
Adjustments (Note 19)	–	–	(36,913)	(2,925)	–	–	–	–	–	(39,838)
Balances at end of year	3,198,004	67,376,365	38,370,710	5,731,464	13,911,848	899,184	957,354	363,154	1,034,564	131,842,647
Accumulated Depreciation, Depletion and Amortization										
Balances at beginning of year	1,077,990	20,439,204	29,064,023	1,126,117	9,951,961	746,553	493,408	255,406	–	63,154,662
Depreciation, depletion and amortization (Notes 23 and 24)	88,826	3,795,385	3,330,127	502,908	1,604,215	67,653	129,650	5,856	–	9,524,620
Disposals	–	(106)	(1,778)	–	(162,630)	(17,134)	(10,965)	–	–	(192,613)
Balances at end of year	1,166,816	24,234,483	32,392,372	1,629,025	11,393,546	797,072	612,093	261,262	–	72,486,669
Net Book Value	₱2,031,188	₱ 43,141,882	₱5,978,338	₱ 4,102,439	₱2,518,302	₱102,112	₱345,261	₱101,892	₱1,034,564	₱59,355,978

Land

- On June 30, 2021 the Group availed of the option to purchase parcels of land or "Optioned Assets" under Option Existence Notice (OEN) dated February 3, 2020 and in accordance with the provisions of the Land Lease Agreement (LLA) with PSALM. Total acquisition cost of the optioned assets amounted to ₱43.11 million (see Notes 32 and 36). The Group also sold land and various equipment items at a net gain of ₱69.35 million, ₱189.37 million and ₱67.00 million and in 2022, 2021 and 2020, respectively
- Transfer to property, plant and equipment in 2021 pertains to undeveloped land amounting to ₱140.13 million which will be used for the construction of batching plant (Note 7).

Power plant, buildings and building improvements

- The Group reclassified its 2x25 MW gas turbine plant to "Asset held-for-sale" on October 2022. Depreciation of the asset ceased immediately upon reclassification.

  Immediately before the classification of the 2x25 MW ancillary gas turbine plant as asset held-for-sale, loss on write-down of asset amounting to ₱171.77 million was recognized to bring the asset's carrying amount to its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use, amounting to ₱789.31 million. Subsequently, the carrying value of the 2x25 MW ancillary gas turbine plant amounting to ₱789.31 million was reclassified as "Asset held-for-sale" (see Note 9).

- Transfer to property plant and equipment in 2022 pertains to power plant spare parts which are used in the general repairs and maintenance of the Group's power plants.

Construction-in-progress

- Construction-in-progress includes capitalized pre-construction costs for the thermal power plant of SRPGC amounting to ₱112.67 million as of December 31, 2022 and ₱104.84 million as of December 31, 2021 (see Notes 3 and 35). As of December 31, 2022, construction of the plant itself has yet to commence pending completion of the connectivity to the grid c/o NGCP. Based on management's estimation of the recoverable amount, there is no resulting impairment loss for both 2022 and 2021.

- Reclassifications from "Construction in progress" amounting to ₱1,030.46 million and ₱1,057.14 million as of December 31, 2022 and 2021, respectively, pertain to the regular rehabilitation and completion of additional coal-fired thermal power plants and bunker-fired genset and other completed improvements on existing facilities.

- Interest expense incurred on long-term debts capitalized as part of 'Construction in Progress' amounted to ₱1.19 million and ₱3.16 million in 2022 and 2021, respectively.

Coal mining properties

- Coal mining properties include the expected cost of decommissioning and site rehabilitation of mine sites and future clean-up of its power plants. The impact of annual re-estimation is shown in the rollforward as an adjustment (see Note 19). Coal mining properties also include the stripping activity assets and exploration and evaluation assets for costs of materials and fuel used, cost of operating dump trucks, excavators and other equipment costs amount others.

- As of December 31, 2022 and 2021, coal mining properties included in "Coal Mining Properties and Equipment" amounted to ₱4,196.98 million and ₱4,562.64 million, respectively (see Note 3).

Nickel mining properties

- Nickel mining properties pertains to the Acoje project located in the Municipalities of Sta. Cruz and Candelaria, Province of Zambales (where the Group has an ongoing application on one of its mining properties, see Note 3) and the Berong project situated in Barangay Berong, Municipality of Quezon, Province of Palawan.

- As of December 31, 2022 and 2021, nickel mining properties included in “Nickel Mining Properties and Equipment” amounted to ₱3,733.04 million and ₱3,929.17 million, respectively (see Note 3).

13. Exploration and Evaluation Assets and Other Noncurrent Assets

Exploration and evaluation assets

Exploration and evaluation assets are capitalized expenditures that are directly related to the exploration and evaluation of the area covered by the Group’s mining tenements. Exploration and evaluation assets amounted to ₱390.38 million and ₱235.19 million as of December 31, 2022 and 2021, respectively. These costs pertain to exploration activities on various nickel projects mainly in Zambales and Palawan mining areas that were covered by related exploration permits granted to the nickel mining entities.

Other noncurrent assets

Other noncurrent assets consist of the following:

	2022	2021
Cost to obtain a contract - net of current portion (Notes 3 and 8)	**₱1,576,983**	₱1,322,902
Retention receivable	**1,520,552**	–
Deferred input VAT	**554,264**	655,501
Refundable deposits (Notes 8 and 34)	**435,324**	127,086
Equity investments designated at FVOCI	**186,586**	154,531
Advances to suppliers and contractors	**179,890**	216,075
Deposits and funds for future investment	**136,666**	147,673
Software cost	**49,032**	29,538
Others	**1,050,718**	98,053
	₱5,690,015	₱2,751,359

Deferred input VAT
This pertains to the unamortized input VAT incurred from acquisition of capital assets mostly coming from the completed coal-fired thermal power plant and gas turbine, acquisition of capital goods and services for power plant maintenance program and acquisition of construction equipment.

Advances to suppliers and contractors
Advances to suppliers and contractors under noncurrent assets represent prepayment for the acquisition and construction of property, plant and equipment.

Equity investments designated at FVOCI
This account consists of the following:

	2022	2021
Quoted securities		
Cost	**₱50,747**	₱50,747
Cumulative unrealized gains recognized in OCI	**133,662**	101,607
	184,409	152,354
Unquoted securities		
Gross amount	**110,388**	110,388
Less allowance for probable loss	**108,211**	108,211
	2,177	2,177
	₱186,586	₱154,531

Quoted securities
The quoted securities include investments in golf and yacht club shares. Movements in the unrealized gains follow:

	2022	2021
Balance at beginning of year	**₱101,607**	₱102,869
Changes in fair values of equity investments designated at FVOCI	**32,055**	(1,262)
Balance at end of year	**₱133,662**	₱101,607

Unquoted securities
This account consists mainly of investments in various shares of stock in management services and leisure and recreation entities.

The aggregate cost of investments amounting to ₱108.21 million were fully provided with allowance for impairment as management assessed that investments on these shares of stock are not recoverable as of December 31, 2022 and 2021.

Deposits and funds for future investment
In 2012 and 2014, the Group entered into an agreement with a third party to purchase three holding companies (HoldCos) and three development companies (DevCos) with which the HoldCos have investments. The agreement sets out the intention of final ownership of the HoldCos and DevCos, where the Group will eventually own 73% of the HoldCos and 84% of the DevCos. The Group opened a bank account as required by the agreement and made available US$2.80 million cash (bank account) from which payments of the shares will be drawn. Initial payments made for the assignment of 33% share in HoldCos and 40% share in DevCos amounted to US$0.25 million and US$0.75 million, respectively, which were drawn from the bank account.

The acquisition of shares, which are final and effective on date of assignment, imposes a condition that all pending cases faced by the third party, the three HoldCos and three DevCos are resolved in their favor. As of December 31, 2022 and 2021, the conditions set forth under the agreement have not yet been satisfied.

Refundable deposits
Refundable deposits pertain to utilities and security deposits which are measured at cost and will be recouped against future billings. This also includes rental deposits which are noninterest-bearing and are refundable 60 days after the expiration of the lease period.

Software cost
Movements in software cost account follow:

	2022	2021
Cost		
Balance at beginning of year	**₱559,859**	₱529,328
Additions	**44,600**	30,531
Balance at end of year	**604,459**	559,859
Accumulated Amortization		
Balance at beginning of year	**530,321**	451,584
Amortization (Notes 23 and 24)	**25,106**	78,737
Balance at end of year	**555,427**	530,321
Net Book Value	**₱49,032**	₱29,538

14. Short-term Debt

This account consists of the following:

	2022	2021
Bank loans	**₱1,048,918**	₱958,463
Acceptances and trust receipts payable	**80,500**	80,900
	₱1,129,418	₱1,039,363

Bank loans
The Group's bank loans consist of unsecured Peso-denominated short-term borrowings from local banks which bear annual interest ranging from 4.75% to 6.57% and 3.55% to 6.00% in 2022 and 2021, respectively, and are payable on monthly, quarterly and lump-sum bases on various maturity dates within the next 12 months after the reporting date.

During 2022 and 2021, the Group obtained various short-term loans from local banks primarily for working capital requirements.

Acceptances and trust receipts payable
Acceptances and trust receipts payable are used by the Group to facilitate payment for importations of materials, fixed assets and other assets. These are interest-bearing and with maturity of less than one (1) year.

Finance costs incurred on short-term borrowings and acceptances and trust receipts payable, net of capitalized borrowing cost, amounted to ₱142.14 million, ₱106.50 million and ₱406.56 million in 2022, 2021 and 2020, respectively (see Note 26).

15. Liabilities for Purchased Land

Liabilities for purchase of land represent the balance of the Group's obligations to various real estate property sellers for the acquisition of various parcels of land and residential condominium units. The terms of the deed of absolute sale covering the land acquisitions provided that such obligations are payable only after the following conditions, among others, have been complied with: (a) presentation by the property sellers of the original transfer certificates of title covering the purchased parcels of land; (b) submission of certificates of non-delinquency on real estate taxes; and (c) physical turnover of the acquired parcels of land to the Group.

The outstanding balance of liabilities for purchased land as of December 31, 2022 and 2021 follow:

	2022	2021
Current	**₱960,623**	₱694,654
Noncurrent	**844,078**	876,715
	₱1,804,701	₱1,571,369

Liabilities for purchased land were recorded at fair value at initial recognition. These are payable over a period of two (2) to four (4) years. The fair value is derived using discounted cash flow model using the discount rate ranging from 5.22% to 6.46% and 1.67% to 4.43% in 2022 and 2021, respectively, based on applicable rates for similar types of liabilities.

16. Accounts and Other Payables

This account consists of the following:

	2022	2021
Trade and other payables:		
Suppliers and subcontractors	**₱14,718,661**	₱13,888,537
Others (Note 32)	**574,458**	1,439,010
Accrued costs and expenses		
Project cost	**2,359,676**	1,820,706
Payable to DOE (Note 30)	**2,169,247**	2,059,611
Withholding and other taxes	**264,960**	218,527
Salaries	**161,988**	163,225
Interest	**96,132**	70,000
Various operating expenses	**3,499,883**	3,884,320
Output VAT payable - net	**2,710,821**	2,512,047
Commission payable - current portion (Note 19)	**923,240**	1,079,559
Refundable deposits	**594,094**	466,159
Payable to related parties (Note 20)	**224,478**	440,120
Financial benefits payable	**79,094**	80,410
	₱28,376,732	₱28,122,231

Trade and other payables

Suppliers
Payable to suppliers includes liabilities to various foreign and local suppliers for open account purchases of equipment and equipment parts and supplies. These are noninterest-bearing and are normally settled on a 30 to 60-day credit terms.

Subcontractors
Payable to subcontractors arises when the Group receives progress billing from its subcontractors for the construction cost of a certain project and is recouped against monthly billings. These subcontractors were selected by the contract owners to provide materials, labor and other services necessary for the completion of a project. Payables to subcontractors are noninterest-bearing and are normally settled on 15 to 60-day credit terms.

Other payables
Other payables include retention payable on contract payments, payable to marketing agents and nickel mine right owners and current portion of lease liabilities. Retention on contract payments is being withheld from the contractors as guaranty for any claims against them. These are settled and paid once the warranty period has expired. Payables to marketing agents and nickel mine right owners are noninterest-bearing and are normally settled within one (1) year.

Accrued costs and expenses

Accrued project cost
Accrued project cost pertains to direct materials, labor, overhead and subcontractor costs for work accomplished by the suppliers and subcontractors but were not yet billed to the Group.

Payable to DOE
Liability to DOE represents the share of DOE in the gross revenue from SMPC's coal production (including accrued interest on the outstanding balance), computed in accordance with the Coal Operating Contract (see Note 30).

Accrual of various operating expenses
This include accruals for contracted services, utilities, supplies, advertising, and other administrative expenses.

Commission payable
Commission payable pertains to the amount payable to sales agents for each contract that they obtain for the sale of pre-completed real estate units. These are settled based on the collection from the contract with customers with various terms up to a maximum of 10 years. The noncurrent portion of commission payable is presented under "Other noncurrent liability" account in the consolidated statements of financial position (see Note 19).

Output VAT payable
Output VAT payable pertains to the VAT due on the sale of goods or services by the Group, net of input VAT.

Refundable deposits
Refundable deposits consist mainly of deposits which are refundable due to cancellation of real estate sales as well as deposits made by unit owners upon turnover of the unit which will be remitted to its utility provider.

Financial benefits payable
As mandated by R.A. 9136 or the Electric Power Industry Reform Act (EPIRA) of 2001 and the Energy Regulations No. 1-94, issued by DOE, the BOD authorized the Group on June 10, 2010 to enter and execute a Memorandum of Agreement with the DOE relative to or in connection with the establishment of Trust Accounts for the financial benefits to the host communities equal to ₱0.01 per kilowatt hour generated.

17. Contract Liabilities and Other Customers' Advances and Deposits

	2022	2021
Contract liabilities - real estate	**₱3,732,000**	₱4,808,510
Billings in excess of costs and estimated earnings on uncompleted contracts (Note 6)	**8,522,391**	7,136,885
Other customers' advances and deposits	**3,665,018**	4,455,545
	15,919,409	16,400,940
Less noncurrent portion of		
Contract liabilities - real estate	**1,607,888**	1,261,595
Billings in excess of costs and estimated earnings on uncompleted contracts	**1,988,822**	1,688,773
Current portion	**₱12,322,699**	₱13,450,572

Contract liabilities – real estate
Contract liabilities represent the payments of buyers which do not qualify yet for revenue recognition as real estate sales and any excess of collections over the recognized revenue on sale of real estate inventories. The movement in contract liabilities is mainly due to reservation sales and advance payment of buyers less real estate sales recognized upon reaching the buyer's equity threshold and from increase in percentage of completion of projects.

The amount of revenue recognized from contract liabilities at the beginning of the year amounted to ₱2,527.30 million, ₱3,293.05 million, and ₱3,439.30 million in 2022, 2021 and 2020, respectively.

Billings in excess of costs and estimated earnings on uncompleted contracts
This pertains to billings in excess of total costs incurred and estimated earnings recognized in the construction segment.

Other customers' advances and deposits
Other customers' advances and deposits consist mainly of collections from real estate customers for taxes and fees payable for the transfer of title to customer such as documentary stamp taxes, transfer taxes and notarial fees.

18. Long-term Debt

Long-term debt pertains to the following obligations:

	2022	2021
Bank loans	**₱51,428,383**	₱52,009,238
Less noncurrent portion	**44,669,935**	41,613,047
Current portion	**₱6,758,448**	₱10,396,191

Details of the bank loans follow:

	Outstanding Balances 2022	2021	Maturity	Interest Rate	Payment Terms
Loans from banks and other institutions					
Term loans and corporate notes	**₱37,019,209**	₱26,555,319	Various maturities from 2020 to 2027	Interest rates based on applicable benchmark plus credit spread ranging from 60 to 75 basis points	Term loans: Payment shall be made on a quarterly basis Corporate notes: Payments shall be based on aggregate percentage of issue amount of each series equally divided over applicable quarters (4th/7th to 27th quarter) and the balance is payable at maturity
Peso-denominated loans	**14,522,945**	23,247,390	Various maturities from 2020 to 2027	Fixed interest rates ranging from 4.00% to 5.13% and floating interest rates based on applicable benchmark plus credit spread ranging from 25 to 60 basis points	Amortized/ bullet
Liabilities on installment contracts receivable	**119,188**	2,441,035	Various maturities 2022 to 2029	Interest at prevailing market rates	Payable in equal and continuous monthly payment not exceeding 120 days commencing 1 month from date of execution
	51,661,342	52,243,744			
Less: Unamortized debt issue cost	**232,959**	234,506			
	₱51,428,383	₱52,009,238			

The movements in unamortized debt issue cost follow:

	2022	2021
Balance at beginning of year	**₱234,506**	₱227,987
Additions	**66,000**	88,449
Amortization (Note 26)	**(67,547)**	(81,930)
Balance at end of year	**₱232,959**	₱234,506

Interest expense on long-term debt, net of capitalized interest, recognized under ‘Finance cost’ amounted to ₱871.41 million, ₱775.73 million and ₱681.62 million in 2022, 2021 and 2020, respectively (see Note 26).

The schedule of repayments of loans based on existing terms are provided in Note 34.

Other relevant information on the Group’s long-term borrowings are provided below:

- The loan agreements on long-term debt of certain subsidiaries provide for certain restrictions and requirements such as, among others, maintenance of financial ratios at certain levels. These restrictions and requirements were complied with by the respective subsidiaries as of December 31, 2022 and 2021.

- As discussed in Note 6, the installment contracts receivable under the receivable purchase agreements are used as collaterals in the loans payable obtained. These amounted to ₱119.19 million and ₱2,441.03 million as of December 31, 2022 and 2021, respectively, and these represent net proceeds from sale of portion of PDI’s installment contracts receivable to local banks pursuant to the receivable purchase agreements entered into by PDI on various dates. The agreements also provide the submission of condominium certificates of title and their related postdated checks issued by the buyers.

- Long-term debt of the group are secured by a chattel mortgage on the transportation equipment purchased using the proceeds of these loans.

- Except for the above-mentioned loans, all long-term debt of the Group are clean and unsecured and are compliant with their respective loan covenants.

19. **Other Noncurrent Liabilities**

The details of this account consist of:

	2022	2021
Commission payable - noncurrent portion (Note 16)	**₱1,576,807**	₱1,075,162
Provision for decommissioning and site rehabilitation costs (Note 3)	**410,605**	449,047
Lease liabilities (Notes 3 and 32)	**56,742**	97,407
Retention payable	**782,923**	–
Other payables	**35,977**	19,087
	₱2,863,054	₱1,640,703

Provision for decommissioning and site rehabilitation costs
The Group makes full provision for the future cost of rehabilitating the coal mine sites on a discounted basis on the development of the coal mines. These provisions were recognized based on the Group’s internal estimates. Assumptions based on the current regulatory requirements and economic environment have been made, which management believes are reasonable bases upon which to estimate the future liability. These estimates are reviewed annually to take into account any material changes to the assumptions.

However, actual rehabilitation costs will ultimately depend upon future market prices for the necessary decommissioning works required which will reflect market conditions at the relevant time. Furthermore, the timing of rehabilitation is likely to depend on when the mines cease to produce at economically viable rates. This, in return, will depend upon future ore and coal prices, which are inherently uncertain.

Provision for decommissioning and site rehabilitation costs also include cost of rehabilitation of the Group's power plants and nickel ore mine sites. Discount rates used by the Group to compute for the present value of liability for decommissioning and mine site rehabilitation costs are from 3.61% to 8.70% in 2022, 4.86% to 8.58% in 2021 and 1.85% to 4.07% in 2020. Segment breakdown of provision for decommissioning and site rehabilitation costs follows:

	2022	2021
Coal	**₱285,945**	₱298,757
Nickel	**95,555**	123,490
On-grid power	**29,105**	26,800
	₱410,605	₱449,047

The rollforward analysis of the provision for decommissioning and site rehabilitation costs account follows:

	2022	2021
Balance at beginning of year	**₱449,047**	₱318,828
Effect of change in estimates (Note 12)	**(25,427)**	(39,838)
Actual Usage	**(34,463)**	–
Accretion of interest (Note 26)	**21,448**	170,057
Balance at end of year	**₱410,605**	₱449,047

The Group revised its mine work program based on the current conditions of the mining operations. Management revisited certain procedures, practices and assumptions on its existing rehabilitation plan (e.g., timing of mining operations, reforestation requirements, movement of the overburden) which resulted to adjustment in the previously estimated provision for decommissioning and mine site rehabilitation costs.

Resulting changes in estimate pertaining to the Group's minesites amounted to ₱21.59 million and ₱39.83 million (recognized as adjustment to 'Coal mining properties and equipment' and 'Coal mining properties and equipment' under Property, plant and equipment account) in 2022 and 2021, respectively (see Note 12).

Other payables
Noncurrent trade and other payables include noninterest-bearing payable to suppliers and subcontractors and accrued expenses which are expected to be settled within two (2) to three (3) years from the reporting date and retention contract payment that is being withheld from the contractors as guaranty for any claims which are expected to be settled a year after the turn-over of projects.

Retention Payable
Retention payable represents amounts withheld by the Company on subcontractors' progress billings and payable upon expiration of defect liability period.

20. Related Party Transactions

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 financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence which include affiliates. Related parties may be individuals or corporate entities. Transactions entered into by the Group with affiliates are made at normal commercial prices and terms. These are settled in cash, unless otherwise specified.

The significant related party transactions entered into by the Group with its related parties and the amounts included in the accompanying consolidated financial statements with respect to these transactions follow:

		2022	
	Reference	**Volume**	**Due from (Due to)**
Receivable from related parties (Note 5)			
Construction contracts	(a)	**₱3,911,337**	**₱917,868**
Sale of marine vessels	(b)	**–**	**13,390**
Equipment rentals	(c)	**14,697**	**–**
Sale of materials and reimbursement of shared and operating expenses	(d)	**313,585**	**117,770**
			₱1,049,028
Payable to related parties (Note 16)			
Shiploading, coal delivery and coal handling	(e)	**₱721,408**	**(₱65,085)**
Mine exploration and hauling services	(f)	**176,613**	**(62,394)**
Other general and administrative expense	(g)	**15,705**	**(3,141)**
Aviation services	(h)	**33,969**	**(14.481)**
Office and parking rental	(i)	**119,582**	**(11,464)**
Freight charges	(j)	**276,379**	**(67,913)**
			(₱224,478)

		2021	
	Reference	Volume	Due from (Due to)
Receivable from related parties (Note 5)			
Construction contracts	(a)	₱1,796,108	₱962,221
Sale of marine vessels	(b)	–	13,390
Equipment rentals	(c)	157,223	52,659
Sale of materials and reimbursement of shared and operating expenses	(d)	435,303	348,771
			₱1,377,041
Payable to related parties (Note 16)			
Shiploading, coal delivery and coal handling	(e)	₱569,889	(₱35,292)
Mine exploration and hauling services	(f)	26,707	(239,006)
Other general and administrative expense	(g)	21,210	(5,056)
Aviation services	(h)	145,433	(48,449)
Office and parking rental	(i)	21,424	(79,988)
Freight charges	(j)	256,899	(32,329)
			(₱440,120)

(a) The Group provides services to its other affiliates in relation to its construction projects. Outstanding receivables lodged in “Receivables from related parties” amounted to ₱855.86 million and ₱962.22 million as of December 31, 2022 and 2021, respectively. In an addition, billings in excess of costs and estimated earning on uncompleted contracts from its affiliates amounted to ₱357.72 million and ₱720.10 million as of December 31, 2022 and 2021, respectively.

(b) In 2020, the Group sold a marine vessel to its affiliate for ₱620.58 million of which ₱13.39 million remain uncollected as of December 31, 2022.

(c) The Group rents out its equipment to its affiliates for their construction projects.

(d) The Group paid for the contracted services, material issuances, diesel, rental expenses and other supplies of its affiliates.

(e) Certain affiliate had transactions with the Group for services rendered such as shiploading, coal delivery and coal handling. Freight costs charged by the affiliate are included as part of the cost of coal inventory.

(f) An affiliate of the Group provides labor services relating to coal operations, including those services rendered by consultants. The related expenses are included in the “Cost of sales and services” in the consolidated statements of income.

(g) A shareholder of the Group provides maintenance of the Group’s accounting system, Navision, which is used by some of the Group’s subsidiaries. Related expenses are presented as part of “Miscellaneous” under “Operating expenses” in consolidated statements of income. In addition, the Group has reimbursable expenses for security services, professional fees, among others.

(h) 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 Group for the utilization costs of the aircrafts. The related expenses are included in “Cost of sales and services”.

(i) An affiliate had transactions with the Group for office and parking rental of units to which related expenses are presented as part of “Operating expenses” in the consolidated statements of income.

(j) An affiliate provides the Group various barges and tugboats for use in the delivery of nickel ore to its various customers.

Terms and conditions of transactions with related parties
Outstanding balances as of December 31, 2022 and 2021, are unsecured and noninterest-bearing, and are all due within one year, normally within 30-60 day credit term.

The Group has approval process and established limits when entering into material related party transactions. The Related Party Transaction Review Committee shall approve all material related party transactions before their commencement. Material related party transactions shall be identified taking into account the related party registry. Transactions amounting to 10% or more of the total consolidated assets of the Group that were entered into with an unrelated party that subsequently becomes a related party may be excluded from the limits and approval process requirement.

As of December 31, 2022 and 2021, the Group has not made any allowance for expected credit loss relating to amounts owed by related parties. The Group applies a general approach in calculating the ECL.

The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the affiliates and the economic environment.

Compensation of Key Management Personnel
Key management personnel of the Group include all directors and senior management. The aggregate compensation and benefits of key management personnel of the Group follows:

	2022	2021	2020
Short-term employee benefits	**₱211,910**	₱141,921	₱147,864
Post-employment benefits (Note 22)	**9,014**	7,638	1,709
	₱220,924	₱149,559	₱149,573

There are no agreements between the Group and any of its directors and key officers providing for benefits upon termination of employment, except for such benefits to which they may be entitled under the Group's pension plan.

21. **Equity**

Capital Stock
As of December 31, 2022 and 2021, the Parent Company's capital stock as of December 31, 2022 and 2021 consists of:

	Authorized Capital Stock	Outstanding
Common shares, ₱1 par value	19,900,000,000	13,277,470,000
Preferred shares, ₱1 par value	100,000,000	3,780
Less: Treasury shares		2,820
		960

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

Below is the summary of the Parent Company's track record of registration of securities with the SEC as of December 31, 2022:

	Number of Shares Registered (in billions)	Number of holders of securities as of year end
December 31, 2020	13.28	707
Add/(Deduct) Movement	–	20
December 31, 2021	13.28	727
Add/(Deduct) Movement	–	(28)
December 31, 2022	13.28	699

Retained Earnings
In accordance with SEC Memorandum Circular No. 11 issued in December 2008, the Parent Company's retained earnings available for dividend declaration as of December 31, 2022 and 2021 amounted to ₱778.02 million and ₱1,031.71 million, respectively.

Under the Philippine Tax Code, publicly held corporations are allowed to accumulate retained earnings in excess of capital stock and are exempt from improperly accumulated earnings tax.

Dividend declaration
The Parent Company's BOD approved the declaration of cash dividends in favor of all its stockholders as follows:

	2022	2021	2020
April 1, 2022, ₱0.34 per share regular cash dividend to shareholders on record as of April 19, 2022, payable on or before April 29, 2022.	**₱4,514,340**	₱–	₱–
April 1, 2022, ₱0.14 per share special cash dividend to shareholders on record as of April 19, 2022, payable on or before April 29, 2022.	**1,858,846**	–	–
October 18, 2022 ₱0.72 per share special cash dividend to shareholders on record as of November 2, 2022, payable on or before November 16, 2022.	**9,559,773**	–	–
March 29, 2021, ₱0.13 per share regular cash dividend to shareholders on record as of April 15, 2021, payable on or before April 26, 2021.	–	1,726,071	–
March 29, 2021, ₱0.35 per share special cash dividend to shareholders on record as of April 15, 2021, payable on or before April 26, 2021.	–	4,647,115	–
October 12, 2021, ₱0.48 per share special cash dividend to shareholders on record as of October 26, 2021, payable on or before November 10, 2021.	–	6,373,185	–
March 5, 2020, ₱0.23 per share regular cash dividend to shareholders on record as of March 23, 2020, payable on or before April 3, 2020.	–	–	3,053,818
March 5, 2020, ₱0.25 per share special cash dividend to shareholders on record as of March 23, 2020, payable on or before April 3, 2020.	–	–	3,319,368
	₱15,932,959	₱12,746,371	₱6,373,186

On various dates in 2022, 2021 and 2020, partially-owned subsidiaries of the Group declared dividends amounting to ₱21,252.74 million, ₱12,753.55 million and ₱6,141.54 million, respectively, of which dividends to noncontrolling-interest amounted to ₱9,272.84 million, ₱5,730.28 million, and ₱2,421.81 million, respectively. The unpaid dividends to noncontrolling-interests as of December 31, 2022 and 2021 amounted to ₱3.33 million and ₱15.20 million, respectively (see Note 16).

The unappropriated retained earnings include undistributed net earnings amounting to ₱84,409.23 million and ₱69,000.91 million as of December 31, 2022 and 2021, respectively, representing accumulated equity in the net earnings of consolidated subsidiaries, associates and jointly controlled entities accounted for under the equity method. These are not available for dividend declaration until declared by the subsidiaries, associates and the joint ventures representing accumulated equity.

Premium on acquisition of non-controlling-interests
SMPC bought back its own shares totaling to 14.061,670 from 2016 to 2018. This resulted to an increase in effective ownership of the Parent Company on SMPC and its subsidiaries to 56.65% and the recognition of premium on acquisition of non-controlling interest amounting to ₱817.96 million.

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 gains on equity investments designated at FVOCI, as capital.

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

22. **Employee Benefits**

Retirement Plans
The Group has a funded, noncontributory, defined benefit pension plan covering substantially all of its regular employees. Provisions for pension obligations are established for benefits payable in the form of retirement pensions. Benefits are dependent on years of service and the respective employee's final compensation. The Group updates the actuarial valuation every year by hiring the services of a third party professionally qualified actuary. The latest actuarial valuation report of the retirement plans was made as of December 31, 2022.

Certain entities within the Group are under the Multiemployer Retirement Plan (the Plan). The Group's retirement funds are administered by appointed trustee banks which are under the supervision of the respective Board of Trustees (BOT) of the plans. The responsibilities of the BOT, among others, include the following:

- To hold, invest and reinvest the fund for the exclusive benefits of the members and beneficiaries of the retirement plan and for this purpose the BOT is further authorized to designate and appoint a qualified Investment Manager with such powers as may be required to realize and obtain maximum yield on investment of the fund; and,
- To make payments and distributions in cash, securities and other assets to the members and beneficiaries of the Plan.

Under the existing regulatory framework, Republic Act No. 7641, *The New Retirement Law*, requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.

The following table summarizes the components of net pension expense (included in "Salaries, wages and employee benefits" account) and pension income (included in "Other income" account) for the years ended December 31 (see Notes 24 and 27):

Pension Expense

	2022	2021	2020
Current service cost	**₱253,954**	₱258,754	₱188,775
Net interest expense (income) on benefit obligation and plan assets	**(37,642)**	(11,118)	(29,670)
Effect of the asset limit	**13,134**	5,866	15,734
Total pension expense	**₱229,446**	₱253,502	₱174,839

Movements in the fair value of plan assets of the Group follow:

	2022	2021
Balance at beginning of year	**₱3,193,851**	₱2,427,842
Interest income	**159,695**	100,999
Remeasurement gain (loss)	**542,047**	325,198
Benefits paid from plan assets	**(86,071)**	(58,230)
Contributions	**15,000**	398,042
Balance at end of year	**₱3,824,522**	₱3,193,851

Changes in the present value of the defined benefit obligation follow:

	2022	2021
Balances at beginning of year	**₱2,455,521**	₱2,351,690
Current service cost	**253,954**	258,754
Interest expense	**121,098**	89,881
Benefits paid - from plan assets	**(86,071)**	(58,230)
Benefits paid - direct payments	**(30,828)**	(27,859)
Remeasurement loss (gain) arising from:		
Financial assumptions	**(389,995)**	(273,211)
Demographic assumptions	**(174,789)**	54,767
Experience adjustments	**22,156**	59,729
Balances at end of year	**₱2,171,046**	₱2,455,521

Below is the net pension asset for those entities within the Group with net pension asset position:

	2022	2021
Fair value of plan assets	**₱2,774,999**	₱2,222,485
Present value of funded defined benefit obligations	**(2,549,612)**	(1,667,571)
	225,387	554,914
Effect on asset ceiling	**787,280**	260,033
Net pension asset	**₱1,012,667**	₱814,947

Movements in the net pension asset follow:

	2022	2021
Net pension asset at beginning of year	**₱814,947**	₱708,040
Remeasurements gain (loss) recognized in other comprehensive income	**127,838**	186,436
Net pension income (expense)	**69,882**	(79,529)
Net pension asset at end of year	**₱1,012,667**	₱814,947

Movements in the effect of asset ceiling follow:

	2022	2021
Effect of asset ceiling at beginning of year	**₱260,033**	₱150,996
Interest on the effect of asset ceiling	**13,134**	5,866
Changes in the effect of asset ceiling	**514,113**	103,171
Effect of asset ceiling at end of year	**₱787,280**	₱260,033

Below is the net pension liability for those entities within the Group with net pension liability position:

	2022	2021
Present value of funded defined benefit obligations	**(₱1,198,373)**	(₱1,278,303)
Fair value of plan assets	**1,049,523**	977,047
Net pension liability	**(₱148,850)**	(₱301,256)

Movements in the net pension liability follow:

	2022	2021
Net pension liability at beginning of year	**(₱301,256)**	(₱782,884)
Net pension income (expense)	**488,838**	173,973
Remeasurement gain (loss) recognized in other comprehensive income	**(290,604)**	698,972
Benefits paid - direct payment	**(30,828)**	(27,859)
Contributions	**(15,000)**	(363,458)
Net pension liability at end of year	**(₱148,850)**	(₱301,256)

Breakdown of remeasurements recognized in other comprehensive income in 2022 and 2021 follow:

	2022	2021
Remeasurement gain (loss) on plan assets	**₱542,047**	₱340,278
Remeasurement gain (loss) on defined benefit obligations	**(542,628)**	153,050
Changes in the effect of asset ceiling	**632,436**	(97,218)
Net remeasurement losses on pension plans	**631,855**	396,110
Income tax effect	**(157,964)**	(99,028)
Net remeasurement gain (loss) on pension plans - net of tax	**₱473,891**	₱297,082

The major categories and corresponding fair values of plan assets and liabilities by class of the Group's Plan as at the end of each reporting period are as follows:

	2022	2021
Cash and cash equivalents		
Cash in banks	**₱38,728**	₱5
Time deposits	**548,635**	342,630
	587,363	342,635
Investments in stocks		
Common shares of domestic corporations		
Quoted	**1,721,333**	1,083,091
Unquoted	**280,429**	373,041
Preference shares	**163,208**	181,984
	2,164,970	1,638,116
Investment in government securities		
Fixed rate treasury notes (FXTNs)	**567,555**	835,136
Retail treasury bonds (RTBs)	**269,731**	130,865
	837,286	966,001
Investment in other securities and debt instruments		
AAA rated debt securities	**215,703**	177,132
Not rated debt securities	**–**	–
	215,703	177,132
Other receivables	**19,200**	70,743
Accrued trust fees and other payables	**–**	(776)
Benefits payable	**–**	–
Fair value of plan assets	**₱3,824,522**	₱3,193,851

Trust fees paid in 2022, 2021 and 2020 amounted to ₱2.33 million, ₱2.28 million and ₱2.23 million, respectively.

The composition of the fair value of the Fund includes:

- *Cash and cash equivalents* - include savings and time deposit with various banks and special deposit account with Bangko Sentral ng Pilipinas (BSP SDA).
- *Investment in stocks* - includes investment in common and preferred shares both traded and not traded in the PSE.
- *Investment in government securities* - includes investment in Philippine RTBs and FXTNs.
- *Investments in other securities and debt instruments* - include investment in long-term debt notes and retail bonds.

- *Other receivables* - includes interest and dividends receivable generated from investments included in the plan.
- *Accrued trust fees and other payables* - pertain mainly to charges of trust or in the management of the Plan.

The overall administration and management of the plan rest upon the Plan's BOT. The voting rights on the above securities rest to the BOT for funds directly held through the Group's officers and indirectly for those entered into through other trust agreements with the trustee bank authorized to administer the investment and reinvestments of the funds.

The cost of defined benefit pension plans and the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. The principal assumptions used in determining pension and post-employment medical benefit obligations for the defined benefit plans are shown below:

	2022	2021	2020
Discount rate	**4.79% to 7.38%**	4.79% to 5.21%	3.72% to 4.14%
Salary increase rate	**3.00% to 10.00%**	3.00% to 10.00%	3.00% to 10.00%

The weighted average duration of significant defined benefit obligation per segment are as follows (average number of years):

	2022	2021
Construction and others	**8.5 years**	11 years
Coal mining	**4.6 years**	6 years
Nickel mining	**13.6 years**	11 years
Real estate development	**10 years**	15 years
Power - On grid	**11.3 years**	12 years
Power - Off grid	**15.7 years**	11 years

There are no unusual or significant risks to which the Plan exposes the Group. However, in the event a benefit claim arises under the Retirement Plan and the Retirement Fund is not sufficient to pay the benefit, the unfunded portion of the claim shall immediately be due and payable from the Group to the Retirement Fund.

There was no plan amendment, curtailment, or settlement recognized for the years ended December 31, 2022 and 2021.

Sensitivity analysis on the actuarial assumptions
Each sensitivity analysis on the significant actuarial assumptions was prepared by remeasuring the Defined Benefit Obligation (DBO) at the reporting date after first adjusting one of the current assumptions according to the applicable sensitivity increment or decrement (based on changes in the relevant assumption that were reasonably possible at the valuation date) while all other assumptions remained unchanged. The sensitivities were expressed as the corresponding change in the DBO.

It should be noted that the changes assumed to be reasonably possible at the valuation date are open to subjectivity, and do not consider more complex scenarios in which changes other than those assumed may be deemed to be more reasonable.

	Increase (decrease)	**2022**	2021
Discount rates	+100 basis points	**(₱155,861)**	(₱250,844)
	-100 basis points	**181,172**	294,015
Salary increases	+1.00%	**180,238**	287,315
	-1.00%	**(140,565)**	(249,189)

23. Costs of Sales and Services

Details of costs of sales and services follow:

	2022	2021	2020
Cost of Sales			
Cost of real estate held for sale and development (Note 7)	**₱12,878,564**	₱17,713,791	₱11,582,195
Fuel and lubricants	**12,654,107**	8,306,836	5,582,492
Materials and supplies	**4,957,555**	870,420	2,117,454
Depreciation and amortization (Notes 11, 12, 13 and 32)	**3,511,045**	3,392,622	3,854,978
Production overhead	**2,730,719**	703,504	752,461
Direct labor	**2,136,506**	1,983,360	1,415,364
Commission expense (Note 8)	**1,237,695**	1,148,030	963,492
Hauling, shiploading and handling costs (Note 20)	**1,100,578**	1,436,291	616,971
Outside services	**694,432**	536,426	960,917
Others	**596,395**	1,508,841	30,320
	42,497,596	37,600,121	27,876,644
Cost of Services			
Materials and supplies	**6,602,942**	9,845,238	9,096,464
Outside services	**4,379,838**	4,598,456	3,548,630
Depreciation and amortization (Notes 11, 12, 13 and 32)	**3,844,624**	4,810,755	3,696,117
Direct labor	**3,211,400**	4,882,082	3,587,095
Production overhead	**2,913,382**	3,391,888	2,320,557
Fuel and lubricants	**2,417,372**	1,790,454	1,100,875
Spot purchases of electricity	**1,885,581**	2,187,503	434,638
Hauling, shiploading and handling costs (Note 20)	**276,359**	440,004	144,117
Others	**478,850**	119,530	121,262
	26,010,348	32,065,910	24,049,755
	₱68,507,944	₱69,666,031	₱51,926,399

Cost of real estate sales presented in the consolidated statements of income includes cost of running hotel and property management operations amounting to ₱119.00 million, ₱108.68 million and ₱121.33 million for 2022, 2021 and 2020, respectively.

Related revenue from hotel and property management operations amounted to ₱253.13 million, ₱226.54 million and ₱224.24 million in 2022, 2021 and 2020, respectively.

Depreciation, depletion and amortization included in the consolidated statements of income follow:

	2022	2021	2020
Included in:			
Cost of electricity sales	**₱2,829,982**	₱3,056,850	₱3,531,613
Cost of coal mining	**3,034,379**	3,664,034	2,633,644
Cost of construction contracts and others	**788,429**	844,857	767,251
Cost of real estate development	**245,156**	322,652	300,764
Cost of nickel mining	**457,723**	314,984	317,823
Operating expenses (Note 24)	**462,234**	471,282	614,929
	₱7,817,903	₱8,674,659	₱8,166,024

Depreciation, depletion and amortization of:			
Property, plant and equipment (Note 12)	**₱8,046,946**	₱9,524,620	₱8,508,551
Other noncurrent assets (Note 13)	**25,106**	78,737	52,154
Investment properties (Note 11)	**15,467**	34,761	14,764
Right-of-use assets (Note 32)	**28,786**	50,713	29,378
	₱8,116,305	₱9,688,831	₱8,604,847

Depreciation, depletion and amortization capitalized in ending inventories and mine properties included in 'Property, Plant and Equipment' amounted to ₱497.47 million, ₱516.68 million and ₱438.82 million in 2022, 2021 and 2020, respectively.

Salaries, wages and employee benefits included in the consolidated statements of income follow:

	2022	2021	2020
Presented under:			
Costs of sales and services	**₱5,213,167**	₱6,083,355	₱5,002,459
Operating expenses (Note 24)	**2,496,604**	2,270,021	1,981,194
	₱7,709,771	₱8,353,376	₱6,983,653

24. **Operating Expenses**

This account consists of:

	2022	2021	2020
Government share (Note 30)	**₱15,963,371**	₱6,354,771	₱1,813,594
Salaries, wages and employee benefits (Notes 22 and 23)	**2,496,604**	2,270,021	1,981,194
Taxes and licenses	**1,502,194**	1,491,415	1,306,650
Repairs and maintenance	**1,066,956**	602,063	611,802
Outside services	**₱1,019,521**	₱1,117,058	₱827,176
Depreciation and amortization (Notes 11, 12, 13 and 23)	**462,234**	471,282	614,929
Insurance	**419,820**	328,223	271,480
Advertising and marketing	**241,735**	121,816	194,499
Association dues	**233,330**	90,470	44,473
Supplies	**228,389**	167,592	161,452
Loss on write-down of property, plant and equipment (Notes 3, 8 and 12)	**173,224**	–	157,197
Rent (Notes 21 and 33)	**166,350**	170,860	209,688
Transportation and travel	**156,672**	75,171	118,297
Communication, light and water	**143,254**	173,006	132,084
Entertainment, amusement and recreation	**138,743**	177,126	130,440
Provision for ECL and probable losses - net (Notes 5 and 8)	**50,247**	33,388	60,121
Commission	**15,328**	12,638	1,761
Miscellaneous (Note 20)	**588,984**	430,796	276,851
	₱25,066,956	₱14,087,696	₱8,913,688

In 2020 the Group recorded accelerated depreciation for its power generation units amounting to ₱101.23 million (nil in 2022 and 2021), due to planned rehabilitation of the Group's 2x300MW coal-fired power plant in Calaca, Batangas.

25. **Finance Income**

Finance income is derived from the following sources:

	2022	2021	2020
Interest on:			
Installment contracts receivable (Note 5)	**₱348,849**	₱320,434	₱313,001
Short-term placements (Note 4)	**55,159**	62,091	162,205
Bank savings accounts (Note 4)	**454,487**	10,344	27,846
Others	–	1,948	–
	₱858,495	₱394,817	₱503,052

26. **Finance Costs**

The finance costs are incurred from the following:

	2022	2021	2020
Long-term debt (Note 18)	**₱871,413**	₱775,729	₱681,615
Short-term debt (Note 14)	**142,141**	106,500	406,563
Amortization of debt issuance cost (Note 18)	**67,547**	81,930	67,810
Accretion on unamortized discount on liabilities for purchased land and provision for decommissioning and site rehabilitation costs (Notes 15 and 19)	**21,448**	170,057	25,175
Lease liabilities (Note 32)	**6,015**	5,039	9,909
	₱1,108,564	₱1,139,255	₱1,191,072

27. **Other Income (Charges) -** Net

This account consists of:

	2022	2021	2020
Forfeitures and cancellation of real estate contracts	**₱965,716**	₱731,518	₱524,904
Sales of fly ash	**220,674**	167,590	180,213
Foreign exchange gains (losses)	**1,131,258**	370,415	113,290
Rental income (Note 11)	**213,221**	168,397	75,040
Gain on sale of property, plant and equipment - net (Note 12)	**69,346**	189,372	67,003
Reversal of allowance for doubtful accounts (Note 5)	–	–	(952)
Gain on sale of undeveloped parcel of land	–	12,432	–
Others - net (Notes 12 and 32)	**318,447**	329,531	75,060
	₱2,918,662	₱1,969,255	₱1,034,558

Others – net
Others include penalty charges, holding fees, fees for change in ownership, transfer fees, restructuring fees, lease facilitation fees, gain on pre-termination of option contract and lease contract modification, and others, net of loss recognized for the impairment of gas turbine power plant.

28. **Income Tax**

The provision for income tax shown in the consolidated statements of income consists of:

	2022	2021	2020
Current	**₱3,649,902**	₱1,469,188	₱1,367,877
Deferred	**985,487**	277,435	(53,940)
Final	**88,300**	12,540	30,635
	₱4,723,689	₱1,759,163	₱1,344,572

The components of net deferred tax assets as of December 31, 2022 and 2021 follow:

	2022	2021
Deferred tax assets on:		
Allowance for:		
Expected credit losses	**₱436,256**	₱451,147
Inventory obsolescence	**–**	60,597
Unrealized gross loss on construction contracts	**1,309**	199,723
NOLCO	**–**	24,922
Pension liabilities – net	**30,762**	98,409
Impairment	**52,688**	2,438
Unrealized foreign exchange loss	**–**	11,363
Provision for decommissioning and site rehabilitation	**10,702**	8,165
Accruals of expenses	**9,675**	5,692
Others	**19,806**	17
	561,198	862,473
Deferred tax liabilities on:		
Unrealized gross income on construction contracts	**–**	(212,068)
Unrealized foreign exchange gain	**(6,601)**	(51,457)
	(6,601)	(263,525)
	₱554,597	₱598,948

The components of net deferred tax liabilities as of December 31, 2022 and 2021 follow:

	2022	2021
Deferred tax assets on:		
Pension liabilities - net	**₱671,040**	₱618,686
Unrealized gross profit on construction contracts	**–**	30,042
Allowance for expected credit losses	**94,072**	17,851
Others	**12,706**	534
	777,818	667,113
Deferred tax liabilities on:		
Excess of book over tax income pertaining to real estate sales	**(4,272,553)**	(3,134,857)
Unamortized fair value on nickel mining rights acquired	**(1,175,766)**	(1,009,373)
Capitalized interest on real estate for sale and development deducted in advance	**(456,599)**	(414,101)
Deferred commission expense	**(28,171)**	(216,042)
Unrealized foreign exchange gain - net	**(892,227)**	(622,227)
Pension assets - net	**(13,261)**	(43,751)
Unrealized gross profit on construction contracts	**(7,411)**	(14,702)
Unamortized transaction cost on loans payable	**(44,039)**	(37,360)
Mine rehabilitation	**(2,003)**	(3,902)
Others	**(131,364)**	(132,763)
	(7,023,394)	(5,629,078)
	(₱6,245,576)	(₱4,961,965)

The Group has the following deductible temporary differences, NOLCO and MCIT that are available for offset against future taxable income or tax payable for which deferred tax assets have not been recognized:

	2022	2021
Allowance for impairment losses	₱364,047	₱595,085
NOLCO	376,336	541,042
Allowance for probable losses	30,196	52,957
MCIT	11,235	11,456

Deferred tax assets are recognized only to the extent that taxable income will be available against which the deferred tax assets can be used.

The Group did not recognize deferred tax assets on NOLCO and MCIT from the following periods:

Year Incurred	NOLCO	MCIT	Expiry Year
2022	₱13,252	–	2025
2021	348,608	–	2026
2020	14,476	11,235	2025/2023
	₱376,336	₱11,235	

Rollforward analysis of the Group's NOLCO and MCIT follows:

	NOLCO		**MCIT**	
	2022	2021	**2022**	2021
Balances at beginning of year	**₱541,042**	₱192,434	**₱11,456**	₱12,184
Additions	**13,252**	506,583	**–**	–
Expirations and usage	**(177,958)**	(157,975)	**(221)**	(728)
Balances at end of year	**₱376,336**	₱541,042	**₱11,235**	₱11,456

On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4 of Bayanihan to Recover as One Act (Bayanihan 2) which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over as a deduction from gross income for the next five (5) consecutive years immediately following the year of such loss.

The reconciliation of the statutory income tax rate to the effective income tax rate follows:

	2022	2021
Statutory income tax rate	**25.00%**	25.00%
Adjustments for:		
Income under income tax holiday	**(15.98)**	(13.50)
Effect of change in tax rate (CREATE)	**–**	(3.00)
Nondeductible expenses	**0.76**	0.26
Nontaxable equity in net earnings of associates and joint ventures	**(0.71)**	(1.47)
Changes in unrecognized deferred tax assets	**(0.23)**	(0.59)
Excess costs of construction contracts	**(0.09)**	(0.05)
Effect of OSD availment	**(0.08)**	0.05
Interest income subjected to final tax at a lower rate - net	**(0.04)**	(0.04)
Others	**0.25**	(0.25)
Effective income tax rate	**8.88%**	6.41%

<u>*Registrations with Department of Energy and BOI*</u>

a. *Certain power generation companies - Registration with the BOI*
Certain power generation companies in the Group have been registered with the BOI. Accordingly, they are entitled, among others, to ITH incentives covering 4 to 10 years. To be able to avail of the incentives, these companies are required to maintain a minimum equity level. As of December 31, 2022 and 2021, the Group have complied with the requirements.

In 2022 and 2021, the Group availed of tax incentive in the form of ITH on its income under registered activities amounting to ₱79.16 million and ₱514.05 million, respectively.

b. SMPC - Expanding Producer of Coal (Narra and Molave Minesite)
On August 31, 2012 and February 24, 2016, BOI has granted SMPC Certificate of Registration (COR) as New Producer of Coal in accordance with the provisions of the Omnibus Investments Code of 1987 in relation to the operation in Narra Minesite (formerly Bobog) (COR No. 2012-183) and Molave Minesite (COR No. 2017-042), respectively.

As a registered entity, SMPC is entitled to the following incentives for the two CORs, among others:

(a) ITH incentive for four (4) years from January 2015 and January 2017 for Narra Minesite and Molave Minesite, respectively, or actual start of commercial operations, whichever is earlier, but in no case earlier than the date of registration.
(b) Income qualified for ITH availment shall not exceed by more than 10%, the projected income represented by SMPC in its application provided the project's actual investments and employment match SMPC's representation in the application.

On July 12, 2021, SMPC applied for another extension of one (1) year of ITH incentive for Molave Mine. On December 16, 2021, the BOI approved the Parent Company's application for extension for one (1) year of ITH incentive for Molave Mine.

The approved bonus year under Certificate of Registration No. 2016-042 is for the period October 15, 2021 to October 14, 2022 using the net foreign exchange earnings criterion pursuant to Executive Order No. 226.

In 2022, the BOI provided the SMPC the option to amend the ITH incentive (bonus) expiration year for Molave mine to October 2023 subject to SMPC paying the Taxable Year 2020 income tax due amounting to ₱897.30 million and the related interest.

In 2022, SMPC recognized ₱897.30 million of income tax due on its income in 2020, as part of its provision for current income tax.

SMPC availed of tax incentive in the form of ITH on its income under registered activities amounting to ₱9,093.84 million, ₱3,579.18 million and ₱978.86 million in 2022, 2021 and 2020, respectively.

Corporate Recovery and Tax Incentive for Enterprise (CREATE) Act
On March 26, 2021, the President of the Philippines signed into law Republic Act No. 11534, Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act, which took effect on April 11, 2021. The CREATE Act introduces reforms to the corporate income tax and incentive systems by implementing changes to the current tax regulations. Some of these changes, which became effective beginning July 1, 2020, are as follows:

- Reduction in the RCIT rate from 30% to 20% for entities with net taxable income not exceeding ₱5.0 million and with total assets not exceeding ₱100.0 million (excluding the value of land on which the business entity's office, plant and equipment are situated);
- Reduction in the RCIT from 30% to 25% for all other corporations;
- Reduction in the MCIT rate from 2% to 1% of gross income for 3 years or until June 30, 2023; and
- Repeal of the imposition of 10% improperly accumulated earnings tax (IAET).

Applying the provisions of the CREATE act, the Group recognized one-time impact in the consolidated statement of income for the period ended December 31, 2021 amounting to ₱916.96 million for provision for income tax (current and deferred) and ₱12.20 million for deferred tax on comprehensive income directly charged to equity. Deferred tax liabilities - net also decreased by ₱822.23 million as of December 31, 2021.

29. Earnings Per Share

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

	2022	2021	2020
Net income attributable to equity holders of Parent Company	**₱31,087,484**	₱18,394,231	₱5,858,949
Divided by weighted average number of common shares	**13,277,470**	13,277,470	13,277,470
Basic/diluted earnings per share	**₱2.34**	₱1.39	₱0.44

There were no potentially dilutive ordinary shares. Accordingly, no diluted earnings per share is presented in 2022, 2021 and 2020.

30. Coal Operating Contract with DOE

The DOE issued Coal Operating Contract (COC) to SMPC which gives it the exclusive right to conduct exploration, development and coal mining operations in Semirara Island. In return for the mining rights granted to SMPC, the Government is entitled to receive annual royalty payments consisting of the balance of the gross income after deducting operating expenses, operator's fee and special allowance. The DOE, through the Energy Resources Development Bureau, approved the exclusion of coal produced and used solely by SMPC to feed its power plant used for mining operations in determining the amount due to DOE.

On May 13, 2008, the DOE granted SMPC's request for an extension of its COC for another 15-year or until July 14, 2027.

Royalty dues for DOE's share under this contract, amounted to ₱15,963.37 million, ₱6,354.77 million and ₱1,813.59 million in 2022, 2021 and 2020, respectively. Payable to DOE, amounting to ₱2,169.25 million and ₱2,059.61 million as of December 31, 2022 and 2021, respectively, are included under the 'Trade and other payables' account in the consolidated statements of financial position (see Note 16).

31. Material Partly-Owned Subsidiary

The financial information of the Group's subsidiaries with material noncontrolling-interest are provided below. These information are based on amounts in the consolidated financial statements of the subsidiary.

Semirara Mining and Power Corporation (SMPC) and Subsidiaries

	2022	2021
Consolidated statements of financial position		
Current assets	**₱44,900,091**	₱26,932,670
Noncurrent assets	**42,202,692**	44,711,720
Total assets	**87,102,783**	71,644,390
Current liabilities	**15,448,278**	14,594,144
Noncurrent liabilities	**7,402,107**	11,440,349
Total liabilities	**22,850,385**	26,034,493
Equity	**₱64,252,398**	₱45,609,897
Consolidated statements of comprehensive income		
Revenue	**₱91,128,693**	₱52,424,427
Cost of sales	**29,755,152**	26,239,570
Gross profit	**61,373,541**	26,184,857
Operating expenses	**(19,952,229)**	(9,265,160)
Other income (charges) - net	**801,623**	(374,475)
Income before income tax	**42,222,935**	16,545,222
Provision for income tax	**(2,351,778)**	(345,124)
Net income	**39,871,157**	16,200,098
Other comprehensive income (loss)	**24,088**	(21,661)
Total comprehensive income	**₱39,895,245**	₱16,178,437
Cash flow information		
Operating	**₱40,774,888**	₱21,279,776
Investing	**(4,036,680)**	(3,737,976)
Financing	**(26,178,115)**	(17,587,805)
Effect of exchange rate changes on cash and cash equivalents	**1,283,418**	174,463
Net increase (decrease) in cash and cash equivalents	**₱11,843,511**	₱128,458

The accumulated balances of material noncontrolling-interest of SMPC and subsidiaries at December 31, 2022 and 2021 amounted to ₱28,129.25 million and ₱20,042.06 million, respectively. Dividends paid to noncontrolling interests amounted to ₱9,212.43 million in 2022 and 2021.

Noncontrolling-interests pertain to 2016 to 2018 shares of SMPC bought back own shares totaling to 14,061,670 from 2016 to 2018. This resulted to an increase in effective ownership of the parent Company on SMPC and its subsidiaries to 56.65% and the recognition of premium on acquisition of non-controlling interest amounting to ₱817.96 million.

32. Leases

The Group as a Lessee

The Group has lease contracts for various items of land, office spaces and foreshore leases used in its operations. Leases of land and foreshore lease generally have lease terms between five (5) and 25 years, while office spaces generally have lease terms of two (2) to seven (7) years. The Group also has certain leases of office spaces, warehouse and storage spaces which have lease terms of 12 months or less. The Group applies the 'short-term lease' recognition exemption for these leases.

Movements in the Group's right-of-use assets and lease liabilities follow:

Right of use assets

	Year ended December 31, 2022		
	Land	**Office space**	**Total**
Cost			
Balances at beginning of year	**₱103,168**	**₱190,936**	**₱294,104**
Additions	–	–	–
Balances at end of year	**103,168**	**190,936**	**294,104**
Accumulated amortization			
Balances at beginning of year	**24,106**	**124,267**	**148,373**
Amortization (Notes 23 and 24)	–	**28,786**	**28,786**
Balances at end of year	**24,106**	**153,053**	**177,159**
	₱79,062	**₱37,883**	**₱116,945**

	Year ended December 31, 2021		
	Land	Office space	Total
Cost			
Balances at beginning of year	₱103,168	₱177,586	₱280,754
Additions	–	13,350	13,350
Balances at end of year	103,168	190,936	294,104
Accumulated amortization			
Balances at beginning of year	37,206	60,454	97,660
Amortization (Notes 23 and 24)	5,166	45,547	50,713
Balances at end of year	42,372	106,001	148,373
	₱60,796	₱84,935	₱145,731

On June 30, 2021, the Group purchased the parcels of land under PSALM OEN which amounted to ₱43.11 million (see Notes 12 and 36). Unused rentals as of option exercise date amounted to ₱1.13 million which was applied against the total purchase price.

Lease liabilities

	2022	2021
Beginning balance	**₱97,407**	₱127,987
Additions	–	12,888
Payment	**(32,940)**	(46,623)
Accretion (Note 26)	**6,234**	3,155
	₱70,701	₱97,407

The following are the amounts recognized in consolidated statements of income in 2022 and 2021:

	2022	2021
Depreciation expense of right-of-use assets charged to:		
Cost of sales and services (Note 23)	**₱6,621**	₱11,664
Operating expenses (Note 24)	**22,165**	39,049
Expenses relating to short-term leases charged to operating expenses (Note 24)	**166,350**	170,860
Interest expense on lease liabilities (Note 26)	**6,015**	5,039
	₱201,151	₱226,612

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised (see Note 3).

In 2020, the Group entered into lease contract modification in its office space to revise the lease term to 12 months. Following PFRS 16, the Group derecognized the outstanding right-of use assets and lease liabilities, and recognized gain on lease contract modification presented under "Other income (charges) - net" in consolidated statements of income amounting to ₱2.32 million (see Note 27).

Lease liabilities are included in the consolidated statements of financial position under "accounts and other payables" and "other noncurrent liabilities" (see Notes 16 and 19).

As of December 31, 2022 and 2021, future undiscounted minimum lease payments under operating lease are as follows:

	2022	2021
Within one year	**₱20,827**	₱29,883
After one year but not more than five years	**46,073**	57,261
More than five years	**29,189**	37,410
	₱96,089	₱124,554

Operating Lease - As Lessor

The Group entered into lease agreements with third parties covering its investment property portfolio (see Note 11). The lease agreements provide for a fixed monthly rental with an escalation ranging from 4.50% to 7.00% and 4.50% to 7.00% annually in 2022 and 2021, respectively. These are renewable under the terms and condition agreed with the lessees.

As of December 31, 2022 and 2021, future minimum lease receivables under the aforementioned operating lease are as follows:

	2022	2021
Within one year	**₱42,592**	₱54,275
After one year but not more than five years	**163,144**	71,791
More than five years	**65,774**	69,409
	₱271,510	₱195,475

33. **Operating Segments**

Business Segment Information
For management purposes, the Group is organized into seven (7) major business units that are largely organized and managed separately according to industry. Reporting operating segments are as follows:

- Construction and others - engaged in various construction projects and construction-related businesses such as production and trading of concrete products, handling steel fabrication and electrical and foundation works.
- Coal mining - engaged in the exploration, mining and development of coal resources on Semirara Island in Caluya, Antique.
- Nickel mining - engaged primarily in mining and selling nickel ore from existing stockpile in Acoje mines in Zambales and Berong mines in Palawan.
- Real estate - focused in mid-income residential development carried under the brand name DMCI Homes. It is also engaged in hotel services and property management.
- On-grid Power - engaged in power generation through coal-fired power plants providing electricity to distribution utilities and indirect members of WESM.
- Off-grid Power - engaged in power generation through satellite power plants providing electricity to areas that are not connected to the main transmission grid.
- Water - includes share in net earnings from associates, MWHCI and Subic Water, which are engaged in water services for the west portion of Metro Manila and Olongapo City and Subic Bay Freeport, respectively.

No operating segments have been aggregated to form the above reportable operating segments. Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on revenue, earnings before interest, income taxes and depreciation and amortization (EBITDA) and operating profit or loss, and is measured consistently in the consolidated financial statements. The Group's management reporting and controlling systems use accounting policies that are the same as those described in Note 2 in the summary of significant accounting policies under PFRSs.

EBITDA is the measure of segment profit (loss) used in segment reporting and comprises of revenues, cost of sales and services and selling and general administrative expenses before interest, taxes and depreciation and amortization.

The Group disaggregates its revenue information in the same manner as it reports its segment information. The Group, through its on-grid power segment, has electricity sales to a power distribution utility company that accounts for about 9%, 16%, and 5% of the Group's total revenue in

2022, 2021 and 2020, respectively.

Group financing (including finance costs and finance income) and income taxes are also managed per operating segments. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Business Segments

The following tables present revenue, net income and depreciation and amortization information regarding business segments for the years ended December 31, 2022, 2021 and 2020 and property, plant and equipment additions, total assets and total liabilities for the business segments as of December 31, 2022, 2021 and 2020.

Year ended December 31, 2022

	Construction and Others*	Coal Mining	Nickel Mining	Real Estate Development	Power *On-Grid*	Power *Off-Grid*	Water	Parent Company	Total
Revenue	₱19,560,286	₱69,759,876	₱3,788,595	₱21,398,777	₱20,622,572	₱7,469,587	₱–	₱–	₱142,599,693
Equity in net earnings of associates and joint ventures	–	–	–	63,936	–	–	1,442,342	–	1,506,278
Other income (expense)	10,272	1,022,942	134,933	1,509,221	232,406	1,923	5,318	1,647	2,918,662
	19,570,558	70,782,818	3,923,528	22,971,934	20,854,978	7,471,510	1,447,660	1,647	147,024,633
Cost of sales and services (before depreciation and amortization	17,177,110	19,107,700	748,782	14,235,244	4,443,400	5,440,040	–	–	61,152,276
Government share (Note 24)	–	15,963,371	–	–	–	–	–	–	15,963,371
General and administrative expense (before depreciation and amortization)	625,627	819,651	860,498	2,720,174	2,744,853	764,578	–	105,969	8,641,350
	17,802,737	35,890,722	1,609,280	16,955,418	7,188,253	6,204,618	–	105,969	85,756,997
EBITDA	1,767,821	34,892,096	2,314,248	6,016,516	13,666,725	1,266,892	1,447,660	(104,322)	61,267,636
Other income (expenses)									
Finance income (cost) (Notes 25 and 26)	(42,388)	30,817	(17,628)	257,293	(475,990)	(51,056)	–	48,883	(250,069)
Depreciation and amortization (Notes 23 and 24)	(808,206)	(3,060,173)	(487,612)	(368,176)	(2,756,623)	(334,837)	–	(2,276)	(7,817,903)
Pretax income	917,227	31,862,740	1,809,008	5,905,633	10,434,112	880,999	1,447,660	(57,715)	53,199,664
Provision for income tax (Note 28)	240,380	1,211,729	445,977	1,529,730	1,145,452	141,377	–	9,044	4,723,689
Net income	₱676,847	₱30,651,011	₱1,363,031	₱4,375,903	₱9,288,660	₱739,622	₱1,447,660	(66,759)	₱48,475,975
Net income attributable to noncontrolling-interests	20,940	14,046,499	78,390	–	3,242,662	–	–	–	17,388,491
Net income attributable to equity holders of the Parent Company	₱655,907	₱16,604,512	₱1,284,641	₱4,375,903	₱6,045,998	₱739,622	₱1,447,660	(₱66,759)	₱31,087,484
Segment Assets									
Cash	₱1,428,258	₱15,534,336	₱1,101,302	₱3,581,395	₱4,515,973	₱196,794	₱–	₱2,050,416	₱28,408,474
Receivables and contract assets	11,085,755	7,379,762	140,130	31,286,730	2,779,979	3,466,230	–	9,292	56,147,878
Inventories	1,451,086	9,752,363	65,883	46,729,128	2,947,241	578,833	–	–	61,524,534
Investment in associates and joint venture	58,380	–	–	1,265,230	–	–	–	16,871,714	18,195,324
Fixed assets**	2,598,987	7,556,964	4,912,910	1,673,458	34,056,688	7,324,377	–	7,211	58,130,595
Others	6,462,211	999,860	944,361	6,324,665	2,169,630	1,400,209	–	52,243	18,353,179
	₱23,084,677	₱41,223,285	₱7,164,586	₱90,860,606	₱46,469,511	₱12,966,443	₱–	₱18,990,876	₱240,759,984
Segment Liabilities									
Contract liabilities	₱6,398,279	₱366,754	₱–	₱9,154,376	₱–	₱–	₱–	₱–	₱15,919,409
Short-term and long-term debt	681,969	948,056	350,000	35,768,032	9,248,131	5,561,613	–	–	52,557,801
Others	7,460,691	9,631,757	2,370,872	14,384,813	2,128,284	3,554,071	–	82,652	39,613,140
	₱14,540,939	₱10,946,567	₱2,720,872	₱59,307,221	₱11,376,415	₱9,115,684	₱–	₱82,652	₱108,090,350
Other disclosures									
Property, plant and equipment additions (Note 12)	₱210,976	₱2,518,089	₱322,340	₱372,898	₱1,785,592	₱1,333,940	₱–	₱–	₱6,543,835
Acquisition of land for future development (Note 7)	–	–	–	1,550,894	–	–	–	–	1,550,894

**Revenue from construction segment includes sales and service revenue from Wire Rope.*

***Includes property, plant and equipment, investment properties and exploration and evaluation assets*

Year ended December 31, 2021

	Construction and Others*	Coal Mining	Nickel Mining	Real Estate Development	Power *On-Grid*	Power *Off-Grid*	Water	Parent Company	Total
Revenue	₱22,927,814	₱35,592,979	₱4,022,442	₱24,328,512	₱16,831,449	₱4,639,673	₱–	₱–	₱108,342,869
Equity in net earnings of associates and joint ventures	–	–	–	17,863	–	–	1,594,465	–	1,612,328
Other income (expense)	188,098	405,248	89,241	1,085,665	178,204	19,062	–	3,737	1,969,255
	23,115,912	35,998,227	4,111,683	25,432,040	17,009,653	4,658,735	1,594,465	3,737	111,924,452
Cost of sales and services (before depreciation and amortization	20,366,379	13,619,257	1,133,315	17,437,072	6,031,451	2,892,659	–	–	61,480,133
Government share (Note 24)	–	6,354,771	–	–	–	–	–	–	6,354,771
General and administrative expense (before depreciation and amortization)	676,490	488,082	767,008	2,306,983	2,247,200	700,675	–	57,726	7,244,164
	21,042,869	20,462,110	1,900,323	19,744,055	8,278,651	3,593,334	–	57,726	75,079,068
EBITDA	2,073,043	15,536,117	2,211,360	5,687,985	8,731,002	1,065,401	1,594,465	(53,989)	36,845,384
Other income (expenses)									
Finance income (cost) (Notes 25 and 26)	(34,939)	(289,913)	(8,491)	271,638	(664,092)	(42,178)	–	23,537	(744,438)
Depreciation and amortization (Notes 23 and 24)	(890,757)	(3,863,096)	(332,097)	(340,181)	(2,899,237)	(347,629)	–	(1,662)	(8,674,659)
Pretax income	1,147,347	11,383,108	1,870,772	5,619,442	5,167,673	675,594	1,594,465	(32,114)	27,426,287
Provision for income tax (Note 28)	192,856	89,751	213,181	891,400	280,371	87,003	–	4,601	1,759,163
Net income	₱954,491	₱11,293,357	₱1,657,591	₱4,728,042	₱4,887,302	₱588,591	₱1,594,465	(₱36,715)	₱25,667,124
Net income attributable to noncontrolling-interests	25,720	4,950,344	216,309	7,465	2,073,055	–	–	–	7,272,893
Net income attributable to equity holders of the Parent Company	₱928,771	₱6,343,013	₱1,441,282	₱4,720,577	₱2,814,247	₱588,591	₱1,594,465	(₱36,715)	₱18,394,231
Segment Assets									
Cash	₱2,013,179	₱4,610,250	₱799,786	₱4,472,228	₱3,602,873	₱227,343	₱–	₱2,616,359	₱18,342,018
Receivables and contract assets	12,779,930	4,433,532	336,803	28,367,197	2,636,970	1,498,936	–	3,606	50,056,974
Inventories	1,681,636	7,335,508	240,757	41,352,233	3,205,828	392,911	–	–	54,208,873
Investment in associates and joint venture	58,380	–	–	910,204	–	–	–	16,554,292	17,522,876
Fixed assets**	3,224,602	7,194,858	4,810,768	1,846,968	36,625,392	5,979,481	–	6,888	59,688,957
Others	5,407,199	1,049,960	737,009	5,413,720	1,632,192	1,030,514	–	55,196	15,325,790
	₱25,164,926	₱24,624,108	₱6,925,123	₱82,362,550	₱47,703,255	₱9,129,185	₱–	₱19,236,341	₱215,145,488
Segment Liabilities									
Contract liabilities	₱7,136,885	₱38,664	₱58,968	₱9,166,423	₱–	₱–	₱–	₱–	₱16,400,940
Short-term and long-term debt	1,158,224	3,363,603	350,000	32,634,592	11,703,032	3,839,150	–	–	53,048,601
Others	9,380,653	8,735,558	2,176,221	12,717,497	2,047,039	1,705,154	–	87,213	36,849,335
	₱17,675,762	₱12,137,825	₱2,585,189	₱54,518,512	₱13,750,071	₱5,544,304	₱–	₱87,213	₱106,298,876
Other disclosures									
Property, plant and equipment additions (Note 12)	₱770,279	₱3,246,371	₱413,929	₱572,760	₱2,480,842	₱1,100,745	₱–	₱796	₱8,585,722
Acquisition of land for future development (Note 7)	–	–	–	589,788	–	–	–	–	589,788
Transfer of undeveloped land (Notes 7 and 12)	–	–	–	140,134	–	–	–	–	140,134

**Revenue from construction segment includes sales and service revenue from Wire Rope.*
***Includes property, plant and equipment, investment properties and exploration and evaluation assets*

Year ended December 31, 2020

	Construction and Others*	Coal Mining	Nickel Mining	Real Estate Development	Power *On-Grid*	Power *Off-Grid*	Water	Parent Company	Total
Revenue	₱16,930,349	₱16,488,547	₱2,471,999	₱16,078,509	₱11,761,902	₱3,968,793	₱–	₱–	₱67,700,099
Equity in net earnings of associates and joint ventures	–	(307)	–	(3,846)	–	–	1,550,284	–	1,546,131
Other income (expense)	(3,677)	229,762	(30,036)	733,125	102,816	700	–	1,868	1,034,558
	16,926,672	16,718,002	2,441,963	16,807,788	11,864,718	3,969,493	1,550,284	1,868	70,280,788
Cost of sales and services (before depreciation and amortization	14,935,397	9,646,668	610,882	12,789,063	3,966,053	2,427,241	–	–	44,375,304
Government share (Note 25)	–	1,813,594	–	–	–	–	–	–	1,813,594
General and administrative expense (before depreciation and amortization)	679,698	382,970	658,709	2,052,167	1,941,256	618,448	–	151,917	6,485,165
	15,615,095	11,843,232	1,269,591	14,841,230	5,907,309	3,045,689	–	151,917	52,674,063
EBITDA	1,311,577	4,874,770	1,172,372	1,966,558	5,957,409	923,804	1,550,284	(150,049)	17,606,725
Other income (expenses)									
Finance income (cost) (Notes 26 and 27)	(20,271)	(336,852)	2,143	316,295	(705,016)	(16,124)	–	71,805	(688,020)
Depreciation and amortization (Notes 24 and 25)	(784,436)	(2,680,127)	(347,848)	(445,781)	(3,624,099)	(278,490)	–	(5,243)	(8,166,024)
Pretax income	506,870	1,857,791	826,667	1,837,072	1,628,294	629,190	1,550,284	(83,487)	8,752,681
Provision for income tax (Note 29)	172,827	60,008	245,260	654,276	104,702	92,324	–	15,175	1,344,572
Net income	₱334,043	₱1,797,783	₱581,407	₱1,182,796	₱1,523,592	₱536,866	₱1,550,284	(₱98,662)	₱7,408,109
Net income attributable to noncontrolling-interests	24,957	779,408	98,584	1,471	644,740	–	–	–	1,549,160
Net income attributable to equity holders of the Parent Company	₱309,086	₱1,018,375	₱482,823	₱1,181,325	₱878,852	₱536,866	₱1,550,284	(₱98,662)	₱5,858,949
Segment Assets									
Cash	₱1,466,101	₱5,662,912	₱1,092,649	₱4,766,267	₱2,421,678	₱159,462	₱–	₱3,349,381	₱18,918,450
Receivables and contract assets	11,504,253	1,562,046	131,152	21,907,872	2,065,604	1,236,647	–	2,788	38,410,362
Inventories	1,690,932	6,856,198	268,322	40,892,821	3,883,945	303,171	–	–	53,895,389
Investment in associates and joint venture	58,380	–	–	807,049	–	–	–	15,725,132	16,590,561
Fixed assets**	3,601,813	8,740,323	4,991,661	2,025,565	37,797,435	5,223,732	–	4,991	62,385,520
Others	4,369,833	939,465	619,978	5,458,362	1,912,838	836,267	–	56,514	14,193,257
	₱22,691,312	₱23,760,944	₱7,103,762	₱75,857,936	₱48,081,500	₱7,759,279	₱–	₱19,138,806	₱204,393,539
Segment Liabilities									
Contract liabilities	₱6,262,469	₱32,193	₱–	₱10,378,964	₱–	₱–	₱–	₱–	₱16,673,626
Short-term and long-term debt	877,825	5,853,255	–	28,314,873	14,020,817	2,822,200	–	–	51,888,970
Others	8,486,029	6,601,009	2,311,982	13,348,918	2,261,785	1,538,404	–	80,045	34,628,172
	₱15,626,323	₱12,486,457	₱2,311,982	₱52,042,755	₱16,282,602	₱4,360,604	₱–	₱80,045	₱103,190,768
Other disclosures									
Property, plant and equipment additions (Note 12)	₱739,140	₱3,179,867	₱113,250	₱453,883	₱2,589,369	₱869,332	₱–	₱1,103	₱7,945,944
Acquisition of land for future development (Note 7)	–	–	–	3,213,209	–	–	–	–	3,213,209
Transfer of undeveloped land (Notes 7 and 12)	–	–	–	362,568	–	–	–	–	362,568

**Revenue from construction segment includes sales and service revenue from Wire Rope.*
***Includes property, plant and equipment, investment properties and exploration and evaluation assets*

34. 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 also has various significant 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.

The following table summarizes the maturity profile of the Group's financial assets and financial liabilities as of December 31, 2022 and 2021, based on contractual undiscounted cash flows. The table also analyses the maturity profile of the Group's financial assets in order to provide a complete view of the Group's contractual commitments.

	2022				
	Within 1 year	**Beyond 1 year up to 2 years**	**Beyond 2 years up to 3 years**	**Beyond 3 years**	**Total**
Financial assets at amortized cost					
Cash in banks and cash equivalents	**₱28,384,917**	**₱–**	**₱–**	**₱–**	**₱28,384,917**
Receivables - net					
Trade:					
General construction	**4,753,634**	**209,512**	**1,217,351**	**93,689**	**6,274,186**
Real estate	**3,458,309**	–	–	–	**3,458,309**
Electricity sales	**5,591,220**	–	–	–	**5,591,220**

(Forward)

	2022				
	Within 1 year	**Beyond 1 year up to 2 years**	**Beyond 2 years up to 3 years**	**Beyond 3 years**	**Total**
Coal mining	**₱7,351,674**	**₱–**	**₱–**	**₱–**	**₱7,351,674**
Nickel mining	**118,850**	–	–	–	**118,850**
Merchandising and others	**128,040**	–	–	–	**128,040**
Receivables from related parties	**1,049,028**	–	–	–	**1,049,028**
Other receivables	**4,548,792**	–	–	–	**4,548,792**
Other assets					
Refundable deposits	**855,987**	**411,241**	**24,058**	**25**	**1,291,311**
Deposit in escrow fund	**504,277**	–	–	–	**504,277**
	56,744,728	**620,753**	**1,241,409**	**93,714**	**58,700,604**
Other Financial Liabilities					
Short-term debt*	**1,185,889**	–	–	–	**1,185,889**
Accounts and other payables**	**27,703,544**	–	–	–	**27,703,544**
Liabilities for purchased land	**960,623**	**697,044**	**9,111**	**137,924**	**1,804,702**
Long-term debt*	**6,282,463**	**9,756,022**	**9,073,171**	**32,206,740**	**57,318,402**
Total undiscounted financial liabilities	**36,132,470**	**10,453,066**	**9,082,282**	**32,344,664**	**88,012,537**
Liquidity gap	**₱20,612,203**	**(₱9,832,313)**	**(₱7,840,873)**	**(₱32,250,950)**	**(₱29,311,933))**

**Including future interest payment.*
***Excluding nonfinancial liabilities.*

	2021				
	Within 1 year	Beyond 1 year to 2 years	Beyond 2 years to 3 years	Beyond 3 years	Total
Financial assets at amortized cost					
Cash in banks and cash equivalents	₱18,313,995	₱–	₱–	₱–	₱18,313,995
Receivables - net					
Trade:					
General construction	5,717,748	1,592,200	336,865	555,568	8,202,381
Real estate	3,662,800	–	–	–	3,662,800
Electricity sales	4,283,821	–	–	–	4,283,821
Coal mining	4,298,951	–	–	–	4,298,951
Nickel mining	260,322	–	–	–	260,322
Merchandising and others	104,042	–	–	–	104,042
Receivables from related parties	1,377,041	–	–	–	1,377,041
Other receivables	2,257,020	–	–	–	2,257,020
Other assets					
Refundable deposits	730,895	107,013	2,533	17,540	857,981
Deposit in escrow fund	229,207	–	–	–	229,207
	41,235,842	1,699,213	339,398	573,108	43,847,561
Other Financial Liabilities					
Short-term debt*	1,109,363	–	–	–	1,109,363
Accounts and other payables**	26,143,175	–	–	–	26,143,175
Liabilities for purchased land	601,817	815,476	9,111	144,965	1,571,369
Long-term debt*	10,962,919	9,137,194	9,083,318	25,530,283	54,713,714
Total undiscounted financial liabilities	38,817,274	9,952,670	9,092,429	25,675,248	83,537,621
Liquidity gap	₱2,418,568	(₱8,253,457)	(₱8,753,031)	(₱25,102,140)	(₱39,690,060)

**Including future interest payment.*
***Excluding nonfinancial liabilities*

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
- WESM price risk - movement in WESM price for energy
- Interest rate risk – movement in 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 December 31, 2022 and 2021.

c. *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.

The analyses below are performed for reasonably possible movements in the Philippine Stock Exchange (PSE) index for quoted shares and other sources for golf and club shares with all other variables held constant, showing the impact on equity:

	Change in variable		Effect on equity (Other comprehensive income)	
	2022	2021	**2022**	2021
PSE	**+1.41%**	+0.99%	**₱464**	₱192
	-1.41%	-0.99%	**(464)**	(192)
Others	**+23.72%**	+15.85%	**7,800**	3,056
	-23.72%	-15.85%	**(7,800)**	(3,056)

The sensitivity analyses shown above are based on the assumption that the movement in PSE composite index and other quoted equity securities will be most likely be limited to an upward or downward fluctuation of 1.41% and 23.72% in 2022 and 0.99% and 15.85in 2021, respectively.

The Group, used as basis of these assumptions, the annual percentage change in PSE composite index and annual percentage change of quoted prices as obtained from published quotes of golf and club shares.

The impact of sensitivity of equity prices on the Group's equity excludes the impact on transactions affecting the consolidated statements of income.

d. *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):

	2022	2021
Domestic market	**41.76%**	27.33%
Export market	**58.24%**	72.67%
	100%	100%

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 December 31, 2022 and 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 1-year historical price movements in 2022 and 2021.

	Effect on income before income tax	
Change in coal price	**2022**	2021
Based on ending coal inventory		
Increase by **19**% in 2022 and 83% in 2021	**₱1,088,405**	₱916,186
Decrease by **19**% in 2022 and 83% in 2021	**(1,088,405)**	(916,186)
Based on coal sales volume		
Increase by **18**% in 2022 and 155% in 2021	**₱9,880,538**	₱12,103,657
Decrease by **18**% in 2022 and 155% in 2021	**(9,880,538)**	(12,103,657)

e. *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 income before income tax and equity to a reasonably possible change in interest rates, with all variables held constant, through the impact on floating rate borrowings:

	2022		
	Change in basis points	**Effect on income before income tax**	**Effect on equity**
Peso floating rate borrowings	**+100 bps**	**₱227,669**	**₱170,751**
	-100 bps	**(227,669)**	**(170,751)**

	2021		
	Change in basis points	Effect on income before income tax	Effect on equity
Peso floating rate borrowings	+100 bps	₱185,760	₱139,320
	-100 bps	(185,760)	(139,320)

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.

f. 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's currency risks arise mainly from cash and cash equivalents, receivables, accounts and other payable, short-term loans and long-term loans of the Group which are denominated in a currency other than the Group's functional currency. The effect on the Group's consolidated statements of income is computed based on the carrying value of the floating rate receivables as at December 31, 2022 and 2021.

The Group does not have any foreign currency hedging arrangements.

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

	Increase (decrease) in foreign currency rate		**Effect on income before income tax (in PHP)**	
	2022	2021	**2022**	2021
US Dollar[1]	**+3.32%**	+2.40%	**₱549,353**	₱154,011
	-3.32%	-2.40%	**(549,353)**	(154,011)
Japanese Yen[2]	**+5.95%**	+0.57%	**15,074**	1,304
	-5.95%	-0.57%	**(15,074)**	(1,304)
UK Pounds[3]	**+5.74%**	+0.12%	**39**	1
	-5.74%	-0.12%	**(39)**	(1)
E.M.U. Euro[4]	**+3.64%**	+0.47%	**3,239**	320
	-3.64%	-0.47%	**(3,239)**	(320)

1. The exchange rates used were ₱56.12 to $1 and ₱50.77 to $1 for the year ended December 31, 2022 and 2021, respectively.
2 The exchange rates used were ₱0.42 to ¥1 and ₱0.44 to ¥1 for the year ended December 31, 2022 and 2021, respectively.
3. The exchange rates used were ₱67.44 to £1 and ₱68.53 to £1 for the year ended December 31, 2022 and 2021, respectively.
4. The exchange rates used were ₱59.55 to €1 and ₱57.51 to €1 for the year ended December 31, 2022 and 2021, respectively.

Information on the Group's foreign currency-denominated monetary assets and liabilities and their Philippine Peso equivalents as of December 31, 2022 and 2021 follows:

2022

	U.S. Dollar	**Japanese Yen**	**UK Pounds**	**E.M.U Euro**	**Equivalent in PHP**
Financial assets					
Cash and cash equivalents	**$186,707**	**¥1,436,887**	**£51**	**€3,532**	**₱13,505,652**
Receivables	**29,984**	**296,938**	**–**	**945**	**1,861,612**
Advances	**300**	**–**	**–**	**–**	**16,727**
	216,991	**1,733,825**	**51**	**4,477**	**15,383,991**
Financial liabilities					
Accounts payable and accrued expenses	**(71,239)**	**–**	**(10)**	**–**	**(3,997,655)**
	$145,752	**¥1,733,825**	**£41**	**€4,477**	**₱11,386,336**

2021

	U.S. Dollar	Japanese Yen	UK Pounds	E.M.U Euro	Equivalent in PHP
Financial assets					
Cash and cash Equivalents	$74,634	¥427,542	£13	€985	₱4,039,621
Receivables	51,525	90,831	–	199	2,667,512
	126,159	518,373	13	1,184	6,707,133
Financial liabilities					
Accounts payable and accrued expenses	(70,611)	–	–	–	(3,584,928)
	$55,548	¥518,373	£13	€1,184	₱3,122,205

The effect on the Group's income before tax is computed on the carrying value of the Group's foreign currency denominated financial assets and liabilities as at December 31, 2022 and 2021.

g. *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 consolidated statements of financial position at December 31, 2022 and 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 December 31, 2022 and 2021, the Group's exposure to bad debts is significant for the power on-grid segment and those with doubtful of collection had been provided with allowance as discussed in Note 5.

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.

The Group uses vintage analysis approach to calculate ECLs for real estate receivables. The vintage analysis accounts for expected losses by calculating the cumulative loss rates of a given loan pool. It derives the probability of default from the historical data of a homogenous portfolio that share the same origination period. The information on the number of defaults during fixed time intervals of the accounts is utilized to create the probability of default model. It allows the evaluation of the loan activity from its origination period until the end of the contract period.

The assessment of the correlation between historical observed default rates, forecast economic conditions (inflation and interest rates) and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 2. 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.

Impairment analysis 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 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.

Coal mining and nickel 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.

Impairment analysis 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 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.

General construction
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 take over 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 written off 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.

The tables below present the summary of the Group's exposure to credit risk as of December 31 and show the credit quality of the assets by indicating whether the assets are subjected to the 12-month ECL or lifetime ECL.

		2022		
	12-month ECL	Lifetime ECL Not credit impaired	Lifetime ECL Credit impaired	Total
Cash in bank and cash equivalents	₱28,384,917	₱–	₱–	₱28,384,917
Receivables				
Trade				
General construction	–	6,274,186	–	6,274,186
Real estate	–	3,458,309	–	3,458,309
Electricity sales	–	4,714,647	876,573	5,591,220
Coal mining	–	7,309,747	41,927	7,351,674
Nickel mining	–	118,850	–	118,850
Merchandising	–	128,040	–	128,040
Receivable from related parties	–	1,049,028	–	1,049,028
Other receivables	–	3,686,096	862,696	4,548,792
Refundable deposits	1,291,311	–	–	1,291,311
Deposit in escrow funds	504,277	–	–	504,277
Total	₱30,180,505	₱26,738,903	₱1,781,196	₱58,700,604

	2021			
	12-month ECL	Lifetime ECL Not credit impaired	Lifetime ECL Credit impaired	Total
Cash in bank and cash equivalents	₱18,313,995	₱–	₱–	₱18,313,995
Receivables				
Trade				
General construction	–	8,202,381	–	8,202,381
Real estate	–	3,662,800	–	3,662,800
Electricity sales	–	3,416,789	867,032	4,283,821
Coal mining	–	4,257,024	41,927	4,298,951
Nickel mining	–	260,322	–	260,322
Merchandising	–	104,042	–	104,042
Receivable from related parties	–	1,377,041	–	1,377,041
Other receivables	–	2,257,020	862,696	3,119,716
Refundable deposits	1,157,768	–	–	1,157,768
Deposit in escrow funds	229,207	–	–	229,207
Total	₱19,700,970	₱23,537,419	₱1,771,655	₱45,010,044

The Group did not accrue any interest income on impaired financial assets.

Fair Value of Financial Instruments

The table below presents a comparison by category of carrying amounts and estimated fair values of all the Group's financial instruments as of December 31, 2022 and 2021:

	2022		2021	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Financial assets at amortized cost				
Cash and cash equivalents				
Cash in banks	**₱8,420,891**	**₱8,420,891**	₱13,318,692	₱13,318,692
Cash equivalents	**19,964,026**	**19,964,026**	4,995,303	4,995,303
Receivables - net				
Trade				
General construction	**6,274,186**	**6,274,186**	8,202,381	8,202,381
Real estate	**3,458,309**	**3,458,309**	3,662,800	3,662,800
Electricity sales	**4,714,647**	**4,714,647**	4,283,821	4,283,821
Coal mining	**7,309,747**	**7,309,747**	4,298,951	4,298,951
Nickel mining	**118,850**	**118,850**	260,322	260,322
Merchandising and others	**128,040**	**128,040**	104,042	104,042
Receivable from related parties	**1,049,028**	**1,049,028**	1,377,041	1,377,041
Other receivables	**3,686,096**	**3,686,096**	2,257,020	2,257,020
Refundable deposits	**1,291,311**	**1,291,311**	1,157,767	1,157,767
Deposit in escrow fund	**504,277**	**504,277**	229,207	229,207
	56,919,408	**56,919,408**	44,147,347	44,147,347
Equity investment designated at FVOCI				
Quoted securities	**184,409**	**184,409**	152,354	152,354
Unquoted securities	**2,177**	**2,177**	2,177	2,177
	186,586	**186,586**	154,531	154,531
	₱57,105,994	**₱57,105,994**	₱44,301,878	₱44,301,878
Other Financial Liabilities				
Accounts and other payables*	**₱23,231,704**	**₱23,231,704**	₱23,332,046	₱23,332,046
Liabilities for purchased land	**1,804,701**	**1,514,848**	1,571,369	1,514,848
Short-term and long-term debt	**52,557,802**	**40,354,182**	53,048,601	44,716,371
	₱77,594,207	**₱65,100,734**	₱77,952,016	₱69,563,265

**Excludes liabilities to the government*

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

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 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.

The discount rates used for long-term debt range from 3.19% to 6.59% and 0.20% to 4.57% in 2022 and 2021. The discount rates used for liabilities for purchased land range from 5.22% to 6.46% in 2022 and 1.67% to 4.43% in 2021.

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.

Asset held-for-sale
The fair value less costs to sell is the estimated price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. This was based from offers received from buyers in the advanced stage of negotiations, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing the asset (e.g. dismantling and handling costs). The fair value of asset held-for-sale is based on level 3 inputs.

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

35. Contingencies and Commitments

a. Effectivity of Revenue Regulations (RR) 1-2018

   On January 5, 2018, RR 1-2018 took effect pursuant to the effectivity of the Tax Reform for Acceleration and Inclusion (TRAIN) law beginning January 1, 2018. Among others, the new tax law raised the excise tax rates on domestic and imported coal from ₱10.0 per metric ton (MT) to ₱50.0 per MT in the first year of implementation, ₱100.0/MT in the second year, and ₱150.0/MT in the third and succeeding years. Based also on the RR, coal produced under coal operating contracts entered into by the Government pursuant to PD No. 972, as well as those exempted from excise tax on mineral products under other laws, shall now be subject to the applicable rates beginning January 1, 2018.

On February 21, 2018, the Group requested for a clarification on this with the tax bureau and submitted a supplemental letter explaining why the excise tax provisions on coal under the TRAIN law will not apply to the Group under the terms and conditions of its COC with the DOE. In response, on December 17, 2018, Revenue Memorandum Circular (RMC) No. 105-2018 was issued, clarifying the payment of excise tax on domestic coal sales and specifically identifying the Group as merely a collecting agent (the Group collected from customers and remitted to the tax bureau). The RMC did not provide for the excise tax treatment of export coal sales (per RMC, this will be tackled in a separate revenue memorandum issuance), but management believes that the Group is similarly not liable for this under the terms of its existing COC. Given this, management believes that both the timing and the amount of excise tax on exported coal that will be due from the Group, if any, are uncertain as of December 31, 2022 and 2021 and will only be confirmed when the said issuance will be issued by the tax bureau.

b. *DOE Resolution on Violation of Accreditation of Coal Traders*

On May 23, 2019, the trial shipment of 4,768.737 MT of the Group was shipped and delivered to Gold Anchorage Stevedoring and Arrastre Services, Inc. (GASAI). On June 6, 2019, the Group received an Order dated June 4, 2019 from the DOE directing the SMPC to: (a) File a verified Answer within 30 days from receipt; and (b) cease and desist from doing coal trading activities and operations. Order also states that the coal trader accreditation of SMPC is suspended until further notice.

On July 5, 2019, the Group filed its Verified Answer arguing that: (a) sale and delivery of coal to GASAI was done in good faith; (b) the cease and desist order (CDO) and suspension is disproportionately severe under the circumstances as it should only be directed to trading done with GASAI; and c) imposition of fines is only applicable to those entities who are not accredited.

On July 10, 2019, the Group wrote the DOE requesting deferment of that implementation of the CDO and/or suspension pending resolution of the DOE.

On July 12, 2019, the DOE held in abeyance the imposition of the implementation of the CDO subject to the following conditions:

a. Order of abeyance is effective only for 30 days or until resolution of the Answer, whichever comes earlier;
b. the Group to continue with its existing coal contracts, but shall not enter as party to any new coal supply agreement; and,
c. the Group should faithfully comply with its commitments and obligations as an accredited coal trader.

On November 19, 2019, the Group received the DOE Resolution dated October 15, 2019 imposing the following penalties:

- Suspension of coal trading activities for 1 month, except to the Group-owned and other powerplants with existing coal supply agreements; and,
- Monetary penalty of ₱1.74 million.

On November 20, 2019, a motion for reconsideration to the Resolution dated October 15, 2019 was filed with the following prayer:

- The Resolution is null and void as it was issued in violation of the DOE Rules of Procedure; and,
- The CDO and Resolution are onerous and overbroad in scope as it was applied to unrelated transactions (not GASAI's) and inconsistent with the objectives of the Accreditation Guidelines.

On November 25, 2019, an amended motion for reconsideration was filed by the Group. On January 3, 2020, the Group received letter from the DOE dated December 26, 2019 directing the former to file its position paper relative to the CDO in which the Group filed on January 10, 2020.

On March 16, 2021, DOE resolved to modifying its October 15, 2019 resolution as follows:

- Ordering payment of a fine of ₱610,000.00 instead
- Removal of the penalty of one-month suspension of the Company coal trader accreditation.

The Group paid penalty on March 31, 2021.

c. Operating Lease Commitment - as a Lessee

Land Lease Agreement

The Group entered into an LLA with PSALM for the lease of land where the Power Plant is situated, for the period of 25 years, renewable for another 25 years upon mutual agreement. In 2009, the Group paid US$3.19 million or its Peso equivalent ₱150.57 million as advance rental for the 25-year land lease.

Provisions of the LLA include that the Company has the option to buy the Option Assets upon issuance of an Option Existence Notice (OEN) by the lessor. Option assets are parcels of land that form part of the leased premises which the lessor offers for sale to the lessee.

The Group was also required to deliver and submit to the lessor a performance security amounting to ₱34.83 million in the form of Stand-by Letter of Credits. The Performance Security shall be maintained by the Company in full force and effect continuously without any interruption until the Performance Security expiration date. The Performance Security initially must be effective for the period of one year from the date of issue, to be replaced prior to expiration every year thereafter and shall at all times remain valid.

In the event that the lessor issues an OEN and the Group buy the option assets, the land purchase price should be equivalent to the highest of the following and/or amounts:
(i) assessment of the Provincial Assessors of Batangas Province; (ii) the assessment of the Municipal or City Assessor having jurisdiction over the particular portion of the leased premises; (iii) the zonal valuation of Bureau of Internal Revenue or, (iv) 21.00 per square meter (dollar). Valuation basis for (i) to (iii) shall be based on the receipt of PSALM of the option to exercise notice.

The exchange rate to be used should be the Philippine Dealing Exchange rate at the date of receipt of PSALM of the option to exercise notice.

On July 12, 2010, PSALM issued an OEN and granted the Company the "Option" to purchase parcels of land (Optioned Assets) that form part of the leased premises.

The Company availed of the "Option" and paid the Option Price amounting to US$0.32 million (₱14.72 million) exercisable within one year from the issuance of the Option Existence Notice.

On April 28, 2011, the Group sent a letter to PSALM requesting for the assignment of the option to purchase a lot with an area of 82,740 square meters in favor of the Group. On May 5, 2011, PSALM approved the assignment. On June 1, 2011, the Group exercised the land lease option at a purchase price of ₱292.62 million and is included as part of "Property, plant and equipment".

On October 12, 2011, the Group reiterated its proposal to purchase the remainder of the Leased Premises not identified as Optioned Assets. One of the salient features of the proposal included the execution of Contract to Sell (CTS) between the Group and PSALM. This included the proposal of the Group to assign its option to purchase and sub-lease in favor of SLPGC.

On February 13, 2012, PSALM held off the approval of the proposal to purchase the portion of Calaca Leased Premises not identified as Optioned Assets, subject to further studies. On the same date, PSALM Board has approved the Company's request to sub-lease a portion of the Calaca Leased Premises to SLPGC for the purpose of constructing and operating a power plant.

On February 14, 2014, the Group reiterated its proposal to purchase the Calaca Leased Premises not identified as Optioned Assets.

On February 1, 2017, the Group again reiterated to PSALM its proposal to purchase the Calaca Leased Premises.

On August 15, 2017, the Group exercised its option to purchase for a lot with an area of 9,548 square meters at a price of ₱10.56 million.

On September 24, 2019, PSALM informed the Group regarding lots ready for OEN issuance. On February 11, 2020, Group wrote PSALM seeking clarifications on the status of lots available for OEN.

On June 30, 2021, the Group exercised its option to purchase lots with a total area of 19,304 square meters for a consideration of ₱43.11 million (see Notes 12 and 32).

Foreshore lease

On April 2009, National Power Corporation (NAPOCOR or "NPC") and the Department of Environment and Natural Resources -CENRO (DENR-CENRO) entered to a 25-year foreshore lease agreement. On July 29, 2009, DMCI HI won the open and competitive bidding of the 600MW Batangas Coal-Fired Thermal Power Plant conducted by PSALM. Subsequently, the rights of DMCI HI on the 600MW Batangas Coal-Fired Thermal Power Plant was assigned to SCPC. PSALM and SCPC executed the Deed of Sale on the power plant. On December 29, 2011, NPC transferred its rights over the foreshore lease with DENR-CENRO thru an execution of Deed of Assignment in which the Company unconditionally agrees to assume all rights and obligations under the Foreshore Lease Contract. Lease payments is subject to reappraisal every 10 years of the contract. On the first 10 years of the lease, the rate is ₱2.65 million. The rate was reappraised in May 3, 2019. Starting April 2019, the rate will be ₱3.88 million until reappraised in 2029.

d. DMCI Joint ventures and consortium agreements

DMCI entered into the following joint venture and consortium agreements:

2017

- *Cebu Link Joint Venture (CLJV)*, unincorporated joint venture between Acciona Construccion S.A, First Balfour, Inc and DMCI and is engaged in Engineering, Procurement and Construction contract related to the concession for the Cebu-Cordova Link Expressway. Corresponding interest of DMCI in CLJV is at 15%.

2018

- *Taisei DMCI Joint Venture (TDJV)*, unincorporated joint venture between Taisei Corporation and DMCI and is engaged to construct the elevated structures, stations and depot of the North-South Commuter Railways Project (Malolos-Tutuban; the Project). Corresponding interest of DMCI in TDJV is at 49%.

- *VA Tech Wabag-DMCI Joint Venture*, unincorporated joint venture between VA Tech Wabag Limited and DMCI and is engaged in the rehabilitation, retrofitting and process improvement of La Mesa Water Treatment Plant 2 Project. The scope of work and allocation of contract price is agreed by the partners in the consortium agreement.

2019

- *Marubeni-DMCI Consortium*, consortium between Marubeni Corporation and DMCI and is engaged for the Procurement of Trackwork, Electrical and Mechanical Systems and Integration with Existing System for LRT 2 - East (Masinag) Extension Project. The scope of work and allocation of contract price is agreed by the partners in the consortium agreement. DMCI was allocated 29% of total contract price.

- *PBD Joint Venture (PBDJV),* unincorpoated joint venture between Prime Metro BMD Corporation and DMCI and is engaged to construct the Solaire Metro North. Corresponding interest of DMCI in PBDJV is at 50%.

2020

- *AA-DMCI Consortium*, consortium between Acciona Agua, S.A and DMCI and is engaged for the design and build of 150 MLD Laguna Lake Water Treatment Plant . The scope of work and allocation of contract price is agreed by the partners in the consortium agreement. DMCI allocated is 60% of total contract price.

2022

- *NCC-DMCI Joint Venture,* unincorporated joint venture between DMCI and Nishimatsu Construction Co., Ltd. The joint venture is registered with the BIR on December 15, 2022 to construct two underground stations (Quezon Avenue and East Avenue) of the Metro Manila Subway Station project of the Department of Transportation (DOTr). The respective interests of the Parties in the Joint Venture are 67% to Nishimatsu and 33% to DMCI.

- As of March 6, 2023, the Company has not incurred significant costs in relation to the joint operation.

e. Others

The Group is a party to certain proceedings and legal cases with other parties in the normal course of business. The ultimate outcome of these proceedings and legal cases cannot be presently determined. Management, in consultation with its legal counsels, believes that it has substantial legal and factual bases for its positions and is currently of the opinion that the final resolution of these claims will not have a material effect on the financial statements.

The Group is also contingently liable with respect to certain taxation matters, lawsuits and other claims which are being contested by management, the outcome of which are not presently determinable. Management believes that the final resolution of these claims will not have a material effect on the Group financial statements. The information usually required by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, is not disclosed on the grounds that it can be expected to prejudice the outcome of pending assessments, lawsuits and claims.

36. **Other Matters**

a. Electric Power Industry Reform Act (EPIRA)

WESM
With the objective of providing competitive price of electricity, the EPIRA authorized DOE to constitute an independent entity to be represented equitably by electric power industry participants and to administer and operate WESM. WESM will provide a mechanism for identifying and setting the price of actual variations from the quantities transacted under contracts between sellers and purchasers of electricity.

In addition, the DOE was tasked to formulate the detailed rules for WESM which include the determination of electricity price in the market. The price determination methodology will consider accepted economic principles and should provide a level playing field to all electric power industry participants. The price determination methodology was subject to the approval of the ERC.

In this regard, the DOE created PEMC to act as the market operator governing the operation of WESM. On June 26, 2006, WESM became operational in the Luzon grid and adopts the model of a “gross pool, net settlement” electricity market.

In 2017, the Board of PEMC has approved the transition plan for the creation of an independent market operator (IMO), paving the way for the state firm to finally relinquish control of the WESM.

On February 4, 2018, the DOE published Department Circular No. DC2018-01-0002, “Adopting Policies for the Effective and Efficient Transition to the Independent Market Operator for the Wholesale Electricity Spot Market”. This Circular shall take effect immediately after its publication in two (2) Newspapers of general circulation and shall remain in effect until otherwise revoked. Pursuant to Section 37 and Section 30 of the EPIRA, jointly with the electric power participants, the DOE shall formulate the detailed rules for the wholesale electricity spot market. Said rules shall provide the mechanism for determining the price of electricity not covered by bilateral contracts between sellers and purchasers of electricity users. The price determination methodology contained in said rules shall be subject to the approval of ERC. Said rules shall also reflect accepted economic principles and provide a level playing field to all electric power industry participants.

b. Clean Air Act

On November 25, 2000, the Implementing Rules and Regulations (IRR) of the Philippine Clean Air Act (PCAA) took effect. The IRR contains provisions that have an impact on the industry as a whole and on the Company in particular, that need to be complied with within 44 months (or until July 2004) from the effectivity date, subject to the approval by Department of Environment and Natural Resources. The power plant of the Group uses thermal coal and uses a facility to test and monitor gas emissions to conform to Ambient and Source Emissions Standards and other provisions of the Clean Air Act and its IRR. Based on the Company's initial assessment of its power plant's existing facilities, it believes that it is in full compliance with the applicable provisions of the IRR of the PCAA as of December 31, 2022 and 2021.

c. Competitive Selection Process (CSP)

On June 11, 2015, DOE Circular No. DC2015-06-0008, "Mandating All Distribution Utilities to Undergo CSP In Securing PSAs", was signed, requiring all Distribution Utilities (DUs) to conduct a CSP in procuring PSAs. The CSP shall be conducted by a qualified third party duly recognized by the DOE and ERC and, in the case of Electric Cooperatives (ECs), shall be recognized by the National Electrification Administration (NEA). The CSP shall conform with aggregation of DU's un-contracted demand requirement, annual conduct of CSP, and a uniform PSA Template on the terms and conditions to be issued by the ERC and DOE. The circular does not apply to PSAs with tariff rates already approved and/or have been applied for approval by the ERC before the effectivity of the circular. The DOE shall enforce and monitor compliance and the penalty provision through ERC.

On October 20, 2015, the DOE and ERC released Joint Resolution No. 1 (2015), "A Resolution Enjoining All Distribution Utilities to Conduct Competitive Selection Process (CSP) in the Procurement of Supply for Their Captive Market". The DOE and ERC recognize that CSP in the procurement of PSAs by the DUs engenders transparency, enhances security of supply, and ensure stability of electricity prices to captive electricity end-users in the long-term.

On the same day, the ERC signed Resolution No. 13, Series of 2015, "A Resolution Enjoining All Distribution Utilities to Conduct Competitive Selection Process (CSP) in the Procurement of Supply for Their Captive Market". The resolution prescribes that all PSAs shall be awarded to the winning Generation Company following a successful transparent CSP, or by Direct Negotiation in the event of two (2) failed CSPs, and that DUs may adopt any accepted form of CSP. This resolution does not apply to PSAs already filed with the ERC as of its effectivity.

On March 15, 2016, the ERC released Resolution No. 1 Series of 2016, "A Resolution Clarifying the Effectivity of ERC Resolution No.13, series of 2015". The resolution postponed the effectivity of ERC Resolution No.13, Series of 2015 to April 30, 2016. All PSAs executed on or after the said date shall be required, without exception, to comply with the provisions of the CSP resolution. There should be at least two qualified bids for the CSP to be considered as successful and lastly, the DU shall adopt the Terms of Reference prescribed in Section 2 of ERC Resolution No. 13, Series of 2015. On PSA's with provisions on automatic renewal or extension of term, it shall apply that PSA's approved by ERC or filed before the effectivity of Resolution No. 1, may have one (1) automatic renewal or extension for a period not exceeding one (1) year from the end of their respective terms. There will be no automatic renewal or extension of PSAs upon effectivity of Resolution No. 1.

On February 9, 2018, the DOE published Department Circular No. DC2018-02-0003, "Adopting and Prescribing the Policy for the Competitive Selection Process in the Procurement by the Distribution Utilities of Power Supply Agreement for the Captive Market". This Circular shall take effect immediately after its publication in two (2) Newspapers of general circulation and shall remain in effect until otherwise revoked. There are five (5) governing principles in the Policy (1) Transparency in the conduct of CSP through wide dissemination of bid opportunities and participation of all generation companies (GenCos); (2) Competitiveness by extending equal opportunity to eligible and qualified GenCos to participate in the CSP; (3) Least cost manner in ensuring that each distribution utility (DU) is able to meet the demand for its captive market at any given time; (4) Simple, streamlined and efficient procurement process applicable to the specific requirements of each Distribution Development Plan; and (5) Accountability involved in the procurement process and implementation of the Power Supply Agreement awarded under CSP.

d. Retail Competition and Open Access (RCOA)

Under Section 31 of the Electric Power Industry Reform Act (EPIRA) of 2001, RCOA shall be implemented. In Retail Competition, the Contestable Market are provided electricity by Retail Suppliers through Open Access, wherein qualified Persons are allowed to use the Transmission, and/or Distribution Systems and their associated facilities. The implementation of RCOA is subject to the following conditions: a. Approval of the unbundled transmission and distribution wheeling charges; b. initial implementation of the cross subsidy removal scheme; c. Establishment of the WESM; d. Privatization of at least 70% of the total capacity of generating assets of NPC in Luzon and Visayas; and e. Transfer of the management and control of at least 70% of the total energy output of power plants under contract with NPC to the IPP Administrators.

Upon satisfying these conditions, the ERC declared 26 December 2012 as the Open Access Date where end-users who have an average monthly peak demand for the preceding twelve (12) months, as indicated by a single utility meter, of at least 1MW (the threshold level) qualifies as Contestable Customers (CCs) making up the Contestable Market (Phase 1). After a six-month Transition Period, on 26 June 2013, Retail Supply Contracts (RSCs) entered into by and between the Ccs and their chosen Suppliers where implemented. Phase 2 implementation was set to begin two (2) years after Phase 1. During Phase 2, the threshold level shall be reduced to 750 kW and Aggregators shall be allowed to supply electricity to End-users whose aggregate monthly average peak demand within a Contiguous Area is at least 750 kW. Subsequently and every year thereafter, the ERC shall evaluate the performance of the market.

On the basis of such evaluation, it shall gradually reduce the threshold level until it reaches the household demand level.

On May 12, 2016, ERC Resolution No. 10 (2016), "A Resolution Adopting the Revised Rules for Contestability", was signed. These revised rules aim to clarify and establish the conditions and eligibility requirements for End-users to be part of the Contestable Market; to set the threshold level for the Contestable Market; to ensure the efficient transition towards full contestability and to ensure consumer protection and enhance the competitive operation of the retail electricity market.

The Resolution states that the Threshold Reduction Date covering End-users with an average monthly peak demand of at least 750 kilowatts (750 kW) for the preceding twelve (12) months, is set to 26 June 2016. Thus, on such date, all End-users with an average monthly peak demand of at least 1 MW (1MW Customers) and 750 kW (750kW Customers), which have been issued

Certificates of Contestability by the ERC, shall be allowed to contract with any RES on a voluntary basis. Thereafter, an End-user with an average monthly peak demand of at least 1MW is hereby mandated to enter into RSC with a RES by its mandatory contestability date of 26 December 2016 (This was moved by the ERC to 26 February 2017 through ERC Resolution No. 28 (2016), "Revised Timeframe for Mandatory Contestability, Amending Resolution No. 10, series of 2016, entitled Revised Rules for Contestability" signed on November 15, 2016. Subsequently, an End-user with an average monthly peak demand of at least 750kW is hereby mandated to enter into an RSC with a RES by its mandatory contestability date of 26 June 2017. The lowering of the threshold to cover an end-user with an average monthly peak demand of at least 500kW is set on 26 June 2018, subject to the review of the performance of the retail market by the ERC. Corollary, in its review of the performance of the retail market, the ERC shall establish a set of criteria as basis for the lowering of the contestability threshold. Retail Aggregation shall subsequently be allowed on 26 June 2018. During this phase, suppliers of electricity shall be allowed to contract with end-users whose aggregate demand within a Contiguous Area is at least 750 kW. Retail Competition and Open Access shall be effective only in grids where the WESM is operational.

On February 21, 2017, the Supreme Court issued a Temporary Restraining Order (TRO), G.R. No. 228588, on the implementation of several ERC Resolutions and a DOE Circular concerning the RCOA. ERC Res 10 & 28, Series of 2016 were among them. In a joint advisory on February 24, 2017, the DOE, ERC and PEMC said that they are in a process of drafting a general advisory for the guidance of RCOA Stakeholders. Issues to be considered are: 1) those who have already executed RSCs and were already registered and switched shall continue to honor their respective RSCs; 2) ongoing applications for registration filed before the Central Registration Body (CRB) may proceed voluntarily; 3) applicants who wish to withdraw or defer their registration before the CRB may do so consistent with the Retail Market Rules provided that the CRB shall not be liable for any legal repercussions that may arise out of the contestable customers' contractual obligations; and 4) remaining contestable customers who have not yet secured their RSCs may continue to negotiate and exercise their power to choose.

e. Renewable Portfolio Standards (RPS)

The implementation of the RPS is an important development for the Renewable Energy (RE) Market, and impacts the public as a whole. Republic Act No. 9513 or the Renewable Energy Law gives both fiscal and non-fiscal incentives to investors in order to encourage the promotion and development of renewable energy in the Philippines. Toward this end, the RPS serves as a market-based policy mechanism which makes use of the RE Market to facilitate and commercialize trading in RE Certificates, the latter which are used to satisfy the RPS requirements and increases RE generation in the country.

On December 30, 2017, DOE Circular No. DC2017-12-0015, or the RPS On-Grid Rules, took effect, requiring DUs, electricity suppliers, generating companies supplying directly connected customers, and other mandated energy sector participants to source or produce a certain share of electricity from their Energy Mix from eligible RE resources. These eligible RE facilities include the following technologies: biomass, waste to energy technology, wind, solar, hydro, ocean, geothermal, and other RE technologies later identified by the DOE.

The RPS On-Grid Rules mandates energy sector participants to comply with the minimum annual RPS requirement in order to meet the aspirational target of thirty-five (35%) in the generation mix by 2030.

This minimum RE requirement, however, will not be imposed immediately but in 2020. The 2018 and 2019 years are considered transition years to help the mandated participants comply with the DOE Circular. Additionally, the RPS On-Grid Rules implements a Minimum Annual Incremental RE Percentage to be sold by mandated participants. It is initially set at a minimum of one percent (1%) and applied to net electricity sales or annual energy demand for the next ten (10) years, and used to determine the current year's requirement for RE Certificates (RECs) of the Mandated Participant.

f. Nickel Sales Agreement

BNC and ZDMC entered into various sales agreements with different customers to sell and deliver nickel laterite ores. The selling price of the nickel laterite ores depends on its ore grading. The sales agreements are subject to price adjustments depending on the final nickel and moisture content agreed by both parties. BNC exported a total of 0.4 million wet metric tons (WMT), 1.1 million WMT and 1.1 million WMT in 2022, 2021 and 2020, respectively. ZDMC, on the other hand, exported a total of 1.1 million WMT, 0.9 million WMT and 0.5 million WMT in 2022, 2021 and 2020, respectively, upon lifting of suspension order in 2019.

g. Concession Agreement

On May 18, 2021, Maynilad and MWSS signed the Revised Concession Agreement ("RCA"), the notable provisions of which are the following:

1. Confirmation of the July 31, 2037 Expiration Date;
2. Imposition of a tariff freeze until December 31, 2022;
3. Removal of Corporate Income Tax ("CIT") from among Maynilad's recoverable expenditures as well as the Foreign Currency Differential Adjustment;
4. Capping of the annual inflation factor to 2/3 of the Consumer Price Index;
5. Imposition of rate caps for water and sewerage services to 1.3x and 1.5x, respectively, of the previous standard rate;
6. Removal from the Republic Undertaking of the non-interference of the Government in the rate-setting process, and the limitation of the RoP's financial guarantees to cover only those loans and contracts that are existing as of the signing of the RCA;
7. Replacement of the market-driven Appropriate Discount Rate with a 12% fixed nominal discount rate; and
8. Retention of the rate rebasing mechanism where, subject to the rate caps in item 5 above, the rates for the provision of water and wastewater services will be set at a level that will allow Maynilad to recover, over the term of the concession, expenditures efficiently and prudently incurred and to earn a reasonable rate of return.

The RCA is to take effect six months after it was signed on May 18, 2021, or on November 18, 2021, upon compliance with all the conditions precedent ("Effective Date" and "CPs", respectively). However, the Republic Undertaking, which is among the CPs, has not yet been issued as of November 18, 2021. Hence, upon the request of the Concessionaires, the MWSS Board, through a resolution passed on November 16, 2021, moved the RCA's Effective Date to December 18, 2021.

Maynilad, on December 14, 2021, again requested the MWSS Board to defer the RCA's Effective Date by another two months (until February 16, 2022) or until the Republic Letter of Undertaking is issued. Following the Regular Board Meeting held on February 10, 2022, MWSS issued Resolution No. 2022-015-CO to further extend the Effective Date of the RCA for thirty (30) days or until March 18, 2022. On March 9, 2022, the MWSS Board approved to defer further the RCA Effective Date from March 18, 2022 until the time that the Republic Undertaking is issued.

On June 9, 2022, Maynilad received a copy of Resolution No. 2022-073-CO dated June 2, 2022, which approved the further extension to the Effective Date of the RCA until June 30, 2022, subject to receipt of the signed Republic Undertaking as required under Article 16.3 (iii) (c) of the RCA.

On June 30, 2022, Maynilad received MWSS's letter of even date informing Maynilad that the DOF has issued the Republic Undertaking dated June 24, 2022 signed by the Executive Secretary and the DOF Secretary.

Maynilad wrote the MWSS on July 1, 2022 informing them that the signed Republic Undertaking does not conform to the agreed form in the RCA, and, thus, Section 16.3 (iii) (c) of the RCA has not been satisfied. Thus, Maynilad's obligation to effect the changes in the OCA has not commenced.

It is Maynilad's position that the OCA [as amended by the Technical Corrections Agreement dated July 31, 1997 and Amendment No. 1 dated October 5, 2001, and extended by the Memorandum of Agreement and Confirmation dated April 22, 2010 ("2010 MOA")], and the Letter of Undertaking dated March 17, 2010 issued by the Department of Finance, remain valid and effective.

Further, it is Maynilad's position that Republic Act No. 11600 which granted Maynilad a 25-year franchise, or until 2047, to "establish, operate and maintain a waterworks system and sewerage and sanitation services in the West Zone Service Area of Metro Manila and Province of Cavite," recognizes the OCA and the 2010 MOA. The latter extended the term of the concession for 15 years, or until 2037.

Maynilad wrote the MWSS a letter dated August 9, 2022, formally applying for a 10-year extension of the OCA. Maynilad rationalized the term extension application for the purpose of pursuing affordable water to its customers and mitigating anticipated tariff increases. Maynilad further submitted its letter of September 6, 2022 to the MWSS, providing preliminary tariff impact simulations, and highlighting the fiscal benefits of a 10-year extension of the OCA.

In a subsequent letter dated September 14, 2022, Maynilad proposed to the MWSS certain amendments to the RCA, which includes: (a) reinstatement of the Foreign Currency Differential Adjustment mechanism; (b) reinstatement of the full Consumer Price Index Adjustment; and (c) review of the exclusions from the Material Adverse Government Action provision.

As at March 6, 2023, the RCA is still not effective.

h. RA 11600 - Maynilad's Legislative Franchise

RA 11600 grants Maynilad, 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 Province of Cavite." RA 11600 affirms Maynilad's authority to provide waterworks system and sewerage and sanitation services in the West Zone Service Area of Metro Manila and the Province of Cavite. RA 11600 took effect on January 22, 2022, 15 days after its publication in the Official Gazette on January 7, 2022. (see Note 29). The 25-year term will end on January 21, 2047.

Aside from the grant of a 25-year franchise to Maynilad, the other highlights of RA 11600 include the following:

i. The grant of authority to the MWSS, when public interest for affordable water security so requires and upon application by Maynilad, to amend Maynilad's RCA to extend its term (i.e., 2037) to coincide with the term of the franchise. In addition, the RCA shall also act as the Certificate of Public Convenience and Necessity of Maynilad for the operation of its waterworks and sewerage system. It also provides that in the event the waterworks and sewerage system assets of MWSS pertaining to the Franchise Area are privatized by law, Maynilad shall have the right to match the highest compliant bid after a public bidding. The RCA between MWSS and Maynilad shall remain valid unless otherwise terminated pursuant to the terms of the RCA, or invalidated when national security, national emergency or public interest so requires;
ii. The prohibition on the passing on of corporate income tax to customers.
iii. The requirement to publicly list at least 30% of Maynilad's outstanding capital stock within five years from the grant of the franchise;
iv. The completion of Maynilad's water and sewerage projects to attain 100% coverage by 2037, which shall include periodic five-year completion targets; and
v. The grant to Maynilad of the right of eminent domain insofar as it is may be reasonably necessary for the efficient establishment, improvement, upgrading, rehabilitation, maintenance and operation of the services, subject to the limitations and procedures under the law.

RA 11600 also provides for an equality clause, which grants Maynilad, upon review and approval of Congress, any advantage, favor, privilege, exemption, or immunity granted under existing franchises, or which may be granted subsequently to water distribution utilities.

On March 21, 2022, the MWSS Board of Trustees passed Resolution No. 2022-025-RO, Series of 2022 (the "Resolution") which deals with the tax implications following the effectivity of the legislative franchise granted to the Concessionaires.

The Resolution confirmed that beginning March 21, 2022, which was when the Concessionaires formally accepted the terms of their respective legislative franchises, the charges for water and wastewater services will no longer be subject to the 12% VAT, but will be subject to Other Percentage Tax ("OPT").

The OPT, which shall be reflected as "Government Tax" in the customers' statement of account, consists of (i) the 2% national franchise tax, and (ii) the local franchise tax implemented by the respective local government units ("LGUs") where the Business Area offices of the Concessionaires are located.

37. Notes to Consolidated Statements of Cash Flows

Supplemental disclosure of noncash investing activities follows:

	2022	2021	2020
Depreciation capitalized in Inventories and Mine properties (Note 23)	**₱497,465**	₱516,680	₱438,822
Transfer from Inventories to property, plant and equipment (Notes 7 and 12)	**695,206**	671,721	362,568
Write-down of property, plant and equipment (Notes 7 and 12)	**171,771**	–	–

Changes in liabilities arising from financing activities

	2022			
	January 1, 2022	**Cash flows**	**Others**	**December 31, 2022**
Short-term debt	**₱1,039,363**	**₱90,055**	**₱–**	**₱1,129,418**
Long-term debt*	**52,009,238**	**(580,855)**	**–**	**51,428,383**
Dividends	**32,771**	**(25,189,090)**	**25,203,365**	**47,046**
Interest payable	**195,356**	**(1,045,927)**	**1,225,927**	**375,356**
Lease liabilities	**97,407**	**(32,940)**	**6,234**	**70,701**
Other noncurrent liabilities	**2,553,286**	**1,514,788**	**–**	**4,068,074**
	₱55,927,421	**(₱25,243,969)**	**₱26,435,526**	**₱57,118,978**

**Includes current portion*

	2021			
	January 1, 2021	Cash flows	Others	December 31, 2021
Short-term debt	₱5,800,060	(₱4,760,697)	₱–	₱1,039,363
Long-term debt*	46,088,910	5,920,727	(399)	52,009,238
Dividends	130,234	(18,476,628)	18,379,165	32,771
Interest payable	288,000	(1,384,172)	1,291,528	195,356
Lease liabilities	127,987	(46,625)	16,045	97,407
Other noncurrent liabilities	2,389,015	164,271	–	2,553,286
	₱54,824,206	(₱18,583,124)	₱19,686,339	₱55,927,421

**Includes current portion*

	2020			
	January 1, 2020	Cash flows	Others	December 31, 2020
Short-term debt	₱2,492,122	₱3,307,938	₱–	₱5,800,060
Long-term debt*	44,413,604	1,607,499	67,807	46,088,910
Dividends	116,661	(8,680,624)	8,694,197	130,234
Interest payable	407,264	(968,913)	849,649	288,000
Lease liabilities	218,217	(43,872)	(46,358)	127,987
Other noncurrent liabilities	5,875,750	(3,317,651)	(169,084)	2,389,015
	₱53,523,618	(₱8,095,623)	₱9,396,211	₱54,824,206

**Includes current portion*

Other changes in liabilities above includes amortization of debt issuance cost, accretion of unamortized discount and effect of change in estimate on provision for decommissioning and site rehabilitation, change in pension liabilities and dividends declared by the Parent Company and its partially-owned subsidiaries to noncontrolling-interests.

SGV
Building a better working world

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INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
DMCI Holdings, Inc.
3rd Floor, Dacon Building
2281 Chino Roces Avenue
Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of DMCI Holdings, Inc. and its subsidiaries (collectively, the Group) as at December 31, 2022 and 2021, and for each of the three years in the period ended December 31, 2022, and have issued our report thereon dated March 6, 2023. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, the financial information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole, are prepared in all material respects, in accordance with Philippine Financial Reporting Standards, as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission, as described in Note 2 to the consolidated financial statements.

SYCIP GORRES VELAYO & CO.

Jennifer D. Ticlao

Jennifer D. Ticlao
Partner
CPA Certificate No. 109616
Tax Identification No. 245-571-753
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 109616-SEC (Group A)
Valid to cover audit of 2022 to 2026 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-110-2020, November 27, 2020, valid until November 26, 2023
PTR No. 9566008, January 3, 2023, Makati City

March 6, 2023

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INDEPENDENT AUDITOR'S REPORT
ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and the Board of Directors
DMCI Holdings, Inc.
3rd Floor, Dacon Building
2281 Chino Roces Avenue
Makati City

We have audited in accordance with Philippine Standards on Auditing, the financial statements of DMCI Holdings, Inc. and its subsidiaries (collectively, the Group) as at December 31, 2022 and 2021, and for each of the three years in the period ended December 31, 2022, and have issued our report thereon dated March 6, 2023. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Components of Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRSs), as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission (SEC), as described in Note 2 to the consolidated financial statements, and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the SEC, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRSs, as modified by the application of the financial reporting reliefs issued and approved by the SEC, as described in Note 2 to the consolidated financial statements. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2022 and 2021 and for each of the three years in the period ended December 31, 2022 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Jennifer D. Ticlao

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Partner
CPA Certificate No. 109616
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PTR No. 9566008, January 3, 2023, Makati City

March 6, 2023

DMCI HOLDINGS, INC.

SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDENDS DECLARATION

FOR THE YEAR ENDED DECEMBER 31, 2022

Unappropriated retained earnings, beginning		₱1,038,782,548
Adjustment to beginning unappropriated retained earnings:		
Treasury shares		7,068,577
Unappropriated retained earnings, adjusted to available for dividend declaration, beginning		**1,031,713,971**
Net income actually earned/realized during the period:		
Net income during the period closed to retained earnings	15,679,269,820	
Less: Non actual/unrealized income net of tax	–	
Equity in net income of associate/joint venture	–	
Unrealized actuarial gain	–	
Fair value adjustment (M2M gains)	–	
Fair value adjustment of Investment Property resulting to gain	–	
Adjustment due to deviation from PFRS/GAAP-gain	–	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	–	
Deferred tax asset that reduced the amount of income tax expense	–	
Add: Non-actual losses		
Depreciation on revaluation increment (after tax)	–	
Adjustment due to deviation from PFRS/GAAP-loss	–	
Loss on fair value adjustment of investment property (after tax)	–	
Unrealized foreign exchange loss – net (except those attributable to cash and cash equivalents)	–	15,679,269,820
Net income actually earned during the period		16,710,983,791
Add (Less):		
Dividend declarations during the period		(15,932,959,000)
Appropriations of retained earnings during the period		
Reversals of appropriations		
Effects of prior period adjustments		
Treasury shares		
TOTAL RETAINED EARNINGS, END AVAILABLE FOR DIVIDEND DECLARATION		**₱778,024,791**

DMCI HOLDINGS, INC. AND SUBSIDIARIES
INDEX TO THE SUPPLEMENTARY SCHEDULES

DMCI HOLDINGS, INC. AND SUBSIDIARIES

SUPPLEMENTARY INFORMATION AND DISCLOSURES REQUIRED ON REVISED SRC RULE 68
DECEMBER 31, 2022

Philippine Securities and Exchange Commission (SEC) issued the amended Revised Securities Regulation Code Rule 68, which consolidates the two separate rules and labeled in the amendment as “Part I” and “Part II”, respectively. It also prescribed the additional information and schedule requirements for issuers of securities to the public.

Below are the additional information and schedules required by Revised SRC Rule 68, that are relevant to the Group. This information is presented for purposes of filing with the SEC and is not required part of the basic consolidated financial statements.

Schedule A. Financial Assets

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the consolidated statements of financial position	Value based on market quotation at end of reporting period	Income received and accrued
Golf and Club Shares*	11	₱167,202,035	₱167,202,035	₱–
Manila Electric Company	38,533	11,513,660	11,513,660	–
Mabuhay Vinyl Corp.	34,889	171,305	171,305	–
Others	1	7,699,000	7,699,000	–
	73,434	₱186,586,000	₱186,586,000	₱–

**Includes shares of stocks from golf and country clubs’ memberships*

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (other than related parties)

Name and Designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Current	Not current	Balance at end of period

Not applicable. The Group's receivables from officers and employees pertain to ordinary purchases subject to usual terms, travel and expense advances and other transactions arising from the Group's ordinary course of business.

Schedule C. Amounts Receivable from/Payable to Related Parties which are Eliminated during the Consolidation of Financial Statements

The following is the schedule of receivables from related parties, which are eliminated in the consolidated financial statements as at December 31, 2022:

Entity with Receivable Balance	Name of Entity with Payable Balance	Due from related party	Due to related party
Semirara Mining and Power Corporation	Sem-Calaca Power Corporation	₱957,361,999	(₱957,361,999)
Semirara Mining and Power Corporation	DMCI Masbate Power Corporation	862,866,778	(862,866,778)
DMCI Holdings, Inc.	D.M. Consunji, Inc.	600,000,000	(600,000,000)
Semirara Mining and Power Corporation	Southwest Luzon Power Generation Corporation	469,448,937	(469,448,937)
DMCI Holdings, Inc.	DMCI Project Developers, Inc.	400,000,000	(400,000,000)
DMCI Mining Corporation	Fil-Asian Strategic Resources & Properties Corporation	363,465,209	(363,465,209)
Semirara Mining and Power Corporation	Semirara Materials and Resources, Inc.	228,721,891	(228,721,891)
DMCI Holdings, Inc.	DMCI Mining Corporation	200,000,000	(200,000,000)
Beta Electric Corporation	D.M. Consunji, Inc.	181,819,632	(181,819,632)
DMCI Mining Corporation	Fil-Euro Asia Nickel Corporation	181,803,009	(181,803,009)
Fil-Euro Asia Nickel Corporation	Zambales Diversified Metals Corporation	163,435,207	(163,435,207)
Riviera Land Corporation	DMCI Project Developers, Inc.	134,334,336	(134,334,336)
Fil-Euro Asia Nickel Corporation	Zambales Chromite Mining Company Inc.	96,016,882	(96,016,882)
D.M. Consunji, Inc.	DMCI Project Developers, Inc.	49,114,993	(49,114,993)
Fil-Asian Strategic Resources & Properties Corporation	Montemina Resources Corporation	85,662,222	(85,662,222)

Entity with Receivable Balance	Name of Entity with Payable Balance	Due from related party	Due to related party
Hampstead Gardens Corporation	DMCI Project Developers, Inc.	85,447,210	(85,447,210)
DMCI Project Developers, Inc.	DMCI Homes Property Management Corporation	64,719,039	(64,719,039)
D.M. Consunji, Inc.	DMCI Masbate Power Corporation	49,235,323	(49,235,323)
Fil-Asian Strategic Resources & Properties Corporation	Montague Resources Philippines Corporation	42,107,613	(42,107,613)
D.M. Consunji, Inc.	Beta Electric Corporation	39,130,364	(39,130,364)
DMCI Mining Corporation	Zambales Diversified Metals Corporation	38,499,876	(38,499,876)
DMCI Project Developers, Inc.	DMCI-PDI Hotels, Inc.	32,789,448	(32,789,448)
Zambales Diversified Metals Corporation	Zambales Chromite Mining Company Inc.	29,064,608	(29,064,608)
Southwest Luzon Power Generation Corporation	Sem-Calaca RES Corporation	26,411,708	(26,411,708)
Berong Nickel Corporation	Ulugan Nickel Corporation	23,346,386	(23,346,386)
D.M. Consunji, Inc.	Southeast Luzon Power Generation Corporation	17,675,213	(17,675,213)
DMCI Power Corporation	Sem-Calaca Power Corporation	29,700,000	(29,700,000)
D.M. Consunji, Inc.	Semirara Mining and Power Corporation	20,731,088	(20,731,088)
D.M. Consunji, Inc.	Southwest Luzon Power Generation Corporation	25,914,357	(25,914,357)
D.M. Consunji, Inc.	DMCI Masbate Power Corporation	19,528,992	(19,528,992)
DMCI Mining Corporation	Ulugan Nickel Corporation	19,068,056	(19,068,056)
Semirara Mining and Power Corporation	Southeast Luzon Power Generation Corporation	17,632,093	(17,632,093)
DMCI Power Corportion	D.M. Consunji, Inc.	15,759,980	(15,759,980)
Fil-Euro Asia Nickel Corporation	Zamnorth Holdings Corporation	14,932,314	(14,932,314)
D.M. Consunji, Inc.	Sem-Calaca Power Corporation	11,982,092	(11,982,092)
Semirara Mining and Power Corporation	St. Raphael Power Generation Corporation	10,502,142	(10,502,142)
DMCI Mining Corporation	Zambales Chromite Mining Company Inc.	9,413,246	(9,413,246)
DMCI Mining Corporation	DMCI Power Corporation	8,913,290	(8,913,290)
D.M. Consunji, Inc.	DMCI Power Corportion	8,411,004	(8,411,004)
DMCI Mining Corporation	D.M. Consunji, Inc.	8,399,999	(8,399,999)
DMCI Mining Corporation	TMM Management, Inc.	7,379,227	(7,379,227)
Semirara Mining and Power Corporation	Zambales Diversified Metals Corporation	6,901,389	(6,901,389)

Entity with Receivable Balance	Name of Entity with Payable Balance	Due from related party	Due to related party
Wire Rope Corporation of the Philippines	D.M. Consunji, Inc.	6,741,301	(6,741,301)
Fil-Asian Strategic Resources & Properties Corporation	Zambales Chromite Mining Company Inc.	4,764,464	(4,764,464)
DMCI Mining Corporation	TMM Management, Inc.	4,239,723	(4,239,723)
DMCI Mining Corporation	Berong Nickel Corporation	2,995,534	(2,995,534)
Montemina Resources Corporation	Zamnorth Holdings Corporation	2,753,502	(2,753,502)
Zamnorth Holdings Corporation	Zambales Chromite Mining Company Inc.	2,738,271	(2,738,271)
Berong Nickel Corporation	TMM Management, Inc.	2,521,009	(2,521,009)
Fil-Asian Strategic Resources & Properties Corporation	ZDMC Holdings Corporation	2,476,082	(2,476,082)
Berong Nickel Corporation	Zambales Diversified Metals Corporation	2,430,649	(2,430,649)
Montemina Resources Corporation	Zambales Chromite Mining Company Inc.	2,291,646	(2,291,646)
Semirara Mining and Power Corporation	DMCI Power Corporation	2,134,465	(2,134,465)
D.M. Consunji, Inc.	DMCI Technical Training Center	2,007,919	(2,007,919)
D.M. Consunji, Inc.	Wire Rope Corporation of the Philippines	1,230,415	(1,230,415)
Sem-Calaca Power Corporation	St. Raphael Power Generation Corporation	1,042,628	(1,042,628)
Fil-Asian Strategic Resources & Properties Corporation	Zambales Nickel Processing Corporation	826,739	(826,739)
D.M. Consunji, Inc.	Raco Haven Automation Philippines, Inc.	752,120	(752,120)
Berong Nickel Corporation	Ulugan Resouces Holdings, Inc.	730,763	(730,763)
Fil-Asian Strategic Resources & Properties Corporation	Zambales Nickel Processing Corporation	715,354	(715,354)
Fil-Asian Strategic Resources & Properties Corporation	Heraan Holdings, Inc.	677,789	(677,789)
Fil-Asian Strategic Resources & Properties Corporation	Heraan Holdings, Inc.	676,839	(676,839)
Zambales Diversified Metals Corporation	D.M. Consunji, Inc.	672,000	(672,000)
Semirara Mining and Power Corporation	Semirara Energy Utilities, Inc.	694,099	(694,099)
DMCI Project Developers, Inc.	DMCI Mining Corporation	552,278	(552,278)
Fil-Euro Asia Nickel Corporation	Zambales Nickel Processing Corporation	362,913	(362,913)
DMCI Mining Corporation	Ulugan Resouces Holdings, Inc.	358,492	(358,492)
D.M. Consunji, Inc.	DMCI Homes Property Management Corporation	276,409	(276,409)
Semirara Mining and Power Corporation	Sem-Calaca Industrial Park Developers, Inc.	281,440	(281,440)

Entity with Receivable Balance	Name of Entity with Payable Balance	Due from related party	Due to related party
Fil-Asian Strategic Resources & Properties Corporation	Mt. Lanat Metals Corporation	226,421	(226,421)
DMCI Project Developers, Inc.	Zenith	221,523	(221,523)

As of December 31, 2022, the balances above of due from and due to related parties are expected to be realized and settled within twelve months from the reporting date and are classified under current assets and liabilities. There were no amounts written off during the year.

Schedule D. Long-term Debt

Below is the schedule of long-term debt (net of unamortized debt issue cost) of the Group:

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-term debt" in related balance sheet
Peso denominated loans	₱15,660,350,536	₱3,898,037,751	₱11,762,312,785
Term loan and corporate notes	35,648,844,895	2,745,499,123	32,903,345
Liabilities on Installment Contract Receivable	119,187,569	114,911,126	4,276,443
Peso denominated loans	₱51,428,383,000	₱6,758,448,000	₱44,669,935,000

Schedule E. Indebtedness to Related Parties (Long-term Loans from Related Companies)

Name of related party	Balance at beginning of period	Balance at end of period

NOT APPLICABLE

Schedule F. Guarantees of Securities of Other Issuers

Name of issuing entity of securities guaranteed by the group for which this statements is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount of owned by person for which statement is filed	Nature of guarantee

NOT APPLICABLE

Schedule G. Capital Stock

Title of issue	Number of shares authorized	Number of shares issued and outstanding at shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by		
				Related parties	Directors, officers and employees	Others
Preferred stock - ₱1 par value cumulative and convertible	100,000,000	960	–	–	–	960
Common stock - ₱1 par value	19,900,000,000	13,277,470,000	–	9,184,917,600	621,991,364	3,470,568,036
	20,000,000,000	13,277,470,960	–	9,184,917,600	621,991,364	3,470,568,996

DMCI HOLDINGS, INC. AND SUBSIDIARIES

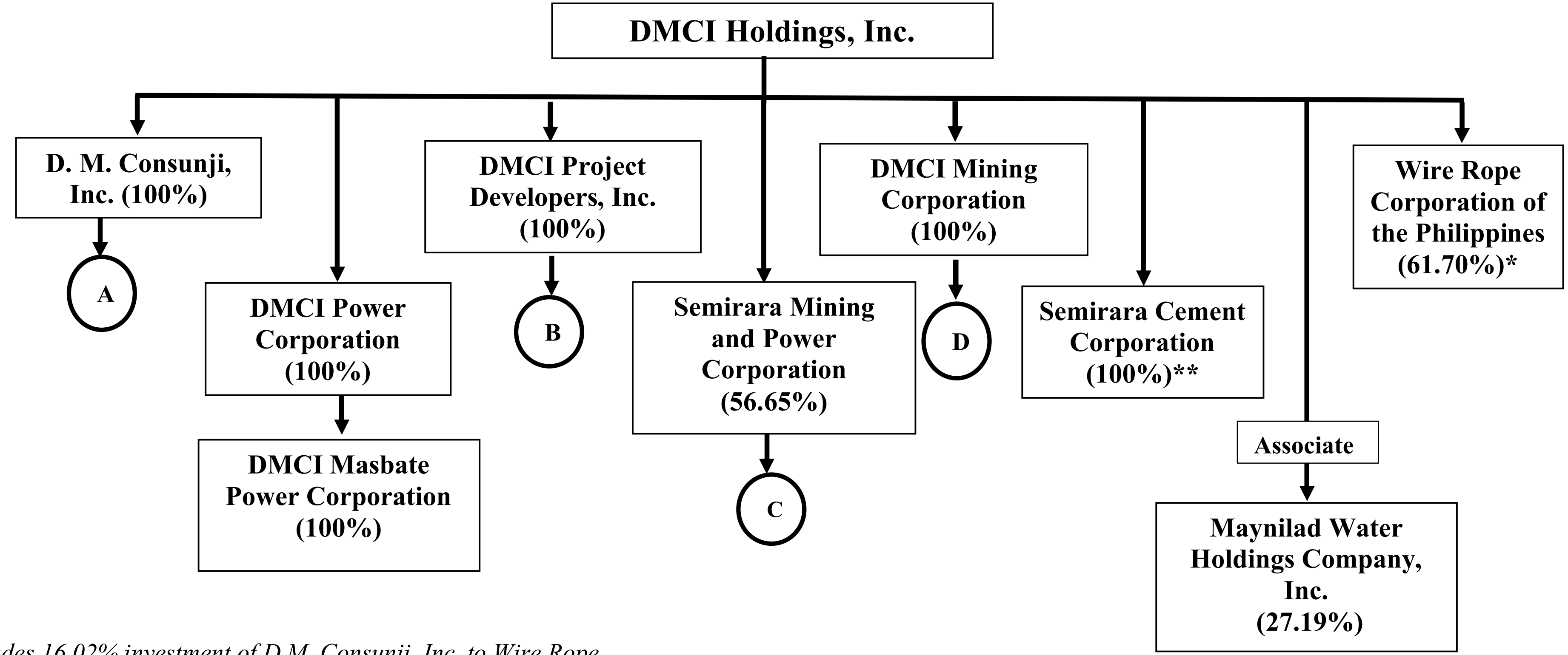
SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

FOR THE YEAR ENDED DECEMBER 31, 2022 AND 2021

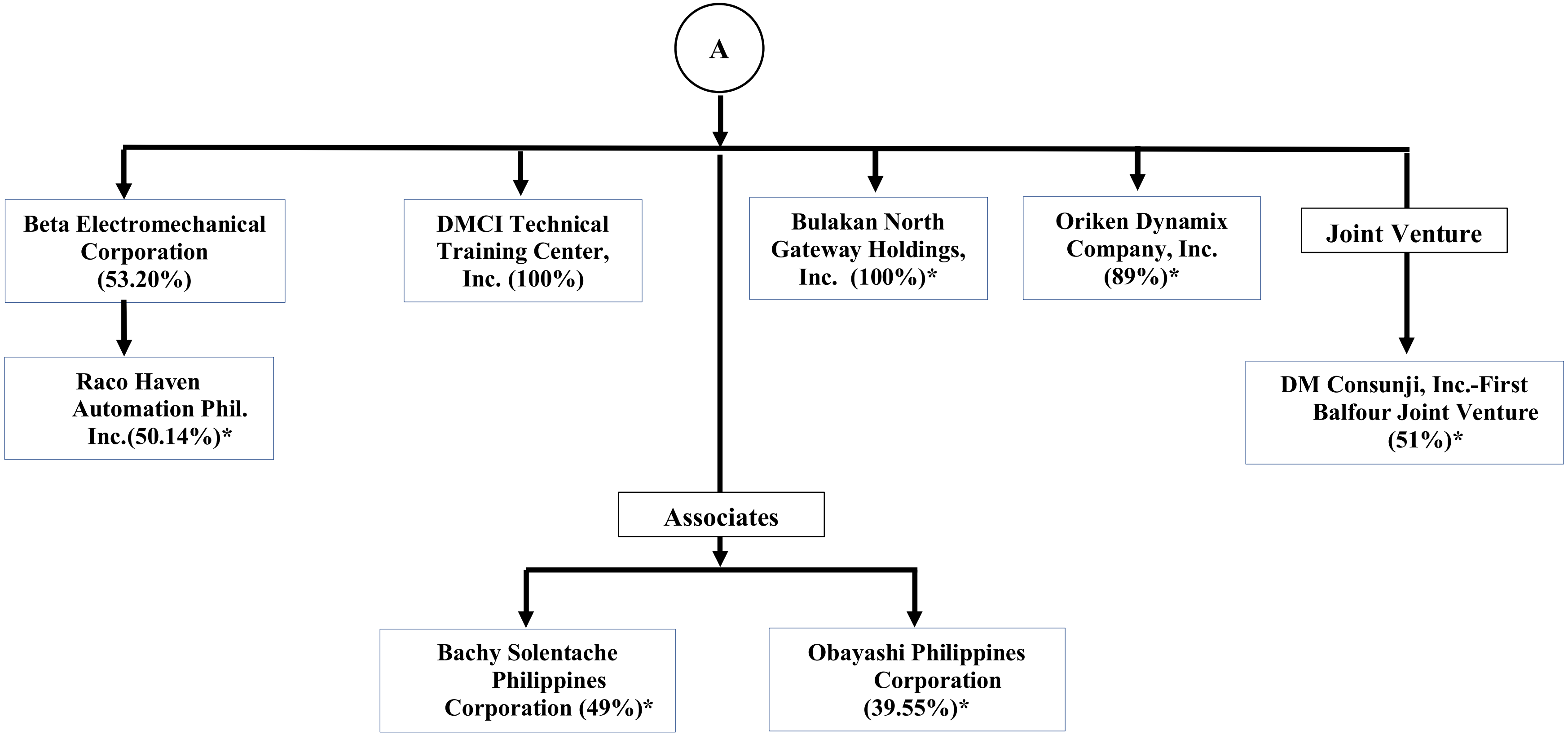
Ratio	Formula	Current Year	Prior Year
Current ratio	Current assets/Current liabilities	290%	225%
Acid test ratio	Quick assets/Current liabilities	111%	78%
Solvency ratio	Net income plus Depreciation / Total liabilities	52%	32%
Debt-to-equity ratio	Total interest-bearing debt/Total stockholders' equity	40%	49%
Net debt-to-equity ratio	Total interest-bearing debt less Cash and cash equivalents /Total stockholders' equity	18%	32%
Asset-to-equity ratio	Total assets/Total stockholders' equity	181%	198%
Interest coverage ratio	EBIT/Interest paid during the year	20x	10x
Return on equity	Net income attributable to equity holders/Average total stockholders' equity	33%	22%
Return on assets	Net income /Average total assets	22%	13%
Net profit margin	Net income /Revenue	34%	24%

DMCI HOLDINGS, INC.
MAP OF RELATIONSHIPS OF THE COMPANIES WITHIN THE GROUP

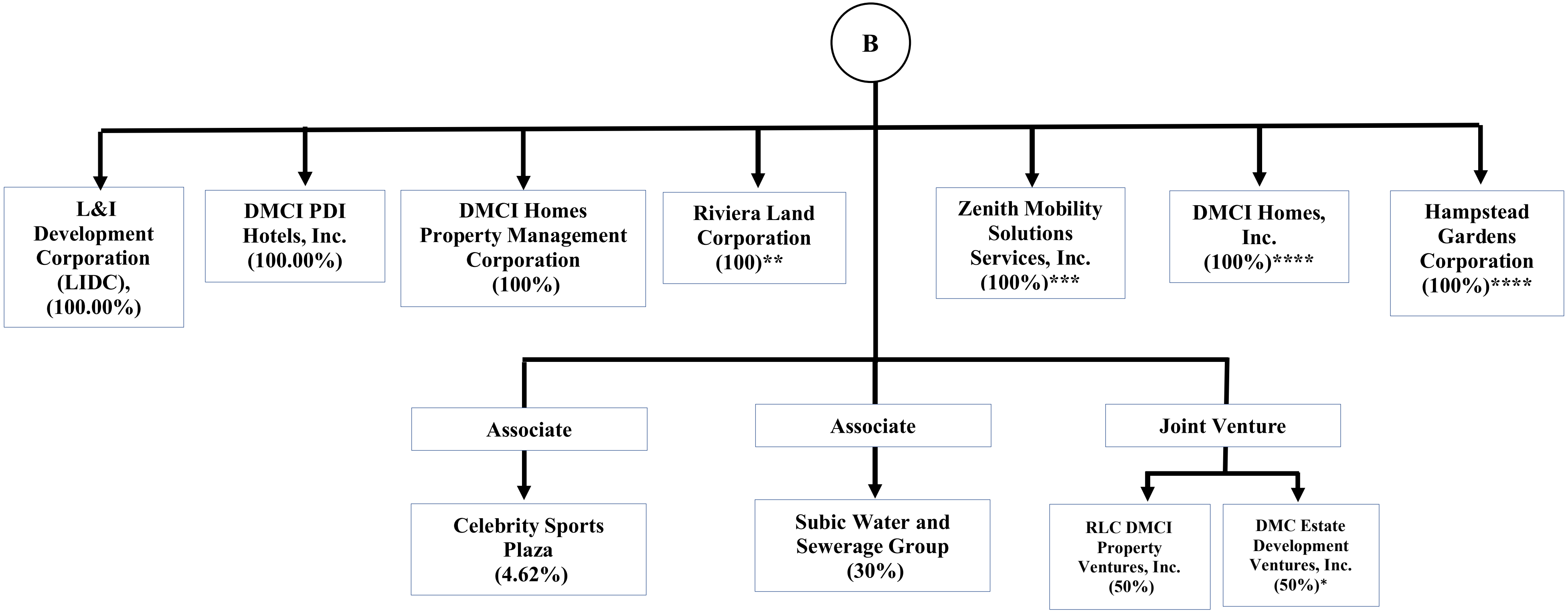
Group Structure
Below is a map showing the relationship between and among the Group as of December 31, 2022:



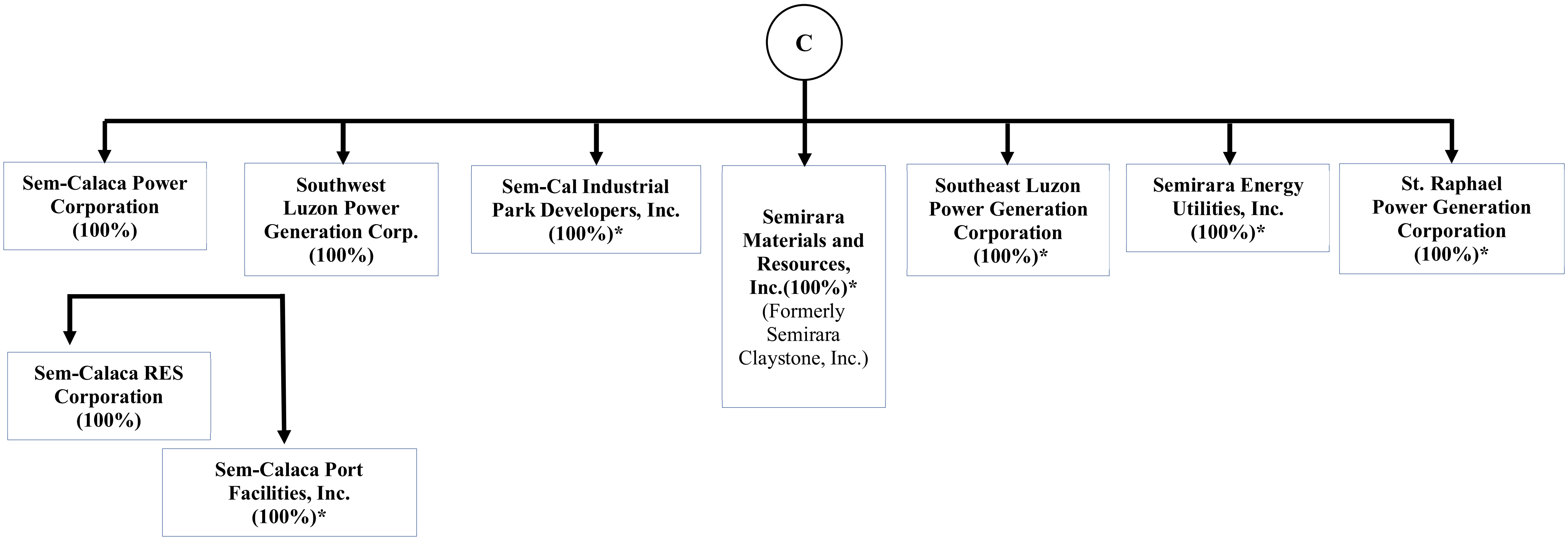
* *Includes 16.02% investment of D.M. Consunji, Inc. to Wire Rope.*
***Non-operating entity*



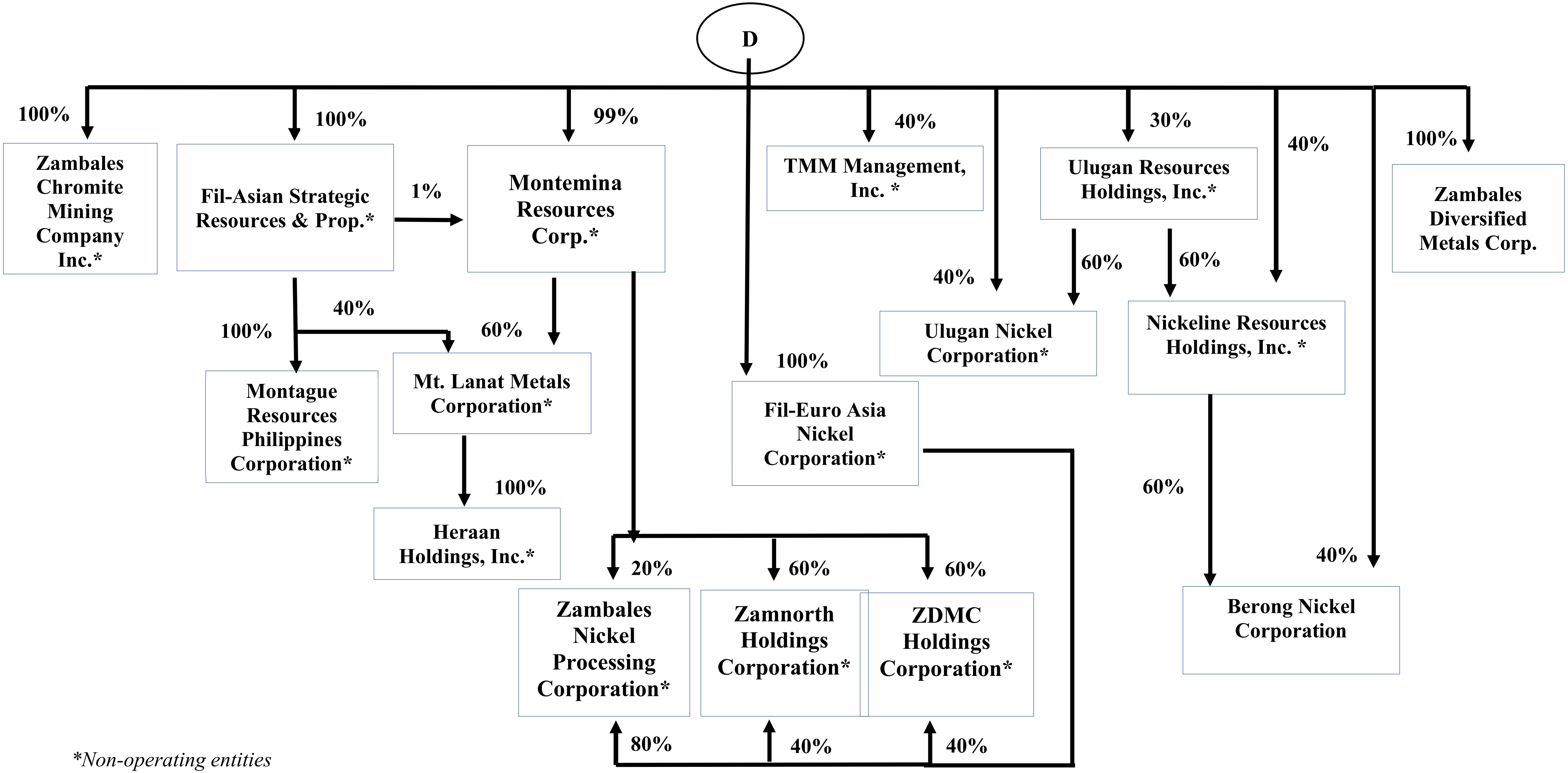
Non-operating entities



* *Established in 2021*
** *Includes the 34.12% interest of DMCI*
*** *Equity interest increased from 51% to 100% in 2020*
**** *Liquidating as of December 31, 2022*



**Non-operating entities*



*Non-operating entities

Control No.:	
Form Type:	*PHFS (rev 2006)*

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: **DMCI HOLDINGS, INC. AND SUBSIDIARIES (Consolidated)**

CURRENT ADDRESS: **3rd Floor, Dacon Building, 2281 Don Chino Roces Avenue, Makati City**

TEL. NO.: **8888-3000** **FAX NO.:**

COMPANY TYPE : **Holding Company** **PSIC:**

If these are based on consolidated financial statements, please so indicate in the caption.

Table 1. Consolidated Balance Sheet

FINANCIAL DATA	2022 (in P'000)	2021 (in P'000)
A. ASSETS (A.1 + A.2 + A.3 + A.4 + A.5 + A.6 + A.7 + A.8 + A.9 + A.10)	**240,759,984**	**215,145,488**
A.1 Current Assets (A.1.1 + A.1.2 + A.1.3 + A.1.4 + A.1.5)	143,691,397	121,321,558
A.1.1 Cash and cash equivalents (A.1.1.1 + A.1.1.2 + A.1.1.3)	28,408,474	18,342,019
A.1.1.1 On hand	23,557	28,024
A.1.1.2 In domestic banks/entities	8,420,891	13,318,691
A.1.1.3 Short-term investments	19,964,026	4,995,304
A.1.2 Trade and Other Receivables (A.1.2.1 + A.1.2.2)	26,738,903	23,537,419
A.1.2.1 Due from domestic entities (A.1.2.1.1 + A.1.2.1.2 + A.1.2.1.3 + A.1.2.1.4)	26,738,903	23,537,419
A.1.2.1.1 Due from customers (trade)	22,922,279	20,812,317
A.1.2.1.2 Due from related parties	1,049,028	1,377,041
A.1.2.1.3 Others, specify	4,548,792	3,119,716
A.1.2.1.3.1 Other receivables	4,548,792	3,119,716
A.1.2.1.4 Allowance for doubtful accounts (**negative entry**)	(1,781,196)	(1,771,655)
A.1.2.2 Due from foreign entities, specify	-	-
A.1.2.2.1	-	-
A.1.2.2.2	-	-
A.1.2.2.3	-	-
A.1.2.2.4 Allowance for doubtful accounts (**negative entry**)	-	-
A.1.3 Inventories (A.1.3.1 + A.1.3.2 + A.1.3.3 + A.1.3.4 + A.1.3.5)	61,524,534	54,208,873
A.1.3.1 Real estate held for sale and development	46,738,228	41,361,333
A.1.3.2 Coal inventory	2,557,123	1,524,336
A.1.3.3 Equipment parts, materials & supplies in transit	12,207,491	11,082,447
A.1.3.4 Nickle Ore	21,692	240,757
A.1.3.5 Others, specify (A.1.3.5.1 + A.1.3.5.2)	-	-
A.1.3.5.1 Fuel, oil and chemical / Merchandising and Others	-	-
A.1.3.5.2 Allowance for inventory obsolescence	-	-
A.1.4 Financial Assets other than Cash/Receivables/Equity investments (A.1.4.1 + A.1.4.2 + A.1.4.3 + A.1.4.4 + A.1.4.5 + A.1.4.6)	186,586	154,531
A.1.4.1 Financial Assets at Fair Value through Profit or Loss - issued by domestic entities:	-	-
A.1.4.1.1 National Government	-	-
A.1.4.1.2 Public Financial Institutions	-	-
A.1.4.1.3 Public Non-Financial Institutions	-	-
A.1.4.1.4 Private Financial Institutions	-	-
A.1.4.1.5 Private Non-Financial Institutions	-	-
A.1.4.2 Held to Maturity Investments - issued by domestic entities:	-	-
A.1.4.2.1 National Government	-	-
A.1.4.2.2 Public Financial Institutions	-	-
A.1.4.2.3 Public Non-Financial Institutions	-	-
A.1.4.2.4 Private Financial Institutions	-	-
A.1.4.2.5 Private Non-Financial Institutions	-	-

NOTE:

This special form is applicable to Investment Companies and Publicly-held Companies (enumerated in Section 17.2 of the Securities Regulation Code (SRC), except banks and insurance companies). As a supplemental form to PHFS, it shall be used for reporting Consolidated Financial Statements of Parent corporations and their subsidiaries.

Domestic corporations are those which are incorporated under Philippine laws or branches/subsidiaries of foreign corporations that are licensed to do business in the Philippines where the center of economic interest or activity is within the Philippines. On the other hand, foreign corporations are those that are incorporated abroad, including branches of Philippine corporations operating abroad.

Financial Institutions are corporations principally engaged in financial intermediation, facilitating financial intermediation, or auxiliary financial services. Non-Financial institutions refer to corporations that are primarily engaged in the production of market goods and non-financial services.

Control No.:
Form Type: *PHFS (rev 2006)*

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES
NAME OF CORPORATION: **DMCI HOLDINGS, INC. AND SUBSIDIARIES (Consolidated)**
CURRENT ADDRESS: **3rd Floor, Dacon Building, 2281 Don Chino Roces Avenue, Makati City**
TEL. NO.: **8888-3000** **FAX NO.:**
COMPANY TYPE : **Holding Company** **PSIC:**
If these are based on consolidated financial statements, please so indicate in the caption.

Table 1. Consolidated Balance Sheet

FINANCIAL DATA	2022 (in P'000)	2021 (in P'000)
A.1.4.3 Loans and Receivables - issued by domestic entities:	-	-
A.1.4.3.1 National Government	-	-
A.1.4.3.2 Public Financial Institutions	-	-
A.1.4.3.3 Public Non-Financial Institutions	-	-
A.1.4.3.4 Private Financial Institutions	-	-
A.1.4.3.5 Private Non-Financial Institutions	-	-
A.1.4.4 Available-for-sale financial assets - issued by domestic entities:	186,586	154,531
A.1.4.4.1 National Government	-	-
A.1.4.4.2 Public Financial Institutions	-	-
A.1.4.4.3 Public Non-Financial Institutions	184,409	152,354
A.1.4.4.4 Private Financial Institutions	-	-
A.1.4.4.5 Private Non-Financial Institutions	2,177	2,177
A.1.4.5 Financial Assets issued by foreign entities: (A.1.4.5.1+A.1.4.5.2+A.1.4.5.3+A.1.4.5.4)	-	-
A.1.4.5.1 Financial Assets at Fair Value through Profit or Loss	-	-
A.1.4.5.2 Held-to-maturity Investments	-	-
A.1.4.5.3 Loans and Receivables	-	-
A.1.4.5.4 Available-for-sale Financial Assets	-	-
A.1.4.6 Allowance for decline in market value (negative entry)	-	-
A.1.5 Other Current Assets (state separately material items) (A.1.5.1 + A.1.5.2)	26,832,900	25,078,716
A.1.5.1 Contract assets (including costs and estimated earnings in excess of billings on uncompleted contracts)	16,643,258	14,063,912
A.1.5.2 Other current assets	10,189,642	11,014,804
A.2 Property, plant, and equipment (A.2.1 + A.2.2 + A.2.3 + A.2.4 + A.2.5 + A.2.6 + A.2.7+ A.2.8+ A.2.9)	57,638,317	59,355,978
A.2.1 Land and Land Imporovements	3,286,101	3,198,004
A.2.2 Power Plant, Buildings and Building Improvements	67,699,924	67,376,365
A.2.3 Coal Mining Properties and Equipment	42,086,339	38,370,710
A.2.4 Construction Equipment, Machinery and Tools	14,198,246	13,911,848
A.2.5 Nickel Mining Properties and Equipment	5,727,626	5,731,464
A.2.6 Others, specify (A.2.5.1 + A.2.5.2 + A.2.5.3 + A.2.5.4 + A.2.5.5)	4,336,684	3,254,256
A.2.5.1 Office Furniture, Fixtures and Equipment	979,580	899,184
A.2.5.2 Transportation Equipment	1,145,796	957,354
A.2.5.3 Leasehold Improvements	367,484	363,154
A.2.5.4 Construction in Progress	1,843,824	1,034,564
A.2.5.5 Others	-	-
A.2.7 Appraisal increase, specify (A.2.6.1 + A.2.6.2 + A.2.6.3)	-	-
A.2.6.1	-	-
A.2.6.2	-	-
A.2.6.3	-	-
A.2.8 Accumulated Depreciation (negative entry)	(79,696,603)	(72,486,669)
A.2.9 Impairment Loss or Reversal (if loss, negative entry)	-	-
A.3 Investments accounted for using the equity method (A.3.1)	18,195,324	17,522,876
A.3.1 Others, specify (A.3.1.1 + A.3.1.2 + A.3.1.3 + A.3.1.4)	18,195,324	17,522,876
A.3.1.1 Investment cost	1,146,469	1,146,469
A.3.1.2 Accumulated Equity in net earnings (losses)	17,008,752	16,480,394
A.3.1.3 Accumulated impairment loss (negative entry)	(6,798)	(6,798)
A.3.1.4 Share in other comprehensive income (loss)	46,901	(97,189)
A.4 Investment Property	101,894	97,787
A.5 Biological Assets	-	-
A.6 Intangible Assets (A.6.1 + A.6.2)	49,032	29,538
A.6.1 Major item/s, specify (A.6.1.1 + A.6.1.2)	49,032	29,538
A.6.1.1 Software Cost	49,032	29,538
A.6.1.2 Others	-	-
A.6.2 Others, specify (A.6.2.1 + A.6.2.2)	-	-
A.6.2.1	-	-
A.6.2.2	-	-
A.7 Assets Classified as Held for Sale	-	-
A.8 Assets included in Disposal Groups Classified as Held for Sale	-	-

Control No.:
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CURRENT ADDRESS: **3rd Floor, Dacon Building, 2281 Don Chino Roces Avenue, Makati City**
TEL. NO.: **8888-3000** **FAX NO.:**
COMPANY TYPE : **Holding Company** **PSIC:**

If these are based on consolidated financial statements, please so indicate in the caption.

Table 1. Consolidated Balance Sheet

F I N A N C I A L D A T A	2022 (in P'000)	2021 (in P'000)
A.9 Long-term receivables (net of current portion) (A.9.1 + A.9.2 + A.9.3)	12,765,717	12,455,643
A.9.1 From domestic entities, specify (A.9.1.1 + A.9.1.2 + A.9.1.3)	12,765,717	12,455,643
A.9.1.1 Contract assets	12,765,717	12,455,643
A.9.1.2	-	-
A.9.1.3	-	-
A.9.2 From foreign entities, specify (A.9.2.1 + A.9.2.2 + A.9.2.3)	-	-
A.9.2.1	-	-
A.9.2.2	-	-
A.9.2.3	-	-
A.9.3 Allowance for doubtful accounts, net of current portion (negative entry)	-	-
A.10 Other Assets (A.10.1 + A.10.2 + A.10.3 + A.10.4)	8,318,303	4,362,108
A.10.1 Deferred Tax Assets - net	554,597	598,948
A.10.2 Pension Assets	1,012,667	814,947
A.10.3 Others, specify (A.10.3.1 + A.10.3.2 + A.10.3.3 + A.10.3.4+A.10.3.5)	6,751,039	2,948,213
A.10.3.1 Asset held for sale	789,313	
A.10.3.2 Exploration and evaluation asset	390,384	235,192
A.10.3.3 Right of use asset	116,945	145,731
A.10.3.4 Other Noncurrent Assets	5,454,397	2,567,290
A.10.4 Allowance for write-down of deferred charges/bad accounts (negative entry)	-	-
B. LIABILITIES (B.1 + B.2 + B.3 + B.4 + B.5)	**108,090,350**	**106,298,876**
B.1 Current Liabilities (B.1.1 + B.1.2 + B.1.3 + B.1.4 + B.1.5 + B.1.6)	49,722,147	53,954,822
B.1.1 Trade and Other Payables to Domestic Entities (B.1.1.1 + B.1.1.2 + B.1.1.3 + B.1.1.4)	28,376,732	28,122,231
B.1.1.1 Suppliers and Subcontractors	14,718,661	13,888,537
B.1.1.2 Other Trade Payables	574,458	1,439,010
B.1.1.3 Accruals, specify material items (B.1.1.3.1 + B.1.1.3.2 + B.1.1.3.3)	8,551,886	8,216,389
B.1.1.3.1 Project costs	2,359,676	1,820,706
B.1.1.3.2 Payable to Department of Energy	2,169,247	2,059,611
B.1.1.3.3 Others	4,022,963	4,336,072
B.1.1.4 Others, specify (B.1.1.4.1 + B.1.1.4.2 + B.1.1.4.3 + B.1.1.4.4)	4,531,727	4,578,295
B.1.1.4.1 Output VAT Payable	2,710,821	2,512,047
B.1.1.4.2 Commission Payable	923,240	1,079,559
B.1.1.4.3 Payable to Related Parties	224,478	440,120
B.1.1.4.4 Others	673,188	546,569
B.1.2 Trade and Other Payables to Foreign Entities (specify) (B.1.2.1 + B.1.2.2 + B.1.2.3)	-	-
B.1.2.1	-	-
B.1.2.2	-	-
B.1.2.3	-	-
B.1.3 Provisions	-	-
B.1.4 Financial Liabilities (excluding Trade and Other Payables and Provisions) (B.1.4.1 + B.1.4.2 + B.1.4.3)	8,848,489	12,130,208
B.1.4.1 Short-term Debt	1,129,418	1,039,363
B.1.4.2 Current Portion of Long-term Debt	6,758,448	10,396,191
B.1.4.3 Current Portion of Liabilities for Purchased Land	960,623	694,654
B.1.5 Liabilities for Current Tax	174,227	251,811
B.1.6 Others, specify (If material, state separately; indicate if the item is payable to public/private or financial/non-financial institutions) (B.1.6.1 + B.1.6.2 + B.1.6.3)	12,322,699	13,450,572
B.1.6.1 Contract liabilities (including billings in excess of costs and estimated earnings on uncompleted contracts)	8,657,681	8,995,027
B.1.6.2 Other customers' advances and deposits	3,665,018	4,455,545
B.1.6.3 Any other current liability in excess of 5% of Total Current Liabiilities, specify: (B.1.6.3.1 + B.1.6.3.2 + B.1.6.3.3)	-	-
B.1.6.3.1	-	-
B.1.6.3.2	-	-
B.1.6.3.3	-	-

Control No.:
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CURRENT ADDRESS: **3rd Floor, Dacon Building, 2281 Don Chino Roces Avenue, Makati City**
TEL. NO.: **8888-3000** **FAX NO.:**
COMPANY TYPE : **Holding Company** **PSIC:**

If these are based on consolidated financial statements, please so indicate in the caption.

Table 1. Consolidated Balance Sheet

FINANCIAL DATA		2022 (in P'000)	2021 (in P'000)
B.2 Long-term Debt - Non-current Interest-bearing Liabilities (B.2.1 + B.2.2 + B.2.3 + B.2.4 + B.2.5)		44,669,935	41,613,047
B.2.1 Domestic Public Financial Institutions		-	-
B.2.2 Domestic Public Non-Financial Institutions		-	-
B.2.3 Domestic Private Financial Institutions		44,669,935	41,613,047
B.2.4 Domestic Private Non-Financial Institutions		-	-
B.2.5 Foreign Financial Institutions		-	-
B.3 Indebtedness to Affiliates and Related Parties (Non-Current)		-	-
B.4 Liabilities Included in the Disposal Groups Classified as Held for Sale		-	-
B.5 Other Liabilities (B.5.1 + B.5.2 + B.5.3 + B.5.4)		13,698,268	10,731,007
B.5.1 Liabilities for Purchased Land - net of current portion		844,078	876,715
B.5.2 Contract Liabilities		1,607,888	1,261,595
B.5.3 Deferred Tax Liabilities		6,245,576	4,961,965
B.5.4 Others, specify (B.5.4.1 + B.5.4.2)		5,000,726	3,630,732
B.5.4.1 Pension		148,850	301,256
B.5.4.2 Other Noncurrent Liabilities		4,851,876	3,329,476
C. EQUITY (C.3 + C.4 + C.5 + C.6 + C.7 + C.8 + C.9+C.10)		**132,669,634**	**108,846,612**
C.1 Authorized Capital Stock (no. of shares, par value and total value; show details) (C.1.1+C.1.2+C.1.3)		20,000,000	20,000,000
C.1.1 Common shares	**19,900,000,000 shares, P1.00 par value**	19,900,000	19,900,000
C.1.2 Preferred Shares	**100,000,000 shares, P1.00 par value**	100,000	100,000
C.1.3 Others		-	-
C.2 Subscribed Capital Stock (no. of shares, par value and total value) (C.2.1 + C.2.2 + C.2.3)		-	-
C.2.1 Common shares		-	-
C.2.2 Preferred Shares		-	-
C.2.3 Others		-	-
C.3 Paid-up Capital Stock (C.3.1 + C.3.2)		13,277,474	13,277,474
C.3.1 Common shares	**13,277,470,000 issued and outstanding**	13,277,470	13,277,470
C.3.2 Preferred Shares	**3,780 issued shares, 960 shares outstanding**	4	4
C.4 Additional Paid-in Capital / Capital in excess of par value / Paid-in Surplus		4,672,394	4,672,394
C.5 Non-controlling Interests		29,218,230	21,089,510
C.6 Others, specify (C.6.1 + C.6.2 + C.6.3 + C.6.4)		314,387	(225,390)
C.6.1 Premium on Acquisition of Non-controlling Interests		(817,958)	(817,958)
C.6.2 Remeasurements on Retirement Plans - net of tax		975,442	513,860
C.6.3 Net Accumulated Unrealized Gains on AFS Financial Assets		131,613	100,319
C.6.4 Other equity		25,290	(21,611)
C.7 Appraisal Surplus/Revaluation Increment in Property/Revaluation Surplus		-	-
C.8 Retained Earnings (C.8.1 + C.8.2)		85,194,218	70,039,693
C.8.1 Appropriated		-	-
C.8.2 Unappropriated		85,194,218	70,039,693
C.9 Head / Home Office Account (for Foreign Branches only)		-	-
C.10 Cost of Preferred Stocks Held in Treasury (**negative entry**)		(7,069)	(7,069)
TOTAL LIABILITIES AND EQUITY (B + C)		**240,759,984**	**215,145,488**

Control No.:
Form Type: PHFS (rev 2006)

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: DMCI HOLDINGS, INC. AND SUBSIDIARIES (Consolidated)
CURRENT ADDRESS: 3rd Floor, Dacon Building, 2281 Don Chino Roces Avenue, Makati City
TEL. NO.: 8888-3000 **FAX NO.:**
COMPANY TYPE : Holding Company **PSIC:**

If these are based on consolidated financial statements, please so indicate in the caption.

Table 2. Consolidated Income Statement

FINANCIAL DATA	2022 (in P'000)	2021 (in P'000)	2020 (in P'000)
A. REVENUE / INCOME (A.1 + A.2 + A.3 + A.4)	**147,883,128**	**112,319,269**	**70,783,840**
A.1 Net Sales or Revenue / Receipts from Operations (manufacturing, mining,utilities, trade, services, etc.) (from Primary Activity)	142,599,693	108,342,869	67,700,099
A.2 Share in the Profit or Loss of Associates and Joint Ventures accounted for using the Equity Method	1,506,278	1,612,328	1,546,131
A.3 Other Revenue (A.3.1 + A.3.2 + A.3.3 + A.3.4 + A.3.5)	1,718,058	1,396,676	854,265
A.3.1 Forfeitures and cancellation of contracts	965,716	731,518	524,904
A.3.2 Rental income	213,221	168,397	75,040
A.3.3 Others, specify (A.3.3.1 + A.3.3.2 + A.3.3.3)	539,121	496,761	254,321
A.3.3.1 Sale of fly ash	220,674	167,590	180,213
A.3.3.2 Others	318,447	329,171	74,108
A.3.3.3			-
A.4 Other Income (non-operating) (A.4.1 + A.4.2 + A.4.3 + A.4.4)	2,059,099	967,396	683,345
A.4.1 Interest Income	858,495	394,817	503,052
A.4.2 Recoveries from insurance claims	-	-	-
A.4.3 Gain / (Loss) from selling of Assets, specify (A.4.3.1 + A.4.3.2)	69,346	202,164	67,003
A.4.3.1 Gain on sale of underdeveloped land	-	-	-
A.4.3.2 Gain on sale of property, plant and equipment - net	69,346	189,732	67,003
A.4.3.3 Gain on Financial Asset at Fair Value	-	-	-
A.4.4 Others, specify	1,131,258	370,415	113,290
A.4.4.1 Foreign exchange gain (loss)	1,131,258	370,415	113,290
B. COST OF GOODS SOLD (B.1 + B.2 + B.3)	**-**	**-**	**-**
B.1 Cost of Goods Manufactured (B.1.1 + B.1.2 + B.1.3 + B.1.4 + B.1.5)	-	-	-
B.1.1 Direct Material Used	-	-	-
B.1.2 Direct Labor	-	-	-
B.1.3 Other Manufacturing Cost / Overhead	-	-	-
B.1.4 Goods in Process, Beginning	-	-	-
B.1.5 Goods in Process, End (**negative entry**)	-	-	-
B.2 Finished Goods, Beginning	-	-	-
B.3 Finished Goods, End (**negative entry**)	-	-	-
C. COST OF SALES (C.1+ C.2 +C.3+ C.4+ C.5+ C.6 +C.7 +C.8 +C.9 +C.10 +C.11)	**42,497,596**	**37,600,121**	**27,876,644**
C.1 Cost of real estate inventory	12,878,564	17,713,791	11,582,195
C.2 Fuel and lubricants	12,654,107	8,306,836	5,582,492
C.3 Materials and supplies	4,957,555	870,420	2,117,454
C.4 Depreciation and amortization	3,511,045	3,392,622	3,854,978
C.5 Direct labor	2,136,506	1,983,360	1,415,364
C.6 Commission	1,237,695	1,148,030	963,492
C.7 Outside services	694,432	536,426	960,917
C.8 Production overhead	2,730,719	703,504	752,461
C.9 Hauling, shiploading and handling costs	1,100,578	1,436,291	616,971
C.10 Provision for decommissioning and site rehabilitaton	-	-	-
C.11 Others	596,395	1,508,841	30,320
D. COST OF SERVICES (D.1 + D.2 + D.3 + D.4 + D.5 + D.6 + D.7 + D.8 + D.9)	**26,010,348**	**32,065,910**	**24,049,755**
D.1 Materials and supplies	6,602,942	9,845,238	9,096,464
D.2 Depreciation and amortization	3,844,624	4,810,755	3,696,117
D.3 Direct labor	3,211,400	4,882,082	3,587,095
D.4 Outside services	4,379,838	4,598,456	3,548,630
D.5 Production overhead	2,913,382	3,391,888	2,320,557
D.6 Fuel and lubricants	2,417,372	1,790,454	1,100,875
D.7 Spot purchases of electricity	1,885,581	2,187,503	434,638
D.8 Hauling, shiploading and handling costs	276,359	440,004	144,117
D.9 Others	478,850	119,530	121,262
E. GROSS PROFIT (A - B - C - D)	**79,375,184**	**42,653,238**	**18,857,441**

NOTE: Pursuant to SRC Rule 68.1 (as amended in Nov. 2005), for fiscal years ending December 31, 2005 up to November 30, 2006, a comparative format of only two (2) years may be filed to give temporary relief for covered companies as the more complex PFRSs will be applied for the first time in these year end periods. After these first time applications, the requirement of three (3) year comparatives shall resume for year end reports beginning December 31, 2006 and onwards.

Control No.:	
Form Type:	*PHFS (rev 2006)*

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: DMCI HOLDINGS, INC. AND SUBSIDIARIES (Consolidated)

CURRENT ADDRESS: 3rd Floor, Dacon Building, 2281 Don Chino Roces Avenue, Makati City

TEL. NO.: 8888-3000 **FAX NO.:**

COMPANY TYPE : Holding Company **PSIC:**

If these are based on consolidated financial statements, please so indicate in the caption.

Table 2. Consolidated Income Statement

F I N A N C I A L D A T A	2022 (in P'000)	2021 (in P'000)	2019 (in P'000)
F. OPERATING EXPENSES (F.1 + F.2 + F.3 + F.4)	**25,066,956**	**14,087,696**	**8,913,688**
F.2 Salaries, wages and employee benefits	2,496,604	2,270,021	1,981,194
F.1 Government share	15,963,371	6,354,771	1,813,594
F.3 Depreciation and amortization	462,234	471,282	614,929
F.4 Other Expenses, specify (F.4.1 + F.4.2 + F.4.3 + F.4.4 + F.4.5 + F.4.6 + F.4.7 + F.4.8 + F.4.9 + F.4.10 + F.4.11 + F.4.12 + F.4.13 + F.4.14 + F.4.15)	6,144,747	4,991,622	4,503,971
F.4.1 Taxes and licenses	1,502,194	1,491,415	1,306,650
F.4.3 Outside services	1,019,521	1,117,058	827,176
F.4.2 Repairs and maintenance	1,066,956	602,063	611,802
F.4.4 Insurance	419,820	328,223	271,480
F.4.6 Rent	166,350	170,860	209,688
F.4.5 Advertising and marketing	241,735	121,816	194,499
F.4.7 Communication, light and water	143,254	173,006	132,084
F.4.9 Entertainment, amusement and recreation	138,743	177,126	130,440
F.4.8 Transportation and travel	156,672	75,171	118,297
F.4.11 Supplies	228,389	167,592	161,452
F.4.10 Allowance for expected credit losses and probable losses assets	50,247	33,388	60,121
F.4.13 Association dues	233,330	90,470	44,473
F.4.14 Commission	15,328	12,638	1,761
F.4.12 Loss on writedown of ppe and other noncurrent assets	173,224	-	-
F.4.15 Miscellaneous	588,984	430,796	434,048
G. FINANCE COSTS	**1,108,564**	**1,139,255**	**1,191,072**
H. OTHER EXPENSES			
H.1 Impairment of goodwill	-		-
I. NET INCOME (LOSS) BEFORE TAX (E - F - G - H)	**53,199,664**	**27,426,287**	**8,752,681**
J. INCOME TAX EXPENSE (negative entry)	**(4,723,689)**	**(1,759,163)**	**(1,344,572)**
J. INCOME(LOSS) AFTER TAX	**48,475,975**	**25,667,124**	**7,408,109**
K. Amount of (i) Post-Tax Profit or Loss of Discontinued Operations; and (ii) Post-Tax Gain or Loss Recognized on theMeasurement of Fair Value less Cost to Sell or on the Disposal of the Assets or Disposal Group(s) constituting the Discontinued Operation (if any)	-	-	-
L. PROFIT OR LOSS ATTRIBUTABLE TO NONCONTROLLING INTERESTS	**17,388,491**	**7,272,893**	**1,549,160**
M. PROFIT OR LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	**31,087,484**	**18,394,231**	**5,858,949**
N. EARNINGS (LOSS) PER SHARE			
N.1 Basic	2.34	1.39	0.44
N.2 Diluted	2.34	1.39	0.44

Table 4. Statement of Changes in Equity

FINANCIAL DATA	Capital Stock	Additional Paid-in Capital	Treasury Shares-Preferred	Unappropriated Retained Earnings	Appropriated Retained Earnings	Premium on Acquisition of Non-controlling Interest	Remeasurements on Retirement Plans	Net Accumulated Gains (Loss) on equity investments (FVOCI)	Other Equity	TOTAL	Attributable to Non-controlling Interests	TOTAL
	(Amount in P'000)											
A. Balance, 2019	13,277,474	4,672,394	(7,069)	64,906,070	-	(817,958)	344,568	91,459	(63,291)	82,403,647	20,434,427	102,838,074
B. Comprehesive Income	-	-	-	5,858,949	-	-	(195,252)	7,672	(55,509)	5,615,860	1,534,686	7,150,546
B.1 Net Income (Loss) for the Period	-	-	-	5,858,949	-	-	-	-	-	5,858,949	1,549,160	7,408,109
B.2 Other Comprehensive income	-	-	-	-	-	-	(195,252)	7,672	(55,509)	(243,089)	(14,474)	(257,563)
C. Dividends (negative entry)	-	-	-	(6,373,186)	-	-	-	-	-	(6,373,186)	(2,421,811)	(8,794,997)
D. Appropriation for (specify)	-	-	-	-	-	-	-	-	-	-	-	-
M.1 Capacity expansion and additional investment	-	-	-	-	-	-	-	-	-	-	-	-
M.2 Reversal of appropriation	-	-	-	-	-	-	-	-	-	-	-	-
E. Others	-	-	-	-	-	-	-	-	-	-	9,148	9,148
T.1 Acquisition of Non-controlling interest	-	-	-	-	-	-	-	-	-	-	9,148	9,148
T.2 Redemption of preferred shares			-	-	-	-	-	-	-	-	-	-
F. Balance, 2020	13,277,474	4,672,394	(7,069)	64,391,833	-	(817,958)	149,316	99,131	(118,800)	81,646,321	19,556,450	101,202,771
G. Comprehesive Income	-	-	-	18,394,231	-	-	364,544	1,188	97,189	18,857,152	7,263,317	26,120,469
G.1 Net Income (Loss) for the Period	-	-	-	18,394,231	-	-	-	-	-	18,394,231	7,272,893	25,667,124
G.2 Other Comprehensive income	-	-	-	-	-	-	364,544	1,188	97,189	462,921	(9,576)	453,345
I. Dividends (negative entry)	-	-	-	(12,746,371)	-	-	-	-	-	(12,746,371)	(5,730,257)	(18,476,628)
J. Appropriation for (specify)	-	-	-	-	-	-	-	-	-	-	-	-
I.1 Capacity expansion and additional investment	-	-	-	-	-	-	-	-	-	-	-	-
I.2 Reversal of appropriation	-	-	-	-	-	-	-	-	-	-	-	-
K. Others	-	-	-	-	-	-	-	-	-	-	-	-
K.1 Acquisition of Non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-
K.2 Redemption of preferred shares	-	-	-	-	-	-	-	-	-	-	-	-
L. Balance, 2021	13,277,474	4,672,394	(7,069)	70,039,693	-	(817,958)	513,860	100,319	(21,611)	87,757,102	21,089,510	108,846,612
M. Comprehesive Income	-	-	-	31,087,484	-	-	461,582	31,294	46,901	31,627,261	17,401,561	49,028,822
N.1 Net Income (Loss) for the Period	-	-	-	31,087,484	-	-	-	-	-	31,087,484	17,388,491	48,475,975
N.2 Other Comprehensive income (loss)	-	-	-	-	-	-	461,582	31,294	46,901	539,777	13,070	552,847
N. Dividends (negative entry)	-	-	-	(15,932,959)	-	-	-	-	-	(15,932,959)	(9,272,841)	(25,205,800)
O. Appropriation for (specify)	-	-	-	-	-	-	-	-	-	-	-	-
P.1 Capacity expansion and additional investment	-	-	-	-	-	-	-	-	-	-	-	-
P.2 Reversal of appropriation	-	-	-	-	-	-	-	-	-	-	-	-
P. Others	-	-	-	-	-	-	-	-	-	-	-	-
P.1 Acquisition of Non-controlling interest		-	-	-	-	-	-	-	-	-	-	-
Q. Balance, 2022	13,277,474	4,672,394	(7,069)	85,194,218	-	(817,958)	975,442	131,613	25,290	103,451,404	29,218,230	132,669,634
				-							-	-

Control No.:
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SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: DMCI HOLDINGS, INC. AND SUBSIDIARIES (Consolidated)
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TEL. NO.: 8888-3000 **FAX NO.:**
COMPANY TYPE : Holding Company **PSIC:**

If these are based on consolidated financial statements, please so indicate in the caption.

Table 3. Consolidated Cash Flow Statements

FINANCIAL DATA	2022 (in P'000)	2021 (in P'000)	2020 (in P'000)
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Income (Loss) Before Tax	**53,199,664**	**27,426,287**	**8,752,681**
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities			
Depreciation, depletion and amortization	7,817,903	8,674,659	8,166,024
Amortization, specify			
Others, specify: Finance costs	1,108,564	1,139,255	1,191,072
Unrealized market loss (gain) on financial assets at FVPL	-	-	-
Loss on writedown of ppe and other noncurrent assets	466,240	1,041	157,196
Net movement in retirement asset	171,771	(158,969)	59,589
Equity in net earnings of associates and joint ventures	(1,506,278)	(1,612,328)	(1,546,131)
Finance income	(858,495)	(394,817)	(503,052)
Loss (Gain) on sale property, plant and equipment	(69,346)	(189,372)	(67,003)
Net unrealized foreign exchange loss (gain)	(1,283,418)	174,050	58,544
Impairment of goodwill	-	-	-
Gain on sale of undeveloped land	-	(12,432)	-
Changes in Assets and Liabilities:			
Decrease (Increase) in:			
Receivables and contract assets	(6,090,904)	(11,824,299)	(3,103,847)
Inventories	(5,372,448)	1,402,585	(2,684,959)
Other current assets	2,575,202	(2,471,300)	(504,374)
Others, specify:			
Increase (Decrease) in:			
Accounts payable and accrued expenses	(481,531)	4,253,926	(242,589)
Others, specify: Contract liabilities and other customers' advances and deposits	(81,212)	(272,686)	3,515,197
Liabilities for purchased land	233,332	(448,237)	123,443
Others, specify:			
Interest received	858,495	392,642	506,747
Income taxes paid	(6,354,377)	(2,198,634)	(1,636,124)
Interest paid and capitalized as cost of inventory	(1,611,318)	(1,407,899)	(1,436,506)
A. Net Cash Provided by Operating Activities (sum of above rows)	**42,721,844**	**22,473,472**	**10,805,908**
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to:			
Property, plant and equipment	(6,514,073)	(6,451,869)	(7,543,412)
Investments in associates, jointly controlled entity and others	-	(207,376)	(56,500)
Exploration and evaluation asset	(174,766)	(6,132)	(8,241)
Available-for-sale financial assets	-	-	-
Proceeds from disposals of:			
Property and equipment	93,684	469,388	642,927
Undeveloped land	-	-	-
Investment properties	-	19,320	-
Available-for-sale financial assets	-	-	-
Others, specify: Dividends received	834,367	45,000	36,000
Decrease (Increase) in other noncurrent assets	(2,932,467)	1,662,636	1,567,484
Interest paid and capitalized as cost of property, plant and equipment	(1,188)	(3,162)	(21,742)
B. Net Cash Provided by Investing Activities (sum of above rows)	**(8,694,443)**	**(4,472,195)**	**(5,383,484)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from:			
Short-term debt	1,065,655	350,000	4,260,929
Long-term debt	11,906,818	17,759,494	13,558,760
Payments of:			
Short-term debt	(975,600)	(5,110,697)	(952,991)
Long-term debt	(12,487,673)	(11,838,767)	(11,951,261)
Dividends paid to equity holders of DMCI Holdings, Inc	(15,932,959)	(12,746,371)	(6,373,186)
Dividends paid to non-controlling interests	(9,256,131)	(5,730,257)	(2,307,438)
Interest	(1,045,927)	(1,384,172)	(968,913)
Lease liabilities	(32,940)	(46,625)	(43,872)
Others, specify (**negative entry**):			
Purchase of non-controlling interest	-	-	(3,230)
Redemption of preferred shares	-	-	-
Increase (Decrease) in Other noncurrent liabilities	1,514,788	164,271	(3,314,421)
C. Net Cash Used in Financing Activities (sum of above rows)	**(25,243,969)**	**(18,583,124)**	**(8,095,623)**
D. Effects of Exchange Rate Changes on Cash and Cash Equivalents	**1,283,023**	**5,416**	**(6,174)**
NET INCREASE IN CASH AND CASH EQUIVALENTS (A + B + C + D)	**10,066,455**	**(576,431)**	**(2,679,373)**
Cash and Cash Equivalents			
Beginning of year	**18,342,019**	**18,918,450**	**21,597,823**
End of year	**28,408,474**	**18,342,019**	**18,918,450**

NOTE: Pursuant to SRC Rule 68.1 (as amended in Nov. 2005), for fiscal years ending December 31, 2005 up to November 30, 2006, a comparative format of only two (2) years may be filed to give temporary relief for covered companies as the more complex PFRSs will be applied for the first time in these year end periods. After these first time applications, the requirement of three (3) year comparatives shall resume for year end reports beginning December 31, 2006 and onwards.

DMCI HOLDINGS
INCORPORATED

3rd Floor
DACON Building
2281 Don Chino Roces Ave.
Makati City 1231, Philippines

Telephone
(632) 888 • 3000
Facsimile
(632) 816 • 7362
E-Mail
investors.dmciholdings@gmail.com

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **DMCI HOLDINGS, INC.** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2022 and 2021, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are fee from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules attached therein, and submits the same to the stockholders.

SyCip Gorres Velayo & Co., the independent auditor appointed by the stockholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

Isidro A. Consunji
Chairman of the Board/
President

Herbert M. Consunji
Executive Vice President/
Chief Finance Officer

Joseph Adelbert V. Legasto
Deputy Chief Finance Officer

Signed this March 06, 2023

Subsidiaries and Associates:
D.M. Consunji, Inc.
DMCI Project Developers, Inc.
DMCI Power Corporation
DMCI Mining Corporation
Semirara Mining and Power Corporation
Wire Rope Corporation of the Phils.
ENK Plc.
DMCI - MPIC Water Co.

SUBSCRIBED AND SWORN TO BEFORE ME, a Notary Public for and in MAKATI CITY, this day of 08 MAR 2023.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Notarial Seal on the date and place above written.

Doc No. 207
Page No. 47
Book No. XI
Series No. 2023

ATTY. RENE MA. M. VILLA
Notary Public of Makati City
Appointment No. M-111
Until December 31, 2024
PTR No. MKT 9565544; 01-03-2023; Makati City
IBP Lifetime No. 013595; 12-27-2013; I.C.
Roll No. 37226
MCLE Compliance No. VII-0024195; 11-15-2022
Ground Floor, Makati Terraces Condominium
Davila St., Brgy. Tejeros, Makati City 1204

From: eafs@bir.gov.ph
Sent: Friday, 14 April 2023 3:57 pm
To: April C. Ancheta
Cc: April C. Ancheta
Subject: Your BIR AFS eSubmission uploads were received

Hi DMCI HOLDINGS, INC.,

Valid files

- EAFS004703376RPTTY122022.pdf
- EAFS004703376OTHTY122022.pdf
- EAFS004703376TCRTY122022-01.pdf
- EAFS004703376ITRTY122022.pdf
- EAFS004703376AFSTY122022.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-A7JBD9KL0FGG9HDEM2XSXYNZ07J95KDCH**
Submission Date/Time: **Apr 14, 2023 03:37 PM**
Company TIN: **004-703-376**

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

This is a system-generated e-mail. Please do not reply.

C O V E R   S H E E T

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

A	S	O	9	5	0	0	2	2	8	3

C O M P A N Y   N A M E

DMCI HOLDINGS, INC.

PRINCIPAL OFFICE *(No. / Street / Barangay / City / Town / Province)*

3RD FLOOR, DACON BUILDING, 2281 CHINO ROCES AVENUE, MAKATI CITY 1231

Form Type	Department requiring the report	Secondary License Type, If Applicable
APFS	CRMD	N/A

C O M P A N Y   I N F O R M A T I O N

Company's Email Address	Company's Telephone Number	Mobile Number
www.dmciholdings.com	**8888-3000**	**N/A**

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
699	**Third Tuesday of May**	**December 31**

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Herbert M. Consunji	**hmc@dmcinet.com**	**8888-3000**	**N/A**

CONTACT PERSON's ADDRESS

3rd floor Dacon Building, 2281 Chino Roces Avenue, Makati City

NOTE 1 : *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.*

2 : *All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.*

SGV
Building a better
working world

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
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ey.com/ph

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
DMCI Holdings, Inc.
3rd Floor, Dacon Building
2281 Chino Roces Avenue
Makati City

Report on the Audit of the Parent Company Financial Statements

Opinion

We have audited the parent company financial statements of DMCI Holdings, Inc. (the Parent Company), which comprise the parent company statements of financial position as at December 31, 2022 and 2021, and the parent company statements of comprehensive income, parent company statements of changes in equity and parent company statements of cash flows for the years then ended, and notes to the parent company financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company financial statements present fairly, in all material respects, the financial position of the Parent Company as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRSs), as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission (SEC) as described in Note 2 to the parent company financial statements.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Parent Company Financial Statements* section of our report. We are independent of the Parent Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the parent company financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 2 to the parent company financial statements which indicates that the parent company financial statements have been prepared in accordance with PFRSs, as modified by the application of the financial reporting reliefs issued and approved by the SEC in response to the COVID-19 pandemic. The impact of the application of the financial reporting reliefs on the 2022 parent company financial statements are discussed in detail in Note 2. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Parent Company Financial Statements

Management is responsible for the preparation and fair presentation of the parent company financial statements in accordance with PFRSs, as modified by the application of the financial reporting reliefs issued and approved by the SEC, as disclosed in Note 2 to the parent company financial statements, and for such internal control as management determines is necessary to enable the preparation of parent company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company financial statements, management is responsible for assessing the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Parent Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Parent Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Parent Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the parent company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Parent Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Parent Company's ability to continue as a going concern.

If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Parent Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the parent company financial statements, including the disclosures, and whether the parent company financial statements represent the underlying transactions and events in accordance with PFRS, as modified by the application of financial reporting reliefs issued and approved by the SEC, as described in Note 2 to the parent company financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on the Supplementary Information Required Under Revenue Regulations 15-2010

The supplementary information required under Revenue Regulations 15-2010 for purposes of filing with the Bureau of Internal Revenue is presented by the management of DMCI Holdings, Inc. in a separate schedule. Such information is not a required part of the basic parent company financial statements. The information is also not required by Revised Securities Regulation Code Rule 68. Our opinion on the basic parent company financial statements is not affected by the presentation of the information in a separate schedule.

SYCIP GORRES VELAYO & CO.

Jennifer D. Ticlao

Jennifer D. Ticlao
Partner
CPA Certificate No. 109616
Tax Identification No. 245-571-753
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 109616-SEC (Group A)
Valid to cover audit of 2022 to 2026 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-110-2020, November 27, 2020, valid until November 26, 2023
PTR No. 9566008, January 3, 2023, Makati City

March 6, 2023

DMCI HOLDINGS, INC.
PARENT COMPANY STATEMENTS OF FINANCIAL POSITION

	December 31	
	2022	2021
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 4 and 16)	**₱2,085,629,650**	₱2,616,359,270
Receivables (Notes 5, 11 and 16)	**1,209,303,918**	903,608,617
Other current assets (Notes 8 and 16)	**13,770,127**	9,537,898
Total Current Assets	**3,308,703,695**	3,529,505,785
Noncurrent Assets		
Investments in subsidiaries and associate (Note 6)	**15,449,837,512**	15,449,837,512
Property and equipment (Note 7)	**7,211,429**	6,888,340
Net pension asset (Note 12)	**28,557,478**	34,107,879
Other noncurrent assets (Notes 8 and 16)	**10,488,747**	10,488,747
Total Noncurrent Assets	**15,496,095,166**	15,501,322,478
	₱18,804,798,861	₱19,030,828,263
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables (Notes 9 and 16)	**₱75,116,605**	₱43,340,220
Income tax payable	**–**	103,259
Total Current Liabilities	**75,116,605**	43,443,479
Noncurrent Liability		
Deferred tax liability - net (Note 15)	**7,888,146**	7,639,214
Total Liabilities	**83,004,751**	51,082,693
Equity		
Capital stock (Note 10)	**13,277,473,780**	13,277,473,780
Additional paid-in capital (Note 10)	**4,672,393,925**	4,672,393,925
Retained earnings (Note 10)	**785,259,249**	1,038,679,288
Treasury shares - preferred (Note 10)	**(7,068,577)**	(7,068,577)
Remeasurement losses on retirement plan - net of tax (Notes 12 and 15)	**(6,264,267)**	(1,732,846)
Total Equity	**18,721,794,110**	18,979,745,570
	₱18,804,798,861	₱19,030,828,263

See accompanying Notes to Parent Company Financial Statements.

DMCI HOLDINGS, INC.
PARENT COMPANY STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31	
	2022	2021
REVENUE		
Dividend income (Notes 6 and 11)	**₱15,747,622,145**	₱11,530,344,111
Interest income (Notes 4 and 14)	**48,882,642**	23,539,457
	15,796,504,787	11,553,883,568
OTHER INCOME (Notes 7)	**79,284**	413,036
	15,796,584,071	11,554,296,604
COSTS AND EXPENSES (Note 13)	**108,270,010**	59,514,265
INCOME BEFORE INCOME TAX	**15,688,314,061**	11,494,782,339
PROVISION FOR INCOME TAX (Note 15)	**8,775,100**	2,849,134
NET INCOME	**15,679,538,961**	11,491,933,205
OTHER COMPREHENSIVE INCOME (LOSS)		
Item not to be reclassified to profit or loss in subsequent periods		
Remeasurement losses on retirement plan (Note 12)	**(6,041,895)**	(2,944,817)
Income tax effect (Note 15)	**1,510,474**	767,923
	(4,531,421)	(2,176,894)
TOTAL COMPREHENSIVE INCOME	**₱15,675,007,540**	₱11,489,756,311
Basic/Diluted Earnings per share (Note 10)	**₱1.18**	₱0.87

See accompanying Notes to Parent Company Financial Statements.

DMCI HOLDINGS, INC.

PARENT COMPANY STATEMENTS OF CHANGES IN EQUITY

	Capital Stock (Note 10)	Additional Paid-in Capital (Note 10)	Treasury Shares - Preferred (Note 10)	Unappropriated Retained Earnings (Note 10)	Remeasurement Losses on Retirement Plans net (Note 12)	Total
			For the Year Ended December 31, 2022			
Balances as of January 1, 2022	**₱13,277,473,780**	**₱4,672,393,925**	**(₱7,068,577)**	**₱1,038,679,288**	**(₱1,732,846)**	**₱18,979,745,570**
Comprehensive income						
Net income	–	–	–	**15,679,538,961**	–	**15,679,538,961**
Other comprehensive loss (Note 12)	–	–	–	–	**(4,531,421)**	**(4,531,421)**
Total comprehensive income	–	–	–	**15,679,538,961**	**(4,531,421)**	**15,675,007,540**
Cash dividends declared (Note 10)	–	–	–	**(15,932,959,000)**	–	**(15,932,959,000)**
Balances as of December 31, 2022	**₱13,277,473,780**	**₱4,672,393,925**	**(₱7,068,577)**	**₱785,259,249**	**(₱6,264,267)**	**₱18,721,794,110**
			For the Year Ended December 31, 2021			
Balances as of January 1, 2021	₱13,277,473,780	₱4,672,393,925	(₱7,068,577)	₱2,293,117,283	₱ 444,048	₱20,236,360,459
Comprehensive income						
Net income	–	–	–	11,491,933,205	–	11,491,933,205
Other comprehensive loss (Note 12)	–	–	–	–	(2,176,894)	(2,176,894)
Total comprehensive income	–	–	–	11,491,933,205	(2,176,894)	11,489,756,311
Cash dividends declared (Note 10)	–	–	–	(12,746,371,200)	–	(12,746,371,200)
Balances as of December 31, 2021	₱13,277,473,780	₱4,672,393,925	(₱7,068,577)	₱1,038,679,288	(₱1,732,846)	₱18,979,745,570

See accompanying Notes to Parent Company Financial Statements.

DMCI HOLDINGS, INC.
PARENT COMPANY STATEMENTS OF CASH FLOWS

	Years Ended December 31	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱15,688,314,061**	₱11,494,782,339
Adjustments for:		
Dividend income (Notes 6 and 11)	**(15,747,622,145)**	(11,530,344,111)
Interest income (Notes 4 and 14)	**(48,882,642)**	(23,539,457)
Depreciation and amortization (Notes 7 and 13)	**2,276,346**	1,662,283
Net pension expense (income) (Note 12)	**(491,494)**	684,640
Gain on sale of property and equipment - net (Note 7)	**(79,284)**	(413,036)
Operating loss before changes in working capital	**(106,485,158)**	(57,167,342)
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Receivables	**(603,168)**	137,772
Other current assets	**(4,232,229)**	(2,449,425)
Increase (decrease) in accounts and other payables	**1,474,672**	(5,638,405)
Net cash used for operations	**(109,845,883)**	(65,117,400)
Interest received	**43,188,114**	23,030,536
Income tax paid	**(8,755,485)**	(5,507,310)
Net cash used in operating activities	**(75,413,254)**	(47,594,174)
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividend received (Notes 5 and 11)	**15,447,622,145**	11,330,344,111
Acquisitions of property and equipment (Note 7)	**(2,790,295)**	(3,608,814)
Proceeds from sale of property and equipment (Note 7)	**270,144**	462,600
Collections of receivables from wholly owned subsidiary (Note 11)	**610,622**	717,410,555
Decrease in other noncurrent assets	**–**	1,058,913
Net cash provided by investing activities	**15,445,712,616**	12,045,667,365
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments for (Note 18):		
Dividends (Notes 9 and 10)	**(15,901,028,982)**	(12,731,094,437)
Net cash used in financing activities	**(15,901,028,982)**	(12,731,094,437)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(530,729,620)**	(733,021,246)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**2,616,359,270**	3,349,380,516
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	**₱2,085,629,650**	₱2,616,359,270

See accompanying Notes to Parent Company Financial Statements.

1. Corporate Information

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

The Parent Company is a holding company which has investments in companies primarily engaged in general construction, coal and nickel mining, power generation, real estate development, and manufacturing of certain construction materials. In addition, the Parent Company has equity ownership in water concession business.

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

The accompanying parent company financial statements were approved and authorized for issue by the Board of Directors (BOD) on March 6, 2023.

2. Summary of Significant Accounting Policies

Basis of Preparation
The accompanying parent company financial statements have been prepared using the historical cost basis and are presented in Philippine Peso (₱), which is also the Parent Company's functional currency. All amounts are rounded to the nearest Peso, except for earnings per share and par value information or unless otherwise indicated.

Statement of Compliance
The Parent Company financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS), as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission (SEC). PFRS include Philippine Financial Reporting Standards, Philippine Accounting Standards and Interpretations issued by Philippine Interpretations Committee (PIC).

The Parent Company also prepares and issues consolidated financial statements for the same period and presented in compliance with PFRS, as modified by the application of the financial reporting reliefs as issued and approved by SEC in response to COVID-19 pandemic.

The Parent Company's subsidiary, DMCI Project Developers, Inc. (PDI), has availed of the relief granted by the SEC under Memorandum Circular (MC) No. 34-2020 which further extended the deferral of PIC Q&A 2018-12-D (assessment if the transaction price includes a significant financing component) until December 31, 2023. PDI also availed of the relief granted by SEC under MC No. 34-2020 deferring the adoption of IFRIC Agenda Decision on Over Time Transfers of Constructed Goods under PAS 23, *Borrowing Cost* (the IFRIC Agenda Decision on Borrowing Cost) until December 31, 2023.

The SEC MC No. 34-2020 deferring the adoption of the exclusion of land in the calculation of percentage of completion is not applicable to any of the Parent Company's real estate subsidiaries as they are already in full compliance with the requirements of the provisions of the Philippine Interpretations Committee Q&A No. 2018-12.

With the adoption of the above financial reporting reliefs, PDI continued to capitalize borrowing costs directly attributable to the acquisition or construction of its real estate inventories. This, however, has no direct financial impact in the parent company financial statements. The investments in subsidiaries are accounted in the parent company financial statements at cost (see accounting policy disclosures under Investments in Subsidiaries and Associate).

The consolidated financial statements are available at the registered office address of the Parent Company.

Changes in Accounting Policies and Disclosures

The accounting policies adopted in the preparation of the parent company financial statements are consistent with those of the previous financial year, except for the adoption of the following new accounting pronouncements starting January 1, 2022. The Parent Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Unless otherwise indicated, adoption of these new pronouncements did not have an impact on the financial statements of the Parent Company.

- Amendments to PFRS 16, *COVID-19-related Rent Concessions beyond 30 June 2021*

  The amendment provides relief to lessees from applying the PFRS 16 requirement on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic.

  The amendment is effective for annual reporting periods beginning on or after April 1, 2021, with earlier application permitted. This is not applicable to the Parent Company as there are no rent concessions granted to the Parent Company as a lessee.

- Amendments to PFRS 9, PAS 39, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform – Phase 2*

  The amendments provide certain 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) and prescribe the required disclosures. This amendment is currently not applicable to the Parent Company.

Standards Issued but not yet Effective

Pronouncements issued but not yet effective are listed below. The Parent Company does not expect that the future adoption of the said pronouncements will have a significant impact on its financial statements. The Parent Company intends to adopt the relevant pronouncements when they become effective.

Effective beginning on or after January 1, 2023
- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*
- Amendments to PAS 8, *Definition of Accounting Estimates*
- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

Effective beginning on or after January 1, 2024
- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*
- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*

Effective beginning on or after January 1, 2025
- PFRS 17, *Insurance Contracts*

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*

Significant Accounting Policies

Current and Noncurrent Classification
The Parent Company presents assets and liabilities in parent company statement of financial position based on current/noncurrent classification.

An asset is current when it is either:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within 12 months after reporting date; or,
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after reporting date.

All other assets are classified as noncurrent.

A liability is current when:
- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within 12 months after reporting date; or,
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting date.

The Parent Company classifies all other liabilities as noncurrent.

Net deferred tax liabilities are classified as noncurrent liabilities.

Fair Value Measurement
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or,
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Parent Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Parent Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the parent company financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the parent company financial statements on a recurring basis, the Parent Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Parent Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

<u>Recognition and Measurement of Financial Instruments</u>
Financial assets
a. Initial recognition

Financial assets are classified, at initial recognition, as either subsequently measured at amortized cost, at fair value through other comprehensive income (FVOCI), or at fair value through profit or loss (FVPL).

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Parent Company’s business model for managing them. The Parent Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs.

In order for a financial asset to be classified and measured at amortized cost or at FVOCI, it needs to give rise to cash flows that are ‘solely payments of principal and interest’ (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test’ and is performed at an instrument level.

The Parent Company’s business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Parent Company commits to purchase or sell the asset.

The Parent Company’s financial assets comprise of financial assets at amortized cost.

b. Subsequent measurement – Financial assets at amortized cost
Financial assets are measured at amortized cost if both of the following conditions are met:

- the asset is held within the Parent Company's business model, the objective of which is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Parent Company classified cash and cash equivalents, receivables and refundable deposits as financial assets at amortized cost.

c. Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of financial assets) is derecognized when:

- the right to receive cash flows from the asset has expired; or,
- the Parent Company has transferred its right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement; and either (i) the Parent Company has transferred substantially all the risks and rewards of the asset, or (ii) the Parent Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Parent Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Parent Company continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Parent Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Parent Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Parent Company could be required to repay.

Financial liabilities

a. Initial recognition
Financial liabilities are classified, at initial recognition, either as financial liabilities at FVPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Parent Company's financial liabilities comprise of financial liabilities at amortized cost which includes accounts and other payables (except for statutory payables).

b. Subsequent measurement − Payables, loans and borrowings
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate (EIR) method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the parent company statement of comprehensive income.

c. Derecognition
A financial liability is derecognized when the obligation under the liability is discharged or canceled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the parent company statement of comprehensive income.

Offsetting of Financial Instruments
Financial assets and financial liabilities are offset and the net amount reported in the parent company statement of financial position, if and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the asset and settle the liability simultaneously. The Parent Company assesses that it has a currently enforceable right to offset if the right is not contingent on a future event and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Parent Company and all of the counterparties.

Impairment of Financial Assets
The Parent Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Parent Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For receivables, except for receivables from wholly owned subsidiaries where the Parent Company applies general approach, the Parent Company applies a simplified approach in calculating ECLs.

Therefore, the Parent Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Parent Company establishes a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For receivable from wholly owned subsidiaries and refundable deposits, ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For cash and cash equivalents, the Parent Company applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Parent Company's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Parent Company uses the ratings from Standard & Poor's (S&P) and Moody's and Fitch to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

In addition, the Parent Company considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Investments in Subsidiaries and Associate

The Parent Company's investments in its subsidiaries and associate are accounted for using the cost method in the parent company financial statements.

Investment in subsidiaries

A subsidiary is an entity over which the Parent Company has control. Control is achieved when the Parent Company is exposed, or has rights to, 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 Parent Company controls an investee if and only if the Parent Company has:

a) power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
b) exposure, or rights, to variable returns from its involvement with the investee; and,
c) the ability to use its power over the investee to affect its returns.

The Parent Company 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. Consolidation of a subsidiary begins when the Parent Company obtains control over the subsidiary and ceases when the Parent Company loses control of the subsidiary.

The Parent Company recognizes income from the investment only to the extent that the Parent Company receives distributions from accumulated profits of the investee arising after the date of acquisition. The Parent Company recognizes dividend from a subsidiary in the parent company statement of comprehensive income when its right to receive the dividend is established. Distributions received in excess of such profits are regarded as recovery of investment and are recognized as a reduction from the cost of the investment.

Investment in an associate

An associate is an entity in which the Parent Company has significant influence, and which is neither a subsidiary nor a joint venture. An allowance is set up for any substantial and presumably permanent decline in the aggregate carrying value of the investment.

The Parent Company recognizes income from the investment only to the extent that it receives distributions from accumulated profits of the associate. The Parent Company recognizes dividend from an associate in the parent company statement of comprehensive income when its right to receive the dividend is established.

Other Assets

Other current and noncurrent assets, which are carried at cost, pertain to resources controlled by the Parent Company as a result of past events and from which future economic benefits are expected to flow to the Parent Company.

Prepaid expenses

Prepaid expenses are carried at cost less the amortized portion. These typically comprise prepayments for annual membership dues paid by the Parent Company in advance.

Value-added tax (VAT)

Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable. When VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the parent company statement of financial position. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset in the parent company statement of financial position to the extent of the recoverable amount.

The net amount of VAT recoverable from, or payable to, the taxation authority within 12 months from end of reporting period is presented as current; otherwise, the amount is presented as noncurrent.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and any impairment in value.

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

Depreciation of property and equipment commences once the assets are put into operational use. Depreciation is calculated on a straight-line method over the following estimated useful lives (EUL) of the respective assets:

	Years
Office furniture, fixtures and equipment	1-3
Transportation equipment	5
Leasehold improvement	5

The residual values, useful lives and depreciation method are reviewed periodically to ensure that the period and method of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

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

Fully depreciated property and equipment are retained in the accounts until they are no longer in use and no further depreciation is charged against current operations.

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

For investment in subsidiaries and associate, the Parent Company considers certain indications of impairment such as significant decline in financial performance of the subsidiary and associate and significant negative industry or economic trends.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Parent Company makes an estimate of recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the profit or loss.

After such reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Equity
Capital stock and additional paid-in capital
Common and preferred shares are recognized at par value

Additional paid-in capital pertains to the excess of the total contributions received over the aggregate par values of the equity share. Incremental costs incurred directly attributable to the issuance of new shares are deducted from contributions received.

Retained earnings
Retained earnings represent accumulated earnings of the Parent Company, and any other adjustment required by other standards, less dividends declared.

Treasury shares
Treasury shares pertains to own equity instruments which are reacquired and are subsequently retired by the Parent Company. No gain or loss is recognized in the profit or loss upon on the purchase, sale, issue or cancellation of the Parent Company's own equity instruments. When the shares are retired, the capital stock account is reduced by its par value and the excess of cost over par value is debited to additional paid-in capital recognized when the shares were issued and to retained earnings for the remaining balance.

Other comprehensive income (OCI)
OCI are the remeasurements, which consist of the actuarial gains and losses during the year on the define benefit obligations.

Revenue Recognition
The Parent Company operates as a holding company and derives its revenue from dividends and interests.

Revenues from contracts with customers are recognized when control of the services are transferred to the customer at an amount that reflects the consideration to which the Parent Company expects to be entitled in exchange for services. The Parent Company assessed that dividend income and interest income are not considered as revenue from contracts with customers.

The Parent Company has concluded that it is the principal in its revenue arrangements.

Dividend income
Dividend income is recognized when the Parent Company's right to receive payment is established, which is generally when shareholders approve the dividend. This is recognized as dividend income in the parent company statement of comprehensive income.

Interest income
Revenue is recognized as interest accrues (using the EIR that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

Other income
Other income is recognized when earned.

Costs and Expenses
The Parent Company's costs and expenses are of the nature of general and administrative expenses that arise in the course of the ordinary operations of the Parent Company. These are recognized in the parent company statement of comprehensive income when incurred and are measured at the amount paid or payable.

Pension Costs
The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:
- Service costs
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuary.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in the OCI in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods. All remeasurements recognized in OCI account ‘Remeasurement gains (losses) on retirement plan - net of tax’ are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Parent Company, nor can they be paid directly to the Parent Company. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The Parent Company’s right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Income Taxes

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

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

Deferred tax liabilities are recognized for all taxable temporary differences with certain exception. Deferred tax assets are recognized for all deductible temporary differences, carryforward benefit of unused tax credits from excess minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT) and net operating loss carryover (NOLCO), to the extent that it is probable that taxable income will be available against which the deductible temporary differences and carryforward benefits of unused tax credits from MCIT and NOLCO can be utilized.

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

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realized, or the liability is settled, based on tax rate and tax laws that have been enacted or substantially enacted at the financial reporting date. Movements in the deferred income tax assets and liabilities arising from changes in tax rates are charged against or credited to income for the period.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred income taxes relate to same taxable entity and the same tax authority.

Foreign Currency Transactions and Translations
The Parent Company financial statements are presented in Philippine Peso, which is the Parent Company's functional and presentation currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. However, monetary assets and monetary liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the financial reporting date. All differences are taken to profit or loss during the period of retranslation.

Leases

Short-term lease
The Parent Company applies the short-term lease recognition exemption to its rental of storage space that has lease term of 12 months or less from the initial application date and do not contain a purchase option. Lease payments on this short-term lease are recognized as expense on a straight-line basis over the lease term.

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

Events After the Reporting Date
Post year-end events up to the date of the auditor's report that provide additional information about the Parent Company's position at financial reporting date (adjusting events) are reflected in the parent company financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the parent company financial statements when material.

3. Significant Accounting Judgments and Estimates

The preparation of the parent company financial statements in compliance with PFRS requires management to make judgments and estimates that affect the amounts reported in the parent company financial statements and accompanying notes. The judgements, estimates and assumptions used in the accompanying parent company financial statements are based upon management's evaluation of relevant facts and circumstances as at the date of the parent company financial statements. Actual results could differ from such estimates.

Judgments
In the process of applying the Parent Company's accounting policies, management has made the following judgments, apart from those involving estimations which have the most significant effect on the amounts recognized in the parent company financial statements:

Management's Use of Estimates
The key assumptions concerning the future and other sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Estimating allowance for impairment losses on receivables
The Parent Company used a provision matrix to calculate ECLs for receivables, except for receivables from wholly owned subsidiaries. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Parent Company's historical observed default rates. The Parent Company calibrates the matrix to adjust the historical credit loss experience with forward-looking information such as inflation and foreign exchange rates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed. The above assessment did not result to additional allowance for expected credit losses.

Significant judgment is required to determine the amount of deferred tax assets that can be recognized based upon likely timing and level of future taxable income together with future planning strategies.

The Parent Company did not recognize deferred tax assets for NOLCO and temporary difference as management believes that there is no taxable profit or taxable temporary difference that will reverse before the expiration of NOLCO. The unrecognized deferred tax assets of the Parent Company amounted to ₱0.73 million as of December 31, 2022 and 2021, respectively (see Note 15).

Impairment assessment of investments in subsidiaries and associate
The Parent Company assesses the impairment of investments in subsidiaries and associate whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

The factors that the Parent Company considers important which could trigger an impairment review include the following:
a. deteriorating or poor financial condition;
b. recurring net losses; and,
c. significant charges with an adverse effect on the subsidiaries or associate.

When indicators exist, an impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount.

The Parent Company has an investment in Maynilad Water Holdings Company, Inc. (MWHCI), 90% of net income of which is derived from Maynilad Water Services, Inc. (MWSI). In 2019, MWSI received a letter from Metropolitan Waterworks and Sewerage System (MWSS) in 2019 informing MWSI that it was directed to perform a review of MWSI's Concession Agreement (CA).

On May 18, 2021, the Revised Concession Agreement (RCA) has been executed and signed by the representative parties of MWSI and MWSS. On December 10, 2021, Republic Act 11600 was signed into law which granted Maynilad a 25-year franchise, or until 2047, to "establish, operate and maintain a waterworks system and sewerage and sanitation services in the West Zone Service Area of Metro Manila and Province of Cavite. On December 14, 2021, Maynilad Water again requested the MWSS Board to defer the RCA's Effective Date by another two months (until February 16, 2022) or until the Republic Letter of Undertaking is issued.

On June 30, 2022, Maynilad received MWSS's letter of even date informing Maynilad Water that the DOF has issued the Republic Undertaking dated June 24, 2022 signed by the Executive Secretary and the DOF Secretary. Maynilad Water wrote the MWSS on July 1, 2022 informing them that the signed Republic Letter of Undertaking does not conform to the agreed form in the RCA, and, thus, Section 16.3 (iii) (c) of the RCA has not been satisfied. Thus, Maynilad Water's obligation to effect the changes in the Original Concession Agreement (OCA) has not commenced, except those terms provided under the Legislative Franchise.

The determination of the recoverable amount of the investment MWHCI was determined using assumptions such as tariff rates, revenue growth, billed water volume, and the discount rate. No impairment loss was recognized in 2022 and 2021, as a result of the test. As of December 31, 2022,and 2021, the carrying value of the investment in MWHCI, which is carried at cost in the parent company statements of financial position, amounted to ₱2,396.02 million (see Note 6).

No indicator of impairment was identified for the other investees in both years.

As of December 31, 2022, and 2021, investment in subsidiaries and from an associate amounted to ₱15,449.84 million (see Note 6).

Estimating pension obligation and other retirement benefits
The cost of defined benefit pension plans, and the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These assumptions are described in Note 12 and include among others, the determination of the discount rates and future salary increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. Future salary increases are based on expected future inflation rates for the specific country and other relevant factors. As of December 31, 2022, and 2021, net pension assets amounted to ₱28.56 million and ₱34.11 million, respectively (see Note 12).

4. Cash and Cash Equivalents

	2022	2021
Cash on hand and in banks	**₱61,436,970**	₱34,198,630
Cash equivalents	**2,024,192,680**	2,582,160,640
	₱2,085,629,650	₱2,616,359,270

Cash in banks earn interests at the respective bank deposit rates. Cash equivalents are short-term placements made for varying periods of up to three (3) months, depending on the immediate cash requirements of the Parent Company, and earn annual interest ranging from 0.48% and 1.50% and 0.25% and 1.75% in 2022 and 2021, respectively.

Interest income earned from cash and cash equivalents amounted to ₱48.88 million and ₱23.54 million, in 2022 and 2021, respectively (see Note 14). As of December 31, 2022 and 2021, accrued interest from cash and cash equivalents amounted to ₱6.45 million and ₱0.75 million, respectively (see Note 5).

5. Receivables

This account consists of:

	2022	2021
Dividends receivable (Note 11)	**₱1,200,000,000**	₱900,000,000
Accrued interest receivable (Note 4)	**6,447,271**	752,743
Receivable from wholly owned subsidiaries (Note 11)	**2,593,366**	3,074,266
Receivables from officers and employees	**602,395**	394,800
Other receivables	**2,475,644**	2,201,566
	1,212,118,676	906,423,375
Less allowance for impairment losses	**2,814,758**	2,814,758
	₱1,209,303,918	₱903,608,617

Accrued interest receivable pertains to the accrual of interest from cash equivalents. These are expected to be collected upon maturity of the short-term placements (see Note 4).

Receivables from wholly owned subsidiaries are composed of reimbursements and organization costs (Note 11).

Receivables from officers and employees pertain to uncollected advances which are collected through salary deduction.

The Parent Company's receivables are expected to be realized and fall due within one year after the reporting period.

As of December 31, 2022 and 2021, the allowance for impairment losses relates to receivables from a subsidiary amounting to ₱2.46 million and receivables from officers and employees amounting to ₱0.35 million.

6. Investments in Subsidiaries and Associate

This account consists of the following investments accounted for under the cost method and related percentages of ownership as of December 31, 2022 and 2021:

	Principal Activity	Effective Ownership (In Percentage)	Amount
Subsidiaries:			
Semirara Mining and Power Corporation (SMPC)	Mining and power generation	56.65%	₱4,375,297,241
DMCI Project Developers, Inc. (PDI)	Real estate developer	100.00	3,463,930,031
D.M. Consunji, Inc. (DMCI)	General construction	100.00	2,113,493,074
DMCI Mining Corporation (DMC)	Mining	100.00	2,077,086,632
DMCI Power Corporation (DPC)	Power generation	100.00	1,000,000,000
Wire Rope Corporation of the Philippines (Wire Rope)	Steel wire manufacturing	61.70	22,010,775
Semirara Cement Corporation (SemCem)**	Cement manufacturing	100.00	1,999,400
Associate:			
Maynilad Water Holding Company, Inc. (MWHCI)	Investment holding for water concessionaire	27.19%	₱2,396,020,359
			₱15,449,837,512

**Includes 16.02% ownership interest of DMCI*
***Incorporated on January 29, 1998 and has not yet started commercial operations.*

The subsidiaries and associate are all incorporated in the Philippines. The voting rights held by the Parent Company in these subsidiaries and associate are in proportion of its ownership interest.

Dividend income from the Parent Company's subsidiaries and associate recognized in the parent company statements of comprehensive income amounted to ₱15,747.62 million and ₱11,530.34 million for the period ended December 31, 2022 and 2021, respectively (see Note 11).

7. Property and Equipment

Rollforward of the account follow:

	2022			
	Office Furniture, Fixtures and Equipment	**Transportation Equipment**	**Leasehold Improvements**	**Total**
Cost				
Balances at beginning of year	**₱10,843,020**	**₱10,690,211**	**₱13,619,002**	**₱35,152,233**
Additions	**558,153**	**2,232,142**	**–**	**2,790,295**
Disposals	**–**	**(1,975,714)**	**–**	**(1,975,714)**
Balances at end of year	**11,401,173**	**10,946,639**	**13,619,002**	**35,966,814**
Accumulated depreciation				
Balances at beginning of year	**9,579,533**	**5,664,090**	**13,020,270**	**28,263,893**
Depreciation (Note 13)	**625,563**	**1,458,129**	**192,654**	**2,276,346**
Disposals	**–**	**(1,784,854)**	**–**	**(1,784,854)**
Balances at end of year	**10,205,096**	**5,337,365**	**13,212,924**	**28,755,385**
Net Book Value	**₱1,196,077**	**₱5,609,274**	**₱406,078**	**₱7,211,429**

	2021			
	Office Furniture, Fixtures and Equipment	Transportation Equipment	Leasehold Improvements	Total
Cost				
Balances at beginning of year	₱9,951,261	₱11,226,424	₱13,619,002	₱34,796,687
Additions	1,165,777	2,443,037	–	3,608,814
Disposals	(274,018)	(2,979,250)	–	(3,253,268)
Balances at end of year	10,843,020	10,690,211	13,619,002	35,152,233
Accumulated depreciation				
Balances at beginning of year	9,332,637	7,782,085	12,690,592	29,805,314
Depreciation (Note 13)	520,912	811,693	329,678	1,662,283
Disposals	(274,016)	(2,929,688)	–	(3,203,704)
Balances at end of year	9,579,533	5,664,090	13,020,270	28,263,893
Net Book Value	₱1,263,487	₱5,026,121	₱598,732	₱6,888,340

In 2022 and 2021, the Parent Company disposed property and equipment for ₱0.27 million and ₱0.46 million, respectively. Gain recognized from the sale amounted to ₱0.08 million and ₱0.41 million in 2022 and 2021, respectively. There are no property and equipment pledged as security to any of the Parent Company's liabilities as of December 31, 2022 and 2021.

As of December 31, 2022 and 2021, costs of fully depreciated property and equipment still in use amounted to ₱25.42 million and ₱25.72 million, respectively.

8. Other Assets

This account consists of:

Other Current Assets

	2022	2021
Prepaid VAT - Input	**₱9,383,213**	₱6,870,626
Refundable deposits (Notes 16)	**2,604,709**	2,481,080
Prepaid expenses	**1,782,205**	186,192
	₱13,770,127	₱9,537,898

Other Noncurrent Assets

	2022	2021
Development cost	**₱8,289,674**	₱8,289,674
Golf club shares	**1,757,500**	1,757,500
Deferred charges - net	**441,573**	441,573
	₱10,488,747	₱10,488,747

Prepaid VAT - Input pertains to the 12% indirect tax paid by the parent company in the course of the trade or business on local purchase of goods or services.

Refundable deposits pertain to the security deposit made by the Parent Company to its lessor which is due and demandable upon expiration of the related lease contract.

Prepaid expenses consist mainly of prepayments for annual membership fees in Golf shares.

Development cost pertains to the expenses incurred from the research and analysis of possible new business venture (cement business).

9. Accounts and Other Payables

This account consists of:

	2022	2021
Dividends payable (Notes 10 and 18)	**₱61,600,414**	₱29,670,396
Accrued expenses	**7,384,666**	8,007,690
Trade payables	**1,937,649**	2,231,063
Others	**4,193,876**	3,431,071
	₱75,116,605	₱43,340,220

Dividends payable pertains to the amount declared for dividend distributions that remains outstanding as of December 31, 2022 and 2021. These are expected to be settled within one year from the date of declaration. The Parent Company paid cash dividends amounting to ₱15,901.03 million and ₱12,731.09 million as of December 31, 2022 and 2021, respectively.

Accrued expenses relate to accruals of professional fees such as legal and audit fees that are noninterest-bearing and are normally settled within the next 12 months.

Trade payables comprised of unclaimed checks of various suppliers or service providers subject to reissuances upon compliance to the requirements of the Parent Company. These are noninterest-bearing and are normally settled within one (1) year.

Others include subscription payable to a subsidiary and statutory obligations such as withholding taxes and other liabilities.

10. Equity

Capital Stock

The Parent Company's capital stock as of December 31, 2022 and 2021 consists of:

	Authorized Capital Stock	Outstanding
Common shares, ₱1 par value	19,900,000,000	13,277,470,000
Preferred shares, ₱1 par value	100,000,000	3,780
Less: Treasury shares, ₱2,500 per share		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.

Below is the summary of the Parent Company's track record of registration of securities with the SEC as of December 31, 2022:

	Number of Shares Registered (in billions)	Number of holders of securities as of year end
December 31, 2020	13.28	707
Add/(Deduct) Movement	–	20
December 31, 2021	13.28	727
Add/(Deduct) Movement	–	(28)
December 31, 2022	13.28	699

Retained Earnings
In accordance with SEC Memorandum Circular No. 11 issued in December 2008, the Parent Company's retained earnings available for dividend declaration as of December 31, 2022 and 2021 amounted to ₱778.19 million and ₱1,031.61 million, respectively.

The Parent Company's retained earnings is restricted to the extent of the cost of the treasury shares which amounted to ₱7.07 million as of December 31, 2022 and 2021.

Dividend declaration
The Parent Company's BOD approved the declaration of cash dividends in favor of all its stockholders as follows:

	2022	2021
April 1, 2022, ₱0.34 per share regular cash dividend to shareholders on record as of April 19, 2022, payable on or before April 29, 2022.	**₱4,514,340,000**	–
April 1, 2022, ₱0.14 per share regular cash dividend to shareholders on record as of April 19, 2022, payable on or before April 29, 2022.	**1,858,846,000**	–
October 18, 2022, ₱0.72 per share regular cash dividend to shareholders on record as of November 2, 2022, payable on or before November 16, 2022.	**9,559,773,000**	–
October 12, 2021 ₱0.48/SH per share regular cash dividend to shareholders on record as of October 26, 2021, payable on or before November 10, 2021.	–	₱6,373,185,600
April 12, 2021, ₱0.35 per share regular cash dividend to shareholders on record as of April 15, 2021, payable on or before April 26, 2021.	–	4,647,114,500
April 12, 2021, ₱0.13 per share regular cash dividend to shareholders on record as of April 15, 2021, payable on or before April 26, 2021.	–	1,726,071,100
	₱15,932,959,000	₱12,746,371,200

As of December 31, 2022 and 2021, outstanding dividend payable of the Parent Company to shareholders amounted to ₱61.60 million and ₱29.67 million, respectively (see Note 9).

Capital Management

The primary objective of the Parent Company's capital management 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 Parent Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Parent Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Parent Company is not subject to any externally imposed capital requirements.

The following table shows the component of the Parent Company's capital as of December 31, 2022 and 2021.

	2022	2021
Total paid-up capital	**₱17,942,799,128**	₱17,942,799,128
Retained earnings	**785,259,249**	1,038,679,288
	₱18,728,058,377	₱18,981,478,416

Earnings per share - basic/diluted are computed as follows:

	2022	2021
Net income	**₱15,679,538,961**	₱11,491,933,205
Total comprehensive income	**15,675,007,540**	11,489,756,311
Weighted average number of shares	**13,277,470,000**	13,277,470,000
Earnings per share		
Basic/diluted - for net income	**₱1.18**	₱0.87
Basic/diluted - for total comprehensive income	**₱1.18**	₱0.87

The Parent Company does not have potential dilutive common stock equivalents in 2022 and 2021.

11. Related Party Transactions

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 with related parties are generally settled in cash, unless otherwise specified.

In the regular course of business, the Parent Company's significant transactions with related parties include the following:

		2022			
		Amount/ Volume	**Outstanding Balance**	**Terms**	**Conditions**
a)	**Reimbursements and organization costs**	**₱–**	**₱2,593,366**	**Noninterest-bearing; due and demandable**	**Unsecured, with impairment**
b)	**Dividends** (Note 6)	**15,747,622,145**	**1,200,000,000**	**Noninterest-bearing; due and demandable**	**Unsecured, no impairment**
c)	**Receivable from a wholly owned subsidiary**	**270,146**	**–**	**Noninterest-bearing; due and demandable**	**Unsecured, no impairment**
Receivable (Note 5)			**₱1,202,593,366**		
d)	**Subscription payable** (Note 9)	**–**	**₱1,000,000**	**Noninterest-bearing; due and demandable**	**Unsecured, no impairment**

		2021			
		Amount/ Volume	Outstanding Balance	Terms	Conditions
a)	Reimbursements and organization costs	₱–	₱2,463,644	Noninterest-bearing; due and demandable	Unsecured, with impairment
b)	Dividends (Note 6)	11,530,344,111	900,000,000	Noninterest-bearing; due and demandable	Unsecured, no impairment
c)	Receivable from a wholly owned subsidiary	717,410,555	610,622	Noninterest-bearing; due and demandable	Unsecured, no impairment
Receivable (Note 5)			₱903,074,266		
d)	Subscription payable (Note 9)	–	₱1,000,000	Noninterest-bearing; due and demandable	Unsecured, no impairment

Significant transactions with related parties follow:

(a) Receivable from a wholly-owned subsidiary consists of reimbursements and organization costs. Gross receivables from these subsidiaries amounted to ₱2.60 million and ₱2.46 million as of December 31, 2022 and 2021, respectively.

(b) Dividend income from the Parent Company's subsidiaries and associate recognized in the parent company statements of comprehensive income amounted to ₱15,747.62 million and ₱11,530.34 million in 2022 and 2021, respectively.

(c) In connection with the restructuring and liquidation of ENK Plc. in 2016, it assigned its receivable to the Parent Company, amounting to ₱2,117.72 million, ₱717.41 million of which was collected from a wholly-owned subsidiary in 2021. ₱0.61 million remains outstanding as of December 31, 2021 (nil in 2022). In 2022, the Parent Company sold a service vehicle to its wholly-owned subsidiary. (see Note 7).

(d) As of December 31, 2022 and 2021, outstanding subscription payable to a subsidiary amounted to ₱1.00 million, and was presented as "Others" under Accounts and Other Payables in the parent company statements of financial position.

Terms and conditions of transactions with related parties
Outstanding balances at year-end are unsecured and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

The Parent Company has approval process and established limits when entering into material related party transactions. The Related Party Transaction Review Committee shall approve all material related party transactions before their commencement. Material related party transactions shall be identified taking into account the related party registry. Transactions amounting to 10% or more of the total assets of the Parent Company that were entered into with an unrelated party that subsequently becomes a related party may be excluded from the limits and approval process requirement.

The Parent Company applies a general approach in calculating the ECL. This assessment is undertaken each financial year through a review of the financial position of the related party and the market in which the related party operates.

Compensation of key management personnel
The key management personnel of the Parent Company include all directors, executive and non-executive, and senior management personnel. The details of the compensation and benefits of key management personnel for 2022 and 2021 follows:

	2022	2021
Short-term employee benefits	**₱12,771,694**	₱10,226,399
Post-employment benefits	**5,068,805**	3,070,644
	₱17,840,499	₱13,297,043

There are no agreements between the Parent Company and any of its directors and key officers providing for benefits upon termination of employment, except for such benefits to which they may be entitled under the Parent Company's pension plan.

12. Employee Benefits

The Parent Company has a funded, noncontributory, defined benefit plan covering substantially all of its regular employees.

Provisions for pension obligations are established for benefits payable in the form of retirement pensions. Benefits are dependent on years of service and the respective employee's final compensation. The Parent Company updates the actuarial valuation every year by hiring the services of a third party professionally qualified actuary. The latest actuarial valuation report of the retirement plans was made as of December 31, 2022.

The Parent Company is a participant to the DMCI Multiemployer Retirement Plan (the Plan) which is administered separately by an appointed trustee bank and under the supervision of the Board of Trustees (BOT) of the Plan. The responsibilities of the BOT, among others, include the following:

- To hold, invest and reinvest the fund for the exclusive benefits of the members and beneficiaries of the retirement plan and for this purpose the BOT is further authorized to designate and appoint a qualified Investment Manager with such powers as may be required to realize and obtain maximum yield on investment of the fund; and,
- To make payments and distributions in cash, securities and other assets to the members and beneficiaries of the Plan.

Under the existing regulatory framework, Republic Act 7641*, Retirement Pay Law,* requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.

Components of net pension expense (included in "Salaries, wages and employee benefits" account) and net pension income:

	2022	2021
Current service cost	**₱1,076,561**	₱2,152,622
Interest on the effect of asset ceiling	**1,969,795**	611,789
Net interest income	**(3,537,850)**	(2,079,771)
Net pension expense (income)	**(₱491,494)**	₱684,640

Net pension assets for the retirement plan follow:

	2022	2021
Fair value of plan assets	**₱155,774,001**	₱124,447,749
Present value of defined benefit obligation	**(54,737,694)**	(49,216,791)
Surplus	**101,036,307**	75,230,958
Effect of asset ceiling	**(72,478,829)**	(41,123,079)
Net pension assets	**₱28,557,478**	₱34,107,879

Movements in the fair value of plan assets follow:

	2022	2021
Balance at beginning of year	**₱124,447,749**	₱104,532,916
Interest income	**5,895,334**	4,066,330
Benefits paid	**(2,743,783)**	–
Remeasurement losses	**28,174,701**	15,848,503
Balance at end of year	**₱155,774,001**	₱124,447,749

Changes in the present value of the defined benefit obligation follow:

	2022	2021
Balance at beginning of year	**₱49,216,791**	₱51,068,344
Current service cost	**1,076,561**	2,152,622
Interest expense	**2,357,484**	1,986,559
Remeasurement losses (gains) arising from:		
Benefits paid	**(2,743,783)**	–
Changes in financial assumptions	**(1,772,573)**	(779,769)
Changes in demographic assumptions	**107,969**	(1,396,596)
Experience adjustments	**6,495,245**	(3,814,369)
Balance at end of year	**₱54,737,694**	₱49,216,791

Movements in the effect of asset ceiling follow:

	2022	2021
Balance at beginning of year	**₱41,123,079**	₱15,727,236
Interest on the effect of asset ceiling	**1,969,795**	611,789
Changes in the effect of asset ceiling	**29,385,955**	24,784,054
Balance at end of year	**₱72,478,829**	₱41,123,079

Movements in net pension assets follow:

	2022	2021
Balance at beginning of year	**(₱34,107,879)**	(₱37,737,336)
Defined benefit income recognized in profit and loss	**(491,494)**	684,640
Defined benefit loss recognized in OCI	**6,041,895**	2,944,817
Balance at end of year	**(₱28,557,478)**	(₱34,107,879)

As of December 31, 2022 and 2021, the Parent Company's plan assets consist primarily of the following:

	2022	2021
Cash and cash equivalents		
Cash in banks	**₱76**	₱61
Time deposits	**19,700,396**	15,738,633
	19,700,472	15,738,694
Investments in stocks		
Common shares of domestic corporations		
Quoted	**60,160,157**	48,061,911
Unquoted	**14,100,260**	11,264,689
Quoted preference shares of domestic corporations	**10,463,625**	8,359,383
	84,724,042	67,685,983
Investment in government securities		
Fixed rate treasury notes (FXTNs)	**32,320,629**	25,820,930
Retail treasury bonds (RTBs)	**7,524,388**	6,011,229
	39,845,017	31,832,159
Investment in other securities and debt instruments		
AAA rated debt securities	**10,042,271**	8,022,764
Other receivables	**1,495,641**	1,194,866
Accrued trust fees and other payables	**(33,442)**	(26,717)
Fair value of plan assets	**₱155,774,001**	₱124,447,749

Trust fees paid amounted to ₱0.10 million in 2022 and 2021.

The composition of the fair value of the plan assets includes:

- *Cash and cash equivalents* - include savings and time deposit with affiliated bank and special deposit account with Bangko Sentral ng Pilipinas Special Deposit Account (BSP SDA).
- *Investment in stocks* - includes investment in common and preferred shares traded in the Philippine Stock Exchange.
- *Investment in government securities* - include investment in Philippine RTBs and FXTNs.
- *Investments in other securities and debt instruments* - include investment in long-term debt notes and retail bonds.
- *Other receivables* - pertain to interest and dividends receivable on the investments in the fund.
- *Accrued trust fees and other payables* - pertain mainly to charges of trustor in the management of the plan.

The cost of defined benefit pension plans, and the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. The assumptions used to determine pension benefits of the Parent Company follow:

	2022	2021
Discount rate	**7.00%**	4,79%
Salary rate increase	**6.00%**	6.00%

The average duration (average number of years) of the defined benefit obligation is 1.3 and 1.6 years as of December 31, 2022 and 2021.

The Parent Company does not expect to contribute into the pension fund for the next 12 months.

Each sensitivity analysis on the significant actuarial assumptions was prepared by remeasuring the defined benefit obligation at the reporting date after first adjusting one of the current assumptions according to the applicable sensitivity increment or decrement (based on changes in the relevant assumption that were reasonably possible at the valuation date) while all other assumptions remained unchanged. The sensitivities were expressed as the corresponding change in the defined benefit obligation.

It should be noted that the changes assumed to be reasonably possible at the valuation date are open to subjectivity, and do not consider more complex scenarios in which changes other than those assumed may be deemed to be more reasonable.

	2022	
		Increase (decrease) in defined benefit liability
Discount rates	**+100 basis points**	**(₱639,237)**
	-100 basis points	**733,500**
Future salary increases	**+1.30%**	**733,500**
	-1.20%	**(650,595)**

	2021	
		Increase (decrease) in defined benefit liability
Discount rates	+100 basis points	(₱749,667)
	-100 basis points	873,353
Future salary increases	+1.70%	853,904
	-1.50%	(748,277)

The BOT of the Plan ensures that its assets are available to fulfill its obligation of paying retirement as it falls due. This is done by ensuring that its assets are easily disposable and can easily be converted to cash. The Parent Company is not required to pre-fund the future benefits under the Plan before they come due. For that reason, the amount and timing of contributions to the Retirement Fund are at the Parent Company's discretion. However, in the event a benefit claim arises and the Retirement Fund is insufficient to pay the claim, the shortfall will then be due and payable from the Parent Company to the Retirement Fund.

Shown below is the maturity analysis of the undiscounted benefit payments as of December 31:

	2022	2021
Less than 1 year	**₱48,465,813**	₱42,666,097
More than 1 year to 5 years	**659,647**	566,560
More than 5 years to 10 years	**6,256,707**	5,565,092
	₱55,382,167	₱48,797,749

There are no plan amendments, curtailments or settlements in 2022 and 2021.

13. Costs and Expenses

This account consists of the following general and administrative expenses:

	2022	2021
Taxes and licenses	**₱51,540,376**	₱10,622,414
Professional fees	**22,443,294**	19,431,775
Salaries, wages and employee benefits	**14,758,652**	14,628,015
Rent	**3,340,755**	3,122,234
Advertising and promotions	**2,645,822**	1,558,891
Depreciation and amortization (Notes 7)	**2,276,346**	1,662,283
Entertainment, amusement and recreation	**1,960,078**	471,036
Communication, light and water	**1,815,603**	1,506,253
Contracted services	**1,277,264**	1,054,142
Repairs and maintenance	**717,935**	317,111
Transportation and travel	**517,569**	38,271
Supplies	**499,979**	1,018,657
Fuel and oil	**442,236**	288,990
Contribution and donation	**100,000**	100,000
Net pension expense (income)	**(491,494)**	684,640
Miscellaneous	**4,425,595**	3,009,553
	₱108,270,010	₱59,514,265

14. Interest Income

This account consists of:

	2022	2021
Time deposit	**₱48,703,881**	₱23,420,178
Bank savings accounts	**178,761**	119,279
	₱48,882,642	₱23,539,457

15. Income Tax

The provision for income tax shown in the parent company statements of comprehensive income consists of:

	2022	2021
Final	**₱8,632,405**	₱4,602,880
Current	**19,821**	101,403
Deferred	**122,874**	(1,855,149)
	₱8,775,100	₱2,849,134

The current provision for income tax in 2022 and 2021 represents regular corporate income tax (RCIT).

The components of the net deferred tax liabilities as of December 31, 2022 and 2021 follow:

	2022	2021
Recognized as part of profit or loss		
Deferred tax liabilities on:		
Pension assets	**(₱9,398,620)**	(₱9,275,746)
Recognized in other comprehensive income		
Deferred tax asset on:		
Remeasurement losses on defined benefit plan	**1,510,474**	1,636,532
	(₱7,888,146)	(₱7,639,214)

As of December 31, 2022 and 2021, the Parent Company did not recognize deferred tax assets amounting to ₱0.73 million pertaining to the following:

	2022	2021
Allowance for impairment losses (Note 5)	**₱2,814,758**	₱2,814,758
NOLCO	**75,305**	75,305
MCIT	**7,423**	11,553

MCIT available over a period of three (3) years follows:

Year Incurred	Amount	Applied/ Expired	Balance	Year of Expiry
2020	₱7,423	₱–	₱7,423	2023

On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4 of Bayanihan to Recover as One Act (Bayanihan 2) which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

As of December 31, 2022, the Parent Company has NOLCO incurred in taxable year 2020 which can be claimed as deduction from the regular taxable income for the next five (5) consecutive taxable years pursuant to the Bayanihan to Recover As One Act, as follows:

Year Incurred	Amount	Applied/ Expired	Balance	Year of Expiry
2020	₱75,305	₱–	₱75,305	2025

The reconciliation of the statutory income tax rate to the effective income tax rate follows:

	2022	2021
Statutory income tax rate	**25.00%**	25.00%
Tax effects of:		
Expiration of NOLCO	–	(0.01)
Movement in unrecognized deferred tax assets	–	(0.01)
Interest income subjected to final tax	**(0.06)**	(0.04)
Nondeductible expenses	**0.21**	(0.12)
Intercorporate dividends	**(25.09)**	(25.07)
Impact of CREATE	–	(0.02)
Effective income tax rate	**0.06%**	(0.27%)

Corporate Recovery and Tax Incentive for Enterprise (CREATE) Act

On March 26, 2021, the President of the Philippines signed into law Republic Act No. 11534, Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act, which took effect on April 11, 2021. The CREATE Act introduces reforms to the corporate income tax and incentive systems by implementing changes to the current tax regulations. Some of these changes, which became effective beginning July 1, 2020, are as follows:

- Reduction in the RCIT rate from 30% to 20% for entities with net taxable income not exceeding ₱5.0 million and with total assets not exceeding ₱100.00 million (excluding the value of land on which the business entity's office, plant and equipment are situated);
- Reduction in the RCIT from 30% to 25% for all other corporations;
- Reduction in the MCIT rate from 2% to 1% of gross income for 3 years or until June 30, 2023; and,
- Repeal of the imposition of 10% improperly accumulated earnings tax (IAET).

Applying the provisions of the CREATE act, the Parent Company recognized one-time impact in the statement of income for the period ended December 31, 2021 amounting to ₱1.86 million for provision for income tax (current and deferred) and ₱0.03 million for deferred tax on comprehensive income directly charged to equity. Deferred tax liabilities - net also decreased by ₱1.89 million as of December 31, 2021.

16. **Financial Risk Management Objectives and Policies**

The Parent Company's principal financial liabilities comprise accounts and other payables (excluding statutory liabilities) and subscription payable (presented under accounts and other payables) as of December 31, 2022 and 2021. The Parent Company has various financial assets such as cash and cash equivalents and receivables, which arise directly from its operations. The main risks arising from the use of financial instruments are credit risk, liquidity risk and market risk (i.e., foreign currency risk).

The BOD reviews and agrees with policies for managing each of these risks. The Parent Company monitors market price risk arising from all financial instruments and regularly report financial management activities and the results of these activities to the BOD.

The Parent Company's risk management policies are summarized below. The exposure to risk and how they arises, as well as the Parent Company's objectives, policies and processes for managing the risk and the methods used to measure the risk did not change from prior years.

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 Parent Company's exposure to credit risk arises from default of the counterparties, which include certain receivable from wholly owned subsidiaries. Credit risk management involves dealing only with recognized, creditworthy third parties. It is the Parent Company'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 Parent Company's financial assets are not subject to collateral and other credit enhancement.

With respect to the credit risk arising from the financial assets of the Parent Company, which comprise cash and cash equivalents (excluding cash on hand), receivables, refundable deposits and , the Parent Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. The Parent Company transacts only with institutions or banks that have proven track record in financial soundness.

The carrying values of financial assets at amortized cost represent the maximum exposure to credit risk.

Impairment analysis 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. The Parent Company applies a general approach in calculating the ECL on receivables from related parties. In 2022 and 2021, no provision for expected credit losses were recognized using this approach.

The tables below present the summary of the Parent Company's exposure to credit risk as of December 31, 2022 and 2021 and show the credit quality of the assets by indicating whether the assets are subjected to the 12-month ECL or lifetime ECL.

	2022			
		Lifetime ECL		
	12-month ECL	**Not credit impaired**	**Credit impaired**	**Total**
Cash in banks and cash equivalents	**₱2,085,619,650**	**₱–**	**₱–**	**₱2,085,619,650**
Receivable from related parties	**1,200,129,722**	**–**	**2,463,644**	**1,202,593,366**
Other receivables	**8,571,801**	**–**	**351,114**	**8,922,915**
Refundable deposits	**2,604,709**	**–**	**–**	**2,604,709**
	₱3,296,925,882	**₱–**	**₱2,814,758**	**₱3,299,740,640**

	2021			
		Lifetime ECL		
	12-month ECL	Not credit impaired	Credit impaired	Total
Cash in banks and cash equivalents	₱2,616,349,270	₱–	₱–	₱2,616,349,270
Receivable from related parties	900,610,622	–	2,463,644	903,074,266
Other Receivables	2,603,195	–	351,114	2,954,309
Refundable Deposits	2,481,080	–	–	2,481,080
	₱3,522,044,167	₱–	₱2,814,758	₱3,524,858,925

As of December 31, 2022 and 2021, the aging analysis of the Parent Company's financial assets at amortized cost presented is as follows:

	2022							
	Neither past due nor impaired	**Past due but not impaired**					**Impaired financial assets**	**Total**
		<30 days	**30-60 days**	**60-90 days**	**90-120 days**	**>120 days**		
Cash in banks and cash equivalents	**₱2,085,619,650**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱2,085,619,650**
Receivables								
Receivable from wholly owned subsidiaries	**129,722**	**–**	**–**	**–**	**–**	**–**	**2,463,644**	**2,593,366**
Dividend receivable	**1,200,000,000**	**–**	**–**	**–**	**–**	**–**	**–**	**1,200,000,000**
Accrued interest receivable	**6,447,271**	**–**	**–**	**–**	**–**	**–**	**–**	**6,447,271**
Other receivables	**2,124,530**	**–**	**–**	**–**	**–**	**–**	**351,114**	**2,475,644**
Refundable deposits	**2,604,709**	**–**	**–**	**–**	**–**	**–**	**–**	**2,604,709**
	₱3,296,925,882	**₱–**	**₱–**	**₱–**	**₱–**	**₱–**	**₱2,814,758**	**₱3,299,740,640**

	2021							
	Neither past due nor impaired	Past due but not impaired					Impaired financial assets	Total
		<30 days	30-60 days	60-90 days	90-120 days	>120 days		
Cash in banks and cash equivalents	₱2,616,349,270	₱–	₱–	₱–	₱–	₱–	₱–	₱2,616,349,270
Receivables								
Receivable from wholly owned subsidiaries	610,622	–	–	–	–	–	2,463,644	3,074,266
Dividend receivable	900,000,000	–	–	–	–	–	–	900,000,000
Accrued interest receivable	752,743	–	–	–	–	–	–	752,743
Other receivables	1,850,452	–	–	–	–	–	351,114	2,201,566
Refundable deposits	2,481,080	–	–	–	–	–	–	2,481,080
	₱3,522,044,167	₱–	₱–	₱–	₱–	₱–	₱2,814,758	₱3,524,858,925

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Parent Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans. The Parent Company's policy is to maintain a level of cash and cash equivalents deemed sufficient to fund its monthly cash requirements, at least for the next four to six months. A significant part of the Parent Company's financial assets that are held to meet the cash outflows include cash in banks and cash equivalents, receivables (other than receivable from officers and employees) and refundable deposits. As part of its liquidity risk management, the Parent Company regularly evaluates its projected and actual cash flows. The Parent Company 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. Moreover, the Parent Company considers the following as mitigating factors for liquidity risk:

- 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.
- Diverse funding sources.
- 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.

As part of its liquidity risk management, the Parent Company regularly evaluates its projected and actual cash flows. It also continuously assesses conditions in the financial markets for opportunities to pursue fund raising activities.

The table summarizes the maturity profile of the Parent Company's financial assets and financial liabilities as of December 31, 2022 and 2021 based on contractual undiscounted payments:

	2022		
	Within 1 year	**More than 1 year**	**Total**
Financial assets at amortized cost			
Cash in banks and cash equivalents	**₱2,085,619,650**	**₱–**	**₱2,085,619,650**
Receivables*	**1,208,701,523**	**–**	**1,208,701,523**
Refundable deposits	**2,604,709**	**–**	**2,604,709**
	₱3,296,925,882	**–**	**₱3,296,925,882**
Other financial liabilities			
Accounts and other payables**			
Dividends payable	**61,600,414**	**–**	**61,600,414**
Accrued expenses	**7,384,666**	**–**	**7,384,666**
Trade payables	**1,937,649**	**–**	**1,937,649**
Others	**3,650,236**	**–**	**3,650,236**
	74,572,965		**74,572,965**
	₱3,222,352,917	**₱–**	**₱3,222,352,917**

**excludes receivable from officers and employees*
***excludes statutory liabilities*

	2021		
	Within 1 year	More than 1 year	Total
Financial assets at amortized cost			
Cash in banks and cash equivalents	₱2,616,349,270	₱–	₱2,616,349,270
Receivables*	903,213,817	–	903,213,817
Refundable deposits	2,481,080	–	2,481,080
	₱3,522,044,167	–	₱3,522,044,167
Other financial liabilities			
Accounts and other payables**			
Dividends payable	29,670,396	–	29,670,396
Accrued expenses	8,007,690	–	8,007,690
Trade payables	2,231,063	–	2,231,063
Others	619,317	–	619,317
	40,528,466		40,528,466
	₱3,481,515,701	₱–	₱3,481,515,701

**excludes receivable from officers and employees*
***excludes statutory liabilities*

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

Foreign Currency Risk
The Parent Company's foreign exchange risk results primarily from movements of the Philippine Pseso (₱) against the US Dollar ($) for its cash and cash equivalents. Approximately 0.006% and 0.004% of cash and cash equivalents as of December 31, 2022 and 2021, respectively, were denominated in US Dollar.

Fair Value of Financial Instruments
The carrying amounts of cash and cash equivalents, receivables, refundable deposits, golf club share, accounts and other payables approximate their fair values due to the relative short-term nature of the transactions.

17. **Commitments and Contingencies**

Contingencies
The Parent Company is contingently liable for lawsuits or claims filed by third parties and taxation matters, which are either pending decision by the courts or are under negotiation, the outcomes of which are not presently determinable. In the opinion of management and its legal counsel, the eventual liability under these lawsuits, claims and assessment, if any, will not have a material effect on the parent company financial statements.

The information usually required by PAS 37, *Provisions, Contingent liabilities and Contingent Assets,* is not disclosed on the grounds that it can be expected to prejudice the outcome of these lawsuits, claims and assessments. No provisions were made as at December 31, 2022 and 2021.

18. Notes to Parent Company Statements of Cash Flows

Changes in liabilities arising from financing activities follow:

	December 31, 2022			
	January 1	**Cash flows**	**Noncash**	**December 31**
Dividends (Note 9)	**₱29,670,396**	**(₱15,901,028,982)**	**₱15,932,959,000**	**₱61,600,414**

	December 31, 2021			
	January 1	Cash flows	Noncash	December 31
Dividends (Note 9)	₱14,393,633	(₱12,731,094,437)	₱12,746,371,200	₱29,670,396

Noncash changes pertain to dividend declaration (see Note 10).

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
DMCI Holdings, Inc.
3rd Floor, Dacon Building
2281 Chino Roces Avenue
Makati City

We have audited in accordance with Philippine Standards on Auditing, the parent company financial statements of DMCI Holdings, Inc. (the Parent Company) as at December 31, 2022 and 2021 and for the years then ended, and have issued our report thereon dated March 6, 2023. Our audits were made for the purpose of forming an opinion on the basic parent company financial statements taken as a whole. The schedules listed in the Index to the Supplementary Schedules are the responsibility of the Company's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68 and are not part of the basic parent company financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic parent company financial statements and, in our opinion, the information required to be set forth therein in relation to the basic parent company financial statements taken as a whole, are prepared in all material respects, in accordance with Philippine Financial Reporting Standards, as modified by the application of the financial reporting reliefs issued and approved by the Securities and Exchange Commission, as described in Note 2 to the parent company financial statements.

SYCIP GORRES VELAYO & CO.

Jennifer D. Ticlao

Jennifer D. Ticlao
Partner
CPA Certificate No. 109616
Tax Identification No. 245-571-753
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 109616-SEC (Group A)
Valid to cover audit of 2022 to 2026 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-110-2020, November 27, 2020, valid until November 26, 2023
PTR No. 9566008, January 3, 2023, Makati City

March 6, 2023

DMCI HOLDINGS, INC.

INDEX TO THE SUPPLEMENTARY SCHEDULES
DECEMBER 31, 2022

DMCI HOLDINGS, INC.
SUPPLEMENTARY INFORMATION AND DISCLOSURES REQUIRED UNDER REVISED SECURITIES REGULATION CODE (SRC) RULE 68
DECEMBER 31, 2022

Below are the additional information and schedules required by Revised SRC Rule 68 that are relevant to the Parent Company. This information is presented for purposes of filing with the SEC and is not required part of the basic parent company financial statements.

Schedule A. Financial Assets in Equity Securities
The Parent Company has no financial assets in equity securities as of December 31, 2022.

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (other than related parties)
There were no advances to employees of the Parent Company with balances above ₱100,000 as of December 31, 2022.

Schedule C. Amounts Receivable from/Payables to Related Parties which are eliminated during the Consolidated of Financial Statements
This schedule is not applicable.

Schedule D. Long-term Debt
The Parent Company has no long-term debt as of December 31, 2022.

Schedule E. Indebtedness to Related Parties (Long Term Loans from Related Companies)
The Parent Company has no indebtedness to related parties as of December 31, 2022.

Schedule F. Guarantees of Securities of Other Issuers
As at December 31, 2022, the Parent Company does not guarantee any securities.

Schedule G. Capital Stock

Title of issue	Number of shares authorized	Number of shares issued and outstanding at shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by		
				Related parties	Directors, officers and employees	Others
Preferred stock - ₱1 par value cumulative and convertible	100,000,000	960	–	–	–	960
Common stock - ₱1 par value	19,900,000,000	13,277,470,000	–	9,184,917,600	621,991,664	3,470,568,036
	20,000,000,000	13,277,470,960	–	9,184,917,600	621,991,664	3,470,568,996

DMCI HOLDINGS, INC.

SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDENDS DECLARATION FOR THE YEAR ENDED DECEMBER 31, 2022

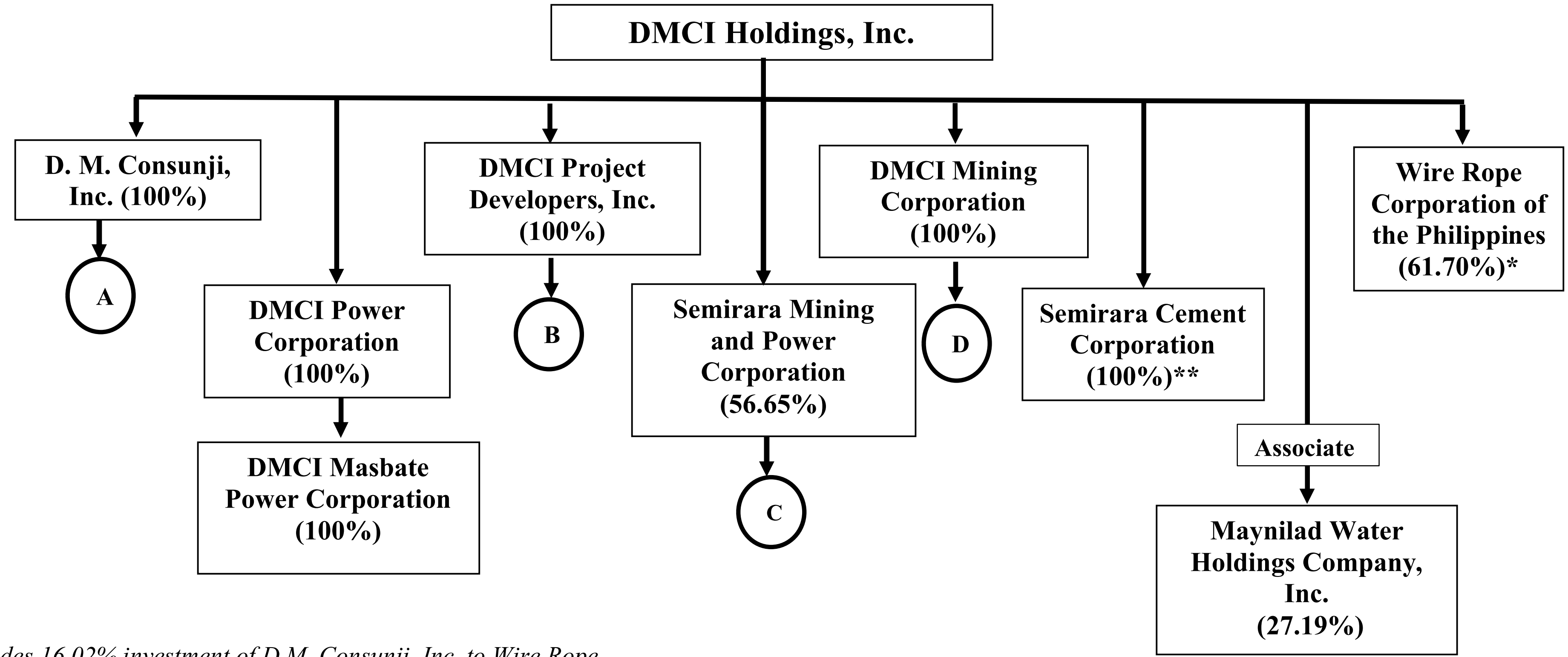
Unappropriated retained earnings, beginning		₱1,038,679,288
Adjustment to beginning unappropriated retained earnings:		
Treasury shares		7,068,577
Unappropriated retained earnings, adjusted to available for dividend declaration, beginning		**1,031,610,711**
Net income actually earned/realized during the period:		
Net income during the period closed to retained earnings	15,679,538,961	
Less: Non-actual/unrealized income net of tax	–	
Equity in net income of associate/joint venture	–	
Unrealized actuarial gain	–	
Fair value adjustment (M2M gains)	–	
Fair value adjustment of Investment Property resulting to gain	–	
Adjustment due to deviation from PFRS/GAAP-gain	–	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	–	
Deferred tax asset that reduced the amount of income tax expense	–	
Add: Non-actual losses		
Depreciation on revaluation increment (after tax)	–	
Adjustment due to deviation from PFRS/GAAP-loss	–	
Loss on fair value adjustment of investment property (after tax)	–	
Unrealized foreign exchange loss - net (except those attributable to cash and cash equivalents)	–	
Net income actually earned during the period		15,679,538,961
Add (Less):		
Dividend declarations during the period		(15,932,959,000)
Appropriations of retained earnings during the period		–
Reversals of appropriations		–
Effects of prior period adjustments		–
Treasury shares		–
TOTAL RETAINED EARNINGS, END AVAILABLE FOR DIVIDEND DECLARATION		**₱778,190,672**

DMCI HOLDINGS, INC.

MAP OF RELATIONSHIPS OF THE COMPANIES UNDER THE PARENT COMPANY

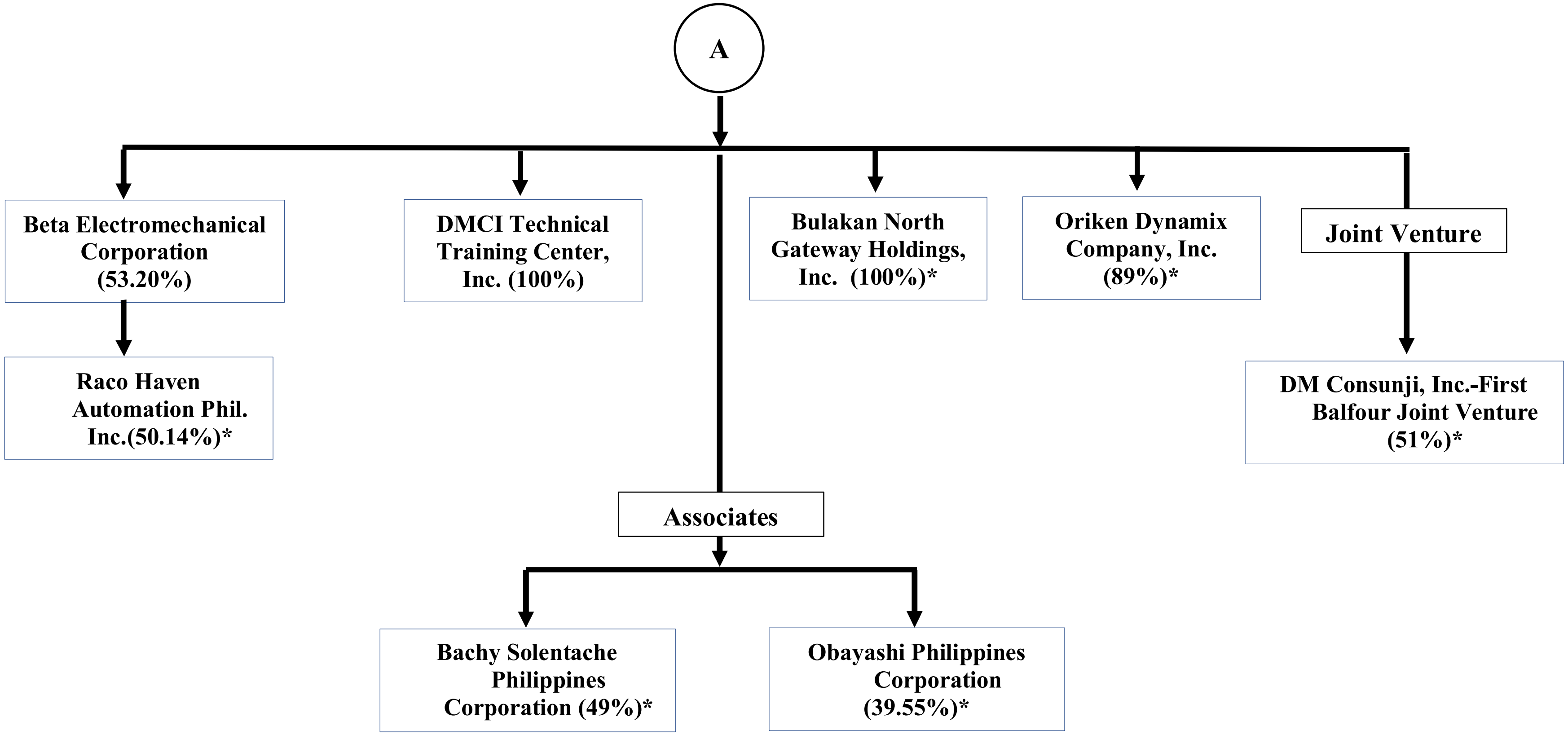
Group Structure

Below is a map showing the relationship between the Parent Company and the following companies as of December 31, 2022:

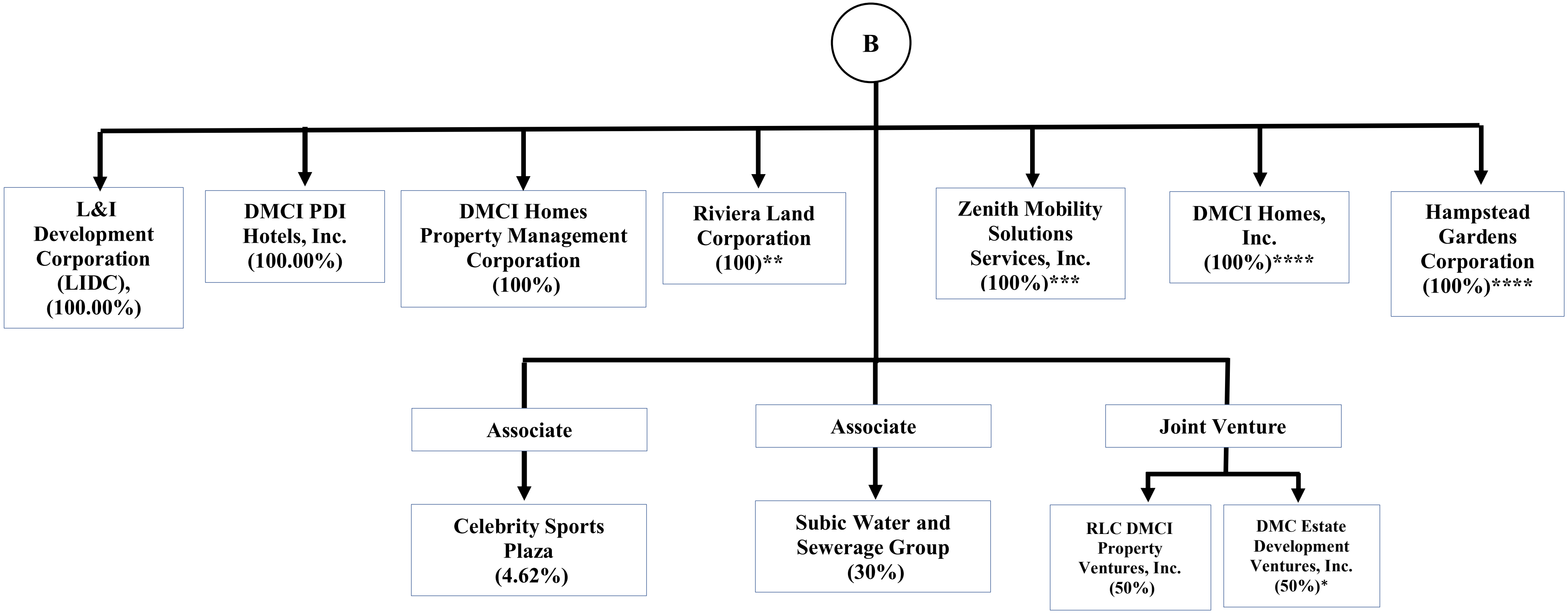


* *Includes 16.02% investment of D.M. Consunji, Inc. to Wire Rope.*

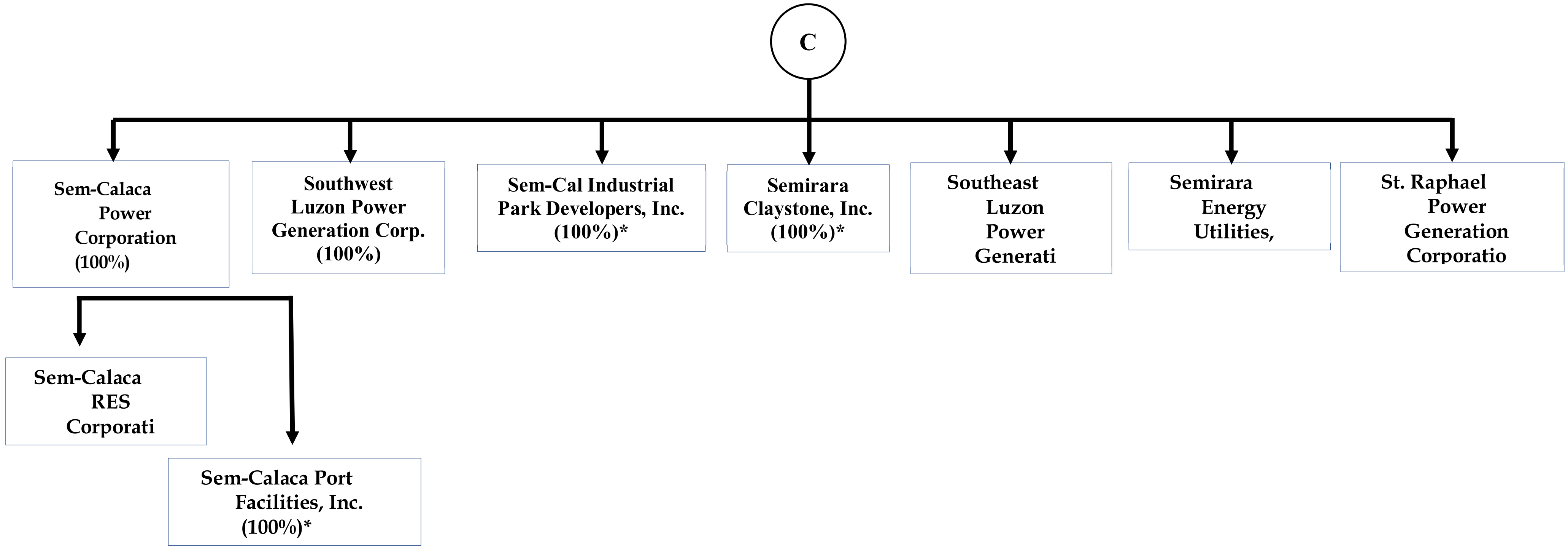
***Non-operating entity*



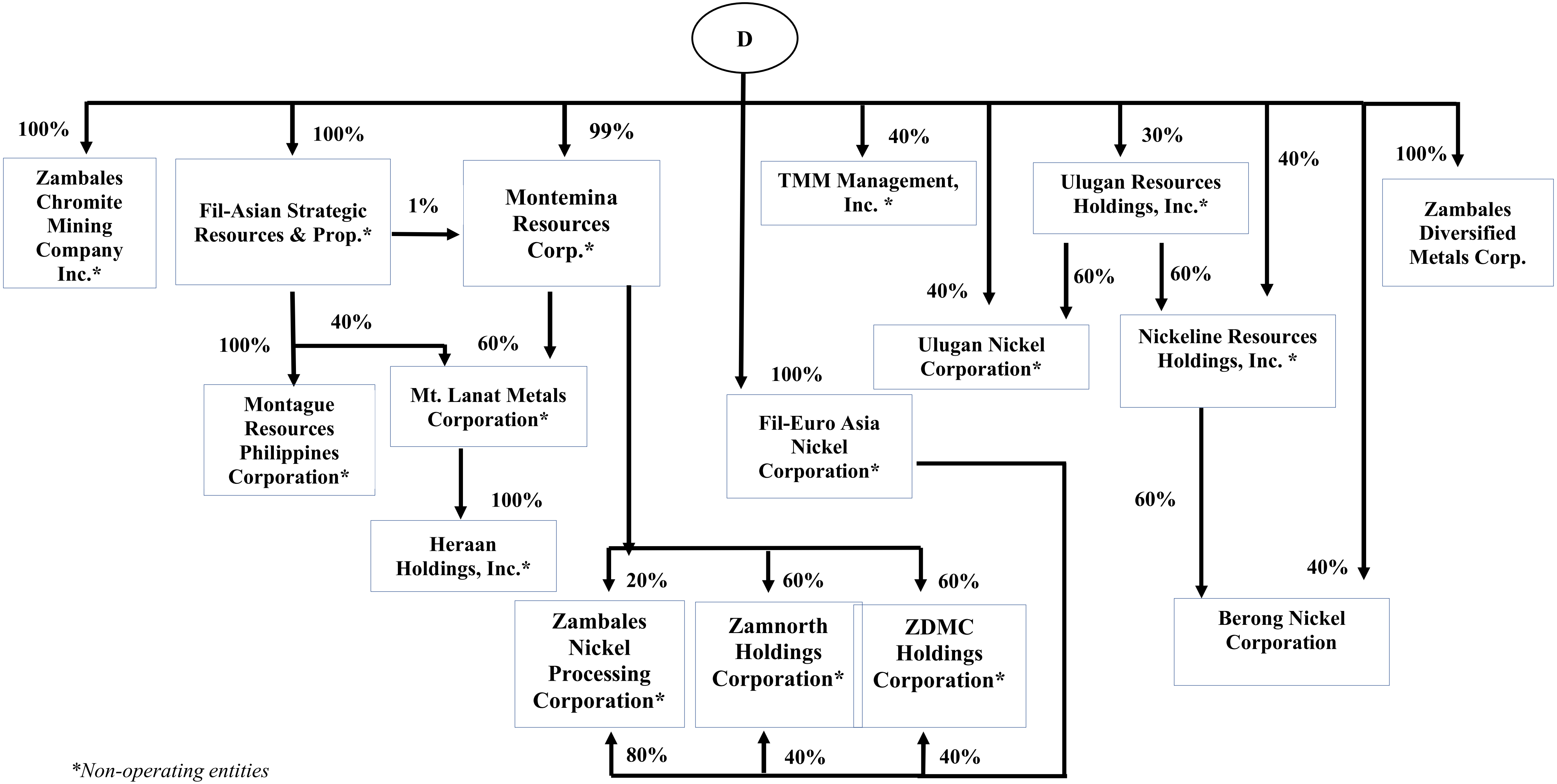
**Non-operating entities*



* *Established in 2021*
** *Includes the 34.12% interest of DMCI*
*** *Equity interest increased from 51% to 100% in 2020*
**** *Liquidating as of December 31, 2021*



**Non-operating entities*



Non-operating entities

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY) S. S.

I solemnly swear that all matters set forth in the General Form for Financial Statements (GFFS) has the basic and material data in the Audited Financial Statements of **DMCI HOLDINGS, INC.** for the year ended December 31, 2022 as contained in the accompanying diskette/CD are true and correct to the best of my knowledge and belief.

MA. EDWINA C. LAPERAL
Treasurer

SUBSCRIBED AND SWORN to before me this 14 APR 2023 day of ______, 2023 affiant exhibiting to me her TIN: 110-929-743

Doc No. 217
Page No. 45
Book No. XVI
Series of 2023

ATTY. RENEMA M. VILLA
Notary Public of Makati City
Appointment No. M-111
Until December 31, 2024
PTR No. MKT 9565544; 01-03-2023; Makati City
IBP Lifetime No. 013598; 12-27-2013; I.C.
Roll No. 37226
MCLE Compliance No. VII-0024195; 11-15-2022
Ground Floor, Makati Terraces Condominium
3650 Davila St., Brgy. Tejeros, Makati City 1204

Table 1. Balance Sheet

FINANCIAL DATA	2022 (in Php)	2021 (in Php)
A. ASSETS (A.1 + A.2 + A.3 + A.4 + A.5 + A.6+A.7+A.8+A.9+A.10)	**18,804,798,861**	**19,030,828,263**
A.1 Current Assets (A.1.1 + A.1.2 + A.1.3 + A.1.4 + A.1.5)	3,308,703,695	3,529,505,785
A.1.1 Cash and cash equivalents (A.1.1.1 + A.1.1.2 + A.1.1.3)	2,085,629,650	2,616,359,270
A.1.1.1 On hand	10,000	10,000
A.1.1.2 In domestic banks/entities	61,426,970	34,188,630
A.1.1.3 Short-term investments	2,024,192,680	2,582,160,640
A.1.2 Trade and Other Receivables (A.1.2.1 + A.1.2.2)	1,209,303,918	903,608,617
A.1.2.1 Due from domestic entities (A.1.2.1.1 + A.1.2.1.2 + A.1.2.1.3)	1,209,303,918	903,608,617
A.1.2.1.1 Due from related parties	1,202,593,366	903,074,266
A.1.2.1.2 Others, specify (A.1.2.1.2.1+A.1.2.1.2.2 +A.1.2.1.2.3)	9,525,310	3,349,109
A.1.2.1.2.1 Interest receivable	6,447,271	752,743
A.1.2.1.2.2 Advances to officers and employees	602,395	394,800
A.1.2.1.2.3 Others	2,475,644	2,201,566
A.1.2.1.3 Allowance for doubtful accounts (negative entry)	**(2,814,758)**	**(2,814,758)**
A.1.2.2 Due from foreign entities, specify (A.1.2.2.1 + A.1.2.2.2 + A.1.2.2.3)	-	-
A.1.2.2.1	-	-
A.1.2.2.2	-	-
A.1.2.2.3 Allowance for doubtful accounts (negative entry)	-	-
A.1.3 Inventories (A.1.3.1 + A.1.3.2)	-	-
A.1.3.1	-	-
A.1.3.2 Others, specify (A.1.3.2.1+A.1.3.2.2)	-	-
A.1.3.2.1	-	-
A.1.3.2.2	-	-
A.1.4 Financial Assets other than Cash/Receivables/Equity investments (A.1.4.1 + A.1.4.2 + A.1.4.3 + A.1.4.4+A.1.4.5+A.1.4.6)	-	-
A.1.4.1 Financial Assets at Fair Value through Profit or Loss - issued by domestic entities (A.1.4.1.1 + A.1.4.1.2 + A.1.4.1.3 + A.1.4.1.4 + A.1.4.1.5)	-	-
A.1.4.1.1 National Government	-	-
A.1.4.1.2 Public Financial Institutions	-	-
A.1.4.1.3 Public Non-Financial Institutions	-	-
A.1.4.1.4 Private Financial Institutions	-	-
A.1.4.1.5 Private Non-Financial Institutions	-	-
A.1.4.2 Held to Maturity Investments - issued by domestic entities (A.1.4.2.1 + A.1.4.2.2 + A.1.4.2.3 + A.1.4.2.4 + A.1.4.2.5)	-	-
A.1.4.2.1 National Government	-	-
A.1.4.2.2 Public Financial Institutions	-	-
A.1.4.2.3 Public Non-Financial Institutions	-	-
A.1.4.2.4 Private Financial Institutions	-	-
A.1.4.2.5 Private Non-Financial Institutions	-	-

NOTE:

This special form is applicable to Investment Companies and Publicly-held Companies (enumerated in Section 17.2 of the Securities Regulation Code (SRC), except banks and insurance companies). As a supplemental form to PHFS, it shall be used for reporting Consolidated Financial Statements of Parent corporations and their subsidiaries.

Domestic corporations are those which are incorporated under Philippine laws or branches/subsidiaries of foreign corporations that are licensed to do business in the Philippines where the center of economic interest or activity is within the Philippines. On the other hand, foreign corporations are those that are incorporated abroad, including branches of Philippine corporations operating abroad.

Financial Institutions are corporations principally engaged in financial intermediation, facilitating financial intermediation, or auxiliary financial services. Non-Financial institutions refer to corporations that are primarily engaged in the production of market goods and non-financial services.

Control No.:
Form Type: GFFS (rev 2006)

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: DMCI HOLDINGS, INC.
CURRENT ADDRESS: 2281 Don Chino Roces Avenue, Makati City
TEL. NO.: 8888-3000 **FAX NO.:**
COMPANY TYPE : HOLDING COMPANY **PSIC:**

If these are based on consolidated financial statements, please so indicate in the caption.

Table 1. Balance Sheet

FINANCIAL DATA	2022 (in Php)	2021 (in Php)
A.1.4.3 Loans and Receivables - issued by domestic entities: (A.1.4.3.1 + A.1.4.3.2 + A.1.4.3.3 + A.1.4.3.4 + A.1.4.3.5)	-	-
A.1.4.3.1 National Government	-	-
A.1.4.3.2 Public Financial Institutions	-	-
A.1.4.3.3 Public Non-Financial Institutions	-	-
A.1.4.3.4 Private Financial Institutions	-	-
A.1.4.3.5 Private Non-Financial Institutions	-	-
A.1.4.4 Available-for-sale financial assets - issued by domestic entities: (A.1.4.4.1 + A.1.4.4.2 + A.1.4.4.3 + A.1.4.4.4 + A.1.4.4.5)	-	-
A.1.4.4.1 National Government	-	-
A.1.4.4.2 Public Financial Institutions	-	-
A.1.4.4.3 Public Non-Financial Institutions	-	-
A.1.4.4.4 Private Financial Institutions	-	-
A.1.4.4.5 Private Non-Financial Institutions	-	-
A.1.4.5 Financial Assets issued by foreign entities: (A.1.4.5.1+A.1.4.5.2+A.1.4.5.3+A.1.4.5.4)	-	-
A.1.4.5.1 Financial Assets at fair value through profit or loss	-	-
A.1.4.5.2 Held-to-maturity investments	-	-
A.1.4.5.3 Loans and Receivables	-	-
A.1.4.5.4 Available-for-sale financial assets	-	-
A.1.4.6 Allowance for decline in market value (negative entry)	-	-
A.1.5 Other Current Assets (state separately material items) (A.1.5.1 + A.1.5.2 + A.1.5.3)	13,770,127	9,537,898
A.1.5.1 Prepaid expenses	1,782,205	186,192
A.1.5.2 Input value added tax	9,383,213	6,870,626
A.1.5.3 Refundable deposits	2,604,709	2,481,080
A.2 Property, plant, and equipment (A.2.1 + A.2.2 + A.2.3 + A.2.4 + A.2.5 + A.2.6)	7,211,429	6,888,340
A.2.1 Office Furniture, Fixture and Equipment	11,401,173	10,843,020
A.2.2 Transportation Equipment	10,946,639	10,690,211
A.2.3 Leasehold Improvement	13,619,002	13,619,002
A.2.4 Appraisal increase, specify (A.2.4.1 + A.2.4.2)	-	-
A.2.4.1	-	-
A.2.4.2	-	-
A.2.5 Accumulated Depreciation (**negative entry**)	(28,755,385)	(28,263,893)
A.2.6 Impairment Loss or Reversal (if loss, negative entry)	-	-
A.3 Investments accounted for using the cost method (A.3.1 + A.3.2 + A.3.3)	15,449,837,512	15,449,837,512
A.3.1 Investments in domestic subsidiaries/associates/affiliates	15,449,837,512	15,449,837,512
A.3.2 Investments in foreign subsidiaries/associates/affiliates	-	-
A.3.3 Others, specify (A.3.3.1)	-	-
A.3.3.1	-	-
A.4 Investment Property	-	-
A.5 Biological Assets	-	-
A.6 Intangible Assets (A.6.1 + A.6.2)	-	-
A.6.1 Major item/s, specify (A.6.1.1 + A.6.1.2)	-	-
A.6.1.1	-	-
A.6.1.2	-	-
A.6.2 Others, specify (A.6.2.1 + A.6.2.2)	-	-
A.6.2.1		
A.6.2.2		
A.7 Assets Classified as Held for Sale	-	-
A.8 Assets included in Disposal Groups Classified as Held for Sale	-	-

s

Control No.:
Form Type: GFFS (rev 2006)

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: DMCI HOLDINGS, INC.
CURRENT ADDRESS: 2281 Don Chino Roces Avenue, Makati City
TEL. NO.: 8888-3000 **FAX NO.:**
COMPANY TYPE : HOLDING COMPANY **PSIC:**

If these are based on consolidated financial statements, please so indicate in the caption.

Table 1. Balance Sheet

FINANCIAL DATA	2022 (in Php)	2021 (in Php)
A.9 Long-term receivables (net of current portion) (A.9.1 + A.9.2 + A.9.3)	-	-
A.9.1. From domestic entities, specify (A.9.1.1 + A.9.1.2)	-	-
A.9.1.1	-	-
A.9.1.2	-	-
A.9.2 From foreign entities, specify (A.9.2.1 + A.9.2.2)	-	-
A.9.2.1	-	-
A.9.2.2	-	-
A.9.3 Allowance for doubtful accounts, net of current portion (negative entry)	-	-
A.10 Other Assets (A.10.1 + A.10.2 + A.10.3 + A.10.4+A.10.5)	39,046,225	44,596,626
A.10.1 Pension assets	28,557,478	34,107,879
A.10.2 Deferred charges	441,573	441,573
A.10.3 Refundable deposits		
A.10.4 Others, specify (A.10.4.1 + A.10.4.2 + A.10.4.3)	10,047,174	10,047,174
A.10.4.1 Development Cost	8,289,674	8,289,674
A.10.4.2 Other Asset - G&W Club Share	1,757,500	1,757,500
A.10.4.3 Right of use asset	-	-
A.10.5 Allowance for write-down of deferred charges/bad accounts (**negative entry**)	-	-
B. LIABILITIES (B.1 + B.2 + B.3 + B.4 + B.5)	**83,004,751**	**51,082,693**
B.1 Current Liabilities (B.1.1 + B.1.2 + B.1.3 + B.1.4 + B.1.5 + B.1.6 + B.1.7)	75,116,605	43,443,479
B.1.1 Trade and Other Payables to Domestic Entities (B.1.1.1 + B.1.1.2 + B.1.1.3 + B.1.1.4)	75,116,605	43,340,220
B.1.1.1 Trade	1,937,649	2,231,063
B.1.1.2 Accrued professional fees	7,384,666	8,007,690
B.1.1.3 Payables to Related Parties, specify (B.1.1.3.1 + B.1.1.3.2)	-	-
B.1.1.3.1	-	-
B.1.1.3.2	-	-
B.1.1.4 Others, specify (B.1.1.4.1 + B.1.1.4.2)	65,794,290	33,101,467
B.1.1.4.1 Dividends payable	61,600,414	29,670,396
B.1.1.4.2 Others	4,193,876	3,431,071
B.1.2 Trade and Other Payables to Foreign Entities (specify) (B.1.2.1+B.1.2.2+B.1.2.3+B.1.2.4)	-	-
B.1.2.1	-	-
B.1.3 Provisions	-	-
B.1.4 Financial Liabilities (excluding Trade and Other Payables and Provisions) (B.1.4.1)	-	-
B.1.4.1 Lease liability	-	-
B.1.5 Liabilities for Current Tax	-	103,259
B.1.6 Deferred Tax Liabilities	-	-
B.1.7 Others, specify (If material, state separately; indicate if the item is payable to public/private or financial/non-financial institutions)	-	-
B.1.7.1	-	-
B.1.7.6 Any other current liability in excess of 5% of Total Current Liabiilities, specify: (B.1.7.6.1 + B.1.7.6.2 + B.1.7.6.3 + B.1.7.6.4)	-	-
B.1.7.6.1	-	-

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SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF DMCI HOLDINGS, INC.
CURRENT ADDRESS: 2281 Don Chino Roces Avenue, Makati City
TEL. NO.: 8888-3000 **FAX NO.:**
COMPANY TYPE : HOLDING COMPANY **PSIC:**

If these are based on consolidated financial statements, please so indicate in the caption.

Table 1. Balance Sheet

FINANCIAL DATA	2022 (in Php)	2021 (in Php)
B.2 Long-term Debt - Net of current portion (B.2.1 + B.2.2 + B.2.3 + B.2.4 + B.2.5)	-	-
B.2.1 Domestic Public Financial Institutions	-	-
B.2.2 Domestic Public Non-Financial Institutions	-	-
B.2.3 Domestic Private Financial Institutions	-	-
B.2.4 Domestic Private Non-Financial Institutions	-	-
B.2.5 Foreign Financial Institutions	-	-
B.3 Indebtedness to Affiliates and Related Parties (Non-Current)	-	-
B.4 Liabilities Included in the Disposal Groups Classified as Held for Sale	-	-
B.5 Other Liabilities (B.5.1 + B.5.2)	7,888,146	7,639,214
B.5.1 Non-current portion liability for purchased land	-	-
B.5.2 Others,	7,888,146	7,639,214
B.5.2.2 Deferred tax lliability - net	7,888,146	7,639,214
B.5.2.5 Others		
C. EQUITY (C.3 + C.4 + C.5 + C.6 + C.7 + C.8)	**18,721,794,110**	**18,979,745,570**
C.1 Authorized Capital Stock (no. of shares, par value and total value; show details) (C.1.1+C.1.2)	20,000,000,000	20,000,000,000
C.1.1 Common shares, Php1 par value, 19,900,000,000 authorized capital shares	19,900,000,000	19,900,000,000
C.1.2 Preferred Shares, Php 1 par value, 100,000,000 authorized capital shares	100,000,000	100,000,000
C.2 Subscribed Capital Stock (no. of shares, par value and total value)		
C.2.1 Common shares	-	-
C.2.2 Preferred Share	-	-
C.3 Paid-up Capital Stock (C.3.1 + C.3.2)	13,277,473,780	13,277,473,780
C.3.1 Common share:	13,277,470,000	13,277,470,000
C.3.2 Preferred Share	3,780	3,780
C.4 Additional Paid-in Capital / Capital in excess of par value / Paid-in Surplus	4,672,393,925	4,672,393,925
C.5 Others, specify (C.5.1)	(6,264,267)	(1,732,846)
C.5.1 Remeasurement losses on retirement plan - net	(6,264,267)	(1,732,846)
C.7 Retained Earnings (C.7.1 + C.7.2)	785,259,249	1,038,679,288
C.7.1 Appropriated	-	-
C.7.2 Unappropriated	785,259,249	1,038,679,288
C.8 Cost of Stocks Held in Treasury (negative entry)	**(7,068,577)**	**(7,068,577)**
D. TOTAL LIABILITIES AND EQUITY (B + C)	**18,804,798,861**	**19,030,828,263**

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SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: DMCI HOLDINGS, INC.
CURRENT ADDRESS: 2281 Don Chino Roces Avenue, Makati City
TEL. NO.: 8888-3000 FAX NO.:
COMPANY TYPE : HOLDING COMPANY PSIC:

If these are based on consolidated financial statements, please so indicate in the caption.

Table 2. Income Statement

FINANCIAL DATA	2022	2021
A. REVENUE / INCOME (A.1 + A.2 + A.3 + A.4)	**15,796,584,071**	**11,554,296,604**
A.1 Net Sales or Revenue / Receipts from Operations (manufacturing, mining,utilities, trade, services, etc.) (from Primary Activity)	-	-
A.2 Share in the Profit or Loss of Associates and Joint Ventures accounted for using the Equity Method	-	-
A.3 Other Revenue (A.3.1 + A.3.2 + A.3.3)	15,747,622,145	11,530,344,111
A.3.1 Dividend income	15,747,622,145	11,530,344,111
A.3.2 Management fee	-	-
A.3.3 Others, specify (A.3.3.1)	-	-
A.3.3.1	-	-
A.4 Other Income (non-operating) (A.4.1 + A.4.2 + A.4.3 + A.4.4)	48,961,926	23,952,493
A.4.1 Interest Income	48,882,642	23,539,457
A.4.2 Gain / (**Loss**) from selling of Assets, specify (A.4.2.1 + A.4.2.2 + A.4.2.3)	79,284	413,036
A.4.3.1 Gain on sale of investment property	-	-
A.4.3.2 Gain on sale of property and equipment	79,284	413,036
A.4.3.3 Others	-	-
A.4.3 Unrealized Gain / (**Loss**) on Foreign Exchange (A.4.3.1)	-	-
A.4.3.1 Foreign Exchange gain or loss	-	-
A.4.4 Others, specify (A.4.4.1 + A.4.4.2)	-	-
A.4.4.1 Pension income	-	-
A.4.4.2 Miscellaneous Income		
B. COST OF GOODS SOLD (B.1 + B.2 + B.3)	**-**	**-**
B.1 Cost of Goods Manufactured	-	-
B.2 Finished Goods, Beginning	-	-
B.3 Finished Goods, End (**negative entry**)	-	-
C. COST OF SALES (C.1 + C.2 + C.3 + C.4 + C.5 + C.6 + C.7 + C.8 + C.9)	**-**	**-**
C.1 Fuel and lubricants	-	-
C.2 Cost of real estate inventory	-	-
C.3 Materials and supplies	-	-
C.4 Depreciation and amortization	-	-
C.5 Outside services	-	-
C.6 Hauling, shiploading and handling costs	-	-
C.7 Direct labor	-	-
C.8 Production overhead	-	-
C.9 Others	-	-
D. COST OF SERVICES, SPECIFY (D.1 + D.2 + D.3 + D.4 + D.5 + D.6+ D.7+ D.8+ D.9)	**-**	**-**
D.1 Materials and supplies	-	-
D.2 Outside services	-	-
D.3 Direct labor	-	-
D.4 Spot purchases	-	-
D.5 Production overhead	-	-
D.6 Depreciation and amortization	-	-
D.7 Fuel and lubricants	-	-
D.8 Hauling, shiploading and handling costs	-	-
D.9 Others	-	-

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SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: DMCI HOLDINGS, INC.

CURRENT ADDRESS: 2281 Don Chino Roces Avenue, Makati City

TEL. NO.: 8888-3000 **FAX NO.:**

COMPANY TYPE : HOLDING COMPANY **PSIC:**

If these are based on consolidated financial statements, please so indicate in the caption.

Table 2. Income Statement

FINANCIAL DATA	2022	2021
E. OTHER DIRECT COSTS, SPECIFY (E.1 + E.2 + E.3 + E.4 + E.5 + E.6)	-	-
E.1	-	-
E.2	-	-
E.3	-	-
E.4	-	-
E.5	-	-
E.6	-	-
F. GROSS PROFIT (A - B - C - D - E)	**15,796,584,071**	**11,554,296,604**
G. OPERATING EXPENSES (G.1 + G.2 + G.3 + G.4)	**108,270,010**	**59,514,265**
G.1 Professional fees	22,443,294	19,431,775
G.2 Salaries, wages and employee benefits	14,758,652	14,628,015
G.3 Taxes and licenses	51,540,376	10,622,414
G.4 Other Expenses, specify (G.4.1 + G.4.2 + G.4.3 + G.4.4 + G.4.5 + G.4.6 + G.4.7 + G.4.8 + G.4.9 + G.4.10 + G.4.11 + G.4.12+ G.4.13)	19,527,688	14,832,061
G.4.1 Depreciation	2,276,346	1,662,283
G.4.2 Advertising and promotion	2,645,822	1,558,891
G.4.3 Entertainment, amusement and recreation	1,960,078	471,036
G.4.4 Supplies	499,979	1,018,657
G.4.5 Contributrion and donation	100,000	100,000
G.4.6 Communication, light and water	1,815,603	1,506,253
G.4.7 Contracted services	1,277,264	1,054,142
G.4.8 Rent	3,340,755	3,122,234
G.4.9 Repairs and maintenance	717,935	317,111
G.4.10 Fuel and oil	442,236	288,990
G.4.11 Transportation and travel	517,569	38,271
G.4.12 Provision for doubtful accounts		
G.4.13 Miscellaneous	4,425,595	3,009,553
G.4.14 Unrealized foreign exchange loss		
G.4.15 Pension expense (income)	(491,494)	684,640
H. FINANCE COSTS	-	-
I. NET INCOME (Loss) BEFORE TAX (F - G - H)	**15,688,314,061**	**11,494,782,339**
J. INCOME TAX EXPENSE (negative entry)	**(8,775,100)**	**(2,849,134)**
K. INCOME AFTER TAX	**15,679,538,961**	**11,491,933,205**
L. Amount of (i) Post-Tax Profit or Loss of Discontinued Operations; and (ii) Post-Tax Gain or Loss Recognized on theMeasurement of Fair Value less Cost to Sell or on the Disposal of the Assets or Disposal Group(s) constituting the Discontinued Operation	-	-
L.1 **Gain from sale of discontinued operation**	-	-
L.2 **Net income from discontinued operation**	-	-
M. Profit or Loss Attributable to Minority Interest	-	-
N. Profit or Loss Attributable to Equity Holders of the Parent	-	-

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SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: DMCI HOLDINGS, INC.
CURRENT ADDRESS: 2281 Don Chino Roces Avenue, Makati City
TEL. NO.: 8888-3000 FAX NO.:
COMPANY TYPE : HOLDING COMPANY PSIC:

If these are based on consolidated financial statements, please so indicate in the caption.

Table 4. Statement of Changes in Equity

FINANCIAL DATA	Capital Stock	Additional Paid-in Capital	Treasury Shares-Preferred	Unappropriated Retained Earnings	Appropriated Retained Earnings	Remeasurement Gains (Losses) on Retirement Plans	TOTAL
Balance, *December 31, 2020*	**13,277,473,780**	**4,672,393,925**	**(7,068,577)**	**2,293,117,283**	**-**	**444,048**	**20,236,360,459**
Comprehensive Income	**-**	**-**		**11,491,933,205**	**-**	**(2,176,894)**	**11,489,756,311**
Net income for the year	-	-	-	11,491,933,205	-	-	11,491,933,205
Other Comprehensive income	-	-	-	-	-	(2,176,894)	(2,176,894)
Dividends (negative entry)	**-**	**-**	**-**	**(12,746,371,200)**	**-**	**-**	**(12,746,371,200)**
Cash Dividends declared	-	-	-	(12,746,371,200)	-	-	**(12,746,371,200)**
Balance, *December 31, 2021*	**13,277,473,780**	**4,672,393,925**	**(7,068,577)**	**1,038,679,288**	**-**	**(1,732,846)**	**18,979,745,570**
Comprehensive Income	**-**	**-**		**15,679,538,961**	**-**	**(4,531,421)**	**15,675,007,540**
Net income for the year	-	-	-	15,679,538,961	-	-	15,679,538,961
Other Comprehensive income	-	-	-	-	-	(4,531,421)	(4,531,421)
Dividends (negative entry)	**-**	**-**	**-**	**(15,932,959,000)**	**-**	**-**	**(15,932,959,000)**
Cash Dividends declared	-	-	-	(15,932,959,000)	-	-	**(15,932,959,000)**
Balance, *December 31, 2022*	**13,277,473,780**	**4,672,393,925**	**(7,068,577)**	**785,259,249**	**-**	**(6,264,267)**	**18,721,794,110**

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SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF DMCI HOLDINGS, INC.
CURRENT ADDRESS: 2281 Don Chino Roces Avenue, Makati City
TEL. NO.: 8888-3000 **FAX NO.:**
COMPANY HOLDING COMPANY **PSIC:**

If these are based on consolidated financial statements, please so indicate in the caption.

Table 3. Cash Flow Statements

FINANCIAL DATA	2022 (in Php)	2021 (in Php)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income (Loss) from Continuing Operations Before Tax and Extraordinary Items	15,688,314,061	11,494,782,339
Net Income (Loss) from Discontinued Operations Before Tax and Extraordinary Items	-	-
Net Income (Loss) Before Tax and Extraordinary Items	**15,688,314,061**	**11,494,782,339**
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities		
Depreciation & Amortization	2,276,346	1,662,283
Others, specify: Unrealized foreign currency exchange gain	-	-
Interest expense on lease liability (under operating expense)	-	-
Gain on sale of property plant and equipment and investment properties	(79,284)	(413,036)
Net Pension (Income) Expense	(491,494)	684,640
Finance income	(48,882,642)	(23,539,457)
Dividend income	(15,747,622,145)	(11,530,344,111)
Changes in Assets and Liabilities:		
Decrease (Increase) in:		
Receivables	(603,168)	137,772
Other Current Assets	(4,232,229)	(2,449,425)
Other noncurrent assets	-	-
Increase (Decrease) in:		
Accounts and Other Payables	1,474,672	(5,638,405)
Interest received	43,188,114	23,030,536
Income taxes paid	(8,755,485)	(5,507,310)
A. Net Cash used in Operating Activities (sum of above rows)	**(75,413,254)**	**(47,594,174)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to Property, Plant, and Equipment	(2,790,295)	(3,608,814)
Others, speci Proceeds from disposal of investment property	–	–
Proceeds from sale of property and equipment	270,144	462,600
Dividend received	15,447,622,145	11,330,344,111
Collection of Recievable wholly owned subsidiary	610,622	717,410,555
Decrease in other noncurrent assets		1,058,913
B. Net Cash Provided by Investing Activities (sum of above rows)	**15,445,712,616**	**12,045,667,365**
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of:		
Lease liabilities	-	-
Redemption of preferred shares	–	–
Dividends	(15,901,028,982)	(12,731,094,437)
Increase (decrease) in:		
Other noncurrent liabilities	-	-
Payable to related parties	-	-
Others, specify (**negative entry**):	-	-
C. Net Cash Used in Financing Activities (sum of above rows)	**(15,901,028,982)**	**(12,731,094,437)**
D. Effect of exchange rate changes on cash & cash equivalents	**-**	**-**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C + D)	**(530,729,620)**	**(733,021,246)**
Cash and Cash Equivalents		
Beginning of year	2,616,359,270	3,349,380,516
End of the year	**2,085,629,650**	**2,616,359,270**