COVER SHEET

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SEC Registration Number

DMCI HOLDINGS, INC.

(Company's Full Name)

3RD FLR. DACON BLDG. 2281

CHINO ROCES AVE. MAKATI CITY

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

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

1 2	3 1	**SEC Form 17-Q** **First Quarter Interim Report 2023**	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

STAMPS

Remarks: Please use BLACK ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarter ended **March 31, 2023**

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

DMCI Holdings, Inc.

4. Exact name of issuer as specified in its charter

5. Philippines 6. (SEC Use Only)

Province, Country or other jurisdiction of incorporation or organization

Industry Classification Code:

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

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

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

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

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

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

Yes [X]   No [ ]

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

Philippine Stock Exchange	Class "A" Shares
	Preferred Shares

12. Indicate by check mark whether the registrant:

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

Yes [X]   No   [   ]

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

Yes   [X]   No   [   ]

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

The Financial Statements as of and for the period ended **March 31, 2023** are contained herein.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF CONSOLIDATED OPERATIONS AND CONSOLIDATED FINANCIAL CONDITION AS OF AND FOR THE PERIODS ENDED MARCH 31, 2023 AND 2022

March 31, 2023 (Unaudited) vs March 31, 2022 (Unaudited)

I. RESULTS OF OPERATIONS

The table below summarizes the performance of DMCI Holdings, Inc. (PSE: DMC), its subsidiaries and associate, also collectively referred to as "the DMCI Group", for the periods ended March 31, 2023 and 2022.

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

- DMCI Project Developers, Inc. (DMCI Homes), a wholly-owned subsidiary, is one of the leading mid-segment developers in the Philippines, offering best-in-class amenities and value-for-money properties in Metro Manila and other key urban areas. 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 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 service provider 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 March (Q1)**		
	2023	**2022**	**Change**
I. SMPC (57%)	5,114	8,520	-40%
II. DMCI Homes	1,104	1,414	-22%
III. Maynilad	523	319	64%
IV. DMCI Mining	473	499	-5%
V. D.M. Consunji, Inc.	273	367	-26%
VI. DMCI Power	134	132	2%
VII. Parent and others	(1)	8	-113%
Core Net Income	**7,620**	**11,259**	**-32%**
Nonrecurring Items	(4)	1	-500%
Reported Net Income	**7,616**	**11,260**	**-32%**
EPS (reported)	**0.57**	**0.85**	**-32%**

Q1 2023 vs Q1 2022 Consolidated Highlights

- The DMCI Group (DMC) posted a 32-percent decline in reported net income (RNI) from Php 11.26 billion to Php 7.62 billion mainly due to the high base effect, as it generated its best-ever quarterly profit during the same period of the previous year. Consequently, earnings per share (EPS) and return on equity resulted to Php 0.57 and 7.4%, respectively.

  When comparing quarterly performances, RNI more than doubled (120%) from Php 3.46 billion and grew even faster (178%) versus its pre-pandemic (Q1 2019) bottom line of Php 2.74 billion.

Revenues fell by 25% from Php 43.77 billion to Php 33.03 billion due to lower commodity shipments, easing coal prices, reduced construction accomplishments, and fewer real estate accounts that qualified for revenue recognition.

Cash costs declined by 19% from Php 23.79 billion to Php 19.18 billion as government share, coal and nickel production, and construction accomplishments all declined during the period. Cash costs declined slower than revenues (19% versus 25%) owing to exceptional coal selling prices last year and higher plant repairs and maintenance expenses.

Other income-net plunged by 59% from Php 802 million to Php 329 million primarily due to the net foreign exchange losses recognized by SMPC, tempered by higher fly ash sales and income from forfeitures by DMCI Homes.

Consequently, core EBITDA margin contracted from 45.6% to 41.9%, while net income margin (attributable to parent equity shareholders) shrank from 40.7% to 34.9%.

- Top profit contributors were SMPC, DMCI Homes and Maynilad, which accounted for 88% of total core net income.

- Excluding nonrecurring items, core net income receded by 32% from Php 11.26 billion to Php 7.62 billion. Nonrecurring items (NRI) in 2022 and 2023 pertain to Maynilad's donations, as well as foreign exchange gains and losses.

- Last March 29, DMC declared regular and special cash dividends totalling to Php 0.72 per share or Php 9.56 billion. Payout was made on April 28.

  In effect, current ratio dropped from 2.90x to 2.38x. Net debt to equity ratio went down from 18% to 13% as dividend payout reduced equity capital. This, combined with strong operating results, resulted in a 2-percent dip in book value per share from 7.79 to 7.65. Financial position remained healthy as of March 31.

Q1 2023 vs Q1 2022 Subsidiaries and Associate Performance

I. Semirara Mining and Power Corporation (SMPC)

Core net income contribution from SMPC shrank by 40% from Php 8.52 billion to Php 5.11 billion primarily due to high base effect as the company recorded all-time high quarterly earnings during the same period last year.

The weak performance of the coal segment was offset by the record-breaking results of the power segment. To further explain:

Coal Segment

- **Weaker topline and profits.** Standalone revenue sank by 40% from Php 25.72 billion to Php 15.49 billion on lower shipments and selling prices. Meanwhile, reported net income slumped by 51% from Php 14.22 billion to Php 6.96 billion on topline weakness and slower decline in cash costs.

- **Lower shipments.** Total shipments dropped by 31% from 5.1 million metric tons (MMT) to 3.5 MMT as the company pulled back on exports due to price volatility. Foreign shipments contracted by 52% from 3.1 MMT to 1.5 MMT, while domestic sales was unchanged year-on-year (2.0 MMT).

  China shipments shrank by 52% from 2.2 MMT to 1.1 MMT, and accounted for 72% of exports. South Korea was a steady market at 0.3 MMT, accounting for one-fifth of foreign sales. The rest of the exports went to Japan (5%) and Brunei (3%).

  Sales to owned plants soared by 80% from 0.5 MMT to 0.9 MMT on higher SCPC and SLPGC plant availability. Higher internal utilization offset slower external sales, which declined by 27% from 1.5 MMT to 1.1 MMT.

- **Softening coal prices.** Semirara coal average selling prices (ASP) decelerated by 14% from Php 5,125 per metric ton (MT) to Php 4,427 per MT on sluggish external sales and higher shipments of non-commercial grade coal, which doubled from 0.3 MMT to 0.6 MMT.

  Average Newcastle prices slipped by 6% from US$263.7 to US$247.8, while average Indonesian Coal Index 4 (ICI4) dropped by 7% from US$82.3 to US$76.8.

  Quarter-over-quarter, the declines were more pronounced due to higher China production, milder-than-expected winter season and receding natural gas prices. NEWC subsided by 35% from US$379.5 while ICI4 contracted by 15% from US$90.5.

- **Slower COS-cash decline.** The cash component of cost of sales (COS) fell by 9% (versus 40% topline decline) from Php 4.50 billion to Php 4.10 billion mainly due to lower shipments and exceptionally high selling prices last year.

- **Increased operating and other expenses.** Operating expenses grew by 48% from Php 165 million to Php 244 million on higher labor costs, acquisition and renewal of system licenses and office renovation expenses.

The company recognized Php 426 million in net forex losses in other expenses (from Php 185 million in net foreign exchange gains last year) as the Philippine peso appreciated versus the US dollar. As of end of Q1 2023, 64% of net foreign exchange losses remained unrealized.

- **Reduced margins.** Core EBITDA margin narrowed from 58% to 51% on weaker topline, balanced out by lower government share. Consequently, net income margin slimmed from 55% to 45% due to the combined effect of higher other expenses, lower noncash items and higher finance income. Finance income expanded by 35x from Php 6 million to Php 208 million following robust cash balances and higher investment yields from marketable securities.

The segment also reported the following operational highlights:

- **Production slowdown.** Production declined by 9% due to the depletion of South Block 5, advance stripping activities in South Block 6 (a new area in Molave mine) and resumption of operations in Narra mine.

  In effect, total materials moved rose by 31% from 42.1 million bank cubic meters (BCM) to 55.2 BCM. Strip ratio surged by 50% from 5.6 to 8.4 largely driven by higher Narra mine strip ratio, which stood at 24.51. Accounting for 89% of total production, Molave mine had a strip ratio of 7.47.

  Full-year average strip ratio guidance is 12.32, a slight improvement from the previous guidance of 12.75.

- **Inventory growth.** Robust production and slower exports led to a 63-percent upsurge in total coal ending inventory from 2.7 MMT to 4.4 MMT. High-grade coal inventory also rose by double-digits (55%) from 2.0 MMT to 3.1 MMT.

Power

At the standalone level, power revenues expanded by 59% from Php 4.81 billion to Php 7.66 billion, the highest for any given quarter. Standalone net income, on the other hand, more than doubled (170%) from Php 774 million to Php 2.09 billion, the highest for a Q1 period.

The outstanding results were attributable to the following:

- **Improved plant availability.** Overall plant availability improved from 58% to 86% largely driven by improved SCPC availability following the commercial operation of Unit 2 on October 9, 2022.

  SCPC availability nearly doubled from 50% to 99%, while SLPGC availability likewise improved from 65% to 72%.

Total average capacity surged by 32% from 520 MW to 688 MW as SCPC Unit 2 was down from January to March last year.

- **Higher gross generation and sales.** Total gross generation recovered by 44% from 914 GWh to 1,316 GWh as both SCPC and SLPGC recorded better plant availability and average capacity.

  Consequently, total power sales accelerated by 37% from 908 GWh to 1,241 GWh, bulk (71%) of which was sold to the spot market. Spot sales swelled by 69% from 522 GWh to 880 GWh on higher overall output and lower contracted capacity.

  BCQ sales declined by 6% from 386 GWh to 361 GWh following a slight drop (2%) in contracted capacity from 190.35 MW to 189.15 MW in January 2022 and January 2023.

- **Double-digit ASP growth.** While average selling prices to WESM (spot) subsided by 2% from P6.84/KWh to P6.69/KWh, higher spot sales and BCQ prices boosted overall ASP, which grew by 17% from P5.29/KWh to P6.17/KWh.

  BCQ ASP jumped by 53% from P3.20/KWh to P4.90/KWh owing to the fuel pass-through provisions and renegotiated contracts with better pricing.

- **High uncontracted capacity.** At the end of Q1 2023, only 26% of the 720MW dependable capacity was tied to contracts (188.7 MW), which were mostly under SLPGC (76% or 143.7MW).

  Net of station service (59.4MW), which varies from time to time, the segment had 471.9MW capacity exposed to the spot market. Station service pertains to the electricity produced by the plant that is used within the facility to power the lights, motors, control systems and other auxiliary electrical loads that are necessary for plant operation.

- **Lower replacement power purchases.** Total spot purchases contracted by 33% from Php 493 million to Php 331 million because of better plant availability and capacity, coupled with slightly lower contracted capacity. The segment was a net seller to the market by 834 GWh (vs 453 GWh in Q1 2022)

At the standalone level, SMPC reported net income dropped by 40% from Php 15.03 billion to Php 9.03 billion.

II. DMCI Project Developers Inc. (DMCI Homes)

Contribution from DMCI Homes contracted by 22% from Php 1.41 billion to Php 1.10 billion due to weaker topline and higher operating expenses, cushioned by higher other income. To elaborate:

- **Lower revenues.** Revenues fell by 18% from Php 5.95 billion to Php 4.85 billion because of higher sales cancellations and fewer prior-year sales that qualified for recognition given the 14.5-percent threshold. These were cushioned by higher construction accomplishments from qualified accounts and better average selling prices.

  Revenue reversals from cancellations soared by 31% from Php 789 million to Php 1.14 billion while revenue contribution from newly-recognized accounts (out ot total) declined to 41% (versus 51% in 2022).

  Top revenue contributors include Aston Residences (2018), Prisma Residences (2017), Satori Residences (2018) and Allegra Garden Place (2019)—all in Pasig City.

- **Faster COS decline.** Cost of sales decelerated by 20% from Php 3.98 billion to Php 3.17 billion, when coupled with higher selling prices, resulted to healthier gross profit margins.

- **Operating expense growth.** Operating expenses grew by 19% from Php 643 million to Php 762 million owing to higher personnel expenses, sales incentives and allowances—driven by higher sales—and association dues payment for unsold RFO (ready for occupancy) units.

- **Higher Other Income.** Other income rose by 12% from Php 569 million to Php 634 million on higher income from forfeitures.

- **Thinner margins**. EBITDA margin narrowed from 22% to 18% mainly due to lower topline and higher operating expenses, despite faster COS decline. Net income margin was unchanged at 24%, as lower tax provisions, higher other income and increased finance income cushioned the impact of reduced operating profit.

The company also reported the following operational highlights:

- **Sales recovery.** Total units sold grew by 22% from 2,026 to 2,478 mostly from Sage Residences, Allegra Garden Place and the newly-launched projects. Residential sales swelled by 24% from 1,145 units to 1,417 units, while parking slot sales improved by 20% from 881 units to 1,061 units.

- **Double-digit ASP growth.** Average selling price (ASP) climbed by 15% from Php 117,000 to Php 134,000 per square meter, while ASP per unit sold jumped by 11% from Php 6.52 million to Php 7.26 million. The launch of smaller-cut units in prime locations (Makati City and Mandaluyong City) accounted for the ASP growth.

- **Higher sales value.** Total sales value rose by 37% from Php 8.13 billion to Php 11.14 billion due to the combined effect of higher units sold and better selling prices.

- **Two projects launched.** Calinea Tower (Caloocan City) and Mulberry Place 2 (Taguig City) have a total sales value of Php 21.9 billion, 79% higher than the Php 12.2 billion sales value of The Erin Heights (Quezon City).

- **Cancellation slowdown.** Sales cancellation rates in terms of number of residential units decreased from 12.5% to 10.8% on recovering demand and buyer confidence.

- **Flat unbooked revenues.** Unbooked revenues stood at Php 65.9 billion, largely unchanged from Php 66.0 billion on the same period last year. Quarter-over-quarter, unbooked revenues slightly increased (2%) from Php 64.9 billion.

- **Rising inventory.** Total inventory increased by 29% from Php 50.6 billion to Php 65.5 billion, most (75%) of which are pre-selling units.

  Pre-selling inventory soared by 35% from Php 36.2 billion to Php 49.0 billion following the launch of Fortis Residences (a joint venture project), Sage Residences, The Calinea Tower and Mulberry Place 2.

  RFO inventory rose by 15% from Php 14.4 billion to Php 16.5 billion with the completion of Infina Towers, Brixton Place, Prisma Residences and Verdon Parc.

- **Land bank for new format.** Total land bank expanded by 16% from 186.9 hectares to 217.4 hectares because of land banking activities for a new product format.

  Luzon land bank surged 49% from 65.1 hectares to 96.9 hectares, mostly for future leisure projects. Metro Manila land bank decreased by 1% from 114.2 hectares to 112.8 hectares owing to recent project launches, while Visayas and Mindanao land inventories were unchanged.

Standalone reported net income declined by 20% from Php 1.45 billion to Php 1.16 billion. No nonrecurring item was booked during both periods.

III. Maynilad Water Services, Inc. (Maynilad)

Attributable core net income from Maynilad surged by 64% from Php 319 million to Php 523 million mainly due to better topline, profit margins and finance income. To elaborate:

- **Higher billed volume.** Billed volume rose by 3% from 124.0 million cubic meters (MCM) to 127.6 MCM due to increased water production, recovering demand and reactivation/reconnection of deliquent accounts.

  However, billed volume was still below prepandemic levels of 128.5 MCM (Q1 2019) and 132.3 MCM (Q1 2020).

- **Better customer mix.** Non-domestic customers accounted for 18.5% of billed volume (from 16.7%) while domestic customers stood at 81.5% (from 83.3%).

- **Adjusted tariff.** Average effective tariff improved by 15% from Php 40.50 to Php 46.70 due to better customer mix and the staggered implementation of the Metropolitan Waterworks and Sewerage System (MWSS) – approved basic rate adjustment last January 1, 2023.

- **Profit margin recovery.** While core EBITDA margin slipped from 67% to 64% on higher cash costs, net income margin widened from 26% to 34% following lower depreciation and amortization.

  Total revenues accelerated by 18% from Php 5.29 billion to Php 6.22 billion on billed volume recovery, better average effective tariff due to new tariff rates effective January 1, 2023.

  Total cash costs grew faster (27%) than topline (18%) from Php 1.75 billion to Php 2.23 billion due to the franchise tax, higher utilities spending and increased chemical costs for its Putatan water treatment plant.

  Steep decline (36%) in depreciation and amortization from Php 1.16 billion to Php 740 million mainly attributable to the 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), beginning January 2022. The company adjusted the concession asset effective in Q4 2022 following acceptance of franchise in March 2022.

The company also reported the following operational highlights:

- **Reduced water losses**. Average non-revenue water (NRW) fell from 32.7% to 31.8% owing to higher billed volume, better supply-demand management and intensified network diagnostic activities in the primary distribution system.

- **Improved production.** Water production rose by 2% from 184.3 million cubic meters (MCM) to 187.1 MCM, mostly on low base effect from the water service interruptions in Q1 2022.

- **Expanded customer base.** Water service coverage grew from 94.4% to 94.6%, while its served population grew by 3% from 9.9 million to 10.3 million. Meanwhile, sewer coverage expanded from 21.5% to 23.2%, raising served population by 11% from 2.1 million to 2.4 million. The expansion was mainly due to aggressive capital spending.

At the standalone level, wider profit margins translated to a 55-percent uptrend in Maynilad's reported net income from Php 1.36 billion to Php 2.11 billion. Excluding nonrecurring items, core net income grew by 57% from Php 1.35 billion to Php 2.12 billion.

Nonrecurring items were minimal (less than 1%), and pertain to net foreign loss (Php 6 mn) and donations (Php 16 mn).

IV. DMCI Mining Corporation (DMCI Mining)

DMCI Mining core net income contribution decreased by 5% from Php 499 million to Php 473 million due to the combined effect of the following:

- **Revenue slowdown.** Total revenues dropped by 8% from Php 1.42 billion to Php 1.31 billion mainly due to lower shipments, cushioned by better selling prices.

    - **Lower shipments.** Total shipments retreated by 21% from 620,000 wet metric tons (WMT) to 487,000 WMT, with BNC accounting for 41% of prior-year shipments. ZDMC shipments accelerated by 33% from 365,000 WMT to 487,000 WMT.

    - **Better selling prices.** Average selling price (ASP) climbed by 11% from US$ 44/WMT to US$ 49/WMT due to shipments of higher grade nickel ore. Average nickel grade sold went up from 1.30% to 1.35%.

- **Reduced profit margins.** Net income margin tightened from 38% to 35% as topline (-8%) fell more sharply than cash costs (-2%), cushioned by lower noncash items and tax provisions.

    Depreciation and amoritization fell by 17% from Php 186 million to Php 155 million owing to lower shipments.

The company also reported the following operational and financial highlights:

- **Expanded production.** ZDMC production expanded by 88% from 318,000 WMT to 599,000 WMT on heavy equipment capacity expansion and Environmental Compliance Certificate (ECC) approval. Its ECC now allows annual production of up to two million metric tons (effective January 2023).

- **More stockpile.** Total ending inventory increased by 16% from 154,000 WMT to 178,000 WMT. ZDMC inventory soared by 178% from 56,000 WMT to 157,000 WMT while BNC inventory plunged by 79% from 98,000 WMT to 21,000 WMT, as the latter's ending inventory is less than the standard shipment size of 50,000 WMT.

- **Higher cash balance.** Ending cash balance soared by 27% from Php 1.10 billion to PHp 1.42 billion on robust operations. Debt level stood at Php 350 million, same as last year.

- **Capital expenditure growth.** Committed capital expenditures more than tripled (237%) from Php 43 million to Php 145 million owing to Palawan exploration activities, heavy machinery and site equipment.

At the standalone level, reported net income dropped by 15% from Php 543 million to Php 463 million. No nonrecurring item was recognized during both periods.

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

Contribution from DMCI slumped by 26% from Php 367 million to Php 273 million as a result of the following:

- **Lower revenues.** Construction revenues slumped by 24% from Php 5.94 billion to Php 4.51 billion primarily due to construction accomplishment slowdown and fewer projects.

- **Proportional cash cost decline.** Total cash costs dropped by 24% from Php 5.25 billion to Php 4.00 billion, in line with the topline.

- **Narrower profit margins.** EBITDA margin slightly decreased from 11.5% to 11.4%, while standalone net income margin went down from 6.0% to 5.8%

- **Higher intercompany accounting eliminations.** Intercompany eliminations grew from Php 31 million to Php 56 million because of the Poblacion Water Treatment Plant and Camana Water Reclamation Facility projects of DMCI Holdings associate Maynilad.

The company also reported the following operational highlights:

- **Order book upturn.** Order book jumped by 20% from Php 35.2 billion to Php 42.2 billion mainly due to Php 10.2 billion in awarded projects. These include the South Commuter Railway Project Contract Package 02 with Acciona Construction Philippines, Dinapigue Causeway and other building projects.

- Shift to joint ventures. Bulk (56%) of the order book are joint venture projects, in line with the company's risk management and post-pandemic recovery strategies.

- Higher capital spending. Capex is expected to double to Php 400 million, which will be used to acquire equipment mostly for newly-awarded infrastructure projects

At the standalone level, DMCI's reported net income receded by 26% from Php 355 million to Php 263 million.

IV. DMCI Power Corporation (DMCI Power)

DMCI Power core net income contribution rose by 2% from Php 132 million to Php 134 million primarily on account of the following:

- **Stronger topline.** Total revenues surged by 24% from Php 1.38 billion from Php 1.71 billion on slightly higher electricity dispatch and better selling prices.

- **Output and dispatch uptick.** Total gross generation rose by 1% from 98 GWh and 99.7 GWh, respectively, driven by Palawan and Oriental Mindoro. Output from Palawan grew by 5% from 43.4 GWh to 45.7 GWH, while Oriental Mindoro went up by 3% from 17.0 GWh to 17.6 GWh. Masbate's output declined by 4% from 38.1 GWh o 36.5 GWh due to the 30-day preventive maintenance of the 15MW thermal plant.

  Consequently, total energy sales grew by 1% from 94.3 GWh to 95.5 GWh. Palawan accounted for 48% of total dispatch, followed by Masbate (34%) and Oriental Mindoro (18%).

  Palawan dispatch increased by 5% from 43.4 GWh to 45.7 GWH, while Oriental Mindoro improved by 3% from 16.3 GWh to 16.8GWh. Masbate dispatch retreated by 4% from 34.5 GWh to 33.0 GWh due to slower overall demand and higher outage days.

- **Higher selling prices.** Average selling price (ASP) climbed by 23% from Php 14.6/KWh to Php 17.9/KWh on elevated fuel prices, as diesel prices advanced by 27% from Php 45.8 per liter to Php 58.2 per liter.

- **Narrower margins.** Total cash costs grew faster than revenues, expanding by 28% from Php 1.13 billion to Php 1.44 billion. Consequently, EBITDA margin declined from 18% to 16%, while net income margin fell from 10% to 8%.

  The contractions were mainly due to preventive plant maintenance activities for the 15MW Masbate thermal plant (30 days) and Palawan bunkers units (12 days).

- **Installed capacity growth.** Installed capacity expanded by 6% from 136.4MW to 144.76MW, following the commercial operation of the 2x4.17MW hybrid diesel plant in Masbate. As of March 31, 2023, bulk (61%) of the company's capacity is diesel-fired, followed by bunker (29%) and coal (10%).

Outlook

The DMCI Group anticipates mixed results across its portfolio owing to challenging macroeconomic conditions, slowing global growth, and operating headwinds.

Government-initiated construction projects are slowly gaining traction, offering a cautiously optimistic outlook for the industry. DMCI is hopeful that these projects will help replenish its order book and support business growth. While private-led construction remains limited, the company is seeing some signs of recovery.

DMCI Homes plans to launch eight projects this year, with a combined sales value of Php 89 billion. Venturing beyond Metro Manila, the company aims to introduce new product formats in different locations, such as the Solmera Coast leisure project.

The coal mining segment could benefit from increased demand for thermal coal in Asia due to rising temperatures and reduced hydropower capacity in China. DMCI anticipates that Chinese and Indian buyers may boost their stockpiles, potentially sustaining ICI prices at higher levels.

For the on-grid power business, the Wholesale Electricity Spot Market (WESM) spot price for 2023 is expected to remain relatively stable, hovering slightly above the 2022 average of P7.39/KWh. Peak prices might surpass P8.42/KWh during summer months due to the anticipated El Niño season. The segment plans to focus on operational efficiency to make the most of the spot market, given its limited uncontracted capacity.

DMCI Power is working on 19MW of pipeline projects for commercial operations in Palawan and Masbate this year, which is expected to coincide with improved tourism and industrial demand in the off-grid market.

Although LME nickel prices have declined by 15% since the beginning of 2023, the long-term outlook remains positive, influenced by the global electric vehicle (EV) boom and energy transition initiatives. DMCI Mining is focusing on securing permits for its other assets to meet the demand upsurge.

Finally, Maynilad is projected to experience moderate growth in 2023, due to the tariff adjustment implemented in January and reduced noncash expenses. The water business could benefit from economic recovery, which might stimulate consumption and industrial demand.

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Explanation of movement in consolidated income statement accounts:

Revenues
Consolidated revenues for the first three months of 2023 declined by 25% from Php 43.8 billion to Php 33.0 billion due to lower coal sales volume and prices, coupled with fewer construction projects and real estate accounts qualifying for revenue recognition.

Cost of Sales and Services
Cost of sales and services during the period declined by 14% compared to the same period of last year corresponding to the declined in coal, real estate and construction revenue cushioned by the increase in energy sales. This resulted to lower gross profit margin.

Operating Expenses
Government royalties for the period amounted to Php 3.2 billion, 47% lower from Php 6.1 billion last year as the coal business recorded lower profits. Excluding government royalties, operating expenses incurred during the three-month period increased by 26% to Php 2.4 billion due mainly to higher repairs and maintenance, outside services and advertising and marketing expenses.

Equity in Net Earnings
Equity in net earnings of associates increased by 55% as a result of higherr income take up from Maynilad.

Finance Income
Consolidated finance income increased by 303% due mainly to higher amount of placements during the period with better interest rates.

Finance Cost
Consolidated finance costs slightly increased by 2%, as net impact of loan payments and availment during the period.

Other Income-net
Other income decreased by 59% due to the net forex loss as Philippine peso appreciated against the US dollar. This is mitigated by higher sales forfeitures and cancellation, and sale of fly ash during the period.

Provision for Income Tax
Income tax jumped due to the higher taxable income driven by power generation units.

II. CONSOLIDATED FINANCIAL CONDITION

<u>March 31, 2023 (Unaudited) vs December 31, 2022 (Audited)</u>

The Company's financial condition for the period improved as total assets reached P252.2 billion, a 5% increase from December 31, 2022. Meanwhile, consolidated total equity slightly decreased by 3% to Php 128.2 billion.

Consolidated cash increased by 23% from Php 28.4 billion to Php 35.0 billion owing to collection of coal, nickel and real estate sales.

Receivables rose by 2% from Php 26.7 billion to Php 27.4 billion due mainly to the timing difference of collection from customers and dividend receivable from associate.

Contract assets (current and non-current) slightly increased by 1% to Php 29.1 billion due to backlogs of construction projects nearing completion.

Consolidated inventories grew by 7% from Php 61.5 billion to Php 65.8 billion mainly due to higher coal inventory and power plant spare parts of SMPC.

Other current assets increased by 23% to Php 12.5 billion due mainly advances made to suppliers of fuel, spare parts and mining equipment.

Investments in associates and joint ventures is almost at par at Php 17.7 billion as a result of the net impact of the income take up and dividend received from Maynilad.

Property, plant and equipment stood at Php 54.0 billion from Php 57.6 billion as depreciation and depletion more than offset capital expenditures for the three-month period.

Right-of-use assets decreased by 1% due to amortization.

Other noncurrent assets grew by 22% due mainly to higher refundable deposits, retention receivable and noncurrent prepayments.

The increase in accounts and other payables is mainly attributable to the dividend payable to the Company's shareholders.

Contract liabilities (current and non-current) is at par with that of 2022 year-end.

From Php 52.6 billion, total debt (under short-term and long-term debt) stood at Php 52.3 billion on the back of the debt payment made by SMPC and DMCI, and bridge financing of DMCI Homes.

Liabilities for purchased land decreased by 14% as a result of payment of previously acquired land for development.

Deferred tax liabilities decreased by 3% on lower booked income compared to taxable income of real estate sales.

Pension liabilities rose by 20% due to accrual of retirement benefits expense.

Other noncurrent liabilities decreased by 14% due mainly to recoupments of advances from contract owners.

Consolidated retained earnings stood at Php 83.3 billion at the end of March 2023, 2% decline from Php 85.2 billion at the close of 2022 after generation of Php 7.6 billion net income and declaration of Php 9.6 billion dividend.

Non-controlling interest decrease by 9% as a result of the non-controlling share in net income reduced by dividends to non-controlling interest of SMPC.

III. KEY PERFORMANCE INDICATORS

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

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

SEGMENT REVENUES

	For the Period		Variance	
(in Php Millions)	2023	2022	Amount	%
Semirara Mining and Power Corporation	20,708	29,058	8,350	-29%
DMCI Homes	4,849	5,949	(1,100)	-18%
D.M. Consunji, Inc.	4,367	5,884	(1,517)	-26%
DMCI Power	1,716	1,378	338	25%
DMCI Mining	1,314	1,421	(107)	-8%
Parent and Others	78	75	3	4%
Total Revenues	**33,032**	**43,765**	**(10,733)**	**-25%**

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

As shown above, consolidated revenues decreased by 25% lower coal sales volume and prices, coupled with softer real estate and construction sales

CONSOLIDATED NET INCOME AFTER NON-CONTROLLING INTERESTS

	For the Period		Variance	
(in Php Millions)	2023	2022	Amount	%
Semirara Mining and Power Corporation	5,114	8,520	(3,406)	40%
DMCI Homes	1,104	1,414	(310)	-22%
Maynilad	523	319	204	64%
DMCI Mining	473	499	(26)	-5%
D.M. Consunji, Inc.	273	367	(94)	-26%
DMCI Power	134	132	2	2%
Parent and Others	(1)	8	(9)	-113%
Core Net Income	**7,620**	**11,259**	**(3,639)**	**-32%**
Non-recurring Items	(4)	1	(5)	-500%
Reported Net Income	**7,616**	**11,260**	**(3,644)**	**-32%**

The decline in net income (after non-controlling interest) of the Company is attributed to the lower coal sales and prices, fewer construction projects and fewer real estate accounts which qualify for revenue recognition. These are cushioned by higher energy sales volume and prices.

EARNINGS PER SHARE

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

The Company’s consolidated basic and diluted EPS was Php 0.57/share for the three-month period ended March 31, 2023, a 32% decline from Php 0.85/share EPS year-on-year.

RETURN ON COMMON EQUITY

Return on common equity is defined as the amount of net income a company earns per amount of shareholders equity. It is one of the common metrics used by investor to determine how effectively their capital is being reinvested. It is arrived at by dividing the net income share of the parent company over the average parent equity. The Company’s return on common equity stood at 7% and 12% for the three-month period of 2023 and 2022, respectively.

NET DEBT TO EQUITY RATIO

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

Total borrowings stood at Php 52.3 billion, which resulted to a net debt to equity ratio of 0.13:1 and 0.18:1 as of March 31, 2023 and December 31, 2022, respectively.

FINANCIAL SOUNDNESS RATIOS

	March 31, 2023	December 31, 2022
Current Ratio	2.38 times	2.90 times
Net Debt to Equity Ratio	0.13 times	0.18 times
Asset to Equity Ratio	1.97 times	1.81 times
	March 31, 2023	**March 31, 2022**
Return on Assets	5%	8%
Return on Common Equity	7%	12%
Interest Coverage Ratio	33 times	32 times
Gross Profit Margin	53%	59%
Net Profit Margin	35%	41%

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 March 29, 2023, the BOD approved the declaration of (1) regular cash dividends in the amount of P0.61 per common share or a total of P8,099.27 million; and (2) special cash dividends of P0.11 per common share or a total of P1,460.52 million, or a grand total of P9,559.78 million out of the unrestricted retained earnings of the Parent Company as of March 28, 2023, in favor of the common stockholders of record as of April 17, 2023, and was paid on April 28, 2023.
4. On October 18, 2022, the BOD approved the declaration of special cash dividends in the amount of P0.72 per common share or a total of P9,559.77 million out of the unrestricted retained earnings of the Parent Company as of October 17, 2022, in favor of the common stockholders of record as of November 2, 2022, and was paid on November 16, 2022
5. On April 1, 2022, the BOD approved the declaration of (1) regular cash dividends in the amount of P0.34 per common share or a total of P4,514.34 million; and (2) special cash dividends of P0.14 per common share or a total of P1,858.85 million, or a grand total of P6,373.19 million out of the unrestricted retained earnings of the Parent Company as of March 31, 2022, in favor of the common stockholders of record as of April 19, 2022, and was paid on April 29, 2022
6. There are no undisclosed material subsequent events and transferring of assets not in the normal course of business that have not been disclosed for the period that the Company has knowledge of.

7. There are no material contingencies during the interim period; events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation has been disclosed in the notes to financial statements.
8. There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons created during the reporting period.
9. Except for interest payments on loans, which the Company can fully service, the only significant commitment that would have a material impact on liquidity are construction guarantees. These are usually required from contractors in case of any damage/ destruction to a completed project.
10. Any known trends or any known demands, commitments, events or uncertainties that will result in or that will have a material impact on the registrant's liquidity. - None
11. The Group does not have any offering of rights, granting of stock options and corresponding plans therefore.
12. All necessary disclosures were made under SEC Form 17-C.

SIGNATURES

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

Issuer	DMCI Holdings, Inc.
Signature and Title	**Herbert M. Consunji** Executive Vice President & Chief Finance Officer
Signature and Title	**Joseph Adelbert V. Legasto** Deputy Chief Financial Officer
Date	May 9, 2023

DMCI HOLDINGS, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Amounts in Thousands)

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents	**₱35,031,561**	₱28,408,474
Receivables - net (Note 9)	**27,358,321**	26,738,903
Current portion of contract assets	**16,395,337**	16,643,258
Inventories	**65,800,623**	61,524,534
Other current assets	**12,544,555**	10,189,642
	157,130,397	143,504,811
Asset held-for-sale (Note 9)	**789,313**	789,313
Total Current Assets	**157,919,710**	144,294,124
Noncurrent Assets		
Contract asset - net of current portion	**12,707,583**	12,765,717
Investments in associates and joint ventures (Note 6)	**17,736,927**	18,195,324
Investment properties	**234,718**	101,894
Property, plant and equipment	**53,966,717**	57,638,317
Exploration and evaluation asset	**437,752**	390,384
Pension assets - net	**1,053,406**	1,012,667
Deferred tax assets - net	**1,053,083**	554,597
Right-of-use assets	**115,218**	116,945
Other noncurrent assets	**6,966,684**	5,690,015
Total Noncurrent Assets	**94,272,088**	96,465,860
	₱252,191,798	₱240,759,984
LIABILITIES AND EQUITY		
Current Liabilities		
Short-term debt	**₱2,307,141**	₱1,129,418
Current portion of liabilities for purchased land	**738,050**	960,623
Accounts and other payables	**44,845,596**	28,376,732
Current portion of contract liabilities and other customers' advances and deposits	**11,660,096**	12,322,699
Current portion of long-term debt	**6,227,022**	6,758,448
Income tax payable	**649,178**	174,227
Total Current Liabilities	**66,427,082**	49,722,147

(Forward)

	March 31, 2023 (Unaudited)	December 31, 2022 (Audited)
Noncurrent Liabilities		
Contract liabilities - net of current portion	**₱4,261,775**	₱3,596,710
Long-term debt - net of current portion	**43,764,900**	44,669,935
Liabilities for purchased land - net of current portion	**818,861**	844,078
Deferred tax liabilities - net	**6,088,417**	6,245,576
Pension liabilities - net	**179,289**	148,850
Other noncurrent liabilities	**2,466,552**	2,863,054
Total Noncurrent Liabilities	**57,579,795**	58,368,203
Total Liabilities	**124,006,877**	108,090,350
Equity (Note 3)		
Equity attributable to equity holders of the Parent Company:		
Paid-in capital	**17,949,868**	17,949,868
Treasury shares - Preferred	**(7,069)**	(7,069)
Retained earnings	**83,250,785**	85,194,218
Premium on acquisition of non-controlling interests	**(817,958)**	(817,958)
Remeasurements on retirement plans - net of tax	**975,442**	975,442
Net accumulated unrealized gains on equity investments designated at FVOCI	**131,613**	131,613
Other equity	**25,290**	25,290
	101,507,971	103,451,404
Non-controlling interests	**26,676,950**	29,218,230
Total Equity	**128,184,921**	132,669,634
	₱252,191,798	₱240,759,984

DMCI HOLDINGS, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF INCOME

For the Period and Quarter Ended March 31, 2023 and 2022
(Amounts in Thousands, except for Earnings Per Share figures)

	For the period		For the quarter	
	Jan to Mar 2023	Jan to Mar 2022	**Jan to Mar 2023**	Jan to Mar 2022
REVENUE (Notes 4 and 8)				
Coal mining	**₱12,983,107**	₱24,205,185	**₱12,983,107**	₱24,205,185
Electricity sales	**9,440,511**	6,230,012	**9,440,511**	6,230,012
Real estate sales	**4,848,525**	5,948,631	**4,848,525**	5,948,631
Construction contracts	**4,367,114**	5,884,191	**4,367,114**	5,884,191
Nickel mining	**1,313,841**	1,421,274	**1,313,841**	1,421,274
Merchandise sales and others	**79,167**	75,545	**79,167**	75,545
	33,032,265	43,764,838	**33,032,265**	43,764,838
COSTS OF SALES AND SERVICES				
Coal mining	**3,959,223**	5,037,866	**3,959,223**	5,037,866
Electricity sales	**3,943,493**	3,120,897	**3,943,493**	3,120,897
Real estate sales	**3,168,051**	3,983,078	**3,168,051**	3,983,078
Construction contracts	**3,965,817**	5,272,501	**3,965,817**	5,272,501
Nickel mining	**393,443**	437,540	**393,443**	437,540
Merchandise sales and others	**58,991**	54,514	**58,991**	54,514
	15,489,019	17,906,396	**15,489,019**	17,906,396
GROSS PROFIT	**17,543,247**	25,858,442	**17,543,247**	25,858,442
OPERATING EXPENSES (Note 5)	**5,577,404**	7,958,148	**5,577,404**	7,958,148
	11,965,843	17,900,294	**11,965,843**	17,900,294
OTHER INCOME (EXPENSES)				
Equity in net earnings of associates (Note 6)	**535,527**	344,933	**535,527**	344,933
Finance income	**382,951**	94,965	**382,951**	94,965
Finance costs	**(275,219)**	(269,116)	**(275,219)**	(269,116)
Other income - net	**329,430**	801,065	**329,430**	801,065
INCOME BEFORE INCOME TAX	**12,938,531**	18,872,141	**12,938,531**	18,872,141
PROVISION FOR INCOME TAX	**1,414,322**	1,042,153	**1,414,322**	1,042,153
NET INCOME	**₱11,524,209**	₱17,829,988	**₱11,524,209**	₱17,829,988
NET INCOME ATTRIBUTABLE TO				
Equity holders of the Parent Company (Note 4)	**₱7,616,345**	₱11,260,141	**₱7,616,345**	₱11,260,141
Non-controlling interests	**3,907,863**	6,569,847	**3,907,863**	6,569,847
	₱11,524,209	₱17,829,988	**₱11,524,209**	₱17,829,988
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY-BASIC AND DILUTED (Note 7)	**₱0.57**	₱0.85	**₱0.57**	₱0.85

DMCI HOLDINGS, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the Period and Quarter Ended March 31, 2023 and 2022
(Amounts in Thousands)

	For the period		For the quarter	
	Jan to Mar 2023	Jan to Mar 2022	**Jan to Mar 2023**	Jan to Mar 2022
NET INCOME	**₱11,524,209**	₱17,829,988	**₱11,524,209**	₱17,829,988
OTHER COMPREHENSIVE INCOME (LOSS)				
Items to be reclassified subsequently to profit or loss				
Changes in fair values of investments in equity instruments designated at FVOCI	**–**	–	**–**	–
	–	–	**–**	–
Items not to be reclassified to profit or loss in subsequent periods				
Remeasurement gains on retirement plans	**–**	–	**–**	–
Income tax effect	**–**	–	**–**	–
	–	–	**–**	–
OTHER COMPREHENSIVE INCOME	**–**	–	**–**	–
TOTAL COMPREHENSIVE INCOME	**₱11,524,209**	₱17,829,988	**₱11,524,209**	₱17,829,988
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Equity holders of the Parent Company (Note 4)	**₱7,616,345**	₱11,260,141	**₱7,616,345**	₱11,260,141
Non-controlling interests	**3,907,863**	6,569,847	**3,907,863**	6,569,847
	₱11,524,209	₱17,829,988	**₱11,524,209**	₱17,829,988

DMCI HOLDINGS, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Period Ended March 31, 2023 and 2022
(Amounts in Thousands)

	Attributable to Equity Holders of the Parent Company											
	Capital Stock (Note 3)	Additional Paid-in Capital (Note 3)	Total Paid-in Capital (Note 3)	Treasury Shares - Preferred (Note 3)	Unppropriated Retained Earnings (Note 3)	Premium on Acquisition of Non-controlling Interest	Remeasurements on Retirement Plans	Net Accumulated Unrealized Gain on equity investments designated at FVOCI	Other Equity	Parent Equity	Non controlling Interests	Total Equity
	For the Period Ended March 31, 2023											
Balances as of January 1, 2023	**₱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**
Comprehensive income												
Net income	–	–	–	–	**7,616,345**	–	–	–	–	**7,616,345**	**3,907,863**	**11,524,208**
Other comprehensive income	–	–	–	–	–	–	–	–	–	–	–	–
Total comprehensive income	–	–	–	–	**7,616,345**	–	–	–	–	**7,616,345**	**3,907,863**	**11,524,208**
Cash dividends declared (Note 3)	–	–	–	–	**(9,559,778)**	–	–	–	–	**(9,559,778)**	**(6,449,143)**	**(16,008,921)**
Balances at March 31, 2023	**₱13,277,474**	**₱4,672,394**	**₱17,949,868**	**(₱7,069)**	**₱83,250,785**	**(₱817,958)**	**₱975,442**	**₱131,613**	**₱25,290**	**₱101,507,971**	**₱26,676,950**	**₱128,184,921**
	For the Period Ended March 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	(P21,611)	₱87,757,102	₱21,089,510	₱108,846,612
Comprehensive income												
Net income	–	–	–	–	11,260,141	–	–	–	–	11,260,141	6,569,847	17,829,988
Other comprehensive income	–	–	–	–	–	–	–	–	–	–	–	–
Total comprehensive income	–	–	–	–	11,260,141	–	–	–	–	11,260,141	6,569,847	17,829,988
Cash dividends declared (Note 3)	–	–	–	–	–	–	–	–	–	–	(2,763,919)	(2,763,919)
Balances at March 31, 2022	₱13,277,474	₱4,672,394	₱17,949,868	(₱7,069)	₱81,299,834	(₱817,958)	₱513,860	₱100,319	(P21,611)	₱99,017,243	₱24,895,438	₱123,912,681

DMCI HOLDINGS, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Period Ended March 31, 2023 and 2022
(Amounts in Thousands)

	March 31	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱12,938,531**	₱18,872,141
Adjustments for:		
Depreciation, depletion and amortization	**1,883,314**	2,075,468
Net unrealized foreign exchange loss (gain)	**394,751**	(7,731)
Finance cost	**275,219**	269,116
Equity in net earnings of associates and joint ventures	**(535,527)**	(344,933)
Finance income	**(382,951)**	(94,965)
Gain on sale of property, plant and equipment	**(15,070)**	-
Movement in net retirement liability	**(10,300)**	38,556
Operating income before changes in working capital	**14,547,967**	20,807,652
Decrease (increase) in:		
Receivables and contract assets	**665,310**	(8,072,431)
Inventories	**(3,837,098)**	312,908
Other current assets	**(2,354,913)**	725,813
Increase (decrease) in:		
Accounts and other payables	**4,223,312**	4,593,044
Contract liabilities and other customer advances and deposits	**(809,101)**	(1,387,818)
Liabilities for purchased land	**(247,790)**	274,586
Cash generated from operations	**12,187,687**	17,253,754
Interest received	**382,951**	94,964
Income taxes paid	**(1,595,017)**	(1,052,527)
Interest paid and capitalized as cost of inventory	**(401,835)**	(397,483)
Net cash provided by operating activities	**10,573,786**	15,898,708
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	**(2,096,668)**	(2,049,322)
Proceeds from disposal of property, plant and equipment	**24,545**	-
Interest paid and capitalized as part of property, plant and equipment	**(1,188)**	(1,188)
Increase in other noncurrent assets	**(1,363,740)**	(1,540,991)
Dividends received	**–**	757,800
Net cash used in investing activities	**(3,437,051)**	(2,833,701)

(Forward)

	March 31	
	2023`	2022
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from:		
Long-term debt	**₱2,987,151**	₱4,373,315
Short-term debt	**178,000**	300,000
Payments of:		
Long-term debt	**(3,375,773)**	(3,790,644)
Short-term debt	**(43,291)**	(157,620)
Interest	**(280,045)**	(209,169)
Dividends to non-controlling interests	**–**	(2,763,919)
Increase in other noncurrent liabilities	**415,061**	125,688
Net cash used in financing activities	**(118,897)**	(2,122,349)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**(394,751)**	7,731
NET INCREASE IN CASH AND CASH EQUIVALENTS	**6,623,087**	10,950,389
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**28,408,474**	18,342,019
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**₱35,031,561**	₱29,292,408

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

1. Corporate Information

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

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

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

The accompanying consolidated financial statements were approved and authorized for issue by the Board of Directors (BOD) on May 9, 2023.

2. Summary of Significant Accounting Policies

Basis of Preparation

The interim unaudited condensed consolidated financial statements of the Group have been prepared in accordance with Philippine Accounting Standards (PAS) 34, *Interim Financial Reporting*. Accordingly, the unaudited condensed consolidated financial statements do not include all of the information and disclosures required in the annual audited financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at December 31, 2022.

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

Statement of Compliance

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

Basis of Consolidation

The interim unaudited condensed consolidated financial statements comprise the financial statements of the Group as of March 31, 2023 and 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 inancial statements from the date the Group gains control or until the date the Group ceases to control the subsidiary.

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

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

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

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

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

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

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

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

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

	Nature of Business	2023 Direct	2023 Indirect	2023 Effective Interest	2022 Direct	2022 Indirect	2022 Effective Interest
				(In percentage)			
General Construction:							
D.M. Consunji, Inc. (DMCI)	General Construction	**100.00**	**–**	**100.00**	100.00	–	100.00
Beta Electromechanical Corporation (Beta Electric) [1]	General Construction	**–**	**53.20**	**53.20**	–	53.20	53.20
Raco Haven Automation Philippines, Inc. (Raco) [1]	Non-operating	**–**	**50.14**	**50.14**	–	50.14	50.14
Oriken Dynamix Company, Inc. (Oriken) [1]	Non-operating	**–**	**89.00**	**89.00**	–	89.00	89.00
DMCI Technical Training Center (DMCI Training) [1]	Services	**–**	**100.00**	**100.00**	–	100.00	100.00
Bulakan North Gateway Holdings Inc (Bulakan North)[1]	Non-operating	**–**	**100.00**	**100.00**	–	100.00	100.00
Real Estate:							
DMCI Project Developers, Inc. (PDI)	Real Estate Developer	**100.00**	**–**	**100.00**	100.00	–	100.00
DMCI-PDI Hotels, Inc. (PDI Hotels) [2]	Hotel Operator	**–**	**100.00**	**100.00**	–	100.00	100.00
DMCI Homes Property Management Corporation (DPMC) [2]	Property Management	**–**	**100.00**	**100.00**	–	100.00	100.00
Zenith Mobility Solutions Services, Inc. (ZMSSI)[2]	Services	**–**	**100.00**	**100.00**	–	100.00	100.00
Riviera Land Corporation (Riviera) [2]	Real Estate Developer	**–**	**100.00**	**100.00**	–	100.00	100.00
Hampstead Gardens Corporation (Hampstead) [2*]	Real Estate Developer	**–**	**100.00**	**100.00**	–	100.00	100.00
DMCI Homes, Inc. (DMCI Homes) [2*]	Marketing Arm	**–**	**100.00**	**100.00**	–	100.00	100.00
L & I Development Corporation (LIDC)	Real estate Developer	**–**	**100.00**	**100.00**	–	100.00	100.00
Coal Mining:							
Semirara Mining and Power Corporation (SMPC)	Mining	**56.65**	**–**	**56.65**	56.65	–	56.65
On-Grid Power:							
Sem-Calaca Power Corporation (SCPC) [3]	Power Generation	**–**	**56.65**	**56.65**	–	56.65	56.65
Southwest Luzon Power Generation Corporation (SLPGC) [3]	Power Generation	**–**	**56.65**	**56.65**	–	56.65	56.65
Sem-Calaca RES Corporation (SCRC) [3]	Retail	**–**	**56.65**	**56.65**	–	56.65	56.65
SEM-Cal Industrial Park Developers, Inc. (SIPDI) [3]	Non-operational	**–**	**56.65**	**56.65**	–	56.65	56.65
Semirara Energy Utilities, Inc. (SEUI) [3]	Non-operational	**–**	**56.65**	**56.65**	–	56.65	56.65

(Forward)

		2023			2022		
	Nature of Business	**Direct**	**Indirect**	**Effective Interest**	Direct	Indirect	Effective Interest
				(In percentage)			
Southeast Luzon Power Generation Corporation (SeLPGC) [3]	Non-operational	–	56.65	56.65	–	56.65	56.65
Semirara Claystone, Inc. (SCI) [3]	Non-operational	–	56.65	56.65	–	56.65	56.65
St. Raphael Power Generation Corporation (SRPGC) [3]	Non-operational	–	56.65	56.65	–	56.65	56.65
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
Nickel Mining:							
DMCI Mining Corporation (DMC)	Holding Company	100.00	–	100.00	100.00	–	100.00
Berong Nickel Corporation (BNC) [5]	Mining	–	74.80	74.80	–	74.80	74.80
Ulugan Resouces Holdings, Inc. (URHI) [5]	Holding Company	–	30.00	30.00	–	30.00	30.00
Ulugan Nickel Corporation (UNC) [5]	Holding Company	–	58.00	58.00	–	58.00	58.00
Nickeline Resources Holdings, Inc. (NRHI) [5]	Holding Company	–	58.00	58.00	–	58.00	58.00
TMM Management, Inc. (TMM) [5]	Services	–	40.00	40.00	–	40.00	40.00
Zambales Diversified Metals Corporation (ZDMC) [5]	Mining	–	100.00	100.00	–	100.00	100.00
Zambales Chromite Mining Company Inc. (ZCMC) [5]	Non-operational	–	100.00	100.00	–	100.00	100.00
Fil-Asian Strategic Resources & Properties Corporation (FASRPC) [5]	Non-operational	–	100.00	100.00	–	100.00	100.00
Montague Resources Philippines Corporation (MRPC) [5]	Non-operational	–	100.00	100.00	–	100.00	100.00
Montemina Resources Corporation (MRC) [5]	Non-operational	–	100.00	100.00	–	100.00	100.00
Mt. Lanat Metals Corporation (MLMC) [5]	Non-operational	–	100.00	100.00	–	100.00	100.00
Fil-Euro Asia Nickel Corporation (FEANC) [5]	Non-operational	–	100.00	100.00	–	100.00	100.00
Heraan Holdings, Inc. (HHI) [5]	Holding Company	–	100.00	100.00	–	100.00	100.00
Zambales Nickel Processing Corporation (ZNPC) [5]	Non-operational	–	100.00	100.00	–	100.00	100.00
Zamnorth Holdings Corporation (ZHC) [5]	Holding Company	–	100.00	100.00	–	100.00	100.00
ZDMC Holdings Corporation (ZDMCHC) [5]	Holding Company	–	100.00	100.00	–	100.00	100.00
Manufacturing:							
Semirara Cement Corporation (SemCem)	Non-operational	100.00	–	100.00	100.00	–	100.00
Wire Rope Corporation of the Philippines (Wire Rope)	Manufacturing	45.68	16.02	61.70	45.68	16.02	61.70

*Ongoing liquidation.
[1] DMCI's subsidiaries. Bulakan North was incorporated on October 10, 2019 and has not yet started commercial operations.
[2] PDI's subsidiaries. In 2020, ZMSSI became a wholly-owned subsidiary thru the acquisition of 49% noncontrolling-interests. In addition, on October 1, 2020, PDI entered into a share purchase agreement to acquire 100% of the total outstanding shares of LIDC. The acquisition of LIDC was accounted for as an asset acquisition (see Note 3).
[3] SMPC's subsidiaries. During the year, SMPC entered into a deed of assignment for acquisition of remaining 50% ownership interest in SRPGC. The acquisition of SRPGC was accounted for as an asset acquisition (see Note 3).
[4] DPC's subsidiaries.
[5] DMC's subsidiaries.
[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 parent shareholder's equity. Any losses applicable to the noncontrolling interests are allocated against the interests of the noncontrolling interest even if this results to the noncontrolling interest having a deficit balance. The acquisition of an additional ownership interest in a subsidiary without a change of control is accounted for as an equity transaction. Any excess or deficit of consideration paid over the carrying amount of the noncontrolling interest is recognized in equity of the parent in transactions where the noncontrolling interest are acquired or sold without loss of control.

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

	(In Percentage)
Beta Electromechanical Corporation (Beta Electromechanical)	46.80
Raco Haven Automation Philippines, Inc. (Raco)	49.86
Oriken Dynamix Company, Inc. (Oriken)	11.00
Semirara Mining and Power Corporation (SMPC)	43.35
Sem-Calaca Power Corporation (SCPC)	43.35
Southwest Luzon Power Generation Corporation (SLPGC)	43.35
Sem-Calaca RES Corporation (SCRC)	43.35
SEM-Cal Industrial Park Developers, Inc. (SIPDI)	43.35
Semirara Energy Utilities, Inc. (SEUI)	43.35
Southeast Luzon Power Generation Corporation (SeLPGC)	43.35
Semirara Claystone, Inc. (SCI)	43.35
St. Raphael Power Generation Corporation (SRPGC)	43.35
Sem-Calaca Port Facilities, Inc. (SCPFI)	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.

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.

Standards Issued but not yet Effective

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.

3. **Equity**

Capital Stock

As of March 31, 2023 and December 31, 2022, the Parent Company's capital stock consists of:

Authorized capital stock

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

Outstanding capital stock

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

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

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

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

Retained Earnings

On March 29, 2023, the BOD approved the declaration of (1) *regular cash dividends* in the amount of ₱0.61 per common share or a total of ₱8,099.27 million; and (2) *special cash dividends* of ₱0.11 per common share or a total of ₱1,460.52 million, or a grand total of ₱9,559.78 million out of the unrestricted retained earnings of the Parent Company as of March 28, 2023, in favor of the common stockholders of record as of April 17, 2023, and was paid on April 28, 2023.

On October 18, 2022, the BOD approved the declaration of *special cash dividends* in the amount of ₱0.72 per common share or a total of ₱9,559.77 million out of the unrestricted retained earnings of the Parent Company as of October 17, 2022, in favor of the common stockholders of record as of November 2, 2022, and was paid on November 16, 2022

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

Capital Management

The primary objective of the Group's capital management strategy is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.
The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares. There were no changes made in the Group's capital management objectives, policies or processes. The Group considers total equity attributable to equity holders of the Parent Company less net accumulated unrealized gain or loss on equity investments designated at FVOCI as capital.

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

4. **Business Segments**

The following tables present the net income of the specific business segments for the period ended March 31, 2023 and 2022:

Segment Revenues

	For the period		Variance	
(in PHP Millions)	**March 2023**	March 2022	Amount	%
Semirara Mining and Power Corporation	**₱20,708**	₱29,058	(₱8,350)	-29%
DMCI Homes	**4,849**	5,949	(1,100)	-18%
D.M. Consunji, Inc.	**4,367**	5,884	(1,517)	-26%
DMCI Power (SPUG)	**1,716**	1,378	338	25%
DMCI Mining	**1,314**	1,421	(107)	-8%
Parent and others	**78**	75	3	4%
	₱33,032	₱43,765	(₱10,733)	-25%

Net income after non-controlling interests

(in PHP Millions)	For the period **March 2023**	March 2022	Variance Amount	%
Semirara Mining and Power Corporation	**₱5,114**	₱8,520	(₱3,406)	-40%
DMCI Homes	**1,104**	1,414	(310)	-22%
DMCI Mining	**473**	499	(26)	-5%
D.M. Consunji, Inc.	**273**	367	(94)	-26%
Maynilad	**523**	319	204	64%
DMCI Power (SPUG)	**134**	132	2	2%
Parent and others	**(1)**	8	(9)	-113%
Core net income	**7,620**	11,259	(3,639)	-32%
Non-recurring items	**(4)**	1	(5)	-500%
	₱7,616	₱11,260	(₱3,644)	-32%

5. **Operating Expenses**

The following tables present the consolidated operating expenses for the period ended March 31, 2023 and 2022:

	2023	2022
Government share	**₱3,216,899**	₱6,085,985
Salaries, wages and employee benefits	**576,057**	544,178
Taxes and licenses	**502,473**	454,571
Repairs and maintenance	**381,722**	273,597
Outside services	**324,154**	118,731
Insurance	**115,676**	94,401
Advertising and marketing	**112,580**	66,631
Supplies	**62,038**	47,399
Depreciation, depletion and amortization	**45,507**	23,874
Transportation and travel	**42,523**	19,749
Association dues	**39,675**	22,126
Entertainment, amusement and recreation	**39,465**	33,337
Communication, light and water	**23,275**	32,502
Rent	**11,059**	7,479
Miscellaneous expense	**84,301**	133,588
	₱5,577,404	₱7,958,148

6. **Summarized Financial Information of Interests in Related Entities**

Financial information as of and for the period ended March 31, 2023 and December 30, 2022 on the Group's subsidiary with material non-controlling interest (NCI) follows:

Semirara Mining and Power Corporation and Subsidiaries (SMPC)

(in millions)	**March 31, 2023**	December 31, 2022
Statements of Financial Position		
Current assets	**₱56,294**	₱44,900
Noncurrent assets	**41,015**	42,203
Current liabilities	**32,542**	15,448
Noncurrent liabilities	**6,360**	7,402
Equity	**58,406**	64,252

(in millions)	**March 31, 2023**	March 31, 2022
Statements of Comprehensive Income		
Revenue	**₱20,708**	₱29,058
Net income	**9,029**	15,026
Other comprehensive income	**–**	–
Total comprehensive income	**9,029**	15,026

Financial information as of and for the period ended March 31, 2023 and December 31, 2022 on the Group's material interest in associate follows:

Maynilad Water Holdings Company, Inc. and Subsidiaries

(in millions)	**March 31, 2023**	December 31, 2022
Statements of Financial Position		
Current assets	**₱13,501**	₱16,158
Noncurrent assets	**140,609**	136,735
Current liabilities	**30,667**	27,467
Noncurrent liabilities	**54,066**	54,472
Equity	**69,376**	66,593

(in millions)	**March 31, 2023**	March 31 2022
Statements of Comprehensive Income		
Revenue	**₱6,223**	₱5,292
Net income	**1,908**	1,266
Other comprehensive income	**–**	–
Total comprehensive income	**1,908**	1,266

Investment in Maynilad Water Holdings Company, Inc. (MWHCI) is accounted for using the equity method. Equity in net earnings in the three months ended March 31 amounted to ₱518.77 million in 2023 and ₱316.69 million in 2022.

Financial information as of and for the period ended March 31, 2023 and December 31, 2022 on the Group's immaterial interest in associate and joint ventures follows:

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

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

The investment in Subic Water is accounted for as an investment in an associate using the equity method. The carrying amount of the investment in associate amounted to ₱278.14 million and ₱276.02 million as of March 31, 2023 and December 31, 2022, respectively. The unaudited share in net earnings amounted to ₱2.12 million and ₱17.65 million for the period ended March 31, 2023 and 2022, respectively.

RLC DMCI Property Ventures Inc (RDPVI).
In March 2019, the RLC DMCI Property Ventures Inc., a joint venture agreement with Robinsons Land Corporation, was incorporated to purchase, acquire and develop into a residential condominium project a portion of the parcels of land situated in Las Pinas City with an area of fourteen thousand four hundred ninety-two (14,492) square meters or less. Initial capitalization to the joint venture from DMCI PDI amounted to ₱500 million. The carrying amount of the investment amounted to ₱552.98 million and ₱538.35 million as of March 31, 2023 and December 31, 2022, respectively.

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

7. Earnings Per Share

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

Basic/diluted earnings per share

	For the period (2023)	For the period (2022)	**For 1st Quarter (2023)**	For 1st Quarter (2022)
Net income attributable to equity holders of Parent Company	**₱7,616,345**	₱11,260,141	**₱7,616,345**	₱11,260,141
Divided by weighted average number of common shares	**13,277,470**	13,277,470	**13,277,470**	13,277,470
Basic and diluted earnings per share	**₱0.57**	₱0.85	**₱0.57**	₱0.85

8. Related Party Transactions

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

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

a. Engineering and construction works of the water business is contracted to the construction segment of the Group. These projects are bid out to various contractors and are awarded on arm's length transactions. Booked revenues from these contracts amounted to ₱308.03 million and ₱44.15 million for the period ended March 31, 2023 and 2022, respectively.

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

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

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

9. Financial Risk Management Objectives and Policies

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

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

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

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

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

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

b. *Market Risk*

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

The sensitivity analyses have been prepared on the following bases:

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

The assumption used in calculating the sensitivity analyses of the relevant income statement item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2023 and December 31, 2022.

Equity Price Risk

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

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

Commodity Price Risk

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

Coal

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

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

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

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

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

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

	March 31, 2023	December 31, 2022
Domestic market	**41.98%**	41.76%
Export market	**58.02%**	58.24%

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 March 31, 2023 and December 31, 2022 with all other variables held constant. The change in coal prices used in the simulation assumes fluctuation from the lowest and highest price based on one-year historical price movements in 2023 and 2022.

	Effect on income before income tax	
Change in coal price (in thousands)	**March 31, 2023**	December 31, 2022
Based on ending coal inventory		
Increase by 28% in 2023 and 19% in 2022	**₱1,391,830**	₱1,088,407
Decrease by 28% in 2023 and 19% in 2022	**(1,391,830)**	(1,088,407)
Based on coal sales volume		
Increase by 69% in 2023 and 18% in 2022	**3,029,456**	9,880,538
Decrease by 69% in 2023 and 18% in 2022	**(3,029,456)**	(9,880,538)

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

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

	Effect on income before income tax	
Basis points (in thousands)	**March 31, 2023**	December 31, 2022
+100	**₱132,317**	₱227,669
-100	**(132,317)**	(227,669)

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 2023 and 2022. The forecasted movements in percentages of interest rates used were derived based on the Group's historical changes in the market interest rates on unsecured bank loans.

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

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

The Group does not have any foreign currency hedging arrangements.

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

	March 31, 2023				
	U.S. Dollar	**Japanese Yen**	**UK Pounds**	**Euro**	**Equivalent in PHP**
Financial assets					
Cash and cash equivalents	**$143,482**	**¥286,816**	**£11**	**€614**	**₱7,957,334**
Receivables	**52,631**	**–**	**–**	**–**	**2,860,927**
	196,113	**286,816**	**11**	**614**	**10,818,261**
Financial liabilities					
Accounts payable and accrued expenses	**(2,931)**	**–**	**–**	**–**	**(159,349)**
	$193,182	**¥286,816**	**£11**	**€614**	**₱10,658,912**

The following tables demonstrates the sensitivity to a reasonably possible change in foreign exchange rates, with all variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities) as of March 31, 2023 (amounts in thousands):

	Exchange rate movement	**Effect on profit before tax**
In Peso per US Dollar		
Increase	**1.01%**	**₱106,060**
Decrease	**(1.01%)**	**(106,060)**
In Peso per Japanese Yen		
Increase	**1.43%**	**1,728**
Decrease	**(1.43%)**	**(1,728)**
In Peso per UK Pound		
Increase	**1.28%**	**10**
Decrease	**(1.28%)**	**(10)**
In Peso per Euro		
Increase	**3.93%**	**1,422**
Decrease	**(3.93%)**	**(1,422)**

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

c. *Credit Risk*
Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Group's maximum exposure to credit risk for the components of the statement of financial position at March 31, 2023 and December 31, 2022 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 March 31, 2023 and December 31, 2022, receivables that are doubtful of collection had been provided with allowance.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

As of March 31, 2022, the aging analysis of the Group's receivables presented per class follows:

	March 31, 2023							
	Neither past	**Past due but not impaired**					**Impaired**	
	nor impaired	**<30 days**	**30-60 days**	**61-90 days**	**91-120 days**	**>120 days**	**assets**	**Total**
Receivables								
Trade								
Real estate	**₱2,584,011**	**₱676,622**	**₱44,755**	**₱42,791**	**₱135,466**	**₱995,728**	**₱45,989**	**₱4,525,362**
General construction	**3,295,212**	**637,343**	**248,415**	**–**	**55,999**	**914,014**	**24,417**	**5,175,400**
Electricity sales	**5,009,470**	**172,919**	**1,099,149**	**272,242**	**580,817**	**523,045**	**1,572,615**	**9,230,257**
Coal mining	**5,212,415**	**565,585**	**3,558**	**4,426**	**90,740**	**–**	**36,113**	**5,912,837**
Nickel mining	**42,482**	**–**	**–**	**–**	**–**	**–**	**–**	**42,482**
Merchandising and others	**9,554**	**–**	**26,668**	**10,120**	**6,443**	**73,799**	**9,072**	**135,656**
Receivables from related parties	**2,559,529**	**–**	**–**	**–**	**–**	**–**	**–**	**2,559,529**
Other receivables	**1,399,470**	**47,018**	**8,332**	**–**	**5,210**	**4,974**	**91,409**	**1,556,413**
	₱20,112,143	**₱2,099,487**	**₱1,430,877**	**₱329,579**	**₱874,675**	**₱2,511,560**	**₱1,779,615**	**₱29,137,936**

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

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

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

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

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

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

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

There has been no reclassification from Level 1 to Level 2 or 3 category as of March 31, 2023 and December 31, 2022.