

COVER SHEET

SEC Registration Number

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

(Company's Full Name)

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

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

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

HERBERT M. CONSUNJI
Contact Person

888-3000
Company Telephone Number

(Last Wednesday of July)

1 2 3 1
Month Day
Fiscal Year

SEC Form 17-A
FORM TYPE

0 7 3 1
Month Day
Annual Meeting

N.A.
Secondary License Type, If Applicable

C F D
Dept Requiring this Doc

Amended Articles Number / Section

Total No. of Stockholders

Total Amount of Borrowings
Domestic Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A, AS AMENDED

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

1. For the fiscal year ended December 31, 2014
2. SEC Identification Number AS095-002283 3. BIR Tax Identification No. 004-703-376
4. Exact name of issuer as specified in its charter DMCI Holdings, Inc.
5. Philippines
Province, Country or other jurisdiction of
incorporation or organization
6. (SEC Use Only)
Industry Classification Code:
7. 3rd Floor, Dacon Building, 2281 Pasong Tamo Ext., Makati City 1231
Address of principal office Postal Code
8. Tel. (632) 888-3000 Fax (632) 816-7362
Issuer's telephone number, including area code
9. Not applicable
Former name, former address, and former fiscal year, if changed since last report.
10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

<u>Title of Each Class</u>	<u>No. of Shares Outstanding</u>	<u>Amount</u>
Common Shares	13,277,470,000	Php13,277,470,000.00
Preferred Shares	3,780	3,780.00
TOTAL	13,277,473,780	Php13,277,473,780.00

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

Yes [X] No []

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

Philippine Stock Exchange

Class "A" Shares & Preferred Shares

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);

Yes [X] No []

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

Yes [X] No []

13. **Php 57,742,748,970.00**

The aggregate market value of the voting stock held by non-affiliates of the registrant

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

14. **Not applicable**

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

DOCUMENTS INCORPORATED BY REFERENCE

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

- (a) Audited Financial Statements as of December 31, 2014 (Part II C)
- (b) Annual Corporate Governance Report 2014 (Part IV)
- (c) Exhibits and Schedules (Part V)

DMCI HOLDINGS, INC.
ANNUAL REPORT ENDING DECEMBER 31, 2014

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ATTACHMENTS

- A. STATEMENT OF MANAGEMENT’S RESPONSIBILITY**
- B. SPECIAL FORMS FOR FINANCIAL STATEMENTS (SFFS)**
 - a. Treasurer’s Certification on SFFS with Compact Disc (CD)

- b. Consolidated Balance Sheets
- c. Consolidated Income Statements
- d. Consolidated Cash Flow Statements
- e. Statement of Changes in Equity

C. CONSOLIDATED AUDITED FINANCIAL STATEMENTS

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

D. INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY SCHEDULES

- a. Schedules required by Annex 68-E
- b. Schedule of all of the effective standards and interpretations (Part 1, 4J)
- c. Reconciliation of Retained Earnings Available for Dividend Declaration (Part 1, 4C; Annex 68-C)
- d. Map of the relationships of the companies within the group (Part 1, 4H)
- e. Schedule of Financial Ratios

PART I - BUSINESS AND GENERAL INFORMATION

A. BUSINESS DESCRIPTION

DMCI Holdings, Inc. (the “Company”) was incorporated on March 8, 1995 as a holding company to consolidate all construction business, construction component companies and related interests of the Consunji Family. It was listed on the Philippine Stock Exchange on December 18, 1995.

In only a few years after incorporation, the Company has expanded its business organization to include four major subsidiaries, namely: D.M. Consunji, Inc. (DMCI), DMCI Project Developers, Inc. (PDI), Semirara Mining and Power Corporation (SMPC), DMCI Power Corporation (DMCI PC), and DMCI Mining Corporation (DMCI MC).

DMCI, a wholly owned subsidiary, is engaged in general construction services— the Group's core business. It is also engaged in various construction component businesses such as the production and trading of concrete products and electrical and foundation works. Incorporated and founded in 1954, DMCI is currently one of the leaders in the Philippine construction industry, noted for quality projects delivered on time and its pioneering application of advanced engineering methodology. In addition, DMCI, together with its affiliate PDI, is actively engaged in real estate sales and development, launching its housing component - **DMCI Homes**, in early 2002.

PDI, another wholly owned subsidiary incorporated in 1995, is engaged in construction business-generating investments primarily through its equity participation in various project and infrastructure development activities. These ventures generate not only investment income but also construction business for DMCI. Currently, PDI, is actively engaged in real estate sales and development.

SMPC, a 56%-owned publicly listed company established in 1980 is engaged in the exploration, mining, development and sales of coal resources on Semirara Island in Caluya, Antique. It is currently the Philippines' largest coal-producing company which account for 90% of the country's total coal production.

DMCI Power Corporation (DMCI PC), a wholly-owned subsidiary of the Company, is engaged in the business of power generation which designs, constructs, invest in, and operate power plants. On January 15, 2007, the National Power Corporation (NPC) awarded to DMCI PC the Masbate Power Generation, one of the small utilities group (SPUG) of NPC. DPC shall take over of the power supply obligation in Masbate with a 15-year Power Supply Agreement with Masbate Electric Cooperative (MASELCO). Masbate Power Generation has a total contract of 13,000 KW of Guaranteed Dependable Capacity (GDC).

DMCI Mining Corporation (DMCI MC) is another wholly owned subsidiary engaged in ore and mineral mining and exploration. It was incorporated on May 29, 2007. It has entered into joint venture with Rusina Mining Ltd., a listed company in Australia, in which the Corporation agreed to be the independent contractor to directly undertake the mining operations in the municipalities of Sta. Cruz and Candelaria in Zambales. The mining operation is an open pit extraction of nickel, chromite, and iron laterite for direct shipping.

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

(1)(b) Any bankruptcy, receivership or similar proceeding - **None**

(1)(c) Any material reclassification, merger, consolidation, or purchase or sale of a significant amount of assets not in the ordinary course of business. – **None**

(2) Business of Issuer

(a) Description of Registrant

- i. Principal products or services and their markets. – **The Company is a publicly-listed firm with subsidiaries or affiliates engaged in the businesses of construction, real estate, coal mining, nickel mining, power generation, and water distribution. Its**

revenues and net income are being generated and consolidated from its subsidiaries.

- ii. Percentage of sales or revenues and net income contributed by foreign sales – **Not Applicable**
- iii. Distribution methods of the products or services – **Not Applicable**
- iv. Status of any publicly-announced new product or service (e.g. whether in the planning stage, whether prototypes exist), the degree to which product design has progressed or whether further engineering is necessary. Indicate if completion of development of the product would require a material amount of the resources of the registrant, and the estimated amount - **None**
- v. **Competition.** – Among the publicly listed companies, DMCI Holdings, Inc. is the only holding company which has construction for its primary investment, Its construction business is primarily conducted by wholly-owned subsidiary, D.M. Consunji, Inc. (DMCI), which has, for its competitors, numerous construction contracting companies, both local and foreign, currently operating in the country. It has been an acknowledged trend that the state of construction industry depends mainly on prevailing economic conditions. Thus, the currently weak economic growth explains the continued slump in the construction industry. Given this trend, DMCI has been focusing on selected markets where construction demand has remained relatively strong, particularly, in housing and civil works. This is where the company believes it can compete effectively given its strong construction capabilities, equipment and manpower complement, and track record. The Company's coal mining is the largest coal producer in the country. Competition is insignificant as far as domestic coal mine is concerned. The real estate business, on the other hand, is targeted for the middle income families. As far as local sales in concerned, DMCI Homes is well-positioned to capture the end-user market with much lower price for the same market with that of its competitor.
- vi. **Sources and availability of raw materials and the names of principal suppliers;** If the registrant is or is expected to be dependent upon one or a limited number of suppliers for essential raw materials, energy or other items, describe. Describe any major existing supply contracts. – **Not applicable to DMCI Holdings, Inc. For DMCI, it has its own pool of equipment and construction materials supply. For SMPC, the Semirara Island has an estimated coal reserve of 150 million metric tons representing 50% of the country's known coal reserve.**
- i. Disclose how dependent the business is upon a single customer or a few customers, the loss of any or more of which would have a material adverse effect on the registrant and its subsidiaries taken as a whole. Identify any customers that account for, or based upon existing orders will account for, twenty percent (20%) or more of the registrant's sales; Describe any major existing sales contracts – **Not applicable to DMCI Holdings, Inc. For SCC, it has an existing long term supply contract with National Power Corporation (NPC) which accounts for approximately 98% of its revenues. For Maynilad, it covers the West concession area of Metro Manila and parts of Cavite Province which accounts for nine (9) million customers. Other subsidiaries have various customers in terms of location, profile and target market.**

(viii) Transactions with and/or dependence on related parties – **Aside from inter-company transactions within the group of companies, and SCC's long term supply contract with NPC, the Company has no known transactions with and/or dependence on related parties.**

(ix) Summarize the principal terms and expiration dates of all patents, trademarks, copyrights, licenses, franchises, concessions, and royalty agreements held; Indicate the extent to which the registrant's operations depend, or are expected to depend, on the foregoing and what steps are undertaken to secure these rights – **Not applicable to DMCI Holdings, Inc. For DMCI, it is and remains a triple-A ("AAA") licensed contractor, given by the Philippine Construction Accreditation Board (PCAB), in consideration of certain minimum requirements such as: (1) financial capacity; (2) equipment capacity; (3) experience of firm; and (4) experience of technical personnel. For SMC, royalty agreements are: (1) Royalty Agreement with the Department of Energy (DOE) – 3% royalty based on FOB Sales; (2) Royalty Agreement with land claimants – P0.50/MT for untitled land and P1.00/MT for titled land.**

(x) Need for any government approval of principal products or services. If government approval is necessary and the registrant has not yet received that approval, discuss the status of the approval within the government approval process – **None at the moment.**

(xi) Effect of existing or probable governmental regulations on the business – **Not applicable to DMCI Holdings, Inc. For DMCI, it is required under Philippine laws to secure construction permits and environmental clearances from appropriate government agencies prior to actually undertaking each project. For SMC, it is required under Philippine laws to secure mining and exploration permits, as well as environmental clearances from appropriate government agencies for its continuing operations.**

(xii) Indicate the amount spent on research and development activities, and its percentage to revenues during each of the last three fiscal years – **None**

(xiii) Costs and effects of compliance with environmental laws – **Not directly applicable to DMCI Holdings, Inc., but only to its operating subsidiaries. Costs vary depending on the size and nature of a construction project for the construction and real estate businesses. Failure to comply with the terms of the ECC (environmental compliance certificate) can lead to imposition of fines and temporary cessation of operations.**

(xiv) Total Number of Employees

The total number of employees of the Company is thirteen (13). The Company does not anticipate hiring additional employees for the ensuing year except when due to contingencies resulting in separation, resignation, termination of services of existing employees.

Executive	3
Senior Officers	1
Officers	6
Rank and File	3
Total	13

No employees are subject to either collective bargaining agreement (CBA), strike or union in both the Parent and its subsidiaries. There are no supplemental benefits or incentive arrangements between the employees and the Company.

Discuss the major risk/s involved in each of the businesses of the company and subsidiaries. Include a disclosure of the procedures being undertaken to identify, assess and manage such risks. – **Major risks for the Company and its subsidiaries are operational, regulatory and financial risks. On November 18, 2014, the Board of Directors approved the Company's Enterprise Risk Management (ERM) Policy. The ERM Policy provides the framework for managing risks across DMCI Holdings, Inc. ("DMCIHI" or "the Company"). It contains the fundamental policies to guide all DMCIHI personnel, including senior executive management and the Board of Directors, who are directly or indirectly involved in the strategic, operations, compliance and financial activities of the Company. This will serve as the guide to enable the concerned Company personnel to make appropriate actions and decisions pertaining to the management of the Company's portfolio of risks.**

B. PROPERTIES

(B) Give the location and describe the condition of the principal properties (such as real estate, plant and equipment, mines, patents, etc.) that the registrant and its subsidiaries own. If the registrant does not have complete ownership of the property, for example, others also own the property or there is a mortgage or lien on the property, describe the limitations on ownership. Indicate also what properties it leases, the amount of lease payments, expiration dates and the terms of renewal options. Indicate what properties the registrant intends to acquire in the next twelve (12) months, the cost of such acquisitions, the mode of acquisition (i.e. by purchase, lease or otherwise) and the sources of financing it expects to use. - ***All properties are owned by the Company and its subsidiaries unless otherwise indicated as follows:***

SEMIRARA MINING CORPORATION

Property. - The mine site located in Semirara Island, Caluya, Antique, is part of the coal mining reservation under Proclamation No. 649 issued by then President Manuel L. Quezon on November 20, 1940. Certain areas in the mine site are leased with rental payments of ₱5.47 million for 2014. The infrastructures and road network, office administration buildings, and power plants, are some of the improvements made by the Company on the leased area, as well as the following:

a. <u>Building/Offices:</u>	Units		Units
Administration Building	1	Motorpool	1
Analab Building	1	MS1 Building	1
Briquetting Building	1	MS2 Building	1
Civil Works Office & Warehouse	1	MS4 Building	1
Coal Power Plant 2x7.5MW	1	MS5 Building	1
Coal Power Plant 1x15MW	1	MS7 Building	1
Coal Silo	4	Oxygen/Acetylene Building	2
Core House	1	Panama Complex	1
CRO Office	1	Pitshop	1
Diesel/Bunker Power Plant	1	Product Office	1
Drilling shop	1	RMO Office	1
Genset Shed at CPP	1	Sand Blasting Plant	1
HRD Office & Library	1	Shipping Office	1
Humic Acid Plant	1	Splicing Building	1
Lime Plant	1	Tire Shop	1
Magazine Building	3	Warehouse	1

Main Workshop	1	Warehouse Auxiliary Building	1
Mayflower Motorpool	1	Washing Plant Office	1
<i>b. <u>Housing:</u></i>	Units		Units
Altar Boys Quarter	1	Lebak Housing	145
Group Staff House	2	Molave Housing (Laborer's Unit)	911
Individual Staff House	3	Pinatubo Housing	51
Kalamansig Housing	78	Staff House at Tabunan	2
Laborer's Clusters 1-7	58	Waffle Crete Building	2
Altar Boys Quarter	1		
<i>c. <u>Others:</u></i>	Units		Units
Classrooms for Bunlao Elem School	6	Messhall at Tabunan	1
Classrooms for Mother School	10	Messhall at waffle crete	1
Classrooms for Semirara High School	12	Mix Commercial Building	3
Classrooms for Tinogboc ElemSchool	15	Multi-purpose Gym	3
Classrooms for Tinogboc HighSchool	4	Multi-purpose Hall at Bunlao	1
Classrooms for Villaresis Elem School	4	Multi-purpose Hall at Phase 1	1
Coast Guard Building	1	Multi-purpose Hall at Phase 4	1
Commissary Building	1	ONB ATM Machine Building	1
Commuter terminal	1	ONB Semirara Branch	1
Covered tennis court	1	Oval at Pinaggala Area	1
Divine Word School of Semirara	5	Pall Water Filtration Plant	1
DWSSI Gym	1	Pottery Building	1
Foodcourt	1	Pump house & landscaping	1
Gantry at Mayflower	1	Semirara Airstrip	1
Gantry at MWS	1	Semirara Library Hub	1
Grotto	1	Semirara Plaza	1
		Semirara Training Center (STCI)	3
Guadalupe Church	1	Sitio Villaresis pier	1
Hangar	4	Slaughter House	1
HTPC Convent	1	Slipway	1
Ice Plant	1	SMC Infirmary	1
Material Recovery Facility	1	Smart Site Tower	1
Messhall 1	1	Tabunan Hatchery & Laboratory	1
Messhall at Cluter 5	1		
Messhall at Cluter 7	1		

All properties with the net book values are active assets. These are all located in Semirara Island, Caluya, Antique (mine site). All properties are free of any liens and encumbrances except some mining equipment used as collateral for the Company's loans. The Company also invested in mining and other equipment worth ₱ 1.090 billion, ₱1.050 billion, and 1.683 billion for 2014, 2013 and 2012, respectively.

On the other hand, its power subsidiary, SCPC owns the following equipment, structures, buildings and improvements located over parcels of land subject of a lease contract for 25 years from the Power

Sector Assets Liabilities and Management Corporation (PSALM) at Calaca, Batangas with rental payments of ₱150.57 million to cover the entire duration of the lease:

1. 2x300 MW units of the Calaca Power Plant with its major components and accessories
2. Staff Housing Units
3. Guest House
4. Pier
5. Conveyor Unloading System
6. Coal Stockyard
7. Administrative Building
8. Motorpool

On July 4, 2011, SCPC exercised its option to buy several parcels of land with an aggregate area of 29.3 hectares, subject of the lease from PSALM all located within the premises of the Calaca Power Plants. SCPC assigned to its option to buy over an additional 8.2 hectare lot to the Company which option was exercised on July 4, 2011. Said 8.2 hectares was later sold by the Company to SLPGC on August 28, 2013.

D.M. CONSUNJI INC.

CONSTRUCTION EQUIPT & TOOLS	EARTHMOVING EQUIPMENT	VARIOUS
	COMPACTION EQUIPMENT	VARIOUS
	LIFTING EQUIPMENT	VARIOUS
	EXCAVATION EQUIPMENT	VARIOUS
	PILE DRIVING EQUIPMENT	VARIOUS
	CONCRETING EQUIPMENT	VARIOUS
	HAULING EQUIPMENT	VARIOUS
	AIR EQUIPMENT	VARIOUS
	PUMPING EQUIPMENT	VARIOUS
	POWER GENERATING EQUIPMENT	VARIOUS
	SHOP EQUIPMENT	VARIOUS
	SPECIAL SUPPORT EQUIPMENT	VARIOUS
	TOOLS & OTHER INSTRUMENTS	VARIOUS
	METAL FORMWORKS	VARIOUS
TRANSP. EQUIPT.	SERVICE CAR	VARIOUS
	SERVICE PICK-UP	VARIOUS
	OTHER VEHICLES	VARIOUS
OFFICE FURN., FIXTURES & EQUIPT.	OFFICE FURNITURE & FIXTURES	VARIOUS
	OFFICE EQUIPMENT	VARIOUS
	COMPUTER EQUIPMENT	VARIOUS
	COMMUNICATION EQUIPMENT	VARIOUS
OTHERS	LAND	VARIOUS
	LAND IMPROVEMENTS	

	LEASEHOLD IMPROVEMENTS BUILDING BUILDING IMPROVEMENTS PLANTS	VARIOUS VARIOUS VARIOUS VARIOUS

There are no construction equipment under mortgage, lien or encumbrance. DMCI plans to sell the excess construction equipment.

DMCI POWER CORP.

Location	TYPE	No of Units Installed		Rated Capacity	Total Capacity
Mobo, Masbate	Bunker-Fired Thermal Power Plant	2		6.20	12.40
	Diesel Generator	2		2.00	4.00
	Diesel Generator	1		1.00	1.00
Cataingan, Masbate	Diesel Generator	3		1.00	3.00
Aroroy, Masbate	Diesel Generator	1		2.00	2.00
	Diesel Generator	1		1.00	1.00
Total					23.40
Irawan, Palawan	Diesel Generator	5		1.25	6.25
	Diesel Generator	16		1.21	19.36
Aborlan, Palawan	Diesel Generator	2		1.21	2.42
Roxas, Palawan	Diesel Generator	3		1.21	3.63
Quezon, Palawan	Diesel Generator	1		1.21	1.21
Total					32.87
San Jose, Occidental Mindoro	Diesel Generator	4		1.21	4.84

Total					4.84
Calapan, Oriental Mindoro	Bunker-Fired Power Generator	4		3.889	15.56
	Diesel Generator (Back up)	1		1.21	1.21
Total					16.77*

*Generating units in Oriental Mindoro, not yet operational as of Dec. 31, 2014

There are no power generation equipment under lease, mortgage, lien or encumbrance.

DMCI PROJECT DEVELOPERS, INC.

Classification	Property Description	Location
EQUIPMENT	Office equipment Communication equipment Furniture and fixtures Transportation equipment Machinery & other construction equipment Software Mock-up assets	Various
LAND	Residential	Bambang, Taguig Bambang 1, Taguig Bambang 2, Taguig Carmona, Cavite Bacoor, Cavite Hagonoy, Taguig Pamplona, Las Piñas Mandaluyong Taft Avenue, Manila Muntinlupa Pasay City Parañaque Quezon City Ususan, Taguig Wawa Baguio City Makati City Manila

There are no equipment or property under lease, mortgage, lien or encumbrance.

DMCI MINING CORPORATION

As of December 31, 2014, DMCI Mining has no recorded Machinery & Equipment. They were all sold to Berong Nickel Corp. & Zambales Diversified Metals Corp, the operating companies of DMCI Mining Corp.

C. LEGAL PROCEEDINGS

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

Consolidated Criminal Complaints of
Rodolfo V. Cruz, et al. v. Isidro A. Consunji,
Edwina C. Laperal, Cesar A. Buenaventura, et al.
IS Nos. 03-57411-I, 03-57412-I, 03-57413-I,
03-57414-I, 03-57415-I, 03-57446-I and 03-57447-I
Department of Justice, National Prosecution Service

Semirara Mining Corporation

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

Except for the following, none of the directors, executive officers and nominee for regular director of the Company is subject to any pending criminal cases:

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

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

Meanwhile, the Court granted the withdrawal of information on June 6, 2005. Complainants filed a Motion for Reconsideration and Urgent Motion for Inhibition, but were both denied by the Court in its Omnibus Order dated November 29, 2005. Thereafter, a Notice of Appeal was filed by the complainants, but was

ordered stricken out from records by the Court for being unauthorized and declaring the Omnibus Order final and executory in its Order dated February 22, 2007. The Petition for Review, however, filed by the Complainants with the DOJ on August 26, 2005 is pending to date.

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

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

On the Corporation's existing legal cases, are as follows:

1. **The HGL Case.** Sometime in January 2004, the Corporation received a complaint filed by HGL Development Corporation ("HGL"). The facts are as follows:

On August 28, 1984, HGL entered into a Forest Land Grazing Lease Agreement (FLGLA No. 184) with the Department of Environment and Natural Resources ("DENR") covering a 367-hectare land located at the Barrios of Bobog and Pontod, Semirara, Antique. In its Order dated December 6, 2000, the DENR cancelled FLGLA No. 184 explaining that the subject area is within the coverage of Proclamation No. 649, which set apart the island of Semirara in the Province of Antique as coal mining reservations.

HGL filed a letter requesting a reconsideration of the Order but the request was denied in the DENR's letter-Order dated December 9, 2002.

The Caloocan Case:

On November 17, 2003, HGL filed a complaint against the DENR for specific performance and damages in Branch 121, Regional Trial Court of Caloocan City (RTC-Caloocan). HGL prayed that DENR should perform its obligations under FLGLA No. 184 and pay HGL for moral and exemplary damages and attorneys' fees.

On March 2, 2004, the Corporation filed a Motion for Intervention because the Order canceling FLGLA No. 184 sought to be reconsidered by HGL covers property located in the island of Semirara, Antique, which was granted by RTC-Caloocan. Subsequently, the Corporation filed a Motion to Dismiss on the ground of lack of cause of action/jurisdiction and forum shopping. The Corporation's prayer for dismissal and its subsequent Motion for Reconsideration having been both denied, the Corporation filed its Petition for Review with the Court of Appeals (CA) on November 28, 2005 on the premise that RTC-Caloocan has no jurisdiction over the case.

On January 16, 2007, the CA reversed RTC-Caloocan's decision and finding grave abuse of discretion on the part of the presiding judge for failing to dismiss the case for lack of jurisdiction. The CA ruled that the DENR Order canceling HGL's FLGLA No. 184 had long been final and executory on account of its failure to appeal said Order to the Office of the President. Eventually, HGL's Motion for Reconsideration was denied and the CA accordingly dismissed the case.

Due to CA's denial of HGL's Motion for Reconsideration, a Petition for Certiorari (SC G.R. No. 177844, 2nd Division) was filed by HGL before the Supreme Court (SC) on November 14, 2007, which was denied by the SC for failure of HGL to sufficiently show any reversible error on the assailed CA decision and further denies HGL's motion for leave and first and second motions of time to file a reply to the Corporation's

comments on the petition. HGL's Motion for Reconsideration was denied with finality by the SC on July 2, 2008.

Meanwhile, in a case docketed as SC G.R. No. 180401, 1st Division (*DENR vs. HGL*), DENR's Petition for Certiorari was denied by the SC on February 4, 2008. DENR then filed its Motion for Reconsideration on March 25, 2009, which later denied by the SC with finality.

Citing as basis the dismissal of the Culasi Case (SMC vs. HGL) on the ground of forum shopping, SMC filed a Motion to Dismiss with RTC-Caloocan (Civil Case No. C-20675). However, RTC-Caloocan denied the motion on December 24, 2008 and cited SC decision on G.R. No. 180401 (*DENR vs. HGL*) to sustain its decision to retain jurisdiction over the case. With the denial of its MR on June 24, 2009, the Corporation filed a Petition for Certiorari with the CA on September 14, 2009 (CA-G.R. SP No. 110460). On October 3, 2013 the CA dismissed the Corporation's petition to which a Motion for Reconsideration was filed on November 22, 2013. The case is pending to date.

The Culasi Case:

HGL also filed a separate case against the Corporation on November 17, 2003 in Branch 13 of the Regional Trial Court of Culasi, Antique (RTC-Culasi) for the recovery of their alleged possession of a 367-hectare land located at the Barrios of Bobog and Pontod, Semirara, Antique. HGL prayed for (i) the issuance of a preliminary mandatory injunction in order to secure immediate possession of the property pending litigation, and (ii) actual, moral and exemplary damages and attorney's fees in the total amount of P10 million. The Corporation received the summons on January 15, 2004.

On February 6, 2004, the Corporation filed its Answer and prayed for the outright dismissal of the case for being baseless and unfounded as the Order canceling FLGLA No. 184 had long been final and executory and can no longer be disturbed. The Corporation claims exemplary and moral damages and attorneys' fees.

On September 16, 2004, the RTC-Culasi granted HGL's prayer for preliminary mandatory injunction, which order was affirmed by the CA-Cebu. The Corporation elevated the case to the SC by way of Certiorari with prayer for Temporary Restraining Order (TRO) and/or Injunction to be issued against HGL, the CA-Cebu and RTC-Culasi. The SC initially granted the TRO on March 2, 2005, but on December 06, 2006, the SC promulgated its decision, which denied the Corporation's Petition for Certiorari and lifted the TRO. On January 18, 2007, the Corporation filed its Motion for Reconsideration and later on January 25, 2007 due to the ruling by the CA in the Caloocan case filed a Supplemental Motion for Reconsideration. On February 14, 2007, the SC denied with finality the Corporation's Motion for Reconsideration and its supplement to the aforesaid motion for lack of merit.

Meanwhile, on July 16, 2007, the RTC-Culasi dismissed the main case, as the two (2) cases filed by HGL was a deliberate violation of the rule on forum shopping. RTC-Culasi further stated in its decision that in both cases, HGL's cause of action rests on the validity of its FLGLA No. 184. HGL filed its Motion for Reconsideration, but on November 20, 2007, RTC-Culasi ruled against HGL. No appeal was taken by HGL.

Thereafter, on February 5, 2008, HGL filed before the SC a Petition for Indirect Contempt docketed as "*HGL Development Corporation, represented by its President, Henry G. Lim, Petitioner vs. Hon. Rafael L. Penuela, in his capacity as Presiding Judge of RTC-Culasi, Antique, Branch 13, and Semirara Coal Corporation (now Semirara Mining and Power Corporation), Respondents, SC G.R. No. 181353*". HGL alleged, among others, that the dismissal of the Culasi case constitutes indirect contempt as HGL was not able to implement the SC's decision dated December 6, 2006 (affirming the earlier order of RTC-Culasi granting HGL's prayer for preliminary mandatory injunction) and resolution dated February 14, 2007, as RTC-Culasi dismissed the main case or the Culasi case on the ground of forum shopping. The Corporation filed its Comments/Opposition to the Petition. Subsequently, the SC required the parties to submit their respective Memoranda. The case is pending to date.

2. **Tax Refund/Credit Case.** The Corporation filed several cases against the Commissioner of Internal Revenue before the Court of Tax Appeals (CTA) for tax credit/refund due to erroneously withheld and remitted VAT on coal sales by National Power Corporation (NPC) in the total amount of ₱190,500,981.23.

2.1 *CTA Case No. 7717 (For ₱11,847,055.07).* – On October 15, 2009, the CTA granted the Corporation's petition in the amount of ₱11,847,055.07 for VAT withheld for the month of December 2005. The CIR moved for reconsideration. After the Corporation filed its comment on November 21, 2009, the CTA on August 10, 2010 issued a Writ of Execution on its decision dated October 15, 2009. The Writ of Execution was served to BIR on August 13, 2010. Notwithstanding this, the Corporation's tax credit certificate remains pending with BIR.

2.2. *Commissioner of Internal Revenue vs. Semirara Mining Corporation, G.R. No. 202534 (CTA EB No. 752 [For ₱15,292,054.93]).* – On January 4, 2011, the CTA granted the Corporation's petition in the amount of ₱15,292,054.91 for VAT withheld for the month of January 2007. CIR's Motion for Reconsideration was denied on March 18, 2011. CIR appealed the case to CTA *En Banc* (CTA EB No. 752) but the CTA *En Banc* dismissed the CIR's petition for lack of merit. The CIR again moved to reconsider the *En Banc* decision, but was denied on June 28, 2012. Thereafter, the CIR filed a petition for review on certiorari with the Supreme Court, to which the Corporation filed a comment. The petition remains pending to date.

2.3. *Commissioner of Internal Revenue vs. Semirara Mining Corporation, G.R. No. 203621 (CTA EB No. 772 [For ₱86,108,626.19]).* – On February 10, 2011, the CTA granted the Corporation's petitions in the amount of ₱86,108,626.10 for VAT withheld for the period covering January 1, 2006 to June 30, 2006. On February 22, 2011, as CIR's Motion for Reconsideration was denied, it elevated the case to CTA *En Banc* (CTA EB No. 772), but was denied by the CTA *En Banc* on June 22, 2012. The CIR filed its Motion for Reconsideration but was again denied by CTA on September 17, 2012. The CIR filed with the Supreme Court (SC) a Petition for Review on November 5, 2012, but was denied in a minute resolution dated January 30, 2013. On October 10, 2013 an Entry of Judgment was issued. The Corporation filed its Motion for Issuance of a Writ of Execution with the CTA which was granted on January 21, 2014 and the writ granted on February 18, 2014.

2.4. *Commissioner of Internal Revenue vs. Semirara Mining Corporation, G.R. No. 202922 (CTA EB No. 793 [For ₱77,253,245.39]).* - On March 28, 2011, the CTA granted SMC's petition in the amount of ₱77,253,245.39 for the period covering July 1, 2006 to December 31, 2006. On April 12, 2011, as Respondent CIR's Motion for Reconsideration was denied on June 3, 2011, the CIR elevated the case to CTA *En Banc* (CTA EB No. 793), but the latter, on April 23, 2012 dismiss the petition for lack of merit. As the CIR's Motion for Reconsideration was likewise denied on May 29, 2012, it filed a Petition for Review with the Supreme Court. The Corporation filed a Comment on December 28, 2012 to the CIR's Petition. On October 25, 2013, the SC issued a notice granting the CIR's Motion to Admit Reply and a copy of the Reply. The case remains pending to date.

3. **Business Tax Case.** On February 26, 2007, SMC filed a complaint (*SMC vs. Municipality of Calaca, RTC-142, Makati City, Civil Case No. 07-180*) to seek the reversal and cancellation of the tax assessment by the Municipality of Calaca for unpaid business tax for the CY 2003, 2004 and 2005 in the amount of ₱66,685,189.00. The basis of the claim is that since coal is delivered to the port of Calaca and Corporation is doing business there as shown by the existence of an office, the situs of taxation is in Calaca. The Corporation maintains that it does not maintain an office in the Municipality of Calaca, despite delivery to NPC-Calaca, hence, the proper situs of taxation is not in Calaca but its principal office. The Corporation presented all its witnesses and submitted its formal offer of documentary exhibits. On May 28, 2014, the Court issued its decision denying the Corporation's install appeal, but required the Municipality of Calaca to make re-assessment to conform with the proper sale allocations in accordance with Art. 243(b) of the IRR of the Local Government Code and its assessment should only be based on the proportion of the coal sales which were consummated in Calaca, Batangas. The Corporation filed a Petition for Review with the CTA appealing said decision on August 7, 2014. On October 7, 2014, the CTA issued a Resolution directing the

parties to file their respective memoranda. After submission of the same, the case will be submitted for resolution.

4. **Real Property Tax Case.** On February 19, 2008, the Municipality of Caluya, Antique filed a case against the Corporation (*Municipality of Caluya, Antique vs. SMC, Civil Case No. C-051, RTC-Culasi, Branch 13*) for enforcement of the compromise agreement -submitted to the RTC on November 17, 2003 involving the balance of ₱82,979,702.24 in real property taxes for lots located in Semirara Island. The Corporation maintains that the Motion for Execution has no legal basis and is premature due to a clause in the compromise agreement requiring that the parties first determine the correctness of the tax assessments which shall be subject to the verification of the parties. On October 11, 2012, the parties submitted a Compromise Agreement dated July 2, 2012 to the Court for its approval. On November 18, 2014, the Court issued its order approving the Compromise Agreement.
5. **Specific Performance Case.** – The complaint docketed as *Power & Synergy, Inc. vs. SMC, et. al, Civil Case No. Q-10-66936, RTC-QC, Branch 97* alleges fraudulent acts against the Corporation and its directors and officers, and prayed that defendants jointly and severally perform and comply with the terms and conditions under the Consultancy Agreement. PSI is in effect claiming a success fee of ₱1.3 billion (due to increase in coal volume sold to NPC) by the end of 2010. On June 2, 2010, SMC moved for the dismissal for lack of jurisdiction and improper venue in so far as other individual defendants are concerned, and the complaint states no cause of action. The RTC required PSI to pay the correct docket fees, but PSI moved for reconsideration, which was later denied by the Court. On August 22, 2014, the Corporation moved for the dismissal of the case for failure of PSI to comply with the order of the Court to pay the correct docket fees. To date, no action has yet been taken by the Court on said motion.
6. **Forcible Entry Case.** – The complaint docketed as *Gabinete, et. al. vs. SMC, et. al, Civil Case No. 210-C, MCTC-Pandan, Antique* hinges from the alleged entry of the Corporation to a portion of plaintiffs' properties located in Barangay Alegria, Caluya, Antique. The occupation of the Corporation was based on the authority of the new owner of the property. Plaintiffs' prayed to the Court to order defendants to vacate the properties and pay damages and attorney fees. On March 10, 2014 the Corporation submitted its affidavits and position paper as required by the Court. The case is submitted for resolution/decision of the Court.
7. **Annulment of Deeds of Sale Case.** – The complaint docketed as *Gabinete, et. al. vs. SMC, et. al., Civil Case No. C-260, RTC-Culasi, Antique, Branch 13* seeks the annulment of deeds of sale plaintiff executed with the defendant George G. San Pedro covering parcels of land located in Brgy. Alegria, Caluya, Antique due to alleged unsound mind of the plaintiff at the time of execution. After defendants filed their answer, the RTC scheduled the pre-trial conference on February 10, 2014. Plaintiff filed an amended complaint.
8. **Illegal Dismissal Case.** – This is an illegal dismissal case filed by Engr. Bornea docketed as *Bornea, Jr., vs. SMC, et. al., NLRC Case No. RAB-IX-11-00663-11* with the Arbitration Branch of Davao seeking for his reinstatement as the Foreman Supervisor of the Corporation's mining facility in Caluya, Antique. Bornea alleged that there was no justifiable ground for dismissal and due process was not observed. On April 24, 2012, the Labor Arbiter resolved to dismiss the complaint for lack of merit. Complainant appealed the case, but the NLRC-Cagayan de Oro City dismissed the appeal for lack of merit in its Decision dated December 28, 2012. On February 19, 2013, Bornea moved to reconsider the NLRC decision, but the NLRC in its Resolution dated March 27, 2013 dismissed the motion for lack of merit. Despite this, Bornea filed with the CA a Petition for Certiorari under Rule 65. The same remains pending to date.
9. **Declaratory Relief with Injunction Case.** – This is a case filed by the Corporation against the *BIR, Bureau of Customs & Department of Finance* under *Civil Case No. 13-1171, RTC Makati Br. 146*. On May 21, 2013 SMC was granted a Certificate of Qualification for Tax Exemption under PD 972 by the DOE for its 36,000,000 liters of diesel. SMC made 1st partial shipment of 6,16,367 liters. BIR assessed VAT and excise tax on said shipment in the amount of P25 M which was paid under protest. As a result SMC filed a petition for Declaratory Relief with the RTC on October 3, 2013 seeking to enjoin BIR, BOC from implementing BIR RR No. 2-2012 by imposing advance payment of VAT on SMC importation of diesel fuel for its own use and consumption. BIR rationalizes its issuance of RR No. 2-2012 for the purpose of

curtailing smuggling. While under said regulations payment of VAT is subject to right of refund by SMC (effectively 0% rated) being exempted from VAT under its COC and PD 972, SMC contested the application of said regulation as it effectively diminishes its exemption granted by law and impairs the rights under its COC pursuant to the non-impairment clause of the Constitution.

On October 30, 2013, SMC secured a 20-day TRO and on November 21, 2013 the court issued a preliminary injunction against the BIR, BOC and DOF in so far as the implementation of said regulation specifically against the Corporation. Defendants moved for reconsideration, but were denied by the Court on February 4, 2014. On February 10, 2014, the Court resolved to grant the Corporation's petition for declaratory relief and declared that in view of the tax exemption provided under PD 972 and the COC, Revenue Regulation No. 2-2012 issued by the respondents was held inapplicable to the Corporation's direct importation of petroleum products.

As a result, the DOF and BOC filed a petition for review on certiorari under Rule 45 of the Rules of Court (ROC) with the Supreme Court on April 8, 2014 while the BIR on May 13, 2014 filed with the Court of Appeals a petition for review under Rule 65 of ROC with prayer for TRO and/or writ of preliminary injunction. To date the case remains pending with the Supreme Court and Court of Appeals, respectively.

10. **Environmental Case (Writ of Kalikasan).** – The case docketed as *Fajardo vs. Semirara Mining Corp., et. al., Civil Case No. C-271, RTC-Culasi, Antique, Branch 13* was filed pursuant to Supreme Court A.M. 09-6-8-SC on Rules of Procedures for Environmental Cases (Rules). Complainant prayed for Temporary Environmental Protection Order (TEPO) for 72 hours from receipt of the complaint for the alleged irresponsible coal mining, serious destruction of the island, pollution of marine and coral reefs, damage to marine life, among others. Defendants filed their respective answers. No TEPO has been issued by the RTC. On February 17, 2015, during the pre-trial conference, the plaintiff filed a Motion to Withdraw complaint which the court in open court granted with the conformity of the company. The Company however has yet to receive a formal order on the dismissal of the case.

Except for the foregoing cases, the Corporation or its subsidiaries is not a party to any pending material legal proceedings. It is not involved in any pending legal proceedings with respect to any of its properties. Apart from the foregoing, therefore, it is not involved in any claims or lawsuits involving damages, which may materially affect it or its subsidiaries.

D. Submission of Matters to a Vote of Security Holders

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

PART II – OPERATIONAL AND FINANCIAL INFORMATION

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

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

(1) Market Information

(a) Identify the principal market or markets where the registrant's common equity is traded. If there is no public trading market, so state - ***Both common and preferred shares of DMCI Holdings, Inc. are traded on the Philippine Stock Exchange.***

(i) If the principal market for the registrant's common equity is a Stock Exchange in the Philippines or a foreign Exchange, state the name of that Exchange and give the high and low sales prices for each quarter within the last two fiscal years and any subsequent interim period for which financial statements are required by SRC Rule 68. – ***See table below***

Common Share Prices		High	Low
2013	First Quarter	55.80	53.80
	Second Quarter	51.60	51.00
	Third Quarter	47.20	45.80
	Fourth Quarter	56.70	55.20
2014	First Quarter	70.20	70.00
	Second Quarter	75.90	73.90
	Third Quarter	79.45	78.15
	Fourth Quarter	15.78	15.20
2015	First Quarter		

Preferred Share Prices		High	Low
2013	First Quarter	0	0
	Second Quarter	0	0
	Third Quarter	0	0
	Fourth Quarter	0	0
2014	First Quarter	0	0
	Second Quarter	0	0
	Third Quarter	0	0
	Fourth Quarter	0	0
2015	First Quarter	0	0

(b) If the information called for by paragraph (A) of this Part is being presented in a registration statement filed pursuant to Section 12 or in an annual report filed pursuant to Section 17 or in an information statement filed pursuant to Section 17.1(b) or in a proxy statement filed pursuant to Section 20 of the Code, respectively, the document shall also include price information as of the latest practicable trading date, and, in the case of securities to be issued in connection with an acquisition, business combination or other reorganization, as of the trading date immediately prior to the public announcement of such transaction. – **Price information as of the latest practicable trading date: As of April 20, 2015: HIGH - 15.60 LOW – 15.18 CLOSE – 15.60 VOLUME – 4,888,100**

(c) If the information called for by paragraph (A) of this Part is being presented in a registration statement relating to a class of common equity for which at the time of filing there is no established public trading look at the schools in a busy to change in foreign aid out that some station the admin tool is acting as an informal place and the sound and the Papin is the fourth Reinoso officers home the same site of the animal and because the schools and they are not the end of the idea that an option of placing Arby Siu stir up to a new state and market in the Philippines, indicate the amounts of common equity – **Not applicable**

(2) Holders

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

Number of Shareholders: As of December 31, 2014 the Company had a total of 704 shareholders of which 689 were holders of common shares 15 were holders of preferred shares.

Common Shares: 13,277,470,000 - Of the total outstanding common shares, 2,231,525,891 common shares representing 16.81% of the outstanding common shares are owned by foreign shareholders.

Title of Class	Name	Citizenship	Number of Shares Held	Percent of Class
Common	DACON Corporation	Filipino	6,076,969,505	45.769032%
Common	DFC Holdings, Inc.	Filipino	2,370,782,060	17.855676%
Common	Philippine Central Depository, Inc. (PCD)	Foreigner	2,220,623,841	16.724751%
Common	Philippine Central Depository, Inc. (PCD)	Filipino	2,215,867,169	16.724751%

Top 20 Common Shareholders: The list of the Top 20 common shareholders as of December 31, 2014 as contained in Exhibit (2) is herein incorporated by reference.

(3) Dividends

(a) Discuss any cash dividends declared on each class of its common equity by the registrant for the two most recent fiscal years and any subsequent interim period for which financial statements are required to be presented by SRC Rule 68. – **See below:**

1. On April 7, 1999, the Company paid the semi-annual dividend of 2.5 % for last semester of the second year to the holders of the preferred shares.

2. On October 7, 1999, the Company paid the semi-annual dividend of 3.6 % for the first semester of the third year to the holders of the preferred shares.
3. On April 7, 2000, the Company paid the semi-annual dividend of 3.6% for last semester of the third year to the holders of the preferred shares.
4. On October 7, 2000, the Company paid the semi-annual dividend of 3.6% for the first semester of the fourth year to the holders of the preferred shares.
5. On July 20, 2006, the Company paid cash dividends at the amount of PhP 0.10 per outstanding common share to the shareholders of record of June 30, 2006.
6. On May 28, 2007, the Company paid cash dividends at the amount of Php 0.10 per outstanding common share to the shareholders of record of April 30, 2007
7. On May 30, 2008, the Company paid cash dividends at the amount of Pho 0.10 per outstanding common share to the shareholders of record of May 12, 2008.
8. On June 30, 2009, the Company paid cash dividends at the amount of Php 0.20 per outstanding common share to the shareholders of record of June 5, 2009.
9. On July 15, 2010, the Company paid cash dividends at the amount of Php 0.50 per outstanding common share to the shareholders of record of June 22, 2010.
10. On July 7, 2011, the Company paid cash dividends at the amount of Php 1.00 per outstanding common share to the shareholders of record of June 15, 2011.
11. On May 15, 2012, the Company paid cash dividends at the amount of Php 1.20 per outstanding common share to the shareholders of record of June 15, 2012.
12. On April 11, 2013, the Company declared cash dividends of Php 1.20 per common share and special cash dividends of Php 1.00 per common share to the shareholders of record of April 26, 2013.
13. On November 14, 2013, the Company declared a special cash dividends of P1.20 per common share to the shareholders of record of November 29, 2013.
14. On May 15, 2014, the Company declared a regular cash dividends of P1.20 per common share and a special cash dividends of P1.20 per common share to the shareholders of record of May 30, 2014.

(b) Describe any restrictions that limit the ability to pay dividends on common equity or that are likely to do so in the future. – **There are no contractual or other restrictions on the Company's ability to pay dividends. However, the ability of the Company to pay dividends will depend upon the amount of distributions, if any, received from the Company's operating subsidiaries and joint venture investments and the availability of unrestricted retained earnings. The Company's operating subsidiaries however are restricted on the declaration and payment of dividends, as limited by negative covenants entered into by the operating subsidiaries with outside parties.**

(4) Recent Sales of Unregistered Securities - NONE

B. MANAGEMENT'S DISCUSSION AND ANALYSIS OF PLAN OF OPERATION FOR THE YEAR ENDING DECEMBER 31, 2014 AND 2013.

Full Year 2014 vs. 2013

I. RESULTS OF OPERATIONS

CONSOLIDATED

Below is a table on the net income contributions of the Company's businesses for 2014 and 2013:

NET INCOME AFTER NON-CONTROLLING INTERESTS				
(in Php Millions)	Audited		Variance	
	2014	2013	Amount	%
COAL MINING	P2,299	P1,022	P1,277	125%
NICKEL MINING	362	169	193	114%
CONSTRUCTION	479	1,275	(796)	-62%
REAL ESTATE	3,241	2,655	586	22%
POWER	2,011	3,478	(1,467)	-42%
WATER	2,037	1,915	122	6%
PARENT COMPANY	(173)	65	(238)	-366%
CORE NET INCOME	10,256	10,579	(323)	-3%
ONE-TIME GAIN	519	8,358	(7,839)	-94%
TOTAL	10,775	P18,937	(P8,162)	-43%

DMCI Holdings, Inc. (the "Company") posted P10.3 billion in consolidated core income in 2014, a dip of 3% from the P10.6 billion reported last year. The drop in core income was attributable to the weakened operating results of the power and construction businesses.

Technical problems during the installation and fine-tuning of the Distribution Control System (DCS) and commissioning delays resulted in extended outages in one of the Calaca power units. This exposed the power business to high Wholesale Electricity Spot Market (WESM) prices for its replacement power during the first half of the year.

Meanwhile, earnings from the construction business were dragged down by cost overruns in its engineering, procurement, and construction (EPC) contract for a power plant, and the delayed implementation of major public infrastructure projects due to right-of-way and utility relocation issues.

The mining businesses rebounded from last year's drop and showed remarkable growth in net income contributions due to the combined effect of higher sales volume and better average prices. In particular, the coal segment posted a 125% increase, while the nickel segment reported an upsurge of 114%.

The real estate segment continued to deliver growth, with a 22% increase in net income, mostly coming from gain realized on sale of lots.

The continued improvement in operational performance of the water business pushed its net earnings contribution to rise 6%.

The Company reported a P173 million net loss in 2014 which represents its share in the net loss in initial operations of Private Infra Dev Corporation (PIDC), the project proponent and operator of the Tarlac-Pangasinan-La Union Toll Expressway (TPLEX).

In December 2014, the Company and D.M Consunji Inc. signed an agreement to sell their combined PIDC stake (25%), subject to compliance with certain conditions and after obtaining certain regulatory consents. Total consideration amounted to P1.8 billion.

Consolidated net income decreased 43% year-on-year, mainly due to the extraordinary gain of P8.36 billion from sale of the Company's 16% stake in Maynilad Water Services, Inc. to Marubeni of Japan in 2013.

A one-time gain of P519 million was realized in 2014, which represents net gain on business combinations accounting for ENK Plc and Toledo Mining Corporation.

REAL ESTATE

Net income of wholly-owned subsidiary DMCI Project Developer's Inc. (PDI) rose by 22% to a record P3.2 billion, mainly due to gain realized on lot sales and margin improvements upon cost actualization of a completed project in 2014.

Revenues for 2014 rose slightly (3%) due to the increase in its high-rise condominium projects, the accounting revenue for which will only be recognized upon full completion of the projects. Unlike local industry practice, the company adopts a more conservative approach to recognizing real estate revenues by realizing sales only when the unit is fully completed and at least 15% of contract price has been collected.

Residential unit turnovers surged 68% to 5,155, which were mostly from Flair Towers, La Verti Residences and Arista Place.

A better representative of current demand would be sales and reservations for the year, which grew 3% from P18.4 billion in 2013 to P19.0 billion the following year. Sustained demand for residential condominium units in new and existing projects such as Brio Towers, Lumiere Residences and Arista Place also helped push sales.

In 2014, the company launched 3,982 residential units and 2,943 parking lots, with a total approximate value of P13.9 billion, which is lower by 15% compared to the previous year value of P16.5 billion. In 2013, the company launched 4,921 residential units and 3,605 parking lots.

Capital expenditures surged 47% to P12.2 billion from P8.3 billion in 2013. Of the P12.2 billion spent, majority (56%) went to development cost while the rest (46%) went to land acquisition.

WATER

The Company's investment in the water business is recognized mainly through its equity investment in the partnership with Metro Pacific Investments Corporation (MPIC), with the actual operations under Maynilad Water Services, Inc. (Maynilad).

Maynilad handles the water distribution and sewer services for the western side of Metro Manila and parts of Cavite.

On 13 February 2013, MCNK JV Corporation, a subsidiary of Marubeni Corporation, acquired 20% effective ownership in Maynilad. The transaction reduced the Company's effective interest in Maynilad from 40.98% to 25.24%. The entry of MCNK is expected to help provide Maynilad with access to additional sources of funding.

Operating efficiencies continued to improve in 2014, as Maynilad reported higher income from operations. From P9.72 billion, income from operations climbed 12.6% to P10.95 billion in 2014.

Billed volume grew 4.4% despite an effective 3.2% reduction in water supply. Average non-revenue water for the year-to-date continued to stay below the 40% barrier, improving to 33.92% from 38.71% last year.

Continued expansion into the southern areas of Muntinlupa, Las Piñas and Cavite brought connections up to a total of 1,190,062 billed services, a 5.4% growth from the end of the same period last year.

As a result, Maynilad's water service revenue for the year rose by 7.7% from P13.5 billion in 2013 to P14.5 billion in 2014. Total revenues from operations, including other fees and services such as installation fees, amounted to P18.2 billion, an 8.6% increase from P16.8 billion last year.

Reported consolidated net income grew at a higher pace of 20.8% to P8.27 billion from P6.85 billion in the prior year, due to last year's front end fees on refinancing, that increased the prior year's interest expenses.

However, after adjustments at the consortium company level, the Company's equity in net earnings reported a tempered 7% increase from P1.8 billion last year to P2.0 billion this year due to the full-year effect of a lower effective interest, as mentioned.

For the Fourth Rate Rebasing Period, Maynilad submitted the business plan for the determination of the Rates Adjustment Limit to be applied to the standard rates for the period 2013 to 2017.

MWSS released Board of Trustees Resolution No. 2013-100-RO dated 12 September 2013 and RO Resolution No. 13-010-CA dated 10 September 2013 on the rate rebasing adjustment for the rate rebasing period 2013 to 2017 reducing Maynilad's 2012 average all-in basic water charge by 4.82% or P1.46 per cubic meter (cu.m) or P0.29 per cubic meter (cu.m) per year over the next five years.

After formally communicating its objection and initiating arbitration proceedings, Maynilad filed its Maynilad filed its Dispute Notice before the Appeals Panel on 4 October 2013.

On 21 April 2014, the Appeals Panel was deemed constituted and the formal arbitration process began, culminating in formal hearings that occurred last 24 August to 1 September 2014.

The closing memorials were submitted last 6 October, and the reply memorials on 31 October. On 5 January 2015, Maynilad officially received the Appeals Panel's award dated 29 December 2014 (the "Award").

The Award upheld Maynilad's alternative rebasing adjustment of 13.41% or an average increase of P4.06/cu.m. However, net of the of the P1.00 Currency Exchange Rate Adjustment which the MWSS has now incorporated into the basic charge, the actual increase is only 9.8% of the 2013 basic water charge of P31.28/cu.m., or an average increase of P3.06/cu.m.

Despite the two (2)-year delay in implementing an adjustment in the average basic water charge, Maynilad expressed its willingness to implement the increase on a staggered basis in order to mitigate the impact of the Award on its customers in the West Zone of Metro Manila.

This staggered implementation plan and corresponding tariff table was submitted to MWSS last 8 January 2015, and is currently being reviewed by MWSS.

Maynilad is awaiting the MWSS Board of Trustees to approve the 2015 Tariff Table showing the adjusted rates, following which it will cause the 2015 Tariff Table's publication in newspapers of general circulation. Maynilad should be able to implement the adjusted rates 15 days after such publication.

CONSTRUCTION

D.M Consunji, Inc. posted P479 million net income in 2014, a drop of 62% year-on-year. Operating results were dragged down by cost overruns in its engineering, procurement and construction (EPC) contract

for a power plant, and the delayed implementation of major public infrastructure projects due to right-of-way and utility relocation issues for most of its road infrastructure projects.

The cost overruns were specifically due to the inaccurate steel and concrete material estimates of the foreign power plant designers. Likewise, revenues in 2014 declined by 15% to P12.1 billion due to said delay in implementation.

The company reported a total orderbook (balance of work) of P18.5 billion at the close of 2014, from P21.1 billion at the close of 2013. Contract adjustments and awarded projects in 2014 totaled P11.6 billion.

Ongoing and new projects in the orderbook include among others, the NAIA Expressway of San Miguel, SLEX-NLEX Connector Road (Skyway Stage 3) advance works of San Miguel, TPLEX Section 2 of San Miguel, the NAIA Terminal 1 rehabilitation, The Viridian and The Royalton of Ortigas & Company, 2x135MW coal-fired power units of South Luzon Thermal Energy Corp., 2x150MW coal-fired power units of Southwest Luzon Power Generation Corp. and the Paranaque Sewer Network of Maynilad. Notable projects that were completed in 2014 include TPLEX Section 1 and Marco Polo Hotel.

In January 2015, new projects which amounted to P18 billion were awarded to the company. This includes the civil works of LRT 2 East Extension and half of the Skyway Stage 3. These projects are expected to boost the orderbook and revenues of the company in the next few years.

SEMIRARA MINING AND POWER CORPORATION

Full Years 2013-2014

I. PRODUCTION – COMPARATIVE REPORT 2014 vs 2013

Coal

Coal mining operations recorded a historical high production in 2014. The company took advantage of good weather conditions to ramp up coal extraction, as well as waste stripping.

Total materials moved increased 26% to 103.30 million bank cubic meters (bcm) from 82.15 million bcm last year.

Strip ratio increased 14% at 11.47:1 from 9.73:1 last year as a result of pre-stripping at Bobog pit. However, strip ratio in Panian remained at a normal level of 9.44:1 this year.

Gross product coal production increased by 5% to 7.96 million metric tons (MTs) from 7.57 million MTs in 2013.

Meanwhile, net product coal, after accounting for survey adjustments, increased 6% to 8.08 million MTs from 7.62 million MTs the previous year.

Coal sales volume expanded 16% to a record high of 8.89 million MTs compared to 7.63 million MTs in 2013. Higher sales resulted to lower ending inventory at 386 thousand MTs, a 70% reduction from 1.28 million MTs last year.

The table below shows the comparative production data for FY 2014 and 2013.

COMPARATIVE PRODUCTION DATA (in '000, except Strip Ratio)											
	Q1 '14	Q2 '14	Q3 '14	Q4 '14	FY '14	Q1 '13*	Q2 '13	Q3 '13	Q4 '13	FY '13	%Inc (Dec)
Total Materials (bcm)	28,135	26,385	22,745	26,032	103,297	16,001	23,575	18,081	24,492	82,149	26%
Gross Product Coal (MT)	2,353	2,513	2,145	950	7,961	787	2,301	1,780	2,701	7,570	5%
Strip Ratio	10.69:1	9.20:1	9.09:1	24.60:1	11.47:1	18.79:1	9.10:1	9.02:1	8.09:1	9.73:1	-14%
Net TPC (MT)	2,329	2,488	2,123	1,144	8,084	900	2,278	1,762	2,674	7,615	6%
Beg. Inventory (MTs)	1,277	1,279	1,623	1,966	1,277	1,383	460	1,137	1,311	1,383	-8%
End Inventory (MTs)	1,279	1,623	1,966	386	386	460	1,137	1,311	1,277	1,277	-70%

* Survey adjustment resulted to higher TPC vs ROM in Q1 2013

SCPC

Total gross generation dropped 22% to 2,840 GWh from 3,638 GWh last year, as a result of the prolonged shutdown of Unit 2 in the first half of 2014. The plant was placed on shutdown at the end of December 2013 for planned maintenance and to install the new Distribution Control System (DCS).

Unit One

Average capacity slightly increased to 230 MW from 229 MW last year. Plant performance is almost the same in all aspects, but with 2014 slightly higher against 2013.

The unit started slow in the first half of the year but was able to recover in the second half. Forced outage is at the rate of 15.2% compared to 16.8% registered last year, showing a 10% improvement in Unit forced outages.

Almost 69% of the forced outages occurring in Q2 and Q3 were due to tube leaks, while slagging accounted for 19% of the total forced outage.

As a result, the unit showed 2% improvement on gross generation at 1,698GWh from 1,667Gwh last year, and capacity factor at 65% from 63%. Availability slightly increased by 1% as against the previous year.

Unit Two

The plant was shut down on 31 December 2013 for maintenance and upgrade of the DCS. The target was to finish both activities in 90 days, however, problems on the installation and fine tuning of the DCS were encountered, and the plant was only re-synchronized to the grid on 13 June.

Power generation only stabilized in the third quarter until the end of 2014, when its dependable capacity was restored to its rated capacity.

Due to the prolonged shutdown, average capacity dropped 4% to 259 MW from 272 MW in 2013. Capacity factor dropped 42% (43% from 75%) while gross generation fell 42% (1,141 GWh from 1,971 GWh) last year.

The table below shows the comparative production data for 2014 and 2013.

COMPARATIVE PLANT PERFORMANCE DATA											
CUSTOMER	Q1 '14	Q2 '14	Q3 '14	Q4 '14	FY '14	Q1 '13	Q2 '13	Q3 '13	Q4 '13	FY '13	% Inc (Dec)
Gross Generation, GWh											
Unit 1	455	327	428	489	1,698	466	358	520	323	1,667	2%
Unit 2	33	77	428	603	1,141	351	525	512	584	1,972	-42%
Total Plant	489	404	855	1,092	2,840	816	884	1,032	907	3,638	-22%
% Availability											
Unit 1	89%	63%	85%	100%	84%	95%	70%	98%	70%	83%	1%
Unit 2	6%	20%	76%	98%	50%	63%	86%	84%	97%	83%	-39%
Total Plant	48%	41%	81%	99%	67%	79%	78%	91%	84%	83%	-19%
Capacity Factor											
Unit 1	70%	49%	65%	75%	65%	72%	54%	78%	49%	63%	2%
Unit 2	5%	12%	65%	92%	43%	54%	79%	77%	89%	75%	-42%
Total Plant	38%	30%	65%	83%	54%	63%	67%	78%	69%	69%	-22%

II. MARKETING – COMPARATIVE REPORT YTD 2014 vs. YTD 2013

Coal

Export sales accounted for majority (59% or 5.25 million MTs) of total coal sales in 2014. The 54% increase in export sales from 3.40 million MTs in 2013 is a result of lower demand from power customers as the company's power Unit 2 experienced extended downtime after encountering commissioning problems of the newly installed Distribution Control System (DCS).

It is worth noting, however, that despite the decline in global coal prices, higher BTU Semirara coal added premium on export price, which slightly increased (1%) to P2,164/MT from P2,142 last year.

Conversely, local sales dropped 14% to 3.64 million MTs from 4.23 million MTs last year. This is mainly due to the decrease in off-take by power plants and cement customers.

Sales to power plants contracted by 22% to 2.27 million MTs from 2.92 million MTs last year. SCPC reduced its purchases by 29% to 1.51 million MTs from 2.13 million MTs last year, with only one unit operational until 13 June. Other customers also reduced their coal liftings as they needed to fulfill their existing commitment on their freight contracts for imported coal.

Sales to cement plants likewise decreased 11% to 875 thousand MTs from 980 thousand MTs last year. One customer slowed down its offtake this year because one of its plants was under maintenance.

Meanwhile, sales to other industrial plants surged 53% to 501 thousand MTs from 328 thousand MTs last year. Two customers significantly increased their off-take this year.

Composite average FOB price per MT dropped 3% to P2,127 from P2,185 with the continuous softening of global coal prices.

The table below shows the comparative sales volume data for 2014 and 2013.

COMPARATIVE SALES VOLUME DATA (in '000 MTs)													
CUSTOMER	Q1 '14	Q2 '14	Q3 '14	Q4 '14	FY '14	%	Q1 '13	Q2 '13	Q3 '13	Q4 '13	FY '13	%	% Inc (Dec)
Power Plants													
Calaca	334	238	377	562	1,510	17%	608	523	582	420	2,132	28%	-29%
Other PPs	115	165	243	234	757	9%	256	216	159	159	790	10%	-4%
TOTAL PPs	448	403	620	796	2,267	62%	864	739	740	578	2,922	69%	-22%
Other Industries													
Cement	242	219	178	236	875	10%	361	196	261	161	980	13%	-11%
Others	157	95	114	135	501	6%	92	89	68	79	328	4%	53%
Total Others	399	314	292	371	1,376	15%	454	285	329	240	1,308	17%	5%
TOTAL LOCAL	847	716	912	1,167	3,643	41%	1,318	1,024	1,070	818	4,230	55%	-14%
EXPORT	1,462	1,407	846	1,531	5,246	59%	461	556	497	1,887	3,401	45%	54%
GRAND TOTAL	2,309	2,124	1,758	2,698	8,889	100%	1,778	1,581	1,567	2,705	7,631	100%	16%

POWER

SCPC's sales dipped 2% to 3,383 GWh from 3,460 GWh last year due to lower energy generation of the power plants, resulting from the prolonged testing and commissioning of the DCS for Unit 2 and high forced outage of Unit 1.

Of the total energy sold, 98% or 3,330 GWh were sold to bilateral contracts and the remaining 2% to the spot market.

MERALCO remained as the single biggest customer, accounting for 88% of the total energy sold or 90% of the total energy sales to the bilateral contracts. BATELEC I and Trans-Asia accounted for 4% and 5%, respectively.

Spot market sales also plunged by 64% to 53 GWh compared to 148 GWh last year.

Of the total energy sold, 78% was sourced from own generation and 22% was purchased from the spot market. SCPC procured power from the spot market during hour intervals when power units were down, or when the plants were running at a de-rated capacity, in order to be able to supply committed capacity to some of its customers. Some contracts still cover the supply of replacement power under a "pass-thru" cost arrangement.

Average price for bilateral contracts dropped 6% to P3.55/KWh from P3.79/KWh in 2013. The contracts index Newcastle prices has been declining this year.

The table below shows the comparative marketing data for 2014 and 2013.

COMPARATIVE PLANT PERFORMANCE DATA (in GWh ; PHP)											
CUSTOMER	Q1 '14	Q2 '14	Q3 '14	Q4 '14	FY '14	Q1 '13	Q2 '13	Q3 '13	Q4 '13	FY '13	%Inc (Dec)
Bilateral Contracts	413	886	966	1,065	3,330	751	838	966	757	3,313	1%
Spot Sales	11	-	15	27	53	20	10	17	100	148	-64%
Grand Total	425	886	981	1,091	3,383	771	849	983	858	3,460	-2%
Composite Ave. Price	4.40	3.73	3.50	3.40	3.64	3.89	3.91	3.66	5.65	4.26	-15%

III. FINANCIAL RESULTS

Consolidated Revenues, net of eliminating entries, increased 5% to P28.59 billion in 2014 from P27.33 billion the previous year.

Before elimination, Coal Revenues grew 13% to P18.91 billion from P16.68 billion last year, mainly due to higher sales volume.

SCPC Revenues declined 17% to P12.31 billion from P14.76 billion, due to a slight drop in energy sales volume and lower average price per KWh of P3.64/KWh in 2014 compared to P4.26/KWh the previous year.

Consolidated Cost of Sales increased 35% to P18.93 billion from P14.11 billion last year. Depreciation dropped 28% to P1.93 billion from P2.69 billion last year.

Despite higher volume sold, increase in Coal Cost of Sales before elimination was minimal at 4% (P12.23 billion from P11.73 billion), due to the significant drop in oil prices and implementation of cost-cutting measures (i.e. more efficient mine planning and equipment maintenance), to counter declining global coal prices.

High production also contributed to the decline in cost of coal sold per MT at P1,375 from P1,537 in 2013. Coal depreciation decreased 38% to P1.00 billion from P1.62 billion last year.

SCPC Cost of Sales before elimination rose 44% to P9.35 billion from P6.51 billion; and 59% (P7.02 billion from P4.42 billion) after elimination last year.

Unit 2 was down for scheduled maintenance and for the replacement and upgrading of the DCS since the start of 2014. It remained down most of Q2, compounded by occasional forced outage during fine-tuning, thus exposing the power segment to high WESM prices for its replacement power to MERALCO and BATELEC I after all the outage allowances for the year were consumed.

Power incurred net loss of PHP 2.1 billion from its replacement power purchases from the spot market. As a result, Cost of Sales per KWh increased 47% to P2.76 from P1.88 last year. SCPC depreciation decreased 15% to P861.79 million from P1,015.84 million last year.

The resulting consolidated Gross Profit decreased 27% to P9.66 billion, with the coal and power segments each contributing P6.05 billion and P3.61 billion, respectively.

Last year's consolidated Gross Profit stood at P13.22 billion; P3.91 billion from coal and P9.31 billion from SCPC. Consolidated Gross profit margin dropped to 34% from 48% last year.

Consolidated Operating Expenses (OPEX) decreased 39% to P3.22 billion from P5.26 billion. Net of eliminating entries, the coal segment's OPEX increased 32% to P2.25 billion from P1.71 billion last year since higher coal Revenues correspondingly increased Government Share by 42% to P1.86 billion from P1.30 billion last year.

Meanwhile, SCPC's General and Administrative Expense, accounted under OPEX after elimination, contracted 74% to P926.36 million from P3.51 billion last year. The decrease was due to last year's accelerated depreciation of the plant utility of P1.13 billion, prolonged maintenance costs of P643.97 million, P447.81 write-down on plant equipment and provision for impairment losses of P413.91 million.

The pre-operating Southwest Luzon Power Generation Corp. (SLPGC), a wholly-owned subsidiary of the company incorporated to expand its power capacity with the construction of 2x150 MW power plants, incurred P39.33 million OPEX, representing non-capitalizable expenses incurred during the period. Other pre-operating subsidiaries incurred combined OPEX of P2.33 million.

The US Dollar continuously strengthened against the Philippine Peso, resulting in the booking of P52.14 million consolidated Forex Losses for this period.

Last year, the company recognized consolidated forex losses of P481.18 million. The bulk of this year's Forex Losses was incurred by the coal segment as most of its loans are US Dollar-denominated, accounting for P61.8 million versus last year's losses of P373.4 million.

The unrealized forex losses recognized during the current year stood at P55.47 million, while the amount recorded last year is at P309.12 million.

Meanwhile, with minimal Forex exposure, SCPC recorded losses of P14.4 million as against P6.19 million last year on its foreign currency denominated transactions. SLPGC, on the other hand, recorded Forex Gains of P24.15 million in 2014.

Higher investible funds, partially offset by lower placement interest rates, pushed consolidated financial income to increase by 55% from P26.80 million in 2013 to P41.45 million the following year.

Coal and SCPC earned P15.46 million and P19.17 million Finance Income, respectively. SLPGC also earned P6.62 million from placements of undisbursed funds.

Consolidated Finance Costs decreased 15% to P323.23 million from P381.23 million. The coal segment's interest-bearing loans dropped 16% from P6.63 billion in 2013 to P5.59 billion the following year, resulting in an 11% drop in coal Finance Costs (P119.94 million from P221.61).

Likewise, SCPC's ending interest-bearing loans decreased 28% to P3.82 billion from P5.34 billion last year, after four long-term debt amortizations totaling to P1.54 billion in 2014. With lower borrowing rates applied to lower principal, SCPC Finance Cost dropped 10% to P197.67 million from P221.32 million last year.

SLPGC recorded uncapitalizable Finance charges of P5.57 million from P668 thousand last year.

Consolidated Other Income decreased 27% to P205.49 million from P281.21 million last year. The coal segment's Other Income in the current period of P92.01 million mainly accounts for insurance recoveries. SCPC's Other Income decreased 44% to P113.48 million from P203.18 million last year, as lower fly ash was produced because only one plant was running during most of H1 2014.

The resulting consolidated Net Income Before Tax (NIBT) decreased 15% to P6.31 billion from P7.40 billion last year.

Both operating business units enjoy Income Tax Holidays (ITH) as Board of Investments-registered companies. Moreover, SCPC recorded Net Operating Loss Carry Over (NOLCO) for losses incurred in purchase of replacement power to service bilateral power supply contracts amounting to P2.125 billion million.

As a result, the company recorded consolidated Benefit from Income Tax of PHP552.87 million as against last year's deferred tax benefit of P117.84 million. Coal and SLPGC recorded minimal Income Taxes of P81.51 million and P1.32 million, respectively.

The resulting consolidated Net Income After Tax (NIAT) dropped by 9% to P6.86 billion from P7.52 billion last year. This is before Other Comprehensive Income/Loss of P7.59 million and P12.59 million, respectively.

Net of eliminations, coal generated net income of P3.64 billion, while SCPC generated P3.24 billion. Pre-operating SPLGC incurred non-capitalizable project expenses, thus recording losses amounting to P15.44 million. Before eliminations, coal and power recorded NIAT of P7.77 billion and P2.59 billion, respectively. With higher outstanding shares after stock dividend declaration, Earnings per Share (EPS) stood at P6.42, 9% lower than same period last year's adjusted EPS of P7.05.

SPUG POWER

An added growth area of the power segment is under DMCI Power Corporation, a wholly-owned subsidiary of DMCI Holdings, Inc. DMCI Power is focused on getting power supply contracts with the electric cooperatives situated in the off-grid areas.

As of 31 December 2014, the total installed rated capacity of the power generating units in Masbate and Palawan are 24.4MW (12.4 MW bunker-fired and 12 MW diesel) and 33.10 MW (diesel), respectively. In addition, a 4x3.89 MW bunker-fired plant in Mindoro Oriental started commercial operations in February 2015.

Due to the increase in electricity demand in Masbate coupled with the full-year operation of the 25MW Guaranteed Dependable Capacity (GDC) generators and operation in new areas in Palawan namely the municipalities of Roxas and Quezon, sales volume reported in Masbate (79.15MW) and Palawan (53.22MW) rose by 8% and 78%, respectively, year-on-year. Average price/kwh in Masbate is P14.31/kwh and P12.37/kwh in Palawan.

Consequently, the total off-grid generation revenue went up by 31% to P1.8 billion in 2014 compared to P1.4 billion in 2013. Excluding one-time recovery adjustment of P72 million in 2013, net income rose by 37% to P243 million in 2014.

NICKEL

The nickel and metals (non-coal) mining business is reported under DMCI Mining Corporation, a wholly-owned subsidiary of DMCI Holdings, Inc.

DMCI Mining posted a net income of P362 million in 2014, an upsurge of 114% compared to P169 million reported in 2013.

The robust improvement is a result of higher average prices in 2014 and the ramping up of production and shipments beginning in the second quarter.

In addition to better operating performance, the consolidation of equity interest in both ENK and TMC accelerated the growth in net income. Revenues grew 4.7 times to P1.5 billion from P265 million, as nickel ore shipments increased to 1.21 million wet metric tons (WMT) in 2014 from 316 thousand WMT in 2013. Of the total shipments, one million WMT came from Berong and 205 thousand WMT from Acoje at a composite average price of \$48 per ton compared to \$20 per ton last year. Ore grades shipped ranges from 1.09% to 1.83%.

Consolidation of equity interest

On 25 March 2014, the Company acquired from D&A Income Ltd. the remaining 40% interest in ENK Plc for P3.1 billion. Upon completion of the acquisition, ENK became a wholly-owned subsidiary of DMCI Holdings, Inc. ENK owns the Acoje mine in Zambales.

In addition, DMCI Mining acquired the remaining 1.91% public ownership in Toledo Mining Corporation (TMC) in 2014, making it a wholly-owned subsidiary. TMC owns majority interest in Berong Nickel Corporation which has mining operations in Palawan. After company restructuring in late 2014, DMCI Mining now holds direct interest in Berong.

Explanation of movement in consolidated income statement accounts:

Cost of sales and services

It increased by 11% mainly due to higher sales volume in coal and nickel segments and the cost of replacement power purchases.

Operating Expenses

It decreased by 11% primarily due to repairs and additional depreciation charges in Calaca power units in 2013 and Calaca receivable provision recognized also in 2013.

Equity in Net Earnings

It increased by 14% mainly caused by higher profits of Maynilad.

Finance Income

Consolidated finance income decreased by 33% mainly due to lower interest rates for short-term placements and more real estate customers availing of bank financing due to lower interest rates compared to in-house financing.

Finance Costs

Consolidated interest expense decreased by 50% mainly due to lower borrowing rates and required capitalization of interest costs during asset construction period.

Net Gain on Business Combinations

Purchase price allocation for the acquisitions of ENK Plc. and Toledo Mining Corporation (TMC) resulted to a net gain of P519 million in 2014.

Other Income-net

It increased by 11% mainly due to net proceeds from sale of undeveloped lot. It also includes other income such as income from cancellation of real estate sales and other charges incurred during the period.

Provision for Income Tax

It decreased by 48% because of the one-time payment of capital gains tax on the Maynilad sale.

II. CONSOLIDATED FINANCIAL CONDITION**December 31, 2014 (Audited) vs December 31, 2013 (Audited)**

The Company's financial condition for the period improved as consolidated total assets and total equity amounted to P137 billion and P67 billion, respectively as of 31 December 2014. Both numbers increased by 11%.

Consolidated cash decreased by 39% from P24.8 billion in 31 December 2013 to P15.2 billion in 31 December 2014 due mainly to capital expenditures for power expansion, payment of cash dividends, and acquisition of the remaining ENK Plc shares.

Available for sale financial assets increased by 14% from P60 million to P68 million due to mark-to-market gain recognized in equity.

Total receivables (current and non-current) went down by 21% from P20.2 billion to P15.8 billion mainly due to lower real estate receivables since more real estate customers have availed of bank financing.

Consolidated inventories grew by 24% from P23.2 billion to P28.6 billion coming mainly from land acquisition and continuing work in progress in the real estate segment.

Other current assets increased by 24% from P7.1 billion to P8.9 billion mainly due to higher net input VAT and unapplied creditable taxes.

Investments decreased by 6% as a result of transfer to full consolidation accounting of the associates (TMC associates) and joint venture (ENK Plc and subsidiaries) upon acquisition of control in 2014.

Property plant & equipment grew by 50% from P31.3 billion to P46.9 billion coming from the ongoing construction of 2x150MW Calaca power units and normal equipment acquisitions across the different business segment which is partially offset by depreciation.

Exploration and evaluation assets surged up 6 times due to first year consolidation of mine assets.

Goodwill surged up 9 times due to the purchase price allocation accounting of ENK Plc. and TMC.

Other noncurrent assets grew by 1% mainly due to increases in deferred input VAT, refundable deposits, other advances and development costs in the mining segments.

Accounts & other payables increased by 23% mainly attributed to normal trade transactions with suppliers and subcontractors in the construction and coal segments.

Customers' advances and deposits increased by 14% due to payments received from real estate customers the corresponding revenue of which has yet to be realized under full completion method of accounting.

Income tax payable increased by 23% due to higher taxable income in the fourth quarter of 2014 compared to last year.

Liabilities for purchased land increased by 59% mainly due to the acquisition of land for real estate development.

Short-term debt decreased slightly by 4% due to short-term debt repayment.

Long term debt increased slightly by 2% due mainly to drawdowns in the power business to finance expansion.

Deferred tax liabilities increased by 162% mainly due to the excess of book over tax income in real estate sales and full consolidation of the nickel mining companies starting in 2014.

Other noncurrent liabilities increased by 37% due mainly to deposit received for future sale of PIDC investment.

Paid-up capital increase by 140% due to increase in paid-up capital by way of stock dividends declaration.

Consolidated retained earnings decreased by 14% primarily due to Parent Company's stock dividends and cash dividends declaration amounting to P10.6 billion and P6.4 billion, respectively.

Non-controlling interest increased by 17% as a result of its share in the consolidated net income of Semirara.

III. KEY PERFORMANCE INDICATORS

The Company and its Subsidiaries (the "Group") has the following as its key performance indicators:

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

SEGMENT REVENUES

(in Php Millions)	Audited		Variance	%
	2014	2013		
COAL MINING	P16,277	P12,573	P3,704	29%
NICKEL MINING	1,516	265	1,251	472%
CONSTRUCTION*	12,137	14,360	(2,223)	-15%
REAL ESTATE	12,494	12,166	328	3%
POWER	14,137	16,607	(2,470)	-15%
TOTAL	P56,561	P55,971	P590	1%

*Includes sales revenue from Wire Rope

The initial indicator of the Company's gross business results are seen in the movements in the different business segment revenues. As illustrated above the significant main drivers for revenue growth are the mining businesses. Revenue from the power segment was down due to extended plant outage in Calaca (see Part I. Results of Operations – different segments for a detailed discussion per business).

**NET INCOME AFTER
NON-CONTROLLING INTERESTS**

(in Php Millions)	Audited		Variance	
	2014	2013	Amount	%
COAL MINING	P2,299	P1,022	P1,277	125%
NICKEL MINING	362	169	193	114%
CONSTRUCTION	479	1,275	(796)	-62%
REAL ESTATE	3,241	2,655	586	22%
POWER	2,011	3,478	(1,467)	-42%
WATER	2,037	1,915	122	6%
PARENT COMPANY	(173)	65	(238)	-366%
CORE NET INCOME	10,256	10,579	(323)	-3%
ONE-TIME GAIN	519	8,358	(7,839)	-94%
TOTAL	10,775	P18,937	(P8,162)	-43%

The net income (after non-controlling interest) or bottom line results from operations of the Company have multiple drivers for growth from different business segments. For the period, coal, nickel, real estate, and water posted strong growth in earnings while power and construction businesses declined (see *Part I. Results of Operations – different segments for a detailed discussion per business*).

EARNINGS PER SHARE

The Company's consolidated basic and diluted earnings per share (EPS) for the period was P0.81/share accounting for a 43% decrease from the P1.42/share EPS last year mainly affected by the one-time gain on sale of 16% Maynilad interest recognized in the previous year. The previous year figure is adjusted for the effect of the 400% stock dividend paid in 2014 to make it comparable. (see *Part I. Results of Operations – different segments for a detailed discussion per business*).

CURRENT RATIO

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

DEBT TO EQUITY RATIO

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

OTHER RELEVANT FINANCIAL SOUNDNESS RATIOS

	Dec. 31 2014	Dec. 31 2013
Current Ratio	212%	246%
Debt to Equity Ratio	56%	61%
Asset to Equity Ratio	206%	206%

Return on Assets Ratio	10%**	13%*
	11%	20%
Return on Equity Ratio	21%**	25%*
	22%	41%
Interest Coverage Ratio	8.42 times**	8.88 times*
	8.72 times	14.26 times
Gross Margin Ratio	33%	39%
Net Profit Margin Ratio	23%**	25%*
	24%	40%

*Excluding one-time gain of P8.36 billion in 2013

**Excluding one-time gain of P519 million in 2014

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.
3. On 15 May 2014, the Board of Directors of the Parent Company declared cash dividends amounting P1.20 regular dividends and P1.20 special cash dividends in favor of the stockholders of record as of 30 May 2014. It was paid on 13 June 2014 with a total amount of P6.37 billion
4. The Board approved the declaration of stock dividends amounting to P10,621,976,000.00 billion, divided into 10,621,976,000 common shares at the par value of P1.00 per share, or 4 common shares for every one common share held, from the unrestricted retained earnings of the Corporation as of 31 December 2013, and to be issued from the increase in the authorized capital stock of the Corporation. It was approved and ratified by the stockholders at the annual meeting on 5 August 2014.
5. The Board approved the increase in the authorized capital stock of the Corporation from P6,000,000,000.00, divided into 5,900,000,000 common shares and 100,000,000 preferred shares, both with a par value of P1.00 per share, to P20,000,000,000.00, divided into 19,900,000,000 common shares and 100,000,000 preferred shares, both with a par value of P1.00 per share, by way of stock dividend declaration; It was approved and ratified by the stockholders at the annual meeting on 5 August 2014. SEC approved the increase in the authorized capital stock via stock dividend on 18 September 2014. It was paid on 7 November 2014 in favor of the stockholders of record as of 17 October 2014.
6. There were no undisclosed material subsequent events and transferring of assets not in the normal course of business that have not been disclosed for the period that the company have knowledge of;
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 that 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. There are no known trends or known demands, commitments, events or uncertainties that will result in or that will have a material impact on Company's liquidity.
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

B.1 MANAGEMENT'S DISCUSSION AND ANALYSIS OF PLAN OF OPERATION FOR THE YEAR ENDING DECEMBER 31, 2013 AND 2012.

Full Year 2013 vs. 2012

J. RESULTS OF OPERATIONS

DMCI Holdings, Inc. (the "Company") reported a consolidated net profit of P18.9 billion (inclusive of P8.4 billion one-time gain on sale) for the year 2013, which is 95% higher than in 2012. Core net income, which was boosted by the strong profit growth of the power segment, grew by 9% to P10.6 billion in 2013 from P9.7 billion in 2012. This growth is a result of the successful synergy between the coal and power business coupled with the increased generation output of the Calaca power units. Also, the real estate segment continues to deliver double-digit growth in net income contributions due to high volume of sales and completion of several projects during the course of the year. Meanwhile, even with a slight decrease in its reported revenues, the construction segment sustained its net income contribution of P1.28 billion due to improvement of margins. On the other hand, despite the growth in water operations by 7.2% this year, the Company is reporting a lower share in net earnings from the water business as a result of the reduced effective interest in Maynilad, from 41% in 2012 to 25% in 2013.

In spite of the weak global commodity prices, which adversely affected the nickel and coal mining segments, the Company posted a record P56.0 billion in consolidated revenues in 2013, which is an 8% increase from P51.7 billion in 2012. The increase in revenue is mostly due to higher power generation sales and a surge in recognized revenues from the real estate segment.

Below is a table on the net income contributions of the Company's businesses for 2013 and 2012:

NET INCOME AFTER NON-CONTROLLING INTERESTS

(in Php Millions)	Audited		Variance	
	2013	2012 (as restated*)	Amount	%
COAL MINING	P1,022	P1,740	(P718)	-41%
NICKEL MINING	169	341	(172)	-50%
CONSTRUCTION	1,275	1,275	-	0%
REAL ESTATE	2,655	2,105	550	26%
POWER	3,478	1,901	1,577	83%
WATER	1,915	2,340	(425)	-18%
PARENT COMPANY	65	34	31	91%
CORE NET INCOME	10,579	9,736	843	9%
ONE-TIME GAIN ON SALE (Parent)	8,358	-	8,358	-
TOTAL	P18,937	P9,736	P9,201	95%

*As a result of adopting new accounting standards

WATER

The Company's investment in the water sector is recognized mainly through its equity investment in the partnership with Metro Pacific Investments Corp. (MPIC) with the actual operations under Maynilad Water Services, Inc. (Maynilad). Maynilad handles the water distribution and sewer services for the western side of Metro Manila. On February 13, 2013, MCNK JV Corporation, a subsidiary of Marubeni Corporation, acquired 20% effective ownership in Maynilad. The transaction reduced the Company's effective interest in Maynilad from 41% to 25%. The entry of MCNK in the consortium is expected to help provide Maynilad with access to additional sources of funding and innovative technology.

Operating efficiencies continue to improve as Maynilad reported higher income from operations of P9.7 billion in 2013, up 7.2% from P9.1 billion in 2012. Billed volume was up 3.6%, despite an effective 4.4% reduction in water supply. Average non-revenue water for the year continued to stay below the 40% barrier, improving to 38.71% from 43.47% last year.

Continued expansion into the southern areas of Muntinlupa, Las Piñas and Cavite brought connections up to a total of 1,129,497 billed services, a 5.2% growth from the end of the same period last year. The combined effect of the increase in billed volume and an effective year-on-year tariff increase of 3%, mainly inflation driven, resulted to a growth in water service revenue by 7.8% from P12.5 billion in 2012 to P13.5 billion in 2013. Total revenues from operations, including other fees and services such as installation fees, amounted to P16.8 billion, a 6.0% increase from P15.8 billion last year.

Total non-cash operating expenses decreased by 10.0% to P1.9 billion from P2.1 billion last year mainly as a result of the shift to the units-of-production method of amortization beginning 2013. This method more closely aligns the consumption of economic benefit of the concession assets with the growth in billed volume. Meanwhile, total cash operating expenses increased by 10.9% to P5.1 billion versus P4.6 billion last year primarily driven by increases in personnel cost and professional fees.

As a result, reported net income grew at a rate of 7.2%, from P6.4 billion in 2012 to P6.9 billion in 2013. After adjustments at the consortium company level, the Company's equity in net earnings reported a 19% decline from P2.3 billion last year to P1.8 billion this year due to a lower effective interest as mentioned.

In 2013, Maynilad submitted its business plan for the determination of its standard rates for the period 2013 to 2017 to the Metropolitan Waterworks and Sewage System ("MWSS"), its regulator. On September 12, 2013, MWSS denied Maynilad's application for an upward adjustment and instead proposed a negative adjustment of 4.82% (or ₱1.46 per cubic meter) in what Maynilad views as a violation of its concession agreement. Maynilad did not accept the tariff proposal of MWSS and on October 4, 2013 filed a notice of dispute with the Secretariat of the International Chamber of Commerce (ICC) International Court of Arbitration for resolution. The arbitration panel will be chaired by Prof Bernard Hanotiau, a respected member of the Brussels and Paris bars. Hearings are expected to commence once the rest of the panel is formed.

On March 15, 2013, Maynilad acquired a 10% shareholding in Subic Water and Sewerage Co., Inc. ("Subic Water"), which serves 40,000 customers in Olongapo City and the Subic Bay Freeport Zone under a build-operate-transfer scheme.

CONSTRUCTION

The Group's construction business reported a sustained net income contribution of P1.28 billion in 2013. The segment was able to maintain its net income despite a slight decrease of 5% in revenues from external projects (outside of DMCI group) from P15.1 billion in 2012 to P14.4 billion in 2013. The sustained bottom-line is attributable to the improvement of margins of building projects.

From P15.7 billion as of end 2012, DMCI's total order book (balance of work) as of end 2013 amounted to P21.1 billion with the award of the NAIA Expressway project of San Miguel Corporation and the contract for the construction of the second 1 x 135 power plant of South Luzon Thermal Energy Corporation (SLTEC). Some of the notable projects the Company undertook during 2013 were the Entertainment City Project (completed in early 2013), the Entertainment City Phase 1A, the power plants in Batangas and the Tarlac Pangasinan La Union Expressway (TPLEX) Section 1B (Gerona to Pangasinan).

Although delayed, the Company is confident that the infrastructure development programs of the current Philippine government through the Public-Private Partnership (PPP) projects is already gaining headway and will inevitably materialize. It believes it is well positioned to be both a driver and a beneficiary of the country's infrastructure progress.

REAL ESTATE

The Group's real estate business is focused on residential development. It is led by the Company's wholly owned subsidiary DMCI Project Developer's Inc. (PDI). The segment posted a consistent 26% growth in net income reaching P2.7 billion in 2013 compared to P2.1 billion in 2012. Revenues also posted a robust 32% growth in 2013, amounting to P12.2 billion compared to P9.2 billion last year. Increase in revenue was moderated by higher cost and expenses due mainly to the increase in commissions paid and higher taxes and licenses expensed during the period.

It is worth to note that the company recognizes real estate revenues using the full accrual method, where sales are booked when the unit is fully completed and the downpayment of 15% has already been paid. Recently completed units in La Verti Towers, Flair Towers, Maricielo Villas, Royal Palm-Kamala, Tivoli Garden-Iris & Hibiscus, Siena Park and Rhapsody Residences significantly accounted for the growth in realized revenues.

A better representative of current demand would be sales and reservations for the period which experienced a 5% increase to P18.4 billion in 2013 from P17.5 billion in 2012, which covers Jan. to Dec. cutoff compared to previously reported P17.1 billion which is from Dec. 2011 to Nov. 2012 period to better align with financial statements reporting. Sustained demand for condominium units coming mainly from new projects: Levina Place, Lumiere Residences and Sheridan Towers, all in Pasig, Outlook Ridge in Baguio City, The Birchwood in Taguig and Vierra Residences in Quezon City pushed sales take-up higher. Moreover, increased take up from existing projects like Flair Towers, Tivoli Gardens, Verawood Residences, Zinnia Towers and Rhapsody Residences added to the growth in sales and reservations.

Taking advantage of a low interest environment, the PDI's bank loans reported a net increase of P6.4 billion, which is up 52% in end-2013. Loans are availed to finance land acquisitions and project expenditures as the company maintains its commitment to turnover its projects on time.

COAL MINING & POWER

Coal Mining & Power (Calaca-Coal)

The Company's coal mining business which owns a major power asset in Calaca are both lodged under the 56.32%-owned and publicly listed Semirara Mining Corp (SMC). SMC reported a decline in net income from P3.1 billion in 2012 to P1.8 billion in 2013. Mainly due to drop in Coal Revenues (net of eliminations), by 13% YoY at PHP12.57 billion from PHP14.45 billion in 2012 due to lower coal prices this year. This was countered by a surge in the net income coming from the power generation business amounting to P5.7 billion this year compared to P3.3 billion in the previous year due to higher energy generation capacity from the rehabilitated Calaca power plants.

Below is an excerpt from SMC's management discussion and analysis of results of operations and financial condition for the year 2013 as lifted from its consolidated financial report with the PSE and SEC:

I. PRODUCTION AND OPERATIONS

Coal

On 13 Feb 2013, at around 11:55 PM, a section of the west wall of Panian pit where the Company was concluding its mine operation gave way, affecting 13 personnel. Three have been rescued, five were confirmed dead, and five are still missing. Management immediately voluntarily stopped all mining activities in the site even before the receipt of notice from the Department of Energy (DOE) for stop operations.

On 5 March 2013, DOE issued clearance to the Company to do preparatory activities, excluding coal extraction, for the new area, the North Panian, after it has reviewed and evaluated the work program for the site.

Subsequently, on 19 April 2013, the Company received full clearance from DOE to proceed with the coal production activity. Since then, all mining operations have returned to normal.

The incident at the mine caused a temporary slump in coal mining operations. However, mining activities were able to catch up, such that total materials moved increased 7% YoY at 82.15 million bank cubic meters (bcm) from 77.07 million bcm last year. Strip ratio increased by 20% YoY at 9.73:1 from 8.66:1 last year. The increase is mainly due to the spike in strip ratio to 18.79:1 in Q1 after the Company stopped producing coal, but continued waste stripping. Run-of-mine (ROM) coal dropped by 5% YoY at 7.86 million metric tons (MTs) from 8.24 million MTs in 2012. A significant 45% drop YoY in washable coal at 727 thousand MTs from 1.31 million MTs last year was recorded as a result of improved coal quality. Net total product coal was almost the same at 7.62 million MTs and 7.63 million MTs in 2013 and 2012, respectively.

Total volume sold increased by 6% YoY at 7.63 million MTs from 7.18 million MTs last year. Coal shipments recorded an improvement in average heating value from 9,510 btu/lbs in 2012 to 9,676 btu/lbs. Coal ending inventory dropped by 8% YoY, closing at 1.28 million MTs from 1.38 million MTs last year as a result of higher sales volume.

The table below shows the comparative quarterly production data for 2013 and 2012.

COMPARATIVE PRODUCTION DATA											
(in '000, except Strip Ratio)											
	Q1 '13	Q2 '13	Q3 '13	Q4 '13	YTD '13	Q1 '12	Q2'12	Q3'12	Q4'12	YTD '12	%Inc (Dec)
Total Materials (bcm)	16,001	23,575	18,081	24,492	82,149	22,303	19,273	15,666	19,830	77,072	7%
ROM Coal (MT)	820	2,403	1,858	2,779	7,861	1,805	2,220	1,739	2,472	8,236	-5%
Strip Ratio	18.79:1	9.10:1	9.02:1	8.09:1	9.73:1	11.64:1	7.97:1	8.30:1	7.38:1	8.66:1	-10%
Net TPC (MT)	900	2,278	1,762	2,674	7,615	1,651	2,089	1,579	2,337	7,657	-1%
COAL WASHING											
Washable Coal (MTs)	83	254	195	195	727	344	334	358	278	1,314	-45%
Washed Coal (MTs)	50	153	117	117	436	206	200	215	167	788	-45%
%recovery	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	
Beg. Inventory (MTs)	1,383	460	1,137	1,311	1,383	992	950	963	1,276	992	39%
End Inventory (MTs)	460	1,137	1,311	1,277	1,277	950	963	1,276	1,383	1,383	-8%

Power

Total energy generation posted a record high in 2013 at 3,638 GWh, the highest in the history of the Calaca Coal Fired Thermal Power plants, posting a 48% YoY from 2,463 GWh in 2012.

Lower maintenance outage offset high forced outage of Unit 1 , raising total operating hours at 7,292 , 83% YoY from 2,697 hours in 2012 . Moreover, raised capacity of Unit 1 offset the lower dependable capacity of Unit 2, bringing average capacity to 501 MW from 446 MW last year.

Unit One

There is a notable improvement in 2013 as compared to previous year's performance. Average load of 229 MW is 16% above 2012's average load of 197 MW. This is primarily due to an increase in capacity ranging between 230 to 245 as a result of the use of Nalco Soot Remove 9F.

With higher operating hours at 7,292 hours, total generation is 1,667 Gwh, recording a 214% increase YoY compared to 2012's gross generation of 531 Gwh .

Capacity factor of 64% posted a significant 215% increase YoY from only 20% in 2012 as preventive maintenance of the plant drove availability down to 31% or operating hours of only 2,697.

Forced outage was high at 21% due to a leak in the condenser in Q2 and Q4 of 2013 caused by clogging in some of the tubes raising the temperature to increase beyond manageable level resulting to pin hole leaks .

To ensure that the sea water intake is free from any debris which may potentially cause another tube clogging incident, a preventive multi-layered net at sea and took on an active role in educating the neighboring communities on waste management.

Unit Two

The planned maintenance shutdown in December 2012 included six critical items, of which only five were executed. Replacement of Heaters 7 and 8 was deferred due to technical issue.

As a result, load was limited to 272 MW out of the rated capacity of 300 MW. This is however 9% higher than average capacity of 249 MW in 2012.

Despite the above limitation, gross generation posted a 2% increase YoY at 1,971 Gwh from 1,932 GWh in 2012.

Availability was however lower at 83% as against 88% in 2012.

The table below shows the comparative production data in 2013 and 2012.

COMPARATIVE PLANT PERFORMANCE DATA FY2013 VS FY2012											
	Q1'13	Q2 '13	Q3 '13	Q4 '13	FY'13	Q1 '12	Q2'12	Q3'12	Q4 '12	FY'12	% Inc (Dec)
Gross Generation, Gwh											
Unit 1	466	358	520	323	1,667	-	-	128	403	531	214%
Unit 2	351	525	512	584	1,971	473	478	508	473	1,932	2%
Total Plant	816	884	1,032	907	3,638	473	478	636	876	2,463	48%
% Availability											
Unit 1	95%	70%	98%	70%	83%	0%	0%	36%	87%	31%	171%
Unit 2	63%	86%	84%	97%	83%	88%	88%	92%	86%	88%	-6%
Total Plant	79%	78%	91%	84%	83%	44%	44%	64%	86%	60%	39%
Capacity Factor											
Unit 1	72%	54%	78%	49%	63%	0%	0%	19%	61%	20%	215%
Unit 2	54%	79%	77%	89%	75%	72%	72%	77%	72%	73%	2%
Total Plant	63%	67%	78%	0%	69%	36%	36%	48%	67%	47%	48%

II. MARKETING

Coal

Higher sales to power plants and exports offset drop in sales to cement plants and other industries. Total coal sales volume increased by 6% YoY at 7.63 million MTs from 7.18 million MTs last year.

The table below shows the comparative quarterly sales volume data for 2013 and 2012.

COMPARATIVE SALES VOLUME DATA (in '000 MTs)													
CUSTOMER	Q1 '13	Q2 '13	Q3 '13	Q4 '13	YTD '13	%	Q1 '12	Q2 '12	Q3 '12	Q4 '12	YTD '12	%	%Inc (Dec)
Power Plants													
Calaca	608	523	582	420	2,132	28%	205	285	545	456	1,492	21%	43%
Other PPs	256	216	159	159	790	10%	325	382	203	126	1,037	14%	-24%
TOTAL PPs	864	739	740	578	2,922	69%	531	667	748	582	2,528	63%	16%
Other Industries													
Cement	361	196	261	161	980	13%	272	338	224	220	1,053	15%	-7%
Others	92	89	68	79	328	4%	98	105	128	98	430	6%	-24%
Total Others	454	285	329	240	1,308	17%	370	443	352	318	1,482	21%	-12%
TOTAL LOCAL	1,318	1,024	1,070	818	4,230	55%	901	1,110	1,100	900	4,011	56%	5%
EXPORT	461	556	497	1,887	3,401	45%	771	946	146	1,310	3,173	44%	7%
GRAND TOTAL	1,778	1,581	1,567	2,705	7,631	100%	1,672	2,056	1,245	2,211	7,184	100%	6%

Sales to SCPC increased by 43% YoY at 2.13 million MTs from 1.49 million MTs last year as a result of increased capacity and availability of both power units after rehabilitation.

On the contrary, sales to other power plants dropped by 24% YoY at 790 thousand MTs from 1.04 million MTs last year. Drop in global coal prices encouraged some customers to import cheap coal from offshore market. Moreover, a customer has an outstanding shipping contract that it must utilize to transport coal from Indonesia.

Sales to cement plants likewise dropped 7% YoY at 980 thousand MTs from 1.05 million MTs due to decrease in offtake by a few customers this year.

Despite tapping two new customers this year, sales to other industries also dropped by 24% YoY at 328 thousand MTs from 430 thousand MTs. Some old customers decreased their offtake.

Strong export sales in the last quarter drove export share to 45% of the total pie this year. Total export sales of 3.40 million MTs is 7% higher than last year's 3.17 million MTs. Mining operations are concentrated in the area where coal quality is better, commanding higher export prices.

The 10% YoY decrease in composite average FOB price per MT at PHP2,185 from PHP2,454 last year reflected the drop in global coal prices.

POWER

Sales volume increased by 46% YoY at 3,460GWh from 2,365GWh in 2012. This is attributed to the higher energy generation of the newly rehabilitated power plants.

Of the total energy sold, 96% or 3,313 GWh were sold to bilateral contracts, while the remaining 4% were sold in the spot market.

Sales to bilateral contracts increased by 65% YoY at 3,313 GWh from 2,007 GWh in 2012. The improvement is due to increase of contract quantities for MERALCO from the initial 210 MW to 420 MW starting 31 January 2013, and the additional 30 MW non-firm contract capacity for TRANS-ASIA. The non-firm additional contract capacity arrangement with Trans-Asia which is effective starting 16 February 2013, enables SCPC to sell its excess capacity at any given time.

MERALCO maintained to be the biggest customer of SCPC comprising 87% share of the total energy sales for SCPC's bilateral contracts, followed by Trans-Asia and Batelec I at 7% and 5% shares, respectively.

Spot market sales volume is lower at 148GWh in 2013 against 358 GWh in 2012. However Spot Sales Revenue in pesos is higher by 30% in 2013 vs 2012 due to the increase in the spot market prices in Q4.

Of the total energy sold, 99% was sourced from own generation and only 1% was purchased from the spot market. SCPC procured power from the spot market during hour intervals where power units were down, or were running at a derated capacity, in order to supply committed capacity to some of its customers. Contracts with some of its customer still cover the supply of replacement power under a “pass-thru” cost arrangement.

SCPC bilateral contracts yielded lower prices at an average price of PHP3.79 per KWh in 2013 compared to the PHP3.97 per KWh in 2012. This is due to lower prices of pass-thru coal fuel being indexed to the lower Newcastle prices in 2013.

On the other hand, average spot sales increased by 215% YoY at PHP14.98 per KWh from PHP4.75 per KWh in 2012. High spot prices in November and December pulled up price per KWh.

The table below shows the comparative sales volume data in 2013 and 2012.

COMPARATIVE SALES VOLUME DATA											
(in GWh)											
CUSTOMER	Q1 '13	Q2 '13	Q3 '13	Q4 '13	FY'13	Q1 '12	Q2'12	Q3'12	Q4'12	FY'12	% Inc (Dec)
Bilateral Contracts	751	838	966	757	3,313	489	427	518	573	2,007	65%
Spot Sales	20	10	17	100	148	1	1	79	278	358	-59%
GRAND TOTAL	771	849	983	858	3,460	489	428	597	851	2,365	46%
Composite Ave Price	3.89	3.91	3.66	5.65	4.26	4.14	4.41	3.73	4.15	4.09	4%

III. FINANCE

A. Sales and Profitability

Consolidated Revenues, net of eliminating entries, grew by 13% YoY at PHP27.33 billion as against PHP24.15 billion in 2012. Coal Revenues, before elimination, dropped by 5% YoY at PHP16.68 billion from PHP17.63 billion in 2012 due to lower coal prices this year. On the other hand, energy Revenues increased by 52% YoY at PHP14.76 billion from PHP9.7 billion last year as a result of the 46% increase in energy sales volume and 4% increase in average price per KWh.

Consolidated Cost of Sales decreased by 4% YoY at PHP14.11 billion from PHP14.64 billion last year.

Coal Cost of Sales before elimination declined by 5% YoY at PHP11.73 billion from PHP12.33 billion last year. Strip ratio normalized as at the end of the period from a historical high in Q1 as a result of the accident at the pit that temporarily halted coal extraction. Moreover, the Company implemented some cost-saving measures to counter the drop in coal prices, mining strategy only required shorter hauling distance in North Panian while in-pit dumping allows the mine to decrease number of equipment while maintaining the same excavating capacity, thus 29 units of mining were put on stand-by. Net of elimination, Cost of Coal Sold also dropped by 12% YoY at PHP8.66 billion from PHP9.83 billion last year. Cost of Coal Sold per MT decreased by 10% YoY at PHP1,537 versus PHP1,716 last year.

Power Cost of Sales before elimination increased by 17% YoY at PHP6.51 billion from PHP5.55 billion; and 18% after elimination at PHP4.42 billion from PHP3.75 billion last year. Increase in volume sold accounted for

the increase in total cost. Notably, Cost of Sales per KWh decreased by 25% at PHP1.88 from PHP2.35 last year due to minimal spot purchases for replacement power and lower coal fuel average cost this year.

The resulting consolidated Gross Profit in 2013 increased by 39% YoY at PHP13.22 billion with the coal and power segments each contributing PHP3.91 billion and PHP9.31 billion, respectively. Consolidated Gross Profit in 2012 stood at PHP9.51 billion, PHP4.63 billion from coal and PHP4.88 billion from power. Consolidated Gross profit margin improved at 48% from 39% last year.

Consolidated Operating Expenses increased by 55% YoY at PHP5.26 billion from P3.40 billion in 2012. Net of eliminating entries, the coal segment's Operating Expenses decreased by 17% YoY at PHP1.7 billion from last year's PHP2.0 billion. Lower coal Revenues decreased Government Share by 16% at PHP1.30 billion from PHP1.56 billion last year. Meanwhile, the power segment's Operating Expenses after elimination increased by 155% YoY at PHP3.5 billion from PHP1.4 billion last year due to acceleration of depreciation on certain equipment/components of Unit 2 whose repair are in-progress during the 90-day scheduled maintenance shutdown of Unit 2 which commenced last week of December 2013. These are to be replaced with new ones. Hence, the the carrying value of the affected equipment/components amounting to Php1.2 billion as of December 31, 2013 was fully provided with depreciation to reflect its true value in the books.

The pre-operating Southwest Luzon Power Generation Corp. (SLPGC), a wholly-owned subsidiary of the Company incorporated to expand its power capacity with the construction of 2 x 150 MW power plants, incurred PHP39.33 million pre-operating expenses, representing salaries and other administrative expenses incurred during the period. Other subsidiaries, Semirara Energy Utilities, Inc. (SEU), Semirara Claystone, Inc. (SCI) and Sem-Cal Industrial Park Developers, Inc (SCIPDI) also incurred Pre-operating Expenses of PHP100.5 thousand, PHP69.17 thousand and PHP30.80 thousand for the period, respectively. Two new companies were incorporated during the period as vehicles for additional power expansion projects, they are San Rafael Power Generation Corp. (SRPGC) and Sem-Balayan Power Generation Corp. (SBPGC). Both companies incurred pre-operating expenses of PHP114.89 thousand and PHP194.62 thousand, respectively.

Consolidated Income from Operations increased by 30% YoY at PHP7.96 billion from PHP6.11 billion in 2012. The coal and power segments contributed PHP2.19 billion and PHP5.80, respectively this year, as against PHP3.30 billion and PHP2.27 billion in 2012. The other pre-operating companies, SLPGC, SEU, SCI, SCIPDI, SRPGC, SBPGC incurred losses of PHP39.33 million, PHP100.50 thousand, PHP69.17 thousand, PHP30.80 thousand, PHP114.89 thousand and PHP194.62 thousand, respectively.

As the USD strengthened against the PHP this year, the Company registered consolidated Forex Losses of PHP481.18 million as against Gains of PHP391.00 million last year. Since most of its loans are USD-denominated, bulk of the current period's Forex Losses is incurred by the coal segment which recorded PHP463.94 million losses versus last year's gains of PHP387.83 million. Of this amount, PHP305.93 million are unrealized losses. Meanwhile, with minimal Forex exposure, the power segment incurred Forex Losses of PHP15.49 million as against Gains of PHP3.17 million last year. SLPGC also recorded loss of PHP1.75 million on its foreign exchange transactions

Lower placement interest rates and lower free cash resulted to the decrease in consolidated Finance Income by 67% YoY at PHP26.80 million from PHP82.14 million last year. The coal segment's investible funds reduced after using most of its cash for equity of SLPGC and to pay off debts toward the end of 2012, thus its Finance Income decreased by 67% at PHP26.80 million from PHP82.14 million last year. The power segment's Finance Income likewise decreased by 41% at PHP24.58 million from PHP41.53 million last year after using its cash to pay dividends of PHP2.5 billion during the the period. SLPGC recorded Finance Income of PHP217.06 thousand from short-term placements.

Consolidated Finance Costs decreased by 24% YoY at PHP381.23 million from PHP501.28 million. The coal segment's interest-bearing loans increased by 31% YoY, closing at PHP6.45 billion from PHP4.91 billion, increasing coal Finance Costs by 24% YoY at PHP152.63 million from PHP122.61 million. Meanwhile, the power segment's long-term loan balance dropped by 23% YoY to PHP5.34 billion from PHP6.91 billion last

year thus bringing down power Finance Cost by 41% YoY at PHP221.61 million from PHP376.37 million last year. SLPGC incurred Finance Cost of PHP6.99 million for its project financing.

Consolidated Other Income dropped by 12% YoY at PHP281.21 million from PHP318.45 million. Bulk of last year's Other Income came from gain on sale of retired assets of the coal segment. Notably, the power segment's Other Income increased by 55% YoY at PHP203.18 million from PHP131.26 million last year. Power Unit 2 used more unwashed coal this year, producing more fly ash which is sold to a cement company at a higher price after renegotiating the supply contract on February 2012.

The resulting consolidated Net Income Before Tax (NIBT) increased by 16% YoY at PHP7.40 billion from PHP6.40 billion. SCPC accounted for 78% of the 2013's NIBT, at PHP5.79 billion after elimination. Meanwhile, net of eliminating entries, the coal segment generated NIBT of PHP1.66 billion, while the pre-operating SLPGC, SCI, and SEU, SCIPDI, SBGPC, and SRPGC incurred losses of PHP47.86 million, PHP64.45 thousand, PHP94.73 thousand, PHP32.26 thousand, PHP191.97 thousand, and PHP112.24 thousand, respectively. Before eliminations, power and coal recorded NIBT of PHP4.73 billion and PHP5.19 billion, respectively.

Both operating business units enjoy Income Tax Holidays (ITH) as Board of Investments-registered companies. As a result, the Company accounted for consolidated benefit from deferred income taxes of PHP117.84 million, net of final income taxes and income taxes for unregistered activities of PHP5.01 million and PHP11.69 million respectively. Last year's provision totaled to PHP39.60 million.

Consolidated Net Income After Tax (NIAT) increased by 18% YoY at PHP7.53 billion from PHP6.34 billion last year. Before eliminations, coal and power recorded NIAT of PHP5.34 billion, including PHP2.5 billion dividend income from power segment, and PHP4.71 billion, respectively. Meanwhile, after eliminations, the coal and power segments generated NIAT of PHP 1.80 billion, and PHP5.78 billion, respectively. SCI and SCIPDI also recorded a minimal income of PHP45.90 thousand and PHP19.65 thousand, respectively. On the other hand, SLPGC, SEU, SBGPC, and SRPGC incurred start-up costs of PHP47.90 million, PHP63.64 thousand, PHP192.5 thousand, and PHP112.77 thousand, respectively. Earnings per Share (EPS) correspondingly increased by 18% YoY at PHP21.11 from PHP17.85 last year.

POWER

An added growth area of the power segment is under DMCI Power Corporation, a wholly-owned subsidiary of the Parent Company. The company and its subsidiaries are focused on getting power supply contracts with the electric cooperatives situated in the off-grid areas.

As of December 31, 2013, the total installed rated capacity of the power generating units for Masbate and Palawan are 24.4MW (12.4 MW bunker-fired and 12 MW diesel) and 33.10 MW (diesel), respectively.

Power generation revenue from Masbate increased by 15% from P942 million in 2012 to P1.1 billion in 2013 while revenue from Palawan reached P371 million in 2013. Net income of Masbate went up by 160%, contributing P230 million in 2013 compared to P88.4 million in the same period of 2012 while Palawan contributed P23.6 million in net income for the full year 2013 compared to P0.80 million for only one month in 2012.

Nickel

The nickel and metals (non-coal) mining business, reported under DMCI Mining Corporation, posted a net income of P169 million in 2013, compared to last year's net income of P341 million. This was a combined effect of lower volume, ore grade and price compared to last year. Nickel ore shipments during 2013 substantially decreased to 316 thousand wet metric tons (WMT) from last year's 1.6 million WMT. Average

sales price this year is at USD20 per WMT compared to last year's USD28 per WMT. Average nickel content of shipment this year is 1.65% compared to 1.71% last year.

Amidst continued weak global nickel ore price, DMCI Mining's margins have significantly declined, prompting the company to temporarily scale back the operations in the second half of 2013. Also, with the end of mining contract for Benguet in 2012 and the Acoje-ENK Mine having some transitory and permitting issues, DMCI Mining is looking at other opportunities for mine acquisition to enhance the segment's future operations.

Acquisitions

On February 15, 2013, DMCI Mining increased its stake to 37.7% in Toledo Mining Corporation PLC with the acquisition of an additional 20.7% for GBP 5.2 million. As a result, DMCI Mining launched a mandatory cash offer to acquire the entire issued and to be issued share capital of Toledo not already owned by DMCI Group. The offer comprised of 50 pence in cash for each Toledo share, valuing the whole of Toledo's existing issued share capital at approximately GBP 24.9 million. As of December 31, 2013, DMCI Mining has a total of 98.09% interest in TMC.

On March 25, 2014, the Parent Company acquired from D&A Income Ltd. the remaining 40% interest in ENK Plc for approximately P3.1 billion. Upon completion of the acquisition, ENK became a wholly owned subsidiary of the Parent Company.

As the Philippine Government is also looking to revamp and improve revenue generation and policy implementation in the mining industry, the Company sees this uncertain environment as an opportunity to possibly acquire more mining assets for the Group.

Cost of sales and Services

In spite of an 8% increase in consolidated revenues, cost of sales and services decreased by 1% due mainly to some cost-saving measures in the mining segments to counter the drop in coal and nickel ore prices. Increase in volume or units sold accounted for the increase in power and real estate cost of sales. The drop in construction costs of services outstripped the decline in construction revenue which is attributable to the improvement of margins of building projects.

Operating Expenses

Consolidated operating expenses increased by 44% primarily due to the corrective, preventive, and predictive maintenance program in Calaca Power, the acceleration of depreciation on certain equipment/components in Calaca Unit 2 and also the increase in commissions paid in the real estate segment.

Gain on Sale of Investment

This is the one-time gain (gross of tax) coming from the partial sale of the interest in Maynilad.

Equity in Net Earnings

Equity in net earnings amounted to P1.8 billion in 2013, 22% lower than last year. The drop was mainly due to the partial sale of the Company's interest in Maynilad.

Finance Income

Consolidated finance income decreased by 22% or P191 million mainly due to lower interest rates for short-term placements and more real estate customers availing of bank financing due to lower interest rates compared to in-house financing.

Finance Costs

Consolidated interest expense decreased by 22% or P269 million mainly due to lower borrowing rates and required capitalization of interest costs during construction period.

Other Income - Net

Consolidated other income decreased by 34% or P268 million mainly due to net foreign exchange loss recognized in 2013 amounting to P356 million compared to a net foreign exchange gain in 2012 amounting to P332 million.

Provision for Income Tax

Consolidated provision for income tax increased by 43% from P1.47 billion in 2012 to P2.10 billion in 2013 mainly caused by the tax on the partial sale of the interest in Maynilad and the increase in deferred provision for tax.

II. FINANCIAL CONDITION

December 31, 2013 – December 31, 2012

The Company's financial condition for the period improved as consolidated total assets and total net assets amounted to P123.8 billion and P60.2 billion as of December 31, 2013, posting an increase of 28% and 23%, respectively.

Consolidated cash increased by 155% from P9.7 billion in December 31, 2012 vs. P24.8 billion in December 31, 2013 due mainly to proceeds from the partial sale of interest in Maynilad. Moreover, cash generation from operations and loan drawdown also contributed to the increase in the year-end cash position.

Total available-for-sale financial assets (current and non-current) went down by 31% due to unrealized losses for quoted equity investments during the year.

Costs and estimated earnings in excess of billings on uncompleted contracts increased slightly by 7% mainly caused by construction contracts with cost and realized profits recognized in 2013 but contract billings will take place in future periods.

Total receivables (current and non-current) went up by 21% due mainly to normal trade in the businesses mostly coming from recognized receivable from newly completed project from real estate segment.

Consolidated inventories grew by 8% coming mainly from the land acquisitions and continuing work in progress in the real estate segment.

Other current assets increased by 31% mainly due to payment for advances to suppliers and time deposits with maturity of more than three months.

Investments in associates and joint ventures went down by 17% primarily as a result of the Company's partial sale of interest in Maynilad.

Consolidated net Property, plant and equipment grew by 22% as a result of the ongoing power expansion in Calaca.

Investment properties decreased by 2% mainly due to depreciation during the year.

Deferred tax assets increased by 751% mainly due to recognition of timing difference for unrealized foreign exchange losses.

Pension assets increased by 16% mainly as a result of higher reported fair value of plan assets which are primarily in debt and equity securities.

Other noncurrent assets grew by 106% mainly due to the increase in deferred input vat and third-party deposits such as rental security deposit.

Accounts & other payables increased by 12% mostly as a result of normal trade operations and accruals especially progress billings from subcontractors.

Customers' deposits increased by 47% due to payments received from real estate customers the revenue of which has yet to be realized.

Billings in excess of costs and estimated earnings on uncompleted contracts increased by 10%. This was caused by construction contract billings in 2013 which preceded cost and profit recognition.

Liabilities for purchased land increased by 20% mainly due to acquisition of certain land properties which are payable over a period of two to four years.

Short-term debt increased by 100% due to availment by the coal segment of short-term working capital loans during the period.

Income tax payable decreased by 17% from P89 million to P66 million due payments made during the year and application of creditable withholding tax.

Payable to related parties decreased by 9% from P61 million to P34 million mainly caused by the settlement of transactions during the year.

Long-term debt grew by 40% primarily due to drawdown of project financing facilities in the power segment and the receipt of additional tranches of corporate notes in the real estate segment.

Deferred tax liabilities increased by 33% due to additional reconciling items particularly excess of book over tax income pertaining to construction contracts and real estate sales.

Pension liabilities increased by 9% from P86 million to P94 million as a result of additional pension expense from actuarial valuation.

Other noncurrent liabilities increased by 11% mainly due to the coal segment's increase in mine rehabilitation contingency.

Retained earnings grew by 29% primarily due to the consolidated net income share of DMCI shareholders.

Non-controlling interest increased by 20% as a result of the non-controlling interests' share in the consolidated net income of Semirara, net of its share in the dividends declared during the period.

III. KEY PERFORMANCE INDICATORS

The Company and its Subsidiaries (the "Group") has the following as its key performance indicators:

- f) Segment Revenues
- g) Segment Net Income (after non-controlling interests)
- h) Earnings Per Share
- i) Current Ratio
- j) Debt to Equity Ratio

SEGMENT REVENUES

(in Php Millions)	Audited		Variance	
	2013	2012	Amount	%

COAL SALES	P12,573	P14,450	(P1,877)	-13%
NICKEL ORE SALES	265	1,923	(1,658)	-86%
CONSTRUCTION	14,360	15,068	(708)	-5%
REAL ESTATE	12,166	9,219	2,947	32%
POWER	16,607	11,080	5,527	50%
PARENT COMPANY	-	-	-	-
TOTAL	P55,971	P51,740	P4,231	8%

The initial indicator of the Company's gross business results are seen in the movements in the different business segment revenues. As illustrated above the significant main drivers for revenue growth are the power and real estate segments. Revenues from the mining businesses are down due to weak global prices and temporary scale down of nickel mining operations (see *Part I. Results of Operations – different segments for a detailed discussion per business*).

SEGMENT NET INCOME AFTER NON-CONTROLLING INTERESTS

(in Php Millions)	Audited		Variance	
	2013	2012 (as restated)	Amount	%
COAL MINING	P1,022	P1,740	(P718)	-41%
NICKEL MINING	169	341	(172)	-50%
CONSTRUCTION	1,275	1,275	-	0%
REAL ESTATE	2,655	2,105	550	26%
POWER	3,478	1,901	1,577	83%
WATER	1,915	2,340	(425)	-18%
PARENT COMPANY	65	34	31	91%
CORE NET INCOME	10,579	9,736	843	9%
ONE-TIME GAIN ON SALE (Parent)	8,358	-	8,358	-
TOTAL	P18,937	P9,736	P9,201	95%

The net income (after non-controlling interests) or bottom line results from operations of the Company can be seen with the increment in net income for the period compared to the same period of the previous year for domestic-oriented businesses. For 2013, power and real estate posted strong growth in earnings while coal and nickel mining reported steeped declines due to weak global commodity prices (see *Part I. Results of Operations – different segments for a detailed discussion per business*).

EARNINGS PER SHARE

The Company's consolidated earnings per share (EPS) for the year was P7.13/share accounting for a 93% increase from the P3.67/share EPS last year. Same as segment net income, the power and real estate segments mainly contributed to the improvement in net earnings (see *Part I. Results of Operations – different segments for a detailed discussion per business*).

CURRENT RATIO

Liquidity is an essential character of any organization, and the Company, including the Group as a whole, should indicate acceptable levels of liquidity. The initial test of liquidity is the current ratio, which will display a company's ability to satisfy current obligations with current resources. Current ratio is arrived by dividing the current assets over the current liabilities. The Company uses this test and compares it with industry balances to

determine its ability to satisfy current obligations with respect to its competitors (see *Part II. Financial Condition for a detailed discussion*).

DEBT TO EQUITY RATIO

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

OTHER RELEVANT FINANCIAL SOUNDNESS RATIOS		
	Dec. 31 2013	Dec. 31 2012
Current Ratio	247%	180%
Debt to Equity Ratio	61%	52%
Interest Coverage Ratio	2,621% 1,636%*	1,165%
Return on Assets Ratio	20% 13%*	14%
Return on Equity Ratio	41% 26%*	28%
Asset to Equity Ratio	206%	199%
Gross Margin Ratio	39%	33%
Net Profit Margin Ratio	40% 25%*	24%

*excluding one-time gain from Maynilad partial sale

OTHER INFORMATION

1. The company's operation is a continuous process. It is not dependent on any cycle or season;
2. Economic and infrastructure developments in the country may affect construction business; Interest rate movements may affect the performance of the real estate industry; Mining activities are generally hinge on the commodities market. Businesses not affected by known cycle, trends or uncertainties are power and water.
3. On May 15, 2014, The Board approved the declaration of (1) **regular cash dividends** in the amount of P1.20 per common share or a total of P3,186,592,800.00; and (2) **special cash dividends** of P1.20 per common share or a total of P3,186,592,800.00, or a grand total of P6,373,185,600.00 out of the unrestricted retained earnings of the Corporation as of December 31, 2013, in favor of the common stockholders of record as of May 30, 2014, and payable on June 13, 2014.
4. There were no undisclosed material subsequent events and transferring of assets not in the normal course of business that have not been disclosed for the period that the company have knowledge of;

5. There are no material contingencies during the year; any event that may 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.
6. 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
7. 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.
8. Any known trends or any known demands, commitments, events or uncertainties that will result in or that will have a material impact on the registrant's liquidity. – **None**
9. The Group does not have any offering of rights, granting of stock options and corresponding plans therefore.

C. FINANCIAL STATEMENTS

The Financial Statements incorporated herein by reference to the attached audited financial statements.

D. INFORMATION ON INDEPENDENT ACCOUNTANT AND OTHER RELATED MATTERS

The principal accountants and external auditors of the Company and its subsidiaries is the accounting firm Sycip, Gorres, Velayo and Co. (SGV & Co.). Pursuant to the General Requirements of SRC Rule 68, paragraph 3 (Qualifications and Reports of Independent Auditors), the Company and its subsidiaries has engaged the services of SGV & Co. as external auditor and Ms. Cyril Jasmine B. Valencia is the Partner-in-Charge starting 2013 audit period or less than five years following the regulatory policy of audit partner rotation every five years.

I. External Audit Fees and Services

- a. Audit and Audit Related Fees – The Company and its Subsidiaries paid its external auditors the following fees in the past two (2) years:

	2014	2013
	Fee	Fee
Semirara Mining and Power Corporation	2,328,480.00	2,217,600.00
Sem-Calaca Power Corporation	2,032,800.00	1,848,000.00
Sem-Cal Industrial Park Developers, Inc.	36,960.00	36,960.00
Southwest Luzon Power Corporation	338,800.00	308,000.00
DMCI Holdings, Inc.	3,583,272.00	2,975,280.00
D. M. Consunji, Inc.	1,312,500.00	1,312,500.00
DMCI Project Developers Inc.	2,740,621.00	2,610,115.20
DMCI Homes Inc.	471,995.00	449,519.84
Hampstead Gardens Corporation	60,000.00	348,015.36
PDI Hotels, Inc.	167,482.00	159,507.04
DMCI Masbate Power Corporation	368,676.00	351,120.00
DMCI Mining Corporation	372,680.00	338,800.00
DMCI Power Corporation	250,958.00	239,008.00
DMCI Homes Property Management Corporation	73,920.00	-

Beta Electric Corporation	441,056.00	420,420.00
Wire Rope Corporation of the Philippines	491,568.00	468,160.00
Semirara Claystone Inc.	49,280.00	49,280.00
Sem Calaca RES Corporation	36,960.00	36,960.00
Semirara Energy Utilities , Inc.	30,800.00	30,800.00
Sem Balaya Power Generation Corp.	30,800.00	30,800.00
St. Raphael Power Power Generation Corp.	30,800.00	30,800.00
DMCI Palawan Power Corporation	12,320.00	24,640.00
TMM Management Inc.*	206,080.00	-
Ulugan Resources Holdings, Inc. *	109,480.01	-
Nickeline Resources Holdings, Inc. *	109,480.00	-
Ulugan Nickel Corporation*	109,480.00	-
Berong Nickel Corporation*	1,054,500.00	-
European Nickel PLC-ROHQ (Enickel Services Philippines) *	94,558.60	-
Fil-Asian Strategic Resources & Prop. Corp. *	184,671.07	-
Enickel Holdings*	92,281.34	-
Enickel Berhold*	92,353.24	-
Montemina Resources Corp*	123,052.03	-
Montague Resources Phil. Corp*	92,281.34	-
Fil-Euro Asia Nickel Corp*	129,298.60	-
Mt. Lanat Metals Corp. *	92,369.75	-
Zambales Nickel Processing Corp. *	92,268.75	-
ZamNorth Holdings Corp. *	92,354.41	-
ZDMC Holdings*	92,281.34	-
Heraan Holdings*	92,349.20	-
Zambales Chromite Mining Company, Inc. *	186,091.05	-
Zambales Diversified Metals Corp. *	695,041.85	-
Grand Total	18,943,000.58	14,286,285.44

**Newly acquired entities in 2014*

- b. Tax Fees - **NONE**
- c. All other fees – **NONE**
- d. Changes In And Disagreements With Accountants On Accounting And Financial Disclosure -
There has been no change or disagreements with certifying accountants.
- e. The Company's Audit Committee reviews and discusses with management and the external auditor the annual audited financial statements, including discussion of material transactions with related parties, accounting policies, as well as the external auditor's written communications to the Committee and to management. It also reviews the external auditor's audit plans that increase the credibility and objectivity of the Company's financial reports and public disclosure.

PART III - CONTROL AND COMPENSATION INFORMATION

A. DIRECTORS AND EXECUTIVE OFFICERS OF THE ISSUER

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

<u>Name</u>	<u>Position</u>	<u>Age</u>
DAVID M. CONSUNJI	Chairman Emeritus*	93
ISIDRO A. CONSUNJI	Chairman and President*	66
CESAR A. BUENAVENTURA	Vice-Chairman of the Board	85
HERBERT M. CONSUNJI	Director/Vice President & CFO	62
JORGE A. CONSUNJI	Director	63
VICTOR A. CONSUNJI	Director	64
MA. EDWINA C. LAPERAL	Director	53
HONORIO O. REYES-LAO	Director (Independent)	70
ANTONIO JOSE U. PERIQUET	Director (Independent)	54
NOEL A. LAMAN	Corporate Secretary	75
VICTOR S. LIMLINGAN	Managing Director	71
CRISTINA C. GOTIANUN	Asst. Treasurer	60
PILAR P. GUTIERREZ	Asst. Corporate Secretary	38

* On November 18, 2014, Mr. David M. Consunji resigned as Chairman and Member of the Board of Directors. The Board likewise appointed Mr. Isidro A. Consunji as Chairman and CEO while Mr. David A. Consunji was appointed as Chairman Emeritus.

1.1 David M. Consunji – Chairman Emeritus

Profile

Age	First Appointment	Years of Service
93	Chairman - March 1995	19 years, 8 months
	Chairman Emeritus - November 2014	4 months

Directorship

Listed	
Semirara Mining and Power Corp.	Non-Executive/Chairman Emeritus
Non-listed	
D.M. Consunji, Inc.	Non-Executive/Chairman
Dacon Corp.	Non-Executive
Sem-Calaca Power Corp.	Non-Executive/Chairman
Southwest Luzon Power Generation Corp.	Non-Executive/Chairman
Semirara Claystone, Inc.	Non-Executive/Chairman
Semirara Cement Corp.	Non-Executive/Chairman
Semirara Energy Utilities Inc.	Non-Executive/Chairman
Sem-Balayan Power Generation Corp.	Non-Executive/Chairman
St. Raphael Power Generation Corp.	Non-Executive/Chairman

Sem-Cal Industrial Park Developers Inc.	Non-Executive/Chairman

Education

Bachelor of Science in Civil Engineering (University of the Philippines, 1946)

Civic Affiliations

Chairman, Orani Suhay Foundation, Inc.

Past Appointments

Chairman, Semirara Mining and Power Corporation

Secretary of the Department of Public Works, Transportation and Communications from August 1971 to 1975

1.2 Isidro A. Consunji – Chairman and President

Profile

Age	First Appointment	Years of Service
66	President - March 1995	19 years and 8 months
	Chairman - November 2014	4 months

Directorship

Listed	
Semirara Mining and Power Corp.	Executive/Chairman
Atlas Consolidated Mining and Development Corp.	Non-executive
Crown Equities Inc.	Non-executive
Non-Listed	
D. M. Consunji, Inc.	Non-Executive
DMCI Project Developers, Inc.	Executive/Chairman
DMCI Mining Corp.	Executive/Chairman
DMCI Power Corp.	Executive
DMCI Masbate Corp.	Executive
DMCI-MPIC Water Company Inc.	Non-executive
Maynilad Water Services, Inc.	Non-executive
Sem-Calaca Power Corp.	Executive
Southwest Luzon Power Generation Corp.	Executive
Sem-Calaca Res Corp.	Non-executive
Sem-Cal Industrial Park Developers, Inc.	Non-executive
Dacon Corp.	Non-executive
DFC Holdings, Inc.	Non-executive
Beta Electric Corp.	Non-executive

Committee Membership

Audit and Risk Committee

Nomination and Election Committee

Education

Bachelor of Science in Engineering (University of the Philippines)
 Master of Business Economics (Center for Research and Communication)
 Master of Business Management (Asian Institute of Management)
 Advanced Management (IESE School, Barcelona, Spain)

Civic Affiliations

Philippine Overseas Construction Board, *Chairman*
 Construction Industry Authority of the Philippines, *Board Member*
 Philippine Constructors Association, *Past President*
 Philippine Chamber of Coal Mines, *Past President*
 Asian Institute of Management Alumni Association, *Member*
 UP Alumni Engineers, *Member*
 UP Aces Alumni Association, *Member*

1.3 Cesar A. Buenaventura – Vice Chairman**Profile**

Age	First Appointment	Years of Service
85	Director/Vice Chairman - March 1995	20 years

Directorships

Company	Type of Directorship
Listed	
Semirara Mining and Power Corp. (Listed)	Non-Executive
iPeople Inc.	Non-Executive
Petroenergy Resources Corp.	Non-Executive
Concepcion Industrial Corp.	Non-Executive
Non-listed	
D.M. Consunji, Inc.	Non-Executive
AG&P Company of Manila, Inc.	Non-Executive
Pilipinas Shell Petroleum Corp.	Non-Executive
Montecito Properties, Inc.	Non-Executive
Phil. American Life Insurance Co.	Non-Executive
Manila International Airport Authority	Non-Executive
Babcock Hitachi Phils, Inc.	Non-Executive/Chairman

Committee Membership

Compensation and Remuneration Committee

Education

Bachelor of Science in Civil Engineering (University of the Philippines)
 Masters Degree in Civil Engineering, Major in Structures (Lehigh University, Bethlehem, Pennsylvania)

Civic Affiliations

Pilipinas Shell Foundation, *Founding Member*

Makati Business Club, *Board of Trustee*

University of the Philippines, *Former Board of Regents*

Asian Institute of Management, *Former Board of Trustee*

Benigno Aquino Foundation, *Past President*

Honorary Officer, Order of the British Empire (OBE) by Her Majesty Queen Elizabeth II

1.4 Herbert M. Consunji – Director / Vice President / Chief Finance Officer / Chief Compliance Officer

Profile

Age	First Appointment	Years of Service
62	Director - March 1995	20 years

Directorship

Company	Type of Directorship
Listed	
Semirara Mining and Power Corporation	Non-executive
Non-listed	
Subic Water and Sewerage Company, Inc.	Non-executive/Chairman
Philippines Hydro, Inc.	Non-executive/Chairman
DMCI Mining Corp.	Executive
Sem-Calaca Res Corporation	Executive
Maynilad Water Services, Inc.	Executive
DMCI Power Corp.	Non-executive
Sem-Calaca Power Corp.	Non-executive
Southwest Luzon Power Generation Corp.	Non-executive
Sem-Cal Industrial Park Developers, Inc.	Non-executive

Education

Bachelor of Science in Commerce, Major in Accounting (De La Salle University)
Certified Public Accountant

Civic Affiliations

Philippine Institute of Certified Public Accountants, *Member*

1.5 Jorge A. Consunji - Director

Profile

Age	First Appointment	Years of Service
63	Director - March 1995	20 years

Directorship

Company	Type of Directorship
Listed	
Semirara Mining and Power Corp.	Non-executive
Non-listed	
D.M. Consunji Inc.	Executive
DMCI Project Developers, Inc.	Non-executive
DMCI Mining Corp.	Non-executive
DMCI Power Corp.	Non-executive
DMCI Masbate Corp.	Non-executive
Sem-Calaca Power Corp.	Non-executive
Southwest Luzon Power Generation Corp.	Non-executive
DMCI-MPIC Water Company Inc.	Non-executive
Maynilad Water Services, Inc.	Non-executive
Dacon Corp.	Non-executive
DFC Holdings, Inc.	Non-executive
Beta Electric Corporation	Non-executive
Wire Rope Corporation	Non-executive/Chairman
Private Infra Dev Corp.	Non-executive

Committee Membership

Compensation and Remuneration

Education

Bachelor of Science in Industrial Engineering (De La Salled University)

Master in Business Economics (University of Asia and the Pacific)

Advanced Management Program (University of Asia and the Pacific)

Civic Affiliations

Construction Industry Authority of the Phils, *Board Member*

Asean Constructors Federation, *Former Chairman*

Phil. Constructors Association, *Past President/Chairman*

Phil. Contractors Accreditation Board, *Former Chairman*

Association of Carriers & Equipment Lessors, *Past President*

1.6 Victor A. Consunji - Director

Profile

Age	First Appointment	Years of Service
64	Director - March 1995	20 years

Directorship

Company	Type of Directorship
Listed	
Semirara Mining and Power Corp.	Executive
Non-listed	
DMCI Power Corp.	Executive
Sem-Calaca Power Corp.	Executive
Southwest Luzon Power Generation Corp.	Executive
Sem Calaca Res Corporation	Executive
Dacon Corp.	Executive
DMCI Masbate Corp.	Non-executive
DMCI Mining Corp.	Non-executive
D.M. Consunji Inc.	Non-executive
DFC Holdings, Inc.	Non-executive
M&S Company, Inc.	Non-executive
Sodaco Agricultural Corporation	Non-executive
Ecoland Properties Development Corporation.	Non-executive
DMC Urban Properties Development Inc.	Non-executive
Sirawai Plywood & Lumber Corp.	Non-executive/Chairman

Education

AB Political Science (Ateneo de Manila and Ateneo de Davao)

1.7 Ma. Edwina C. Laperal – Director / Treasurer

Profile

Age	First Appointment	Years of Service
53	Director - March 1995 - July 2006	11 years and 4 months
	Director - July 2008 to present	6 years and 8 months

Directorship

Company	Type of Directorship
Listed	
Semirara Mining and Power Corporation	Non-Executive
Non-listed	
D.M. Consunji, Inc.	Non-Executive
DMCI Project Developers, Inc.	Executive
Dacon Corporation	Non-Executive
DMCI Urban Property Developers, Inc	Non-Executive
Sem-Calaca Power Corp.	Non-Executive
Dacon Corp.	Non-Executive
DFC Holdings, Inc.	Non-Executive

Committee Membership

Nomination and Election Committee

Education

BS Architecture (University of the Philippines)

Masters in Business Administration (University of the Philippines)

Civic Affiliations

UP College of Architecture Alumni Foundation Inc., *Member*

United Architects of the Philippines, *Member*

Society of Industrial-Residential-Commercial Realty Organizations, *Member*

1.8 Honorio O. Reyes-Lao – Independent Director**Profile**

Age	First Appointment	Years of Service
70	Independent Director - July 2009	5 years and 8 months

Directorship

Company	Type of Directorship
Listed	
Philippine Business Bank	Non-executive
Non-Listed (Past Positions)	
Gold Venture Lease and Management Services Inc (2008-2009)	Executive
First Sovereign Asset Management Corporation (2004-2006)	Non-executive
CBC Forex Corporation (1998-2002)	Non-executive
CBC Insurance Brokers, Inc. (1998-2004)	Executive

CBC Properties and Computers Center, Inc. (1993-2006)	Non-executive

Committee Membership

Audit and Risk Committee
Compensation and Remuneration Committee

Education

Bachelor of Arts, Major in Economics (De La Salle University)
Bachelor of Science in Commerce, Major in Accounting (De La Salle University)
Masters Degree in Business Management (Asian Institute of Management)

Civic Affiliations

Institute of Corporate Directors, *Fellow*
Rotary Club of Makati West, *Member/Treasurer*
Makati Chamber of Commerce and Industries, *Past President*

1.9 Antonio Jose U. Periquet – Independent Director

Profile

Age	First Appointment	Years of Service
53	Independent Director- August 2010	4 years and 7 months

Directorship

Company	Type of Directorship
Listed	
ABS-CBN Holdings Corp.	Independent Director
ABS-CBN Corporation	Independent Director
Ayala Corporation	Independent Director
Bank of the Philippine Islands	Independent Director
Max's Group Inc.	Independent Director
Philippine Seven Corporation	Independent Director
Non-listed	
Campden Hill Group	Non-executive/Chairman
Campden Hill Advisors, Inc.	Non-executive/Chairman
Pacific Main Holdings	Non-executive/Chairman
Lyceum of the Philippines University	Non-executive/Trustee
The Straits Wine Company, Inc.	Non-executive
BPI Capital Corporation	Independent Director
BPI Family Savings Bank, Inc.	Independent Director

Committee Membership

Audit and Risk Committee
Nomination and Election Committee

Education

MBA, Darden Graduate School of Business Administration, University of Virginia, USA (1990)

Master of Science (Econ), Oxford University, UK (1988)
 Bachelor of Arts (Econ), Ateneo de Manila University (1982)

Civic Affiliations

Global Advisory Council, Darden Graduate School of Business Administration, University of Virginia, *Member*
 Finance and Budget Committee of the Board, Ateneo de Manila University, *Member*
 Finance Committee, Philippine Jesuit Provincial, *Member*

1.10 Noel A. Laman - Corporate Secretary

Profile

Age	First Appointment	Years of Service
75	Corporate Secretary - March 1995	20 years

Directorship

Company	Type of Directorship/Position
Non-listed	
Castillo Laman Tan Pantaleon & San Jose Law Offices	Founder / Senior Partner
DCL Group of Companies	Treasurer
Boehringer Ingelheim (Phils.), Inc.	Non-executive/Director
Merck, Inc	Non-executive/Director

Education

Bachelor of Science, Jurisprudence (University of the Philippines)
 Bachelor of Laws (University of the Philippines)
 Master of Laws (University of Michigan Law School)

Civic Affiliations

Integrated Bar of the Philippines, *Past Secretary, Treasurer, Vice President, Makati Chapter*
 Rotary Club Makati West, *Past President*
 Intellectual Property Association of the Philippines (IPAP), *Past President*
 Asian Patent Attorneys Association (APAA), *Past Council Member*
 Licensing Executives Society of the Philippines (LES Philippines), *Member*
 Firm Representative to the European Chamber of Commerce, *Member*
 Firm Representative to the German Philippine Chamber of Commerce, Inc., *Member*
 Rear Admiral, Philippine Coast Guard Auxiliary, (Legal Counsel, Head, Board of Discipline), *Member*

1.11 Pilar G. Gutierrez – Assistant Corporate Secretary

Profile

Age	First Appointment	Years of Service
38	Assistant Corporate Secretary - July 2010	4 years and 8 months

Positions

Company	Position
Listed	
National Reinsurance Corporation of the Philippines	Assistant Corporate Secretary
Non-Listed	
Castillo Laman Tan Pantaleon & San Jose Law Firm	Partner
Pricon Microelectronics, Inc.	Corporate Secretary
Test Solution Services, Inc.	Corporate Secretary
Manpower Resources of Asia, Inc.	Corporate Secretary
Sealanes Marine Services, Inc.	Corporate Secretary
Software AG Philippines, Inc.	Corporate Secretary
Oncho Philippines, Inc.	Corporate Secretary
Mercury Battery Industries, Inc.	Corporate Secretary
Philippine Advanced Processing Technology, Inc.	Corporate Secretary
Rentokil Initial Philippines, Inc.	Corporate Secretary
Jacobs Projects Philippines, Inc.	Corporate Secretary
Successfactors Philippines, Inc.	Corporate Secretary
D.M. Consunji, Inc.	Assistant Corporate Secretary
DMCI Project Developers, Inc.	Assistant Corporate Secretary
Dacon Insurance Brokers, Inc.	Assistant Corporate Secretary
Wire Rope Corporation of the Philippines	Assistant Corporate Secretary
Honeywell CEASA (Subic Bay) Company, Inc.	Assistant Corporate Secretary
IMS Health Philippines, Inc.	Assistant Corporate Secretary
SingTel Philippines, Inc.	Assistant Corporate Secretary
Koyo Manufacturing Philippines Corporation	Assistant Corporate Secretary

Education

Bachelor of Laws - University of the Philippines

Bachelor of Science in Management, Major in Legal Management (B.S.L.M.) (Ateneo de Manila University)

1.12 Victor S. Limlingan – Managing Director

Profile

Age	First Appointment	Years of Service
71	Managing Director – February 1, 2009	16 years and 1 month

Positions

Company	Position
Listed	
None	
Non-Listed	
DMCI Project Developers, Inc.	Director/Non-executive
D.M. Consunji, Inc.	Director/Non-executive
European Nickel Corporation	Director/Non-executive
Sika Philippines	Independent Director
Regina Capital Development Corporation	Chairman
Cristina Travel Corporation	Chairman
Vita Development Corporation	Chairman
Guagua National Colleges	Chairman

Education

Bachelor of Arts, Major in Engineering – Ateneo De Manila University

Master in Business Management – Ateneo De Manila University

Doctor of Business Administration - Harvard University

Civic Affiliations

Management Association of the Philippines, *Member*

Past Appointments/Positions

Independent Director, DMCI Holding, Inc. (2006-2009)

Professor, Asian Institute of Management (1973-2008)

Member, Civil Aeronautics Board (1992-1997)

Deputy to the Philippine Executive Director, Asian Development Bank (1986-1990)

1.13 Cristina C. Gotianun – Assistant Treasurer

Profile

Age	First Appointment	Years of Service
60	Assistant Treasurer – March 1995	20 years

Directorship/Positions

Company	Position
Listed	
Semirara Mining and Power Corporation	Director/Executive
Non-Listed	
Dacon Corporation	Director
D.M. Consunji, Inc.	Vice President, Finance and Admin / CFO

Sirawan Food Corporation	General Manager

Education

Bachelor of Science in Business Economics - University of the Philippines
Major in Spanish - Instituto de Cultura Hispanica, Madrid, Spain

Civic Affiliations

Institute of Corporate Directors, *Fellow*

Past Appointments/Positions

Assistant Treasurer, D.M. Consunji, Inc. (1991 – 1998)
Purchasing & Logistics for DMCI requirements in U.S.A. (1985 – 1990)
Staff to the Chairman, D.M. Consunji, Inc. (1981 – 1985)
Treasury Manager, D.M. Consunji, inc. (1979 – 1981)
Asst. Purchasing Manager, D.M. Consunji, Inc. (1977 – 1979)
Purchaser, D.M. Consunji, Inc. (1975 – 1977)

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

(2) Identify Significant Employees –

- (a) The following are the significant employees of the Registrant who are not executive officers but who are expected by Registrant to make a significant contribution to the business:

Significant Employees	Position held in Registrant	Age
Ma. Luisa C. Austria	Administrative / Accounting Officer	63
Aldric G. Borlaza	Senior Finance Officer	37
Brian T. Lim	Finance Officer	29
Tara Ann C. Reyes	Investor Relations Officer	37
Cherubim O. Mojica	Corporate Communications Head	37

Ms. Ma. Luisa C. Austria, Mr. Aldric G. Borlaza, Mr. Brian T. Lim, Ms. Tara Ann C. Reyes and Ms. Cherubim O. Mojica will continue to hold their respective positions with the Registrant for the year 2015-2016.

- (b) Brief descriptions of the business experience of the above significant employees of the Registrant:

Ma. Luisa C. Austria is a former Accounting Supervisor of D. M. Consunji, Inc. (1989 to 1996). She is now the Administrative/Accounting Officer of the Registrant and has been holding said position for seventeen (17) years since 1996.

Aldric G. Borlaza worked for three (3) months in SGV, Assurance or External Audit group, involving basic audit of accounting controls, documents and paper trail as well as basic preparation of Audited Financial Statements (January 2002 to March 2002). He is the Finance Officer of the Company from April 2002-2012. He now holds a position of Senior Finance Officer since 2012 to present and Chief Finance Officer of DMCI Mining Corp. since November 2, 2011.

Brian T. Lim is the Finance Officer of the Company since August 15, 2012. He used to work with Sycip, Gorres, Velayo & Co. (SGV) for five years as assurance director/audit manager.

Tara Ann C. Reyes joined the Company in January 2013 as Investor Relations Officer. She trained under the Financial Planning and Forecasting department at Metro Pacific Investment Corp. for eight (8) months.

Cherubim O. Mojica worked as the Head of Corporate Communications Dept. of Maynilad from October 2008 to 2014; Corporate Communications Coordinator of First Philippine Corp. from December 2007 to July 200; Deputy Supervisor of the US Embassy Manila from July 2000 to November 2007; and Political Affairs Officer VI of House of Representatives of the Philippines from March 1999 to February 2000. She joined the Company last September 2014 as Corp. Communications Head.

Term of office. The term of office of Ms. Austria is approximately eighteen (18) years. Mr. Borlaza has been serving the company for twelve (12) years since April of 2002. Mr. Lim has been with the Company for one year and eight months. Ms. Reyes has served as Investor Relations Officers for two (2) years since 2013. Ms. Mojica served as Head of Corp. Communications for six months since October 2014.

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

<u>Name</u>	<u>Relationship</u>
David M. Consunji	Father of Isidro A. Consunji, Jorge A. Consunji, Victor A. Consunji, Cristina C. Gotianun and Ma. Edwina C. Laperal
Isidro A. Consunji, Jorge A. Consunji, Victor A. Consunji, Cristina Gotianun, and Ma. Edwina C. Laperal	Children of David M. Consunji
Herbert M. Consunji	Nephew of David M. Consunji and cousin of Isidro A. Consunji, Jorge A. Consunji, Victor A. Consunji, Cristina C. Gotianun, and Ma. Edwina C. Laperal

(4) Involvement in Certain Legal Proceedings - *None of the directors, executive officers and nominees for election is subject to any pending material legal proceedings*

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

- ii. Any conviction by final judgment, including the nature of the offense, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses - **NONE**
- iii. Being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities - **NONE**

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

B. EXECUTIVE COMPENSATION

ANNUAL COMPENSATION

Name	Principal Position	Salary	Bonus	Per Diem Allowance**	Other annual compensation
David M. Consunji	Chairman of the Board of Directors				
Cesar A. Buenaventura	Vice – Chairman of the Board of Directors				
Isidro A. Consunji	President/Chief Executive Officer				
Herbert M. Consunji	Vice President & Chief Financial Officer				
Ma. Edwina C. Laperal	Treasurer				
	YEARS				
	2012	P 4,073,532.00		P 220,000.00	
	2013	P 5,085,300.00		P 260,000.00	
	2014	P 5,086,924.00		P 270,000.00	
	2015*	P 5,086,924.00		P 270,000.00	
	TOTAL:	P 19,332,680.00		P 1,020,000.00	
	YEARS				
All other directors and executive officers as a group unnamed	2012	P 5,999,831.24		P 180,000.00	
	2013	P 6,499,831.24		P 300,000.00	
	2014	P 6,499,831.24		P 290,000.00	
	2015*	P 6,499,831.24		P 290,000.00	
	TOTAL:	P 25,499,324.96		P 1,060,000.00	

*Approximate figures

** Each director receives Php 10,000.00 for every regular meeting of the Board and Committees.

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

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

C. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

a. Beneficial Ownership of Directors of the Corporation as of December 31, 2014.

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
Common	David M. Consunji	5,000.00	0.0000%
Common	Cesar A. Buenaventura	900,000.00	0.0068%
Common	Isidro A. Consunji	65,000.00	0.0005%
Common	Victor A. Consunji	5,000.00	0.0000%
Common	Jorge A. Consunji	5,000.00	0.0000%
Common	Herbert M. Consunji	23,000.00	0.0002%
Common	Ma. Edwina C. Laperal	3,315,000.00	0.0249%
Common	Honorio O. Reyes-Lao	175,000.00	0.0013%
Common	Antonio Jose U. Periquet	125,000.00	0.0009%

AGGREGATE OWNERSHIP OF ALL DIRECTORS AS A GROUP

4,618,000.00 0.0348%

b. Owners owning 5% or more of the voting stocks of the Corporation as of December 31, 2014.

Title of Class	Name and Address of Beneficial Owner	Amount/Nature of Beneficial Ownership	Percent of Class
Common	Dacon Corporation (Fil) c/o Isidro A. Consunji 2281 Pasong Tamo Ext. Makati City	6,076,969,505	45.7690%
Common	DFC Holdings, Inc. (Fil) c/o Cristina C. Gotianun 2281 Pasong Tamo Ext. Makati City	2,370,782,060	17.855%
Common	PCD Nominee Corp. (For) G/F Makati Stock Exchange Bldg., 6767 Ayala Avenue, Makati City	2,220,623,841	16.724%
Common	PCD Nominee Corp. (Fil) G/F Makati Stock Exchange Bldg., 6767 Ayala Ave., Makati City	2,215,867,169	16.689%

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

Common	BDO Securities Corp. (Fil) 2th Floor Tower One & Exchange Plaza, Ayala Avenue Makati City	851,262,368.00	6.4113%
Common	Deutsche Bank 26/F Ayala Tower One Ayala Avenue, Makati City	861,734,698.00	6.4902%

c. Changes in Control – NONE

d. Certain Relationships and Related Transactions

2014 Third Quarter Financial Statements

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) Comprehensive surety, corporate and letters of guarantee issued by the Company for various credit facilities granted to and for full performance of certain obligations by certain related parties.
- (b) Certain assets of the Group, associates and other related parties were placed under accommodation mortgages to secure the indebtedness of the Group, its associates and other related parties.
- (c) Engineering and construction works of the water business is contracted to the construction segment of the Company. These projects are bid out to various contractors and are awarded on arms length transactions. The interrelated contracts amounted to Php 988,373,879.29 and Php 1,405,339,635.33 as of September 30, 2014 and September 30, 2013 respectively, where Php 413,626,713.79 and Php 216,641,737 were booked for the period ended September 30, 2014 and September 30, 2013 respectively.
- (d) Services rendered by DMC-CERI, an affiliate under common stockholder, relating to coal operations. These services are for the confirmatory drilling for coal reserve evaluation of identified potential areas, exploratory drilling of other minerals within Semirara Island, dewatering well drilling along cut-off wall of Panian mine and fresh water well drilling for industrial and domestic supply under an agreement.

Audited Financial Statements 2014

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) In 2014 and 2013, the Group is engaged in the construction of Tarlac-Pangasinan-La Union Toll Expressway (TPLEX) through an associate of the Group.

Related contract revenue recorded by the Group on the associate amounted to ₱1,846.85 billion and ₱1,223.15 million in 2014 and 2013, respectively.

The Group has outstanding receivables from the associate amounting to ₱532.55 million and ₱287.01 million as of December 31, 2014 and 2013, respectively.

Unliquidated advances from contract owners amounted to ₱74.04 million and ₱29.29 million as at December 31, 2014 and 2013, respectively.

Retention receivable and advances to subcontractors, suppliers, and contract owners amounted to ₱123.54 million and ₱2.03 million, respectively, as at December 31, 2014 and ₱98.53 million and ₱1.98 million as at December 31, 2013.

In addition, the Group also provides services to its other affiliates in relation to its construction contracts. Outstanding receivables amounted to ₱8.28 million as of December 31, 2014.

- (b) The Group transferred fund to some of its affiliates for a project which was suspended last March 2009. The transfer was made to fund the administrative expenses incurred by the affiliate. The advances made amounted to ₱11.52 million and nil as of December 31, 2014 and 2013, respectively.
- (c) Other income generated by the Group includes equipment rental used by the Group's affiliates in its ordinary conduct of the business. Outstanding receivables from equipment rentals amounted to ₱26.16 million and ₱19.21 million as at December 31, 2014 and 2013, respectively.

In addition, other income generated by the Group includes Electronic Data Processing (EDP) charges for payroll processing of the other affiliates' payroll. Total EDP charges to related parties under common control amounted to ₱16.58 million as at December 31, 2014.

- (d) The Group has outstanding advances from affiliates amounting to ₱1.70 million as at December 31, 2014 for working capital.
- (e) 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 cut-off wall of Panian 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. The outstanding payable of the Group amounted to ₱169.55 million and ₱20.14 million as of December 31, 2014 and 2013, respectively.

The outstanding receivable of the Group from an affiliate pertains to repairs and maintenance, fuel and materials and meal allowances of barge and tugboat crews incurred, which are initially paid by the Group in behalf of the affiliate. The outstanding receivable included in "Receivable from related parties" under "Receivables" account in the consolidated statements of financial position amounted to nil and ₱5.37 million as at December 31, 2014 and 2013, respectively.

- (f) A shareholder of the Group, provided maintenance of the Group's accounting system, Navision, which is used by some of the Group's subsidiaries. to which related expenses are included under "Others" of "Operating expenses" in the consolidated statements of income. Outstanding payable of the Group recorded under "Payable to related parties" amounted to ₱1.79 million and ₱0.62 million as of December 31, 2014 and 2013, respectively.

The Group recorded the outstanding payable to an affiliate arising from the maintenance of the accounting system under "Others" of "Accounts payable" in the consolidated statements of financial position. The related payable amounted to ₱0.33 million and nil as at December 31, 2014 and 2013, respectively.

- (g) 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. The related expenses are included in "Cost of sales and services" in the consolidated statements of income. The outstanding balance to the affiliate amounted to ₱12.72 million and ₱1.54 million as at December 31, 2014 and 2013, respectively.
- (h) An affiliate had transactions with the Group for rental of parking space to which related expenses are included in operating expenses under "Operating Expenses" in the Group's statements of comprehensive income (see Note 25). Outstanding payable amounted to ₱1.99 million and ₱6.34 million as at December 31, 2014 and 2013, respectively.
- (i) An affiliate provides the Group various barges and tugboats for use in the delivery of nickel ore to its various customers. The Group has outstanding payable to the affiliate amounting to ₱54.64 million as of December 2014.
- (j) Payable to affiliate pertains to labor charges incurred by the Group, which are initially paid by the affiliate in behalf of the Group. The outstanding payable to the affiliate is recorded in "Other accounts payable" in the consolidated statements of financial position amounted to ₱2.63 million and ₱2.18 million as of December 2014 and December 2013 respectively.
- (k) In December 2013, the Group sold various property, plant and equipment on account to an associate, which will be used for its mining operations in Palawan. Outstanding receivable from the transaction amounted to nil and ₱107.02 million as of December 31, 2014 and 2013, respectively.
- (l) An affiliate under common control, provides various supplies and materials to the Group in cash on delivery basis. The affiliate also rents out various equipment used in the Group's operations. This is included in "Cost of sales and services" in the consolidated statements of income. The amount of outstanding payable as at December 31, 2014 and 2013 amounted to nil and ₱0.44 million, respectively.
- (m) An affiliate supplies various office supplies and refreshments to the Group. The outstanding balance to the affiliate included under "Payable to related parties" in the consolidated statements of financial position amounted to nil and ₱2.73 million as at December 31, 2014 and 2013, respectively.

Terms and conditions of transactions with related parties

Outstanding balances as of December 31, 2014 and 2013, which are unsecured and interest free, are all due within one year. As of December 31, 2014 and 2013, the Parent Company has not made any provision for impairment loss relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

PART IV – CORPORATE GOVERNANCE

Item 13. Corporate Governance

Please refer to attached ACGR 2014

PART V - EXHIBITS AND SCHEDULES

Item 14. Exhibits and Reports on SEC Form 17-C

(a) Exhibits - See accompanying index to exhibits

(b) Reports on SEC Form 17-C - The list of the reports from the preceding period December 31, 2014 is herein incorporated by reference.

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Makati on APR 23 2015.

By:

Isidro A. Consunji
Isidro A. Consunji
 President and CEO
 (Principal Chief Executive Officer/
 Principal Chief Operating Officer)

Herbert M. Consunji
Herbert M. Consunji
 Vice President & Chief Finance Officer
 (Principal Chief Finance Officer)

Aldric G. Borlaza
Aldric G. Borlaza
 Senior Finance Officer
 (Principal Comptroller)

Ma. Luisa C. Austria
Ma. Luisa C. Austria
 Accounting Officer
 (Principal Accounting Officer)

Atty. Noel A. Laman
Atty. Noel A. Laman
 Corporate Secretary

SUBSCRIBED AND SWORN to before me this 23 APR 2015 day of _____ 2015 affiants exhibiting to me his/their Passport details, as follows:

NAMES	RES. CERT. NO. Passport No.	DATE OF ISSUE	PLACE OF ISSUE
Herbert M. Consunji	EC1759533	07-30-14	DFA Manila
Aldric G. Borlaza	EB3244844	08-03-11	DFA Manila
Ma. Luisa C. Austria	EB9522514	11-06-13	DFA Manila
Atty. Noel A. Laman	EC1231940	05-27-14	DFA Manila

Doc. No. 10
 Page No. 3
 Book No. 270
 Series of 2015

RUBEN T.M. RAMIREZ
 Notary Public
 2734 M. AURORA ST., MAKATI CITY
 APPT NO M-17 (2014-2015)
 JBI NO 878780 / CY 2015
 ROLL NO 28947 / MCLE 4 NO. 0006324 / 6-19 12
 PTR NO. MKT 4750751 / 1-5-15 MAKATI CITY

SECRETARY'S CERTIFICATE

KNOW ALL MEN BY THESE PRESENTS:

I, **MA. PILAR M. PILARES-GUTIERREZ**, of legal age, Filipino, with office address at The Valero Tower, 122 Valero Street, Salcedo Village, Makati City, being the Assistant Corporate Secretary of **DMCI Holdings, Inc.** (the "Corporation"), a corporation organized and existing under the laws of the Philippines, under oath, do hereby certify, that at the special meeting of the Board of Directors of the Corporation held on **April 13, 2015**, at its principal office, whereat a quorum was present, the following resolution was approved and adopted by the vote of all directors present at said meeting:

"RESOLVED, that the Board of Directors of DMCI Holdings, Inc. (the "Corporation"), authorize, as it hereby authorizes, the Vice Chairman, Mr. Cesar Buenaventura, and the Vice President, Mr. Herbert M. Consunji, to sign, for and on behalf of the Chairman and the President, respectively, the statement of management responsibility and the Annual Report (SEC Form 17-A) to be attached to the 2014 audited financial statements of the Corporation, including such other documents which may be required to be executed by the Chairman and the President of the Corporation in connection with the 2014 audited financial statements and annual report."

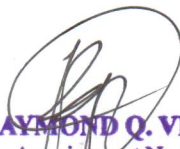
IN WITNESS WHEREOF, I have hereunto affixed my signature this
APR 14 2015 at Makati City, Metro Manila.


MA. PILAR M. PILARES-GUTIERREZ
Assistant Corporate Secretary

SUBSCRIBED AND SWORN TO BEFORE ME, a Notary Public for and in the City of Makati, Philippines, this APR 14 2015, by the affiant, whose identity I have confirmed through her Social Security System ID No. 33-7696807-7, bearing the affiant's photograph and signature, and who showed to me her Community Tax Certificate No. 04922829 issued at Makati City, on February 4, 2015.

Doc. No. 408;
Page No. 87;
Book No. IV;
Series of 2015.




RAYMOND Q. VELASCO
Appointment No. M-551
Notary Public for Makati City
Until December 31, 2016
Castillo Laman Tan Pantaleon
& San Jose Law Firm
The Valero Tower, 122 Valero Street
Salcedo Village, Makati City
PTR No. 4748061;01-05-2015;Makati City
IBP No. 977675;01-05-2015;PPLM Chapter
Roll No. 63779

COVER SHEET

A S O 9 5 0 0 2 2 8 3

SEC Registration Number

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

(Company's Full Name)

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

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

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

HERBERT M. CONSUNJI

Contact Person

888-3000

Company Telephone Number

(Last Wednesday of July)

1 2

Month

3 1

Day

Fiscal Year

ACGR for the year 2014

FORM TYPE

0 8

Month

0 5

Day

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 – ACGR

ANNUAL CORPORATE GOVERNANCE REPORT

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A. BOARD MATTERS

1) Board of Directors

Number of Directors per Articles of Incorporation	Nine (9)

Actual number of Directors for the year	Nine (9)

(a) Composition of the Board

Complete the table with information on the Board of Directors:

Director's Name	Type [Executive (ED), Non-Executive (NED) or Independent Director (ID)]	If nominee, identify the principal	Nominator in the last election (if ID, state the relationship with the nominator)	Date first elected	Date last elected (if ID, state the number of years served as ID) ¹	Elected when (Annual /Special Meeting)	No. of years served as director
David M. Consunji*	NED		Dacon Corp.	May 1995	August 5, 2014	Annual Meeting	19 yrs.
Cesar A. Buenaventura	NED		Dacon Corp.	May 1995	August 5, 2014	Annual Meeting	19 yrs.
Isidro A. Consunji	ED		Dacon Corp.	May 1995	August 5, 2014	Annual Meeting	19 yrs.
Herbert M. Consunji	ED		Dacon Corp.	May 1995	August 5, 2014	Annual Meeting	19 yrs.
Ma. Edwina C. Laperal	ED		Dacon Corp	May 1995	August 5, 2014	Annual Meeting	19 yrs.
Victor A. Consunji	NED		Dacon Corp	May 1995	August 5, 2014	Annual Meeting	19 yrs.
Jorge A. Consunji	NED		Dacon Corp	May 1995	August 5, 2014	Annual Meeting	19 yrs.
Honorio O. Reyes-Lao	ID		Jose L. Merin – no family/business relationship	July 2009	August 5, 2014 Two (2) years	Annual Meeting	2 yrs. (based on SEC Circular No.9-2011 which took effect on Jan. 2, 2012)
Antonio Jose U. Periquet	ID		Jose L. Merin – no family/business relationship	July 2010	August 5, 2014 Two (2) years	Annual Meeting	2 yrs. (based on SEC Circular No.9-2011 which took effect on Jan. 2, 2012)

**Resigned as Chairman and Director of the Board; appointed as Chairman Emeritus on November 18, 2014.*

- (i) Provide a brief summary of the corporate governance policy that the board of directors has adopted. Please emphasis the policy/ies relative to the treatment of all shareholders, respect for the rights of minority shareholders and of other stakeholders, disclosure duties, and board responsibilities.

The Board of Directors have adopted the Company's Manual on Corporate Governance to provide a framework for the effective governance of the Company. The Board recognizes that its primary

¹ Reckoned from the election immediately following January 2, 2012.

responsibility is to foster the long-term success of the Company and to build long-term value for the Company's shareholders, consistent with the Board's fiduciary duties. The Company has only one class of share, with one-share-one-vote policy. It gives minority stockholders the right to propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of the corporation. The Company is committed at all times to fully disclose material information dealings for the interest of the stakeholders.

- (ii) How often does the Board review and approve the vision and mission? –**The Board reviews the vision and mission of the Company as often as deemed necessary. Moving forward, the Corporation will consider the review of the vision/mission at least every five years as part of its policy.**

(b) Directorship in Other Companies

(i) Directorship in the Company's Group²

Identify, as and if applicable, the members of the company's Board of Directors who hold the office of director in other companies within its Group:

Director's Name	Corporate Name of the Group Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
David M. Consunji	D.M. Consunji, Inc. Semirara Mining and Power Corp.* Dacon Corporation Sem-Calaca Power Corporation Southwest Luzon Power Generation Corp. Semirara Claystone, Inc.	Non-Executive/Chairman Non-Executive/Chairman Emeritus Non-Executive Non-Executive/Chairman Non-Executive/Chairman Non-Executive/Chairman
Cesar A. Buenaventura	D.M. Consunji, Inc. Semirara Mining and Power Corp.*	Non-Executive Non-Executive
Isidro A. Consunji	D.M. Consunji, Inc. Semirara Mining and Power Corp.* DMCI Project Developers, Inc. DMCI Mining Corp. DMCI Power Corp. DMCI Masbate Corp. DMCI-MPIC Water Company Inc. Maynilad Water Services, Inc. Sem-Calaca Power Corp. Southwest Luzon Power Generation Corp. Sem Calaca Res Corporation (formerly DMCI Calaca Corp.) Dacon Corporation DFC Holdings, Inc.	Non-Executive Executive/Chairman Executive/Chairman Executive/Chairman Executive Executive Non-Executive Non-Executive Executive Executive
Herbert M. Consunji	Semirara Mining and Power Corp.* DMCI Mining Corp. DMCI Power Corp. DMCI-MPIC Water Company Inc. Maynilad Water Services, Inc. Sem-Calaca Power Corp. Southwest Luzon Power Generation Corp.	Non-Executive Non-Executive Non-Executive Non-Executive Executive Non-Executive Non-Executive

² The Group is composed of the parent, subsidiaries, associates and joint ventures of the company.

	Sem Calaca Res Corporation (formerly DMCI Calaca Corp.) Subic Water & Sewerage Co. Inc.	Executive Non-Executive/Chairman
Ma. Edwina C. Laperal	Semirara Mining and Power Corp.* DMCI Project Developers, Inc. D.M. Consunji, Inc. Sem-Calaca Power Corp. Dacon Corp. DFC Holdings, Inc.	Non-Executive Executive Executive Non-Executive Non-Executive Non-Executive
Victor A. Consunji	D.M. Consunji, Inc. Semirara Mining and Power Corp.* DMCI Mining Corp. DMCI Power Corp. DMCI Masbate Corp. Sem-Calaca Power Corp. Southwest Luzon Power Generation Corp. Sem Calaca Res Corporation (formerly DMCI Calaca Corp.) Dacon Corp. DFC Holdings, Inc.	Non-Executive Executive Non-Executive Executive Non-Executive Executive Executive Executive Executive Non-Executive
Jorge A. Consunji	D.M. Consunji, Inc. Semirara Mining and Power Corp. DMCI Project Developers, Inc. DMCI Mining Corp. DMCI Power Corp. DMCI Masbate Corp. Sem-Calaca Power Corp. Southwest Luzon Power Generation Corp. DMCI-MPIC Water Company Inc. Maynilad Water Services, Inc. Dacon Corp. DFC Holdings, Inc.	Executive Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive
Honorio O. Reyes-Lao	None	Not applicable
Antonio Jose U. Periquet	None	Not applicable

**Change in corporate name*

(ii) Directorship in Other Listed Companies

Identify, as and if applicable, the members of the company's Board of Directors who are also directors of publicly-listed companies outside of its Group:

Director's Name	Name of Listed Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
David M. Consunji	None	
Cesar A. Buenaventura	None	
Isidro A. Consunji	Atlas Consolidated Mining and Development Corp. Crown Equities, Inc.	Non-Executive Non-Executive Non-Executive
Herbert M. Consunji	None	
Ma. Edwina C. Laperal	None	
Victor A. Consunji	None	
Jorge A. Consunji	None	
Honorio O. Reyes-Lao	Philippine Business Bank	Non-Executive

Antonio Jose U. Periquet	ABS-CBN Corp. Ayala Corporation Bank of the Philippine Islands Philippine Seven Corp. Pancake House Inc.	Independent Director Independent Director Independent Director Independent Director Independent Director

(iii) Relationship within the Company and its Group

Provide details, as and if applicable, of any relation among the members of the Board of Directors, which links them to significant shareholders in the company and/or in its group:

Director's Name	Name of the Significant Shareholder	Description of the relationship
David M. Consunji	Dacon Corp.	Director of the corporation
Cesar A. Buenaventura	None	None
Isidro A. Consunji	Dacon Corp./DFC Holdings, Inc.	Director of the corporation
Herbert M. Consunji	None	None
Ma. Edwina C. Laperal	Dacon Corp./DFC Holdings, Inc.	Director of the corporation
Victor A. Consunj	Dacon Corp./DFC Holdings, Inc.	Director of the corporation
Jorge A. Consunji	Dacon Corp./DFC Holdings, Inc.	Director of the corporation
Honorio O. Reyes-Lao	None	None
Antonio Jose U. Periquet	None	None

- (iv) Has the company set a limit on the number of board seats in other companies (publicly listed, ordinary and companies with secondary license) that an individual director or CEO may hold simultaneously? In particular, is the limit of five board seats in other publicly listed companies imposed and observed? If yes, briefly describe other guidelines:

The Company observes the limit in the number of board seats in other listed companies, but it is not strictly implementing such policy. Likewise, the company sees to it that the members of the board are committed to exercise their roles and responsibilities as directors regardless of the number of board seats they have in other companies.

	Guidelines	Maximum Number of Directorships in other companies
Executive Director	The Nomination Committee shall consider the following guidelines in determining the number of directorships for the members of the Board: The nature of the business of the Corporation which he is a director; • Age of the director; • Number of directorships/active memberships and officerships in other corporations or organizations; and • Possible conflict of interest. The optimum number shall be related to the capacity of a director to perform his duties diligently in general.	The CEO and other executive directors shall submit themselves to a low indicative limit on membership in other corporate Boards. The same low limit shall apply to independent, non-executive directors who serve as fulltime executives in other corporations. In any case, the capacity of directors to serve with diligence shall not be compromised.
Non-Executive Director		
CEO		

(c) Shareholding in the Company

Complete the following table on the members of the company's Board of Directors who directly and indirectly own shares in the company:

Name of Director	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
David M. Consunji	5,000.00	0	0.0459%
Cesar A. Buenaventura	900,000.00	5,700,000	0.0429%
Isidro A. Consunji	65,000.00	20,950,385	0.1578%
Herbert M. Consunji	23,000.00	0	0.0000%
Ma. Edwina C. Laperal	3,315,000.00	82,646,835	0.6215%
Victor A. Consunji	5,000.00	54,588,045	0.4111%
Jorge A. Consunji	5,000.00	551,710	0.0034%
Honorio O. Reyes-Lao	175,000.00	0	0.0000%
Antonio Jose U. Periquet	125,000.00	3,251,850	0.0245%
TOTAL	4,618,000.00	167,688,825	1.2977%

As of December 31, 2014

2) Chairman and CEO

- (a) Do different persons assume the role of Chairman of the Board of Directors and CEO? If no, describe the checks and balances laid down to ensure that the Board gets the benefit of independent views.

Yes ☐

No ☒

Identify the Chair and CEO:

Chairman of the Board	Isidro A. Consunji
CEO/President	Isidro A. Consunji

On November 18, 2014, Mr. David M. Consunji resigned as Chairman and Member of the Board of Directors. The Board likewise appointed Mr. Isidro A. Consunji as Chairman and CEO while Mr. David A. Consunji was appointed as Chairman Emeritus.

(b) Roles, Accountabilities and Deliverables

Define and clarify the roles, accountabilities and deliverables of the Chairman and CEO.

	Chairman	Chief Executive Officer
Role	Ensure that the meetings of the Board are held in accordance with the by-laws or as the Chair may deem necessary; Maintain qualitative and timely lines of communication and information between the Board and Management.	Develop strategy proposals for recommendation to the Board and ensure that agreed strategies are reflected in the business; Develop annual plans, consistent with agreed strategies, for presentation to the Board for support.

Accountabilities	Ensure effective operation of the Board and its committees in conformity with the highest standards of corporate governance; Ensure effective communication with shareholders, host governments and other relevant constituencies and that the views of these groups are understood by the Board	Be responsible to the Board for the performance of the business consistent with agreed plans, strategies and policies; Develop an organizational structure and establish processes and systems to ensure the efficient organization of resources.
Deliverables	Promote effective relationships and communications between non-executive directors and members of the Group Executive Committee; Promote effective relationships and communications between non-executive directors and members of the Group Executive Committee; Establish a harmonious and open relationship with the Chief Executive.	Ensure that financial results, business strategies and, where appropriate, targets and milestones are communicated to the investment community; Develop processes and structures to ensure that capital investment proposals are reviewed thoroughly, that associated risks are identified and appropriate steps taken to manage the risks; Establish a close relationship of trust with the Chairman, reporting key developments to him in a timely manner and seeking advice and support as appropriate.

- 3) Explain how the board of directors plan for the succession of the CEO/Managing Director/President and the top key management positions?

The Board and the Executive Management evaluates potential and suitable candidates for executive positions.

- 4) Other Executive, Non-Executive and Independent Directors

Does the company have a policy of ensuring diversity of experience and background of directors in the board? Please explain. - **The Board consists of a combination of executive and nonexecutive directors (including independent directors) in order that no director or small group of directors can dominate the decision-making process of the company. The directors have vast experiences in diverse industries and have notable academic background.**

Does it ensure that at least one non-executive director has an experience in the sector or industry the company belongs to? Please explain. - **The non-executive directors should possess such qualifications and stature that would enable them to effectively participate in the deliberations of the Board. All incumbent NEDs have experience in industries that company belongs to.**

Define and clarify the roles, accountabilities and deliverables of the Executive, Non-Executive and Independent Directors:

	Executive	Non-Executive	Independent Director
Role	Manage the conflict between their management	Ensure that the CEO and the Board as a whole concentrate on	Oversight of company financial reporting process and disclosure

	responsibilities and their fiduciary duties as a director in the best interests of the company.	maximizing long-term shareholder value. Work cooperatively with their executive colleagues and demonstrate objectivity and robust independence of judgment in their decision making.	of its financial information. Recommending to Board on the appointment, re-appointment and if required replacement or removal of statutory auditor and fixation of audit fees.
Accountabilities	Accountable to the shareholders of the company as they are involved in the day to day activities of the company and are responsible for execution of business strategies and plans.	Accountable on strategic function, expertise and the governance function	Review with management, the annual financial statements before approval by the board with particular reference to Directors Responsibility Statement, changes in accounting policy, major accounting estimates, audit findings adjustments, compliance with listing and other legal requirements, disclosure of related party transactions and qualification in the draft audit report. Review of quarterly financial statements. Review with management, performance of statutory and internal auditors, adequacy of internal control systems, adequacy of internal audit function including their structure, frequency, reporting.
Deliverables	Develop business plans in collaboration with the board for the future of the organization; Manage committees and staff Lead the organization and develops its organizational culture	Providing independent judgment in all circumstances.	Furnish information in the prescribed form to the company about disclosure of General Notice of directorship, membership of body corporate and other entities. Shall have fiduciary duty to act in good faith and in the interest of the company. Act only within the

			powers laid down by the Articles of Incorporation and by applicable law and regulations.

Provide the company's definition of "independence" and describe the company's compliance to the definition.

Independence - a person who, apart from his fees and shareholdings, is independent of management and free from any business or other relationship which could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director.

Does the company have a term limit of five consecutive years for independent directors? If after two years, the company wishes to bring back an independent director who had served for five years, does it limit the term for no more than four additional years? Please explain. – **The Company's existing Independent Directors have served as such for less than five years. The Company will comply with the term limit set by the SEC in its Memo Circular No. 9 Series of 2011.**

5) Changes in the Board of Directors (Executive, Non-Executive and Independent Directors)

(a) Resignation/Death/Removal - **NONE**

Indicate any changes in the composition of the Board of Directors that happened during the period:

Name	Position	Date of Resignation	Reason
David M. Consunji	Chairman Emeritus	November 18, 2014	Resignation
Isidro A. Consunji	Chairman/CEO	November 18, 2014	Appointed by the Board

(b) Selection/Appointment, Re-election, Disqualification, Removal, Reinstatement and Suspension

Describe the procedures for the selection/appointment, re-election, disqualification, removal, reinstatement and suspension of the members of the Board of Directors. Provide details of the processes adopted (including the frequency of election) and the criteria employed in each procedure:

Procedure	Process Adopted	Criteria
a. Selection/Appointment		
(i) Executive Directors	It shall pre-screen and shortlist all candidates nominated to become a member of the Board of Directors in accordance with the qualifications and disqualifications set in the Manual of Corporate Governance of the Company	Any stockholder who is a holder of at least one (1) common share of stock standing in his name in the books of the Corporation, may be elected Director. The Board may provide additional qualifications of a director such as, but not limited to the following: (a) educational attainment;
(ii) Non-Executive Directors		
(iii) Independent Directors		

		(b) adequate competency and understanding of business; (c) age requirement; (d) integrity/probity; (e) assiduousness or diligence; and (f) such other qualifications is provided for in the Corporation's Manual on Corporate Governance.
b. Re-appointment		
(i) Executive Directors	Same process as appointment/selection	
(ii) Non-Executive Directors		
(iii) Independent Directors		
c. Permanent Disqualification		
(i) Executive Directors	Provisions set in the Company's Manual on Corporate Governance and By-Laws	Any person finally convicted judicially of an offense involving moral turpitude or fraudulent act or transgressions; - Any person finally found by SEC or a court or other administrative body to have wilfully violated, or wilfully aided, abetted, counseled, induced or procured the violation of, any provision of the Code, the Corporation Code, or any other law, rules, regulations or order administered by the SEC or Bangko Sentral ng Pilipinas; - Any person judicially declared to be insolvent or bankrupt; - Any person finally found guilty by a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct listed in the foregoing paragraphs; and - Any person convicted by an offense punishable by imprisonment for a period exceeding six (6) years, or a violation of the Code, committed within five (5) years prior to the date of his election or appointment. - Any person treated for
(ii) Non-Executive Directors		

		mental disorder, drug or alcohol addiction or confined in a mental institution; Any person owning directly or indirectly more than ten (10%) percent equity in any similar nature of business other than the Corporation's affiliates or subsidiaries.
(iii) Independent Directors	Provisions set in the Company's Manual on Corporate Governance and By-Laws	a. When he becomes an officer or employee of the Corporation where he is a member of the board of directors, or becomes any of the persons enumerated under Section II (5) of the SEC Code of Corporate Governance; b. His beneficial security ownership exceeds two percent (2%) of the outstanding capital stock of the Corporation where he is a director; c. Fails, without justifiable cause, to attend at least fifty (50%) of the total number of board meetings during his incumbency unless such absences are due to grave illness or death of an immediate family; Such other disqualifications which Corporation's Manual on Corporate Governance provides.
d. Temporary Disqualification		
(i) Executive Directors	Provisions set in the Company's Manual on Corporate Governance	Any of the following shall be a ground for the temporary disqualification of a director: • Refusal to fully disclose the extent of his business interest as required under the Code and its implementing Rules and Regulations. This disqualification shall be in effect as long as his refusal persists; • Absence or non-participation for whatever reason/s for more than fifty percent (50%) of all meetings, both regular and special, of the Board during his incumbency or
(ii) Non-Executive Directors		
(iii) Independent Directors		

		any twelve-(12) month period during said incumbency. This disqualification applies for purposes of the succeeding election; • Dismissal/termination from directorship in another listed corporation for cause. This disqualification shall be in effect until he has cleared himself of any involvement in the alleged irregularity; • Being under preventive suspension by the Corporation; • If the independent director becomes an officer or employee of the same corporation he shall be automatically disqualified from being an independent director; • If the beneficial equity ownership in the Corporation or its subsidiaries and affiliates exceeds two (2) percent of its subscribed capital stock. The disqualification shall be lifted if the limit is later complied with. • Conviction that has not yet become final referred to in the grounds for the disqualification of directors.
e. Removal		
(i) Executive Directors	Provisions set by the Company's Manual on Corporate Governance and By-Laws	Same criteria with the permanent disqualification of ED, NED, and ID
(ii) Non-Executive Directors		
(iii) Independent Directors		
f. Re-instatement		
(i) Executive Directors	Provisions set by the Company's Manual on Corporate Governance and By-Laws	Same criteria with the permanent disqualification of ED, NED, and ID
(ii) Non-Executive Directors		
(iii) Independent Directors		
g. Suspension		
(i) Executive Directors	Provisions set by the Company's Manual on Corporate Governance and By-Laws	Same criteria with the permanent disqualification of ED, NED, and ID
(ii) Non-Executive Directors		
(iii) Independent Directors		

(c) Voting Result of the last Annual General Meeting

Name of Director	Votes Received
David M. Consunji	2,078,123,685
Cesar A. Buenaventura	2,106,999,694
Isidro A. Consunji	2,092,454,995
Herbert M. Consunji	2,109,774,880
Ma. Edwina C. Laperal	2,073,897,510
Victor A. Consunji	2,109,774,880
Jorge A. Consunji	2,092,238,989
Honorio O. Reyes-Lao	2,110,164,420
Antonio Jose U. Periquet	2,110,164,420

6) Orientation and Education Program

- (a) Disclose details of the company's orientation program for new directors, if any.

The Company does not have a formal orientation program to incoming directors. The Company provide information materials on company profile and business nature such as financial statements, information statements (20-IS), annual reports, disclosures, among others. Likewise, as stated in the Company's Manual, a Director shall, before assuming as such, be required to attend a seminar on Corporate Governance, which shall be conducted, by a duly recognized private or government institute.

- (b) State any in-house training and external courses attended by Directors and Senior Management³ for the past three (3) years:

7)

Date	Seminars Attended
October 21, 2014	Corporate Governance Forum
September 2-3, 2014	Asian Forum on Corporate Social Responsibility
July 21, 2014	Seminar on Corporate Governance
June 9, 2014	Distinguished Corporate Governance Seminar Series
April 29, 2014	Distinguished Corporate Governance Seminar Series
February 5, 2014	Distinguished Corporate Governance Seminar Series
November 15, 2013	ICD Annual Workshop Session on Asean Corporate Governance Scorecard
October 25, 2013	Corporate Governance Orientation by ICD
September 10, 2013	11 th MAP CEO Conference
August 23, 2012	Enterprise Risk Awareness Session by SGV & Co.
March 02, 2012	Economic Briefing by Victor Abola
December 15, 2010	Private-Public Partnership Briefing by Alberto Agra
July 30, 2010	Economic Briefing by Prof. Victor Abola
June 28, 2010	Cross Cultural Seminar by Prof. Yih-teen Lee
January 12, 2010	Leadership Seminar by Dr. Pablo Cardona
August 11, 2009	Introduction to Economics by Federico Macaranas
August 15, 2009	The Language of Business by Felixberto Bustos

³ Senior Management refers to the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the company.

(a) Continuing education programs for directors: programs and seminars and roundtables attended during the year.

Name of Director/Officer	Date of Training	Program	Name of Training Institution
David M. Consunji Director/Chairman	June 9, 2014	Distinguished Corporate Governance Seminar	Institute of Corporate Directors
Cesar A. Buenaventura Director/Vice-Chairman	April 29, 2014	Distinguished Corporate Governance Seminar	Institute of Corporate Directors
Isidro A. Consunji Director/President	April 29, 2014	Distinguished Corporate Governance Seminar	Institute of Corporate Directors
Ma. Edwina C. Laperal Director/Treasurer	March 1, 7, 8, 17, 18 - 2011	Professional Directors Program	Institute of Corporate Directors
Herbert M. Consunji Director/VP and CFO/Compliance Officer	March 1, 8, 9, 18, 19 - 2010	Professional Directors Program	Institute of Corporate Directors
	February 5, 2014	Distinguished Corporate Governance Seminar	Institute of Corporate Directors
Victor A. Consunji Director	June 9, 2014	Distinguished Corporate Governance Seminar	Institute of Corporate Directors
Cristina C. Gotianun Asst. Treasurer	March 1, 8, 9, 18, 19 - 2010	Professional Directors Program	Institute of Corporate Directors
Jorge A. Consunji Director	September 1, 2010	Corporate Governance Orientation Program	Institute of Corporate Directors
	February 5, 2014	Distinguished Corporate Governance Seminar	Institute of Corporate Directors
Honorio O. Reyes-Lao Independent Director		A Fellow of the Institute of Corporate Directors	Institute of Corporate Directors
	February 5, 2014	Distinguished Corporate Governance Seminar	Institute of Corporate Directors
Antonio Jose U. Periquet Independent Director	July 21, 2014	Corporate Governance Seminar	SGV & Co.
Victor S. Limlingan Managing Director		Has been a lecturer on various Corporate Governance seminars.	Asian Institute of Management
	October 21, 2014	Corporate Governance Forum	Philippine Stock Exchange/Securities and Exchange Commission
Aldric G. Borlaza Senior Finance Officer	April 29, 2014	Distinguished Corporate Governance Seminar	Institute of Corporate Directors
Brian T. Lim Finance Officer	June 9, 2014	Distinguished Corporate Governance Seminar	Institute of Corporate Directors
	October 21, 2014	Corporate Governance Forum	Philippine Stock Exchange/Securities and Exchange Commission
Ma. Luisa C. Austria Administration and Accounting Officer	June 9, 2014	Distinguished Corporate Governance Seminar	Institute of Corporate Directors
Tara Ann C. Reyes	June 9, 2014	Distinguished Corporate	Institute of Corporate

Investor Relations Officer		Governance Seminar	Directors
Tulsi Das C. Reyes Executive Assistant to the President	June 9, 2014	Distinguished Corporate Governance Seminar	Institute of Corporate Directors

B. CODE OF BUSINESS CONDUCT & ETHICS

- 1) Discuss briefly the company's policies on the following business conduct or ethics affecting directors, senior management and employees:

Business Conduct & Ethics	Directors	Senior Management	Employees
(a) Conflict of Interest	Directors, Executive Officers and Employees owe a fiduciary duty to the Company that requires them to act in the best interest of the Company. Actual and potential conflicts of interest should be avoided or otherwise identified, disclosed, and explained in sufficient detail to enable valid judgments to be made on their adverse impact. The persons who are conflicted should not participate in the discussion and decision on the issue in question, nor be entitled to vote on any resolution where they are conflicted. Related party contracts should be disclosed in the annual report.		
(b) Conduct of Business and Fair Dealings	The Company does not seek competitive advantages through illegal or unethical business practices. Each Director, Executive Officer and Employee should endeavor to deal fairly with the Company's customers, service providers, suppliers, and competitors. No Director, Executive Officer or Employee should take unfair advantage of anyone through manipulation, concealment, abuse of privilege information, misrepresentation of material facts, or any unfair dealing practices.		
(c) Receipt of gifts from third parties	All Directors, Executive Officers and Employees should not be receiving from, or giving to, a supplier, customer or competitor, gifts, gratuities, special allowances, discounts or other benefits not generally available of more than nominal value.		
(d) Compliance with Laws & Regulations	Directors, Executive Officers and Employees must carry out their duties with professionalism and in accordance with ethical standards. They must conduct business in accordance with the law, the charter of the Company, and a high standard of commercial morality. They shall at all times act with loyalty to the Company, ensuring that its goals, strategies, policies and practices are moral, proper, and legal. They must be prepared to dissociate themselves from the Company in the event that despite their efforts, ethical and legal standards are being seriously compromised. They should refer to the Company's statements of best practice as part of their decision-making process.		
(e) Respect for Trade Secrets/Use of Non-public Information	Directors, Executive Officers, and Employees must observe the confidentiality of non-public information and not disclose it to any other person without the authority of the Board. A Director, Executive Officer or Employee who has a special allegiance to a particular shareholder may not disclose confidential information to that particular shareholder without the authority of the Board.		
(f) Use of Company Funds, Assets and Information	Each Director, Executive Officer and Employee owes a duty to advance the Company's legitimate interests when the opportunity to do so arises. He may not: (a) receive or seek to receive a benefit from opportunities that are discovered through his involvement with the Company (including, without limitation, his use of the Company's property, information, or his position); or (b) compete with the Company, directly or indirectly, for business opportunities in the areas (or lines) of business in which the Company is engaged or in new areas (or lines) of business in which the Company has disclosed its intent or plans to engage.		
(g) Employment & Labor Laws & Policies	Policies are in accordance with the Philippine Labor Code		

(h) Disciplinary action	All Directors, Executive Officers and Employees should strive to identify and raise potential issues before they become problems and should ask about the application of this Code whenever in doubt. Any Director, Executive Officer or Employee who becomes aware of any existing or potential violation of this Code shall promptly notify the Company's Compliance Officer. The Company will take such disciplinary or preventive action as it deems appropriate to address any existing or potential violation of this Code brought to its attention. The Company will not tolerate retaliation for reports of violations of this Code made in good faith.
(i) Whistle Blower	The Whistleblower Policy (the "Policy") is hereby promulgated to encourage all its stakeholders, including the directors, officers and employees, all suppliers, business partners, contractors and subcontractors, to come forward and voice serious concerns about a perceived wrongdoing or malpractice involving the Company. The Policy aims to provide avenues for stakeholders to raise serious concerns and receive feedback on any action taken in respect of such concerns raised. It sets out a method for properly addressing <i>bona fide</i> concerns that stakeholders might have, while also offering whistleblowers protection from victimization, harassment or disciplinary proceedings. All whistleblowing disclosures made to the proper Reporting Channel will be treated as confidential. The whistleblower should make it clear that he/she is making the disclosure within the terms of the Company's whistleblowing policy. This will ensure that the recipient of the disclosure realizes this and takes the necessary action to investigate the disclosure and to protect the whistleblower's identity.
(j) Conflict Resolution	No formal company policy
(k) Insider Trading	This Policy on Insider Trading ("the Policy") sets out the implementing rules and guidelines for Directors, Officers and all other employees of DMCI Holdings, Inc. (the "Company") and its subsidiaries, whether owned directly or indirectly, whenever they are conducting securities transactions (buying and/or selling) of the Company's shares of stock in the market. The Policy requires that Covered Persons as defined in Section 3, who have knowledge, from time to time, of material information concerning the Company, which have not been disclosed to the public, including any information likely to affect the market price of the Company's shares of stock, cannot buy or sell either personally or on behalf of others while in possession of such material nonpublic information. Covered persons must not disclose or disseminate material, nonpublic information about the Company to other persons, either within or outside the Company, except on a reasonable need to know basis that furthers a legitimate business purpose of the Company. Covered Persons For the purpose of this Policy, an "insider" will be defined as follows: ▪ Members of the Board of Directors and the Corporate Secretary of the Company and its subsidiaries; ▪ Key Officers as defined in the by-laws of the Company and its subsidiaries, whether owned directly or indirectly, who are or may be in possession of material non-public information about the Company because of their responsibilities. ▪ Consultants and Advisers of the Company; ▪ Any person who possesses material non-public information regarding the Company is an Insider for so long as the information is not publicly known. Any employees can be an Insider from time to time, and would at those times be subject to this Policy. ▪ Members of the immediate families of Directors, Key Officers and all other Covered Persons who are living in the same household as the abovementioned Covered Persons.

	Material Information 4.1 Information, whether positive or negative, is deemed to be material if there is a reasonable likelihood that it would be considered important to an investor in making a decision regarding the purchase or sale of shares of stock of the Company and/or if the information is price sensitive. Such material information includes, but is not limited to: ▪ Financial results ▪ Adjustments of reported earnings ▪ Projections of future earnings or losses ▪ News of a pending or proposed merger ▪ Change in the corporate structure such as a re-organization ▪ Acquisition/Divestitures/Joint Ventures ▪ Dividend declaration and changes in dividend policy ▪ Stock splits ▪ New significant equity investments or debt offerings ▪ Significant litigation exposure ▪ Solvency problems which may arise from litigation, final judgments, loan defaults and losses of major clients or contracts ▪ Major changes in key senior management positions ▪ Public or private sale of Company shares ▪ Plans to repurchase securities or go to the public with a new issue Other significant developments or changes in the Company which may affect the share market price RESTRICTION PERIODS Directors, Key Officers and all Covered Persons are strictly prohibited from trading during the following periods: ▪ Structured Disclosures – Within Five (5) trading days before and within Three (3) trading days after the disclosure of quarterly (SEC17Q) and annual (SEC 17A) financial results; ▪ Non-Structured Disclosures – within Three (3) trading days after the disclosure of any material information other than the abovementioned structured disclosure; In both instances of disclosures, office bulletins for Restriction Periods pertaining to the above will be issued by the Office of the Compliance Officer.
(l) Dividend Policy	As approved by its Board of Directors, DMCI Holdings, Inc. (“the Company”) is committed to provide reasonable economic returns to its shareholders with a dividend payout ratio of at least 25% of the preceding year’s Consolidated Core Net Income. Consolidated Core Net Income is currently defined as reported net income excluding all foreign exchange, mark-to-market gains and losses and non-recurring items. The Company may, from time to time, pay special dividends as a return of excess funds to shareholders as determined by the Board of Directors upon considering the investing and operating needs of the Company. This policy is subject to the availability of unrestricted retained earnings, and subject further to compliance with applicable laws, rules and regulations on dividend declarations.
(m) Health and Safety and General	The Company is committed to improving the health and safety performance of the Group, including the employees of its subsidiaries. The Company recognizes the

Welfare Policy	benefits of health and safety to the organization and that committed to a high level of safety makes good business sense. Therefore the Company has adopted the following programs for health and safety, and general welfare of the employees: Health and Safety Policy Statement Coverage under a health care maintenance program/insurance Coverage under a group term life and accident insurance Provide annual physical examinations, free medical consultations and health facilities such Wellness facilities such as gym, basketball and badminton courts Engage employees to participate in sports and recreation programs General Welfare Policy Annual team building and socialization events to promote camaraderie and positive interaction among employees and subsidiaries Support employees to their participation on clubs and organizations outside the Company to be able to further develop their skills and maintain contacts with colleagues in the industry. Provide in-house and outsourced trainings and seminars All managers are expected to actively support the board in the development and proper implementation of the company's above Policy. The Management must ensure that the necessary resources of staff, facilities and finance are provided to implement the Policy. Each subsidiary must set to seek the highest standard of safe working environment for their respective employees. A measuring program of the results and performance for health and safety must be established and implemented to monitor the effectiveness of each programs.

- 2) Has the code of ethics or conduct been disseminated to all directors, senior management and employees?

Yes

- 3) Discuss how the company implements and monitors compliance with the code of ethics or conduct.

The Company has strictly monitored compliance with the Code of Ethics such that none of the Directors have been sanctioned for violation of the Manual

- 4) Related Party Transactions

- (a) Policies and Procedures

Describe the company's policies and procedures for the review, approval or ratification, monitoring and recording of related party transactions between and among the company and its parent, joint ventures, subsidiaries, associates, affiliates, substantial stockholders, officers and directors, including their spouses, children and dependent siblings and parents and of interlocking director relationships of members of the Board.

Related Party Transactions	Policies and Procedures
(1) Parent Company	The Related Party Transactions (RPT) Policy requires that any transactions with related parties are made on terms equivalent to those that prevail in an arm's length transactions. The Audit Committee as per its Board-approved Charter shall be responsible to oversee and review the propriety of RPTs and their required reporting disclosures. In its review, it shall take into account, among other factors it deems appropriate, whether the Related Party Transaction is entered into on terms no less favorable to the concerned company than terms generally available to an unaffiliated third-party under the same or similar circumstances; and the extent of the Related Parties' interest in the transaction. This Policy refers to the expanded definition of Philippine Accounting Standards (PAS) 24 on Related Parties. The Standard emphasizes the substance of the relationship and not merely the legal form. The term Related Parties shall include: a. Parties that are members of the same group, i.e. each parent, subsidiary and fellow subsidiary is related to the others; b. All Directors, Officers, Managers and Key Management Personnel having authority and responsibility for planning, directing and controlling the activities of the Company or <i>its Subsidiary or its Parent, directly or indirectly</i>; including companies they have control or joint control or significant influence in; • Control - the power to govern the financial and operating policies of the Company or <i>its Subsidiary</i>. • Significant influence - the power to participate in the financial and operating policy decisions of the Company or <i>its Subsidiary</i>, but is not control over those policies. This may be gained by share ownership, statute or agreement. c. Close family members of an individual referred to in (b) above, who may be expected to influence, or be influenced by, that individual in their dealings with the Company or <i>its Subsidiary</i>; • Close family member - the individual's spouse or domestic partner and children (whether legitimate or illegitimate), stepchildren, and dependents of the individual or that individual's spouse or domestic partner. d. Party is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member); Party is a joint venture or associate of a third entity; and e. Post-employment benefit plan, and sponsoring employers of such a plan, of either the Company or an entity that is a related party of the Company. Related Party Transaction is a transfer of resources, services or obligations between the Company & its Subsidiaries, and a related party, regardless of whether a price is charged. Examples of RPTs are:

	• Guarantees or commitments to do something if a particular event occurs or does not occur in the future, including executory contracts (i.e. neither party has performed any obligation or both parties have partially performed their obligations to an equal extent) • Loans to directors • Sale or purchase of goods • Sale, purchase or lease of property and/or assets • Provision or receipt of services or leases • Assumption of financial/operating obligations • Subscription for debt or equity issuances • Establishment of joint venture entities • Settlement of liabilities on behalf of the Company or its Subsidiary or by the Company or its Subsidiary on behalf of a related party • Compensation, benefits (monetary and non-monetary), postemployment benefits, termination benefits and share-based payment of current employees Identification, Review and Approval of Related Party Transactions 1. Generally, Management promptly reports to the Board of Directors (Board) on the terms, business purpose, benefits and other details of each new, existing or proposed RPT for review and approval. The Board shall approve any RPT before its commencement. However, if the same is not identified beforehand, it must be subsequently reviewed and ratified by the Board. 2. The Audit Committee shall assist the Board in its review of RPT. The Board shall consider whether the terms of the RPT are on arms' length and fair to the Company and such factors as the following: • Materiality • The purpose and timing of the transactions • Extent of the Related Party's interest in the RPT; and • Conflict of interest, actual or apparent, of the Related Party participating in the transaction. • Any other relevant information regarding the transaction 3. The Audit Committee may establish guidelines to manage and monitor conflicts of interest of Management, Board Directors and shareholders, including misuse of corporate assets and abuse in RPTs. 4. A Director, officer or key management personnel shall promptly notify the Audit Committee or the Company's Officer of the Compliance Officer of any interest he or his immediate family member had, has or may have in a RPT. He shall disclose all material information concerning the RPT. Pre-Approved RPTs 5.1 The following shall be deemed to be pre-approved by the Board in accordance with the Company's Table of Authorities: a. Compensation and employment of executive officers and

	directors approved by the Compensation & Remuneration Committee; b. Transactions with similar terms available to all employees generally; c. Charitable contributions by the Company where the Related Party is an employee or director, if the aggregate amount involved does not exceed P5M; d. Banking-related services and transactions with a Related Party, if the terms are generally the same as or similar to offers of other banks in the ordinary course of business; e. Share transactions such as dividends, repurchase, rights offerings, available to all shareholders on a pro-rata ownership basis. f. Any transaction with a Related Party involving the rendering of services as a common or contract carrier, or public utility, at rates or charges fixed in conformity with law or governmental authority. Threshold The Parent Company and its subsidiaries, whether owned directly or indirectly, shall set thresholds and categories for Disclosure and Approval of RPTs. The amount of each RPT shall be considered for purposes of applying these thresholds. Related Party Transaction • Less than three percent (3%) of Total Assets of Parent or Subsidiary requires approval of the concerned entity's CEO or President; • Three percent (3%) of Total Assets and above of Parent or Subsidiary requires approval of concerned entity's Board of Directors. • Twenty percent (20%) of Total Assets and above of Parent or Subsidiary requires approval of concerned entity's Shareholders. Disclosure • Ten percent (10%) of Total Assets and above of Parent (<i>SEC's prescribed threshold level for materiality in financial statements reporting or disclosure</i>) Exception: • Sale or purchase of goods and services in the ordinary course of business amongst Parent Company and its Subsidiaries at arm's length terms. To ensure fairness and transparency, this exception is still subject to compliance with applicable SEC disclosure requirements and the Transfer Pricing guidelines issued by BIR (RR 02-2013). • Transactions of Parent Company and its Subsidiaries involving the exercise of corporate powers such as investments, subscriptions, equity restructuring, dividend declarations, and corporate guarantees to subsidiaries. Disclosure

	RPTs that are required to be disclosed and reported in the Company's filings with the Securities and Exchange Commission (SEC) shall be disclosed in accordance with laws, rules, regulations, Philippine Financial Reporting & Accounting Standards. The Company shall comply with PAS 24's required disclosures of relationships between the Company & its Subsidiaries irrespective of whether there have been transactions between them, transactions and outstanding balances, <i>including commitments</i>, in the consolidated and separate individual financial statements. It shall disclose the name of its parent, the ultimate controlling party and/or the most senior parent (defined as the first parent above the immediate parent) that produces consolidated financial statements available for public use. All RPTs shall be disclosed to the Audit Committee and any material RPT shall be disclosed to the Board. Review 8.1 The Related Party Policy may be amended at any time and is subject to further guidance from the SEC and/or actions taken by the Parent Company's Board of Directors or Shareholders.

(b) Conflict of Interest

(i) Directors/Officers and 5% or more Shareholders

Identify any actual or probable conflict of interest to which directors/officers/5% or more shareholders may be involved.

	Details of Conflict of Interest (Actual or Probable)
Name of Director/s	Victor A. Consunji (indirect ownership)
Name of Officer/s	Cristina C. Gotianun (Indirect ownership)
Name of Significant Shareholders	Dacon Corp./DFC Holdings, Inc. – no related party transactions

(ii) Mechanism

Describe the mechanism laid down to detect, determine and resolve any possible conflict of interest between the company and/or its group and their directors, officers and significant shareholders.

	Directors/Officers/Significant Shareholders
Company	Policies requiring disclosures on direct and indirect beneficial ownership in accordance with the SEC and PSE rules.
Group	Policies requiring disclosures on direct and indirect beneficial ownership in accordance with the SEC and PSE rules.

5) Other Policies – Insider Trading, Dividend Policy

6) Family, Commercial and Contractual Relations

- (a) Indicate, if applicable, any relation of a family,⁴ commercial, contractual or business nature that exists between the holders of significant equity (5% or more), to the extent that they are known to the company:

Names of Related Significant Shareholders	Type of Relationship	Brief Description of the Relationship
Dacon Corp.	Interlocking Directors	Interlocking Directors
DFC Holdings, Inc.	Interlocking Directors	Interlocking Directors

- (b) Indicate, if applicable, any relation of a commercial, contractual or business nature that exists between the holders of significant equity (5% or more) and the company:

Names of Related Significant Shareholders	Type of Relationship	Brief Description
Dacon Corp.	Shareholder owning more than 5%	Some Directors of Dacon Corp. are also Directors of the Company
DFC Holdings, Inc.	Shareholder owning more than 5%	Some Directors of DFC Holdings, Inc. are also Directors of the Company

- (c) Indicate any shareholder agreements that may impact on the control, ownership and strategic direction of the company:

Name of Shareholders	% of Capital Stock affected (Parties)	Brief Description of the Transaction
None	None	None

7) Alternative Dispute Resolution

Describe the alternative dispute resolution system adopted by the company for the last three (3) years in amicably settling conflicts or differences between the corporation and its stockholders, and the corporation and third parties, including regulatory authorities.

Alternative Dispute Resolution System	
Corporation & Stockholders	No conflict arose from the last three (3) years
Corporation & Third Parties	
Corporation & Regulatory Authorities	

C. BOARD MEETINGS & ATTENDANCE

- 1) Are Board of Directors' meetings scheduled before or at the beginning of the year?

Regular quarterly board meetings are scheduled after the end of each quarter, while special board

⁴ Family relationship up to the fourth civil degree either by consanguinity or affinity.

meetings are scheduled in between regular meetings as the need arises.

2) Attendance of Directors

3) Board	Name	Date of Election	No. of Meetings Held during the year*	No. of Meetings Attended	%
Member	Isidro A. Consunji	August 5, 2014	22	22	95.5%
Member	Cesar A. Buenaventura	August 5, 2014	22	21	100%
Member	Herbert M. Consunji	August 5, 2014	22	22	100%
Member	Ma. Edwina C. Laperal	August 5, 2014	22	22	100%
Member	Victor A. Consunji	August 5, 2014	22	21	95.5%
Member	Jorge A. Consunji	August 5, 2014	22	22	100%
Independent	Honorio O. Reyes-Lao	August 5, 2014	22	22	100%
Independent	Antonio Jose U. Periquet	August 5, 2014	22	22	100%

**January-December 2014*

3) Do non-executive directors have a separate meeting during the year without the presence of any executive? If yes, how many times? - **NONE.**

4) Is the minimum quorum requirement for Board decisions set at two-thirds of board members? Please explain.

In accordance with the Corporation Code, the quorum requirement for board meetings is a majority of the board members.

5) Access to Information

(a) How many days in advance are board papers⁵ for board of directors meetings provided to the board?

The board materials for discussion are distributed at least three days before the scheduled board meeting.

(b) Do board members have independent access to Management and the Corporate Secretary?

Yes.

(c) State the policy of the role of the company secretary. Does such role include assisting the Chairman in preparing the board agenda, facilitating training of directors, keeping directors updated regarding any relevant statutory and regulatory changes, etc?

The Secretary shall record all the votes and proceedings of the meeting of Stockholders and of the Board of Director in a book kept for that purpose. He shall have charge of the corporate seal of the Corporation. He shall keep at the principal office of the Corporation the stock and transfer book and therein keep a record of all the stock, the names of stockholders alphabetically arranged with the addresses to which notices may be sent, the installments paid and unpaid on all stock for which subscription has been made and the date of payment of any installment, a statement of every alienation, sale of transfer of stock made, the date thereof and by and to whom made. He shall perform such other duties as may be properly delegated to him. He must be a citizen and resident of the Philippines.

(d) Is the company secretary trained in legal, accountancy or company secretarial practices? Please

⁵ Board papers consist of complete and adequate information about the matters to be taken in the board meeting. Information includes the background or explanation on matters brought before the Board, disclosures, budgets, forecasts and internal financial documents.

explain should the answer be in the negative. – **Yes, the Company has a Corporate Secretary who has vast experience in legal, accountancy and company secretarial practices.**

(e) Committee Procedures

Disclose whether there is a procedure that Directors can avail of to enable them to get information necessary to be able to prepare in advance for the meetings of different committees:

Yes ☒

No ☐

Committee	Details of the procedures
Executive	Notice and Agenda are given at least three days before the meeting; The Committees have free access to the management and staff for any queries prior to the meeting
Audit	
Nomination	
Remuneration	
Others (specify)	

6) External Advice

Indicate whether or not a procedure exists whereby directors can receive external advice and, if so, provide details:

Procedures	Details
The Directors have full access to Company's external counsel and external auditors for advice.	

7) Change/s in existing policies

Indicate, if applicable, any change/s introduced by the Board of Directors (during its most recent term) on existing policies that may have an effect on the business of the company and the reason/s for the change:

Existing Policies	Changes	Reason
No changes in existing policies		

D. REMUNERATION MATTERS

1) Remuneration Process

Disclose the process used for determining the remuneration of the CEO and the four (4) most highly compensated management officers:

Process	CEO	Top 4 Highest Paid Management Officers
(1) Fixed remuneration	Establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of corporate officers and directors,	Establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of corporate officers and directors,

	and provide oversight over remuneration of senior management and other key personnel ensuring that compensation is consistent with the Corporation's culture, strategy and control environment.	and provide oversight over remuneration of senior management and other key personnel ensuring that compensation is consistent with the Corporation's culture, strategy and control environment.
(2) Variable remuneration	None	None
(3) Per diem allowance	Each director shall receive a reasonable per diem for his attendance at every meeting of the Board. Subject to the approval of the stockholders owning at least a majority of the outstanding capital stock, directors may also be granted such compensation (other than per diems) provided however, that the total yearly compensation of directors, as such directors, shall not exceed ten (10%) percent of the net income before income tax of the Corporation during the preceding year.	
(4) Bonus	None	None
(5) Stock Options and other financial instruments	None	None
(6) Others (specify)	None	None

2) Remuneration Policy and Structure for Executive and Non-Executive Directors

Disclose the company's policy on remuneration and the structure of its compensation package. Explain how the compensation of Executive and Non-Executive Directors is calculated.

	Remuneration Policy	Structure of Compensation Packages	How Compensation is Calculated
Executive Directors	Salary structure as approved by the management	Basic monthly pay plus other benefits mandated by law	Compensation package as agreed by management and the employee
Non-Executive Directors	There is no compensation given by the Company. The per diem allowance of P10,000 is given per meeting attended		

Do stockholders have the opportunity to approve the decision on total remuneration (fees, allowances, benefits-in-kind and other emoluments) of board of directors? Provide details for the last three (3) years.

Remuneration Scheme	Date of Stockholders' Approval
Not applicable	

3) Aggregate Remuneration

Complete the following table on the aggregate remuneration accrued during the most recent year:

Remuneration Item	Executive Directors	Non-Executive Directors (other than independent directors)	Independent Directors
(a) Fixed Remuneration	P4,073,532.00	-	-
(b) Variable Remuneration	-	-	-
(c) Per diem Allowance	P140,000.00	P190,000.00	P80,000.00
(d) Bonuses	-	-	-
(e) Stock Options and/or other financial instruments	-	-	-
(f) Others (Specify)	-	-	-
Total	P4,213,532.00	P190,000.00	P80,000.00

Other Benefits	Executive Directors	Non-Executive Director (other than independent directors)	Independent Directors
1) Advances	-	-	-
2) Credit granted	-	-	-
3) Pension Plan/s Contributions	-	-	-
(d) Pension Plans, Obligations incurred	-	-	-
(e) Life Insurance Premium	-	-	-
(f) Hospitalization Plan	P600,000.00*	-	-
(g) Car Plan	-	-	-
(h) Others (Specify)	-	-	-
Total	P600,000.00		

*The Company provides health insurance under Health Maintenance Organization (HMOs), which has a maximum annual limit of P300,000.00 per executive officer.

4) Stock Rights, Options and Warrants

(a) Board of Directors

Complete the following table, on the members of the company's Board of Directors who own or are entitled to stock rights, options or warrants over the company's shares:

Director's Name	Number of Direct Option/Rights/Warrants	Number of Indirect Option/Rights/Warrants	Number of Equivalent Shares	Total % from Capital Stock
None				

(b) Amendments of Incentive Programs

Indicate any amendments and discontinuation of any incentive programs introduced, including the criteria used in the creation of the program. Disclose whether these are subject to approval during the Annual Stockholders' Meeting:

Incentive Program	Amendments	Date of Stockholders' Approval
None		

5) Remuneration of Management

Identify the five (5) members of management who are not at the same time executive directors and indicate the total remuneration received during the financial year:

Name of Officer/Position	Total Remuneration
Victor S. Limlingan – Managing Director	P4,830,175.16
Aldric G. Borlaza – Senior Finance Officer	
Brian T. Lim- Finance Officer	
Ma. Luisa C. Austria – Admin/Accounting Officer	

E. BOARD COMMITTEES

1) Number of Members, Functions and Responsibilities

Provide details on the number of members of each committee, its functions, key responsibilities and the power/authority delegated to it by the Board:

Committee	No. of Members			Committee Charter	Functions	Key Responsibilities	Power
	Executive Director (ED)	Non-executive Director (NED)	Independent Director (ID)				
Executive	Not applicable						
Audit	1	0	2	Ultimately responsible for the policies and practices relating to integrity of financial and regulatory reporting	Reviews the external auditor's audit plan; increases the credibility and objectivity of the Company's financial reports and public disclosure	Review and discuss with management and the external auditor the annual audited financial statements, including discussion of material transactions with related	Oversee the adequacy of the Company's system of internal accounting controls and internal audit process and obtaining from the external

						parties, accounting policies, as well as the external auditor's written communications to the Committee and to management;	auditor summaries and recommendations for improvement of such internal controls and processes
Nomination	0	2	1	Responsible for the review and screening of candidates for directorship	Pre-screen and shortlist all candidates nominated to become a member of the Board of Directors	Review and consider the guidelines on determining the number of directorship	Review the roles and duties of the CEO by integrating the dynamic requirements of the business as a going concern and future expansionary prospects within the realm of good corporate governance at all times.
Remuneration	0	2	1	Establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of corporate officers and directors	Designate amount of remunerations in a sufficient level to attract and retain directors and officers	Establish a formal and transparent procedure for developing a policy on executive remuneration and for fixing the remuneration packages of individual directors, if any, and officers	Develop a form on Full Business Interest Disclosure as part of the pre-employment requirements for all incoming officers, which among others compel all officers to declare under the penalty of perjury all their existing business interests or shareholdings that may directly or indirectly conflict in their performance of duties once hired.

Others (specify)	None

2) Committee Members

(a) Executive Committee – The Company has no Executive Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Not Applicable					
Member (ED)						
Member (NED)						
Member (ID)						
Member						

(b) Audit Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Honorio O. Reyes-Lao	August 12, 2014	7	7	100	1 yr. 5 mos.*
Member (ED)	Isidro A. Consunji	August 12, 2014	7	7	100	1 yr. 5 mos.*
Member (NED)	None		-	-	-	
Member (ID)	Antonio Jose U. Periquet	August 12, 2014	7	7	100	1 yr. 5 mos.*

**From March 21, 2013 to August 12, 2014*

Disclose the profile or qualifications of the Audit Committee members.

In the Company's Manual on Corporate Governance, the audit committee shall be composed of at least three (3) Members of the Board, at least two (2) of whom must be independent and one (1) of whom shall be its head or chairman. Each member shall have adequate understanding at least or competence at most of the company's financial management systems and environment. The following are the detailed profile of the Audit Committee Members:

Honorio O. Reyes-Lao is the Director of Philippine Business Bank from 2010 up to present. He was the President and Director of Gold Venture Lease and Management Services, Inc, 2008-2009; Senior Business Consultant of the Antel Group of Companies, 2007-2009; Senior Management Consultant of East West Banking Corporation, 2005-2006. Prior to 2005, Mr. Reyes-Lao was the Senior Vice-President of China Banking Corporation in charge of the lending operation under the Account Management Group. He was a Director of the First Sovereign Asset Management Corporation, 2004-'06; Director and Treasurer of CBC Insurance Brokers, Inc, 1998- 2003 : Director of CBC Forex Corporation, 1997-2002; and CBC Properties and Computer Center, Inc, 1993-2006. His civic affiliations are the Makati Chamber of Commerce and Industries - past President; Rotary Club of Makati West – Treasurer; and a Fellow in the Institute of Corporate Directors, a professional organization which espouses good corporate governance in both private and public organizations.

Antonio Jose U. Periquet is currently the Chairman of Pacific Main Holdings; Director of the Lyceum of the Philippines University, The Straits Wine Company, Inc., Ayala Corporation, BPI Capital

Corporation, Bank of the Philippine Islands, BPI Family Bank, Campden Hill Group, Regis Financial Advisers, Inc., ABS-CBN Corporation, Philippine Seven Corporation and Pancake House, Inc. He was previously chairman of Deutsche Regis Partners, Inc. and executive director of various financial institutions in London and Hong Kong. Mr. Periquet holds an MBA from the University of Virginia, a MSc in Development Economics from Oxford University and a Bachelor of Arts degree in Economics from the Ateneo de Manila University. He is a member of the Dean's Global Advisory Council, Darden School of Business, University of Virginia.

Isidro A. Consunji is a graduate of the University of the Philippines where he earned a degree in Bachelor of Science in Engineering. He took up master's degree in Business Economics from the Center for Research & Communication, and Business Management from the Asian Institute of Management. He took up Advanced Management Program at IESE School in Barcelona, Spain. He is a regular Director of the following: DMCI Project Developers, Inc., Semirara Mining Corporation, Dacon Corporation, DMCI-MPIC Water Company, Inc., Sem-Calaca Power Corp., Southwest Luzon Power Corp., Sem-Cal Industrial Park Developers Inc., Semirara Claystone Inc., Sem-Cal Res Corp., DMCI Power Corp., DMCI Mining Corp., Crown Equities, Inc. and Beta Electric Corporation. His other positions include: Chairman of the Board of Directors of DMCI Homes, Beta Electric Corporation; President of Dacon Corporation, and Sem-Calaca Power Corp.

Describe the Audit Committee's responsibility relative to the external auditor.

- Perform oversight functions over the corporation's internal and external auditors. It should ensure that the internal and external auditors act independently from each other, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions.
- Review the annual internal audit plan to ensure its conformity with the objectives of the corporation. The plan shall include the audit scope, resources and budget necessary to implement it.
- Prior to the commencement of the audit, discuss with the external auditor the nature, scope and expenses of the audit, and ensure proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts

(c) Nomination Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Antonio Jose U. Periquet	August 12, 2014	4	4	100	1 yr. 5 mos*
Member (ED)	Ma. Edwina C. Laperal	August 12, 2014	4	4	100	1 yr. 5mos*
Member (NED)	David M. Consunji**	August 12, 2014	4	4	100	1 yr. 5 mos*
Member (ID)	Honorio O. Reyes-Lao	August 12, 2014	4	4	100	1 yr. 5 mos*

*From March 21, 2013 to August 12, 2014

**Resigned as board member on November 18, 2014.

(d) Remuneration Committee

Office	Name	Date of Appointment	No. of Meeting	No. of Meetings	%	Length of Service in the

			s Held	Attended		Committee
Chairman	Honorio O. Reyes-Lao	August 12, 2014	0	0		1 yr. 5 mos*
Member (ED)	-					
Member (NED)	Cesar A. Buenaventura Jorge A. Consunji	August 12, 2014 August 12, 2014	0	0		1 yr. 5 mos*
Member (ID)	None					
Member	None					

**From March 21, 2013 to August 12, 2014*

(e) Others (Specify)

Provide the same information on all other committees constituted by the Board of Directors:

No Other Committees

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman						
Member (ED)						
Member (NED)						
Member (ID)						
Member						

3) Changes in Committee Members - **None**

Indicate any changes in committee membership that occurred during the year and the reason for the changes:

Name of Committee	Name	Reason
Executive	None	
Audit		
Nomination		
Remuneration		
Others (specify)		

4) Work Done and Issues Addressed

Describe the work done by each committee and the significant issues addressed during the year.

Name of Committee	Work Done	Issues Addressed
Executive	Not applicable	
Audit	Report on and recommend to the Board of Directors the annual financial statements and the	Review and approve the audited financial statements

	external auditor's report on those financial statements, prior to Board approval and dissemination of financial statements to shareholders and the public	
Nomination	identify and recommend candidates for election or appointment as directors,	Assess whether candidates have the qualities expected of all directors, including integrity, sound judgment, business acumen, and the time, ability, and commitment to make a constructive and meaningful contribution to the Board
Remuneration	Review the compensation of directors and executives of the Company	Make recommendation to the Board for approval of compensation
Others (specify)	None	

5) Committee Program

Provide a list of programs that each committee plans to undertake to address relevant issues in the improvement or enforcement of effective governance for the coming year.

Name of Committee	Planned Programs	Issues to be Addressed
Executive	None	
Audit	Timely comply with reportorial requirements	To implement strict compliance among the subsidiaries to submit the financial reports ahead of time to give the Company ample time for consolidation
Nomination	Continued evaluation of the selection process and evaluation of candidates in accordance with the SEC Regulations and Company's Manual on Corporate Governance	
Remuneration	Regular review of the compensation package	
Others (specify)	None	

F. RISK MANAGEMENT SYSTEM

1) Disclose the following:

- Overall risk management philosophy of the company;
- A statement that the directors have reviewed the effectiveness of the risk management system and commenting on the adequacy thereof;
- Period covered by the review;
- How often the risk management system is reviewed and the directors' criteria for assessing its effectiveness; and
- Where no review was conducted during the year, an explanation why not.

A. Enterprise Risk Management (ERM)

This Enterprise Risk Management Policy ("the ERM Policy") provides the framework for managing risks across DMCI Holdings, Inc. ("DMCIHI" or "the Company"). It contains the fundamental policies to guide all DMCIHI personnel, including senior executive management and the Board of Directors, who are directly or indirectly involved in the strategic, operations, compliance and financial activities of the

Company. This will serve as the guide to enable the concerned Company personnel to make appropriate actions and decisions pertaining to the management of the Company's portfolio of risks.

Purpose

This ERM Policy forms part of DMCIHI's Corporate Governance Manual and shall:

1. Establish the risk management vision, goals and objectives of the Company;
2. Provide an enterprise-wide risk management framework, structure, and organization that support the achievement of the Company's risk management vision, goals, and objectives;
3. Define the roles and responsibilities of DMCIHI's Board of Directors ("BOD" or "the Board"), senior management, officers, and all employees with regards to the Company's risk management processes and activities;
4. Establish a common culture and language that promote consistent definition and understanding of risks and their related impact to the Company's business; and
5. Establish a consistent and enterprise-wide approach in identifying and prioritizing risks, analyzing inter-relationship among risks, identifying the drivers and sources of risks, development of strategies and action plans in managing risks, monitoring and reporting on the implementation of risk management strategies and action plans, and evaluating the effectiveness of the overall risk management process for continuous improvement.

Scope

This ERM Policy applies only to DMCIHI.

Enterprise Risk Management Vision

DMCIHI's enterprise risk management ("ERM") shall serve as one of the Company's key enablers for effective corporate governance and achievement of the Company's strategic objectives.

ERM Goals and Objectives

To effectively realize DMCIHI's risk management vision, ERM shall:

1. Establish a sustainable risk management process to enable DMCIHI to focus on and manage its key risks;
2. Embed risk management into the awareness and day-to-day activities of each DMCIHI officer and employee;
3. Integrate a rigorous risk management process into the strategic planning, budgeting and decision-making process; and
4. Provide a structured framework for enhancing DMCIHI's corporate governance

Risk Management Oversight Structure

To ensure the successful implementation of DMCIHI's ERM, it is important that a risk management structure is in place to have an integrated and independent view of the enterprise-wide risks across the different risks categories (e.g., strategic, operations, compliance and financial). This will allow the Company to reduce any gaps in risk coverage, risk management functional inefficiencies and overlaps, and confusion among concerned personnel due to lack of structured communication and reporting lines.

Develop Common Language

To enhance clarity of communication and action on risk-related matters, DMCIHI shall ensure that a common risk language as embodied in the Company's risk dictionary exists, is communicated, and understood by all employees at all levels of the organization. DMCIHI shall also ensure that the common risk language is continuously updated and modified to include new and emerging risks by considering factors that are both internal and external to the Company. This shall be done through the review of the risk dictionary at least annually or if there are any amendments made thereto.

Develop Risk Management Strategies

After identifying, prioritizing, and analyzing risks, DMCIHI shall develop strategies to manage risks consistent with the Company's strategic goals and objectives and risk appetite and tolerance levels. The strategy of DMCIHI' to (1) Accept - retain, reduce or exploit or (2) Reject – avoid or transfer, risks shall include cross-checking with other groups and stress-testing which involves developing conservative and aggressive assumptions and scenarios to test the effectiveness of the strategies.

Develop Risk Management Action Plans

Based on the approved risks management strategies, DMCIHI shall develop specific action plans to support the implementation of these strategies. DMCIHI shall ensure that appropriate communication protocols and channels exist to support the execution of action plans that require coordinated effort across business functions.

Monitor and Report on the ERM process

DMCIHI shall continuously monitor the risks and effectiveness of the implementation of the strategies/action plans. This shall be done by ensuring that risk management is a regular agenda item in BOD, ManCom, and functional level meetings. DMCIHI shall also ensure that all initiatives pertaining to the overall ERM process continuously monitored and regularly reported to the appropriate stakeholders in the Company. Monitoring of the ERM process shall be applied on: 1) existing priority risks; 2) new emerging risks; 3) risk management performance; and 4) specific measures, policies and procedures both at the enterprise-wide and business function levels.

Any material weaknesses or significant control deficiencies identified shall be reported and presented to the ManCom and BOD together with the actions being taken to resolve the issues or to follow up on the resolution of long-outstanding issues.

G. INTERNAL AUDIT AND CONTROL

1) Internal Control System

Disclose the following information pertaining to the internal control system of the company:

- (a) Explain how the internal control system is defined for the company;
The Company has in place an independent Internal Audit function which shall be performed by an Internal Auditor or a group of Internal Auditors, through which its Board, senior management, and stockholders shall be provided with reasonable assurance that its key organizational and procedural controls remain effective and appropriate, and are complied with.
- (b) A statement that the directors have reviewed the effectiveness of the internal control system and whether they consider them effective and adequate;
The Company's Audit Committee performs oversight function to its internal audit.
- (c) Period covered by the review
January to December 2013
- (d) How often internal controls are reviewed and the directors' criteria for assessing the effectiveness of the internal control system; and
On quarterly basis and annual audit under the supervision of the Audit Committee.

(e) Where no review was conducted during the year, an explanation why not. - **None**

2) Internal Audit

(a) Role, Scope and Internal Audit Function

Give a general description of the role, scope of internal audit work and other details of the internal audit function.

Role	Scope	Indicate whether In-house or Outsource Internal Audit Function	Name of Chief Internal Auditor/Auditing Firm	Reporting process
Under the supervision of the Audit Committee, the Internal Auditor should formulate the rules and procedures on financial reporting and internal control.	The Internal Auditor submits to the Audit Committee and Management an annual report on the internal audit department's activities, responsibilities and performance relative to the audit plans and strategies as approved by the Audit Committee.	In-House	Cristina C. Gotianun	Reports to the Audit Committee as deemed necessary.

(b) Do the appointment and/or removal of the Internal Auditor or the accounting /auditing firm or corporation to which the internal audit function is outsourced require the approval of the audit committee? **The appointment of the Internal Auditor is being approved by the Board and the Audit Committee. The internal audit procedures are done on per business segments which each internal auditors report to the Parent Company.**

(c) Discuss the internal auditor's reporting relationship with the audit committee. Does the internal auditor have direct and unfettered access to the board of directors and the audit committee and to all records, properties and personnel?

Under the supervision of the Audit Committee, the Internal Auditor should formulate the rules and procedures on financial reporting and internal control. Yes, the internal auditor has direct and unfettered access to the board of directors and the audit committee.

(d) Resignation, Re-assignment and Reasons

Disclose any resignation/s or re-assignment of the internal audit staff (including those employed by the third-party auditing firm) and the reason/s for them.

Name of Audit Staff	Reason
None	

(e) Progress against Plans, Issues, Findings and Examination Trends

State the internal audit's progress against plans, significant issues, significant findings and examination trends.

Progress Against Plans	The internal audit procedures are done on per business segments which each internal auditors report to the Parent Company. The internal auditors collaborate with the external auditor to consolidate the reports for presentation and approval by the Company's Board of Directors.
Issues⁶	
Findings⁷	
Examination Trends	

[The relationship among progress, plans, issues and findings should be viewed as an internal control review cycle which involves the following step-by-step activities:

- 1) Preparation of an audit plan inclusive of a timeline and milestones;
- 2) Conduct of examination based on the plan;
- 3) Evaluation of the progress in the implementation of the plan;
- 4) Documentation of issues and findings as a result of the examination;
- 5) Determination of the pervasive issues and findings ("examination trends") based on single year result and/or year-to-year results;
- 6) Conduct of the foregoing procedures on a regular basis.]

(f) Audit Control Policies and Procedures

Disclose all internal audit controls, policies and procedures that have been established by the company and the result of an assessment as to whether the established controls, policies and procedures have been implemented under the column "Implementation."

Policies & Procedures	Implementation
The internal audit procedures are done on per business segments which each internal auditors report to the Parent Company.	The internal auditors collaborate with the external auditor to consolidate the reports for presentation and approval by the Company's Board of Directors.

(g) Mechanism and Safeguards

State the mechanism established by the company to safeguard the independence of the auditors, financial analysts, investment banks and rating agencies (example, restrictions on trading in the company's shares and imposition of internal approval procedures for these transactions, limitation on the non-audit services that an external auditor may provide to the company):

Auditors (Internal and External)	Financial Analysts	Investment Banks	Rating Agencies
Engagement contract with external auditors noted by stockholders; In-house internal auditor	No dealings; No need for mechanisms since non-public matters are not disclosed.		

(h) State the officers (preferably the Chairman and the CEO) who will have to attest to the company's

⁶ "Issues" are compliance matters that arise from adopting different interpretations.

⁷ "Findings" are those with concrete basis under the company's policies and rules.

full compliance with the SEC Code of Corporate Governance. Such confirmation must state that all directors, officers and employees of the company have been given proper instruction on their respective duties as mandated by the Code and that internal mechanisms are in place to ensure that compliance.

The following officers will attest and sign the Company's ACGR:

Isidro A. Consunji	Chairman/President/CEO
Herbert M. Consunji	Vice-President/CFO/Compliance Officer
Honorio O. Reyes-Lao	Independent Director
Antonio Jose U. Periquet	Independent Director

H. ROLE OF STAKEHOLDERS

1) Disclose the company's policy and activities relative to the following:

	Policy	Activities
Customers' welfare	No customers to render goods and services	Not applicable
Supplier/contractor selection practice	Not applicable	
Environmentally friendly value-chain	Not applicable	
Community interaction	Implemented in the subsidiary level	
Anti-corruption programmes and procedures?	The Company conducts business in accordance with the law, the charter of the Company, and a high standard of commercial morality.	
Safeguarding creditors' rights	Liability to creditors in the parent level is being settled as become due	

2) Does the company have a separate corporate responsibility (CR) report/section or sustainability report/section?

Yes, it features the CSR projects and programs of its subsidiaries as a major section in the Company's annual report

3) Performance-enhancing mechanisms for employee participation.

(a) What are the company's policy for its employees' safety, health, and welfare? – Subsidiary level

(b) Show data relating to health, safety and welfare of its employees.

The policies on health, safety and welfare of employees are on per subsidiary basis. The parent company and its subsidiaries provide health and life insurance benefits to its employees. Our subsidiaries have been ISO certified on their respective areas of concerns specifically on health and safety.

(c) State the company's training and development programmes for its employees. Show the data.

The Company is committed to improving the performance of the Group, including the employees of its subsidiaries. The Company recognizes the benefits of trainings and development programs for the employees to grow and develop their skills and talents.

Below are trainings/seminars attended by key officers and employees:

Date	Seminars Attended
October 21, 2014	Corporate Governance Forum
September 25-26, 2014	National Public Relations Congress
September 2-3, 2014	Asian Forum on Corporate Social Responsibility
February 5, 2014/April 29, 2014/June 9, 2014	Distinguished Corporate Governance Seminar
October 18, 2013	Risk Driver Analysis Session
September 10, 2013	MAP CEO Conference
August 29, 2013	Presentation to Audit Committee
April 17, 2013	Unlocking the Power of Financial Modelling
August 23, 2012	Enterprise Risk Awareness Session by SGV & Co.
March 02, 2012	Economic Briefing by Victor Abola
December 15, 2010	Private-Public Partnership Briefing by Alberto Agra
July 30, 2010	Economic Briefing by Prof. Victor Abola
June 28, 2010	Cross Cultural Seminar by Prof. Yih-teen Lee
January 12, 2010	Leadership Seminar by Dr. Pablo Cardona
August 11, 2009	Introduction to Economics by Federico Macaranas
August 15, 2009	The Language of Business by Felixberto Bustos
August 21, 2009	The Chinese Financial System by Dr. Victor S. Limlingan

The Company has also in-house training through DM Consunji Technical Training Center. It provides quality training exclusive to the DMC Group of Companies such as Leadership, Supervisory Development, Problem Solving and Decision Making and Foremanship Training among others.

(d) State the company's reward/compensation policy that accounts for the performance of the company beyond short-term financial measures

The Company has a Multi-Employer Retirement Trust Fund which provides retirement, death, disability and severance benefits to all eligible employees of the Company and its subsidiaries.

4) What are the company's procedures for handling complaints by employees concerning illegal (including corruption) and unethical behaviour? Explain how employees are protected from retaliation.

The procedures are based on subsidiary level. Such cases on illegal and misbehavior are being handled by their respective Human Resources and Legal counsel teams.

I. DISCLOSURE AND TRANSPARENCY

1) Ownership Structure

(a) Holding 5% shareholding or more*

Shareholder	Number of Shares	Percent	Beneficial Owner
Dacon Corporation	6,076,969,505	45.77%	
DFC Holdings, Inc.	2,370,897,060	17.86%	
PCD Nominee Corp. (For)	2,220,623,841	16.72%	
PCD Nominee Corp. (Fil)	2,215,867,169	16.69%	

**as of December 31, 2014*

Name of Senior Management	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
NONE			
TOTAL			

2) Does the Annual Report disclose the following:

Key risks	Yes
Corporate objectives	Yes
Financial performance indicators	Yes
Non-financial performance indicators	Yes
Dividend policy	Yes
Details of whistle-blowing policy	None (no formal policy yet)
Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of directors/commissioners	Yes
Training and/or continuing education programme attended by each director/commissioner	Yes
Number of board of directors/commissioners meetings held during the year	Yes
Attendance details of each director/commissioner in respect of meetings held	Yes
Details of remuneration of the CEO and each member of the board of directors/commissioners	Total remuneration is disclosed

Should the Annual Report not disclose any of the above, please indicate the reason for the non-disclosure.

3) External Auditor's fee

Name of auditor	Audit Fee	Non-audit Fee
SGV & Co.	Php 2,975,280.00	None

4) Medium of Communication

List down the mode/s of communication that the company is using for disseminating information.

- a. Print – Annual Reports, disclosures, information statements**
- b. Digital - website**

5) Date of release of audited financial report: **April 15, 2015**

6) Company Website

Does the company have a website disclosing up-to-date information about the following?

Business operations	Yes
Financial statements/reports (current and prior years)	Yes
Materials provided in briefings to analysts and media	Yes
Shareholding structure	Yes
Group corporate structure	Yes
Downloadable annual report	Yes
Notice of AGM and/or EGM	Yes
Company's constitution (company's by-laws, memorandum and articles of association)	Yes

Should any of the foregoing information be not disclosed, please indicate the reason thereto.

7) Disclosure of RPT

For the Parent Company level - NONE

RPT	Relationship	Nature	Value

When RPTs are involved, what processes are in place to address them in the manner that will safeguard the interest of the company and in particular of its minority shareholders and other stakeholders?

Transactions entered into by the Group with related parties are at arm's length basis and have terms similar to the transactions entered into by the company with third parties. The Company formulated policies and procedures that would ensure the integrity and transparency of related party transactions between and among the corporation and its parent company, joint ventures, subsidiaries, associates, affiliates, major stockholders, officers and directors, including their spouses, children and dependent siblings and parents, and of interlocking director relationships by members of the Board.

J. RIGHTS OF STOCKHOLDERS

1) Right to participate effectively in and vote in Annual/Special Stockholders' Meetings

(a) Quorum

Give details on the quorum required to convene the Annual/Special Stockholders' Meeting as set forth in its By-laws.

Quorum Required	At least a majority of the outstanding capital stock, except in cases where a higher quorum requirement is required by the Corporation Code, in which case, two-thirds (2/3) of the outstanding shares shall be required.

(b) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

System Used	Voting system (voting is usually done by the show of hands, and if required, through secret ballot).
Description	As provided in the Voting Procedures indicated in the Definitive Information Statement, the following are voting matters and procedures : a. Summary of Matters to be presented to Stockholders - b. Voting Procedures <i>(Approval/ratification of the minutes of the annual stockholders' meeting; Ratification of the acts of the Board of Directors and Officers; Appointment of Independent External Auditors; Election of Directors)</i>

(c) Stockholders' Rights

List any Stockholders' Rights concerning Annual/Special Stockholders' Meeting that differ from those laid down in the Corporation Code.

Stockholders' Rights under The Corporation Code	Stockholders' Rights <u>not</u> in The Corporation Code
In accordance with By-Laws and Manual on Corporate Governance	None

Dividends

Declaration Date	Record Date	Payment Date
May 15, 2014 (Cash-regular; P1.20/share)	May 30, 2014	June 13, 2014
May 15, 2014 (Cash-special; P1.20/share)	May 30, 2014	June 13, 2014
May 15, 2014 (400% Stock Dividend)	October 17, 2014	November 7, 2014

(d) Stockholders' Participation

1. State, if any, the measures adopted to promote stockholder participation in the Annual/Special Stockholders' Meeting, including the procedure on how stockholders and other parties interested may communicate directly with the Chairman of the Board, individual directors or board committees. Include in the discussion the steps the Board has taken to solicit and understand the views of the stockholders as well as procedures for putting forward proposals at stockholders' meetings.

In the last ASM, the Vice-Chairman of the Board opened the floor for any questions that the stockholders may have in relation to the President's Report. Several stockholders stated their questions on revenue contributions from subsidiaries; production of nickel mining for the second half of 2014 and prospects; expansion on the power business; a proponent/contractor for prospective PPP Projects; interest in Maynilad, among others. Thereafter, there being no other questions from the floor, upon motion made and duly seconded, the President's report was approved by the

majority of the outstanding capital stock.

The Company posted the Minutes of the Annual Stockholders' Meeting on its website a day after its meeting on August 5, 2014.

Measures Adopted	Communication Procedure
A Question & Answer session is being entertained after the Management Report is presented during the Annual Meeting	Part of the Agenda

2. State the company policy of asking shareholders to actively participate in corporate decisions regarding:
 - a. Amendments to the company's constitution
 - b. Authorization of additional shares
 - c. Transfer of all or substantially all assets, which in effect results in the sale of the company

All of the above are subject to stockholders approval.

3. Does the company observe a minimum of 21 business days for giving out of notices to the AGM where items to be resolved by shareholders are taken up? – **In accordance with the SRC Rules, at least fifteen (15) business days the information statements should be distributed to the stockholders. This year, the Company sent before the Annual Meeting the Notice of Meeting and Information Statements twenty three (23) business days before the stockholders' meeting date of August 5, 2014**

a. Date of sending out notices: **July 3, 2014**

b. Date of the Annual/Special Stockholders' Meeting: **August 5, 2014**

4. State, if any, questions and answers during the Annual/Special Stockholders' Meeting.

In the last ASM, the Vice-Chairman of the Board opened the floor for any questions that the stockholders may have in relation to the President's Report. Several stockholders stated their questions on revenue contributions from subsidiaries; production of nickel mining for the second half of 2014 and prospects; expansion on the power business; a proponent/contractor for prospective PPP Projects; interest in Maynilad, among others. Thereafter, there being no other questions from the floor, upon motion made and duly seconded, the President's report was approved by the majority of the outstanding capital stock.

The Company posted the Minutes of the Annual Stockholders' Meeting on its website a day after its meeting on August 5, 2014.

5. Result of Annual/Special Stockholders' Meeting's Resolutions

Resolution	Approving	Dissenting	Abstaining
Management Report	79.50%	None	None
Minutes of the previous meetings	79.45%	None	0.02%
Ratification of the acts of the Board of Directors and Officers	79.41%	None	0.07%

Appointment of Independent External Auditors	79.46%	None	0.02%
Election of Directors	79.45%	0.02	0.03
Other Matters	79.50%	None	None

Total number of shares present in person/represented by proxies: **2,111,132,650 shares**
Percentage of the total outstanding shares present in person/represented by proxies: **79.50%**
Total number of issued and outstanding capital stock: **2,655,494,000 shares**

6. Date of publishing of the result of the votes taken during the most recent AGM for all resolutions:
August 5, 2014

(e) Modifications

State, if any, the modifications made in the Annual/Special Stockholders' Meeting regulations during the most recent year and the reason for such modification: **NONE**

Modifications	Reason for Modification
NONE	

(f) Stockholders' Attendance

- (i) Details of Attendance in the Annual/Special Stockholders' Meeting Held:

Type of Meeting	Names of Board members / Officers present	Date of Meeting	Voting Procedure (by poll, show of hands, etc.)	% of SH Attending in Person	% of SH in Proxy	Total % of SH attendance
Annual	David M. Consunji Cesar A. Buenaventura Isidro A. Consunji Jorge A. Consunji Victor A. Consunji Herbert M. Consunji Ma. Edwina C. Laperal Honorio O. Reyes-Lao Antonio Jose U. Periquet Cristina C. Gotianun Atty. Pilar P. Gutierrez Victor S. Limlingan Aldric G. Borlaza Ma. Luisa C. Austria Brian T. Lim Tara Ann C. Reyes	August 5, 2014	As provided in the Voting Procedures indicated in the Definitive Information using Proxy Forms	3,500 (0.00%)	2,111,129,150 (79.50%)	2,111,132,650 (79.50%)
Special	No Special Stockholders' meeting held in 2014	Not applicable				

- (ii) Does the company appoint an independent party (inspectors) to count and/or validate the votes at the ASM/SSMs? – **Yes, the Board of Directors appointed our External Legal Counsel and Transfer Agent to be Committee of Inspectors to validate votes during Annual Stockholders Meeting**

- (iii) Do the company's common shares carry one vote for one share? If not, disclose and give reasons for any divergence to this standard. Where the company has more than one class of shares, describe the voting rights attached to each class of shares. – **Yes, one share-one vote policy.**

(g) Proxy Voting Policies

State the policies followed by the company regarding proxy voting in the Annual/Special Stockholders' Meeting.

	Company's Policies
Execution and acceptance of proxies	In accordance with the Definitive Information Statement which deadlines are provided
Notary	Not required
Submission of Proxy	In accordance with the by-laws and the Definitive Information Statement provides for specific deadlines
Several Proxies	-
Validity of Proxy	Valid only for the Stockholders' meeting for which it was intended unless otherwise provided but in no case valid for more than five (5) years.
Proxies executed abroad	Same requirements with locally executed
Invalidated Proxy	Not counted but copies are kept
Validation of Proxy	Date of validation provided in the DIS
Violation of Proxy	To be dealt in accordance with the Corporation Code

(h) Sending of Notices

State the company's policies and procedure on the sending of notices of Annual/Special Stockholders' Meeting.

Policies	Procedure
In accordance with the SRC Rule 20	

(i) Definitive Information Statements and Management Report

Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials	The total number of stockholders as of Record Date who are entitled to notice of and vote for the ASM
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners	July 3, 2014
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders	July 3, 2014
State whether CD format or hard copies were distributed	Hard copies were distributed
If yes, indicate whether requesting stockholders were provided hard copies	Stockholders were provided hard copies and downloadable file available in the Company

	website.

(j) Does the Notice of Annual/Special Stockholders' Meeting include the following:

Each resolution to be taken up deals with only one item.	Yes
Profiles of directors (at least age, qualification, date of first appointment, experience, and directorships in other listed companies) nominated for election/re-election.	Yes
The auditors to be appointed or re-appointed.	Yes
An explanation of the dividend policy, if any dividend is to be declared.	Yes
The amount payable for final dividends.	Yes
Documents required for proxy vote.	Yes

Should any of the foregoing information be not disclosed, please indicate the reason thereto.

2) Treatment of Minority Stockholders

(a) State the company's policies with respect to the treatment of minority stockholders.

In accordance with the Company's Manual on Corporate Governance

Policies	Implementation
Right to vote on all matters that require their consent or approval	One-share, one-vote
Pre-emptive right to all stock issuances of the corporation	Accurate and timely information should be made available to the stockholders to enable them to make a sound judgment on all matters brought to their attention for consideration or approval.
Right to inspect corporate books and records	In accordance with the Manual of Corporate Governance and By-Laws
Right to information	All material information, i.e., anything that could potentially affect share price, shall be publicly disclosed. Such information shall include earnings results, acquisition or disposal of assets, Board changes, related party transactions, shareholdings of directors and changes to ownership.
Right to dividends	The company has been consistently declaring annual dividends in favor of its common shareholders.
Appraisal right	Although all stockholders should be treated equally or without discrimination, the Board should give minority stockholders the right to propose the holding of meetings and the items for discussion in the agenda that relate directly to the business of the corporation.

(b) Do minority stockholders have a right to nominate candidates for board of directors?

Yes

K. INVESTORS RELATIONS PROGRAM

- 1) Discuss the company's external and internal communications policies and how frequently they are reviewed. Disclose who reviews and approves major company announcements. Identify the committee with this responsibility, if it has been assigned to a committee.

External and internal policies are all in accordance with the Company's By-Laws, Manual on Corp. Governance and Code of Business Conduct and Ethics. The Compliance Officer is responsible for reviewing company disclosures, get approval from the President or Chairman for release of such disclosure to the public as the need arises.

- 2) Describe the company's investor relations program including its communications strategy to promote effective communication with its stockholders, other stakeholders and the public in general. Disclose the contact details (e.g. telephone, fax and email) of the officer responsible for investor relations.

	Details
(1) Objectives	1. Communicate to the Company's performance and significant undertaking to key stakeholders 2. Increase investor interest in the Company and create a positive market response 3. Maintain regular contact with analysts 4. Availability & promptness 5. Full, public and timely disclosure of material information to the Philippine Stock Exchange and to the Securities and Exchange Commission 6. Our Investor Relations Program is very strongly aligned with the Company's Corporate Governance Policies on Disclosures and Stockholders' Rights
(2) Principles	- To provide accurate and essential information to stockholders in a regular and consistent manner - Fairness & Transparency - To raise the Company's profile by attracting a diverse pool of investors - Respect the rights of minority shareholders - Namely: Right to Vote, Pre-emptive Right to all stock issuances of the corporation, Right to Inspect corporate books and record, Right to information, Right to dividends, Appraisal right
(3) Modes of Communications	Via teleconference call, one-on-one and small group meetings. Tel: (632) 888 3000 local 1023 Fax: (632) 816 7362 Email: investors.dmciholdings@gmail.com
(4) Investors Relations Officer	Dr. Victor S. Limlingan, Managing Director Tara Ann C. Reyes, Investor Relations Officer

- 3) What are the company's rules and procedures governing the acquisition of corporate control in the capital markets, and extraordinary transactions such as mergers, and sales of substantial portions of corporate assets?

The Company follows legal and regulatory requirements

Name of the independent party the board of directors of the company appointed to evaluate the fairness of the transaction price.

Engagement of financial advisor as deemed necessary

L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

Discuss any initiative undertaken or proposed to be undertaken by the company.

Initiative	Beneficiary
The Corporate Social Responsibility (CSR) activities are being undertaken by the Company's subsidiaries in the community where its business operates	
Semirara Mining Corp. – Five Es (Employment, Electricity, Education, Environment, Economic Empowerment)	Residents of Semirara Island, Caluya, Antique
DMCI Homes – Kaakbay sa Edukasyon, Kalikasan, Kalusugan, at Pamayanan	Clients, unit owners and the neighborhood communities/barangays where the residential developments are situated.
Sem-Calaca Power Corp. – CSR programs for Education, Health, Environmental Protection, and Infrastructure Support,	Dependents of power plant employees, residents and barangays of Balayan and Calaca towns in Batangas

M. BOARD, DIRECTOR, COMMITTEE AND CEO APPRAISAL

Disclose the process followed and criteria used in assessing the annual performance of the board and its committees, individual director, and the CEO/President.

	Process	Criteria
Board of Directors	In the process of adopting a formal policy in accordance with the best practices	
Board Committees		
Individual Directors		
CEO/President		

N. INTERNAL BREACHES AND SANCTIONS

Discuss the internal policies on sanctions imposed for any violation or breach of the corporate governance manual involving directors, officers, management and employees

To strictly observe and implement the provisions of the Company's Manual, the following penalties shall be imposed, after notice and hearing, on the company's directors, officers, staff, subsidiaries and affiliates and their respective directors, officers and staff in case of violation of any of the provision of this Manual.

Violations	Sanctions
In case of first violation	The subject person shall be reprimanded.
in case of second violation .	Suspension from office shall be imposed
For third violation	Maximum penalty of removal from office shall be imposed. The commission of a third violation of this Manual by any member of the Board of the company or its subsidiaries and affiliates shall be a sufficient cause for removal from directorship.

The Compliance Officer shall be responsible for determining violation/s through notice and hearing and shall recommend to the Chairman the imposable penalty for such violation, for further review and approval of the Board.

REPUBLIC OF THE PHILIPPINES)
Makati City) S.S.

SECRETARY'S CERTIFICATE

KNOW ALL MEN BY THESE PRESENTS:

I, **NOEL A. LAMAN**, of legal age, Filipino with address at the 5th Floor, The Valero Tower, 122 Valero Street, Salcedo Village, Makati City, do hereby depose and state that:

1. I am the duly elected Corporate Secretary of **DMCI HOLDINGS, INC.** (the "Corporation"), a corporation organized and existing under the laws of the Republic of the Philippines;

2. In connection with the Corporation's consolidated changes to the annual corporate governance report ("ACGR") for the year 2014, I hereby certify as follows:

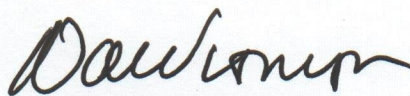
- (a) *Composition of the Board* - The incumbent directors of the Corporation were all elected during the annual stockholders' meeting of the Corporation held on August 5, 2014. On November 18, 2014, Mr. David M. Consunji resigned as director and Chairman of the Board of the Corporation. Thus, there is currently one vacant seat in the Board of Directors of the Corporation.
- (b) *Chairman and CEO; Changes in the Board* - In view of the resignation of Mr. David M. Consunji as Chairman of the Board on November 18, 2014, Mr. Isidro A. Consunji, incumbent President and CEO, was elected as new Chairman of the Board of the Corporation, to serve as such for the unexpired term of his predecessor. Mr. David M. Consunji was then appointed as Chairman Emeritus of the Corporation.
- (c) *Shareholding in the Company* - The changes in shareholding reported in the ACGR pertain to changes arising from transactions of directors and changes arising from the issuance of 400% stock dividends (as previously disclosed to the SEC and the PSE).
- (d) *Voting Result of the Last Annual General Meeting* - The number of votes received by each director as indicated in the consolidated changes to the ACGR is based on the votes indicated in the proxies submitted to the Corporation.
- (e) *In-house Training; Continuing Education Programs* - The changes in the ACGR pertain to the actual training/ seminars attended by the directors and key officers of the Corporation.
- (f) *Company Policies on Business Conduct or Ethics* - During the Board meeting on May 15, 2014, the Corporation's Board of Directors approved the following policies:
 - (i) Dividend Policy;
 - (ii) Policy on Related Party Transactions;
 - (iii) Policy Against Insider Trading;
 - (iv) Audit Committee Charter.

Copies of the above policies were disclosed to the Securities and Exchange Commission (SEC) and the Philippine Stock Exchange (PSE).

On August 12, 2014, the Board of Directors of the Corporation approved the Corporation's Whistle Blower Policy.

- (g) *Related Party Transactions* - As discussed above, the Board approved the Corporation's policy on related party transactions on May 15, 2014.
- (h) *Board Meetings and Attendance* - The ACGR changes are based on the Corporation's record of attendance of directors in 2014 meetings.
- (i) *Aggregate Remuneration* - The changes pertain to actual changes in remuneration of the identified officers of the Corporation.
- (j) *Audit Committee; Nomination Committee and Remuneration Committee* - The members of the committees were appointed by the Board at its regular meeting held on August 12, 2014.
- (k) *Ownership Structure* - The changes pertain to changes in the shareholdings arising from usual transactions and the issuance of the 400% stock dividends.
- (l) *External Auditor's Fee* - The changes pertain to the amount of audit fees and the date of release of the 2013 audited financial statements.
- (m) *Dividends* - The ACGR changes are based on the actual declarations of dividends for the year 2014. In sum, the Corporation declared regular cash dividends of Php1.20/ share and special cash dividends on Php1.20 / share on May 15, 2014. The Board likewise declared 400% stock dividends on May 15, 2014, and this was ratified by the stockholders on August 5, 2014. The shares arising from the stock dividends were issued (listed on the PSE) on November 7, 2014.
- (n) *Questions During the Annual Stockholders' Meeting; Result of Annual Meeting; Attendance* - The changes pertain to the actual events that transpired during the annual stockholders' meeting held on August 5, 2014, as contained in the minutes of the annual stockholders' meeting posted in the Corporation's website and in the disclosures submitted to the SEC and the PSE.
- (o) *Definitive Information Statement (DIS) and Management Report* - The changes pertain to the date of actual distribution of the DIS and management report.
- (p) *Risk Management System* - The Board of Directors approved the Corporation's Enterprise Risk Management (ERM) Policy during its meeting held on November 18, 2014.
- (q) *Investor Relations Program* - The changes pertain to the additional objectives and principles in the investor relations program which were previously reported in the ACGR.

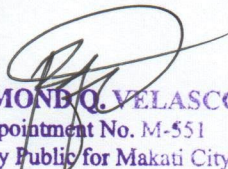
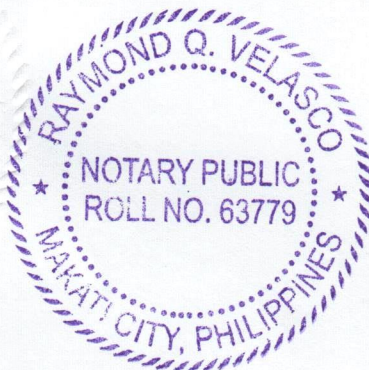
IN WITNESS WHEREOF, I have signed this Secretary's Certificate this
JAN 08 2015 at Makati City, Metro Manila.



NOEL A. LAMAN
Corporate Secretary

SUBSCRIBED AND SWORN TO BEFORE ME, a Notary Public for and in the City of Makati, Philippines, this JAN 08 2015, by the affiant, whose identity I have confirmed through his Passport No. EC1231940 issued on May 27, 2014 at DFA Manila, bearing the affiant's photograph and signature, and who showed to me his Community Tax Certificate No. 20259051 issued at Makati City on February 11, 2014.

Doc. No. 208;
Page No. 43;
Book No. I;
Series of 2015.



RAYMOND Q. VELASCO

Appointment No. M-551
Notary Public for Makati City
Until December 31, 2015
Castillo Laman Tan Pantaleon
& San Jose Law Firm
The Valero Tower, 122 Valero Street
Salcedo Village, Makati City
PTR No. 4373291;05-12-2014;Makati City
IBP No. 968755;04-11-14;PPLM Chapter
Roll No. 63779



DMCI HOLDINGS
I N C O R P O R A T E D

January 6, 2015

3rd floor
DACON Building
2281 Don Chino Rocas Ave.
(formerly Pasong Tamo Ext.)
Makati City 1231, Philippines

(632) 888 • 3000
Facsimile
(632) 816 • 7362
E-Mail
investor_inquiries@dmcinet.com

Securities and Exchange Commission
SEC Building, EDSA
Mandaluyong City

Attention: Atty. Justina F. Callangan
Director
Corporate Governance and Finance Department

Re: Consolidated Changes in Annual Corporate Governance
Report for the year 2014

Gentlemen:

In compliance with SEC Memorandum Circular No. 12, series of 2014, we hereby formally advise the Commission of the following:

**CONSOLIDATED CHANGES IN THE ANNUAL CORPORATE GOVERNANCE REPORT (ACGR)
FOR THE YEAR 2014**

Composition of the Board

Complete the table with information on the Board of Directors:

Director's Name	Type [Executive (ED), Non- Executive (NED) or Independent Director (ID)]	If nominee, identify the principal	Nominator in the last election (if ID, state the relationship with the nominator)	Date first elected	Date last elected (if ID, state the number of years served as ID) ¹	Elected when (Annual /Special Meeting)	No. of years served as director
David M. Consunji*	NED		Dacon Corp.	May 1995	August 5, 2014	Annual Meeting	19 yrs.
Cesar A. Buenaventura	NED		Dacon Corp.	May 1995	August 5, 2014	Annual Meeting	19 yrs.
Isidro A. Consunji	ED		Dacon Corp.	May 1995	August 5, 2014	Annual Meeting	19 yrs.
Herbert M. Consunji	ED		Dacon Corp.	May	August 5, 2014	Annual	19 yrs.

Subsidiaries:

D.M. Consunji, Inc.

DMCI Project Development Corporation
Reckoned from the election immediately following January 2, 2012.

DMCI Power Corporation

DMCI Mining Corporation

Semirara Mining Corporation

DMCHMPIC Water Co., Inc.

Wire Rope Corporation of the Phils.

				1995		Meeting	
Ma. Edwina C. Laperal	ED		Dacon Corp	May 1995	August 5, 2014	Annual Meeting	19 yrs.
Victor A. Consunji	NED		Dacon Corp	May 1995	August 5, 2014	Annual Meeting	19 yrs.
Jorge A. Consunji	NED		Dacon Corp	May 1995	August 5, 2014	Annual Meeting	19 yrs.
Honorio O. Reyes-Lao	ID		Jose L. Merin – no family/business relationship	July 2009	August 5, 2014 Two (2) years	Annual Meeting	2 yrs. (based on SEC Circular No.9-2011 which took effect on Jan. 2, 2012)
Antonio Jose U. Periquet	ID		Jose L. Merin – no family/business relationship	July 2010	August 5, 2014 Two (2) years	Annual Meeting	2 yrs. (based on SEC Circular No.9-2011 which took effect on Jan. 2, 2012)

**Resigned as Chairman and Director of the Board; appointed as Chairman Emeritus on November 18, 2014.*

Directorship in Other Companies

(i) Directorship in the Company's Group²

Identify, as and if applicable, the members of the company's Board of Directors who hold the office of director in other companies within its Group:

Director's Name	Corporate Name of the Group Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
David M. Consunji	D.M. Consunji, Inc. Semirara Mining and Power Corp.* Dacon Corporation Sem-Calaca Power Corporation Southwest Luzon Power Generation Corp. Semirara Claystone, Inc.	Non-Executive/Chairman Non-Executive/Chairman Emeritus Non-Executive Non-Executive/Chairman Non-Executive/Chairman Non-Executive/Chairman
Cesar A. Buenaventura	D.M. Consunji, Inc. Semirara Mining and Power Corp.*	Non-Executive Non-Executive
Isidro A. Consunji	D.M. Consunji, Inc. Semirara Mining and Power Corp.* DMCI Project Developers, Inc. DMCI Mining Corp. DMCI Power Corp. DMCI Masbate Corp. DMCI-MPIC Water Company Inc.	Non-Executive Executive/Chairman Executive/Chairman Executive/Chairman Executive Executive Non-Executive

² The Group is composed of the parent, subsidiaries, associates and joint ventures of the company.

	Maynilad Water Services, Inc. Sem-Calaca Power Corp. Southwest Luzon Power Generation Corp. Sem Calaca Res Corporation (formerly DMCI Calaca Corp.) Dacon Corporation DFC Holdings, Inc.	Non-Executive Executive Executive
Herbert M. Consunji	Semirara Mining and Power Corp.* DMCI Mining Corp. DMCI Power Corp. DMCI-MPIC Water Company Inc. Maynilad Water Services, Inc. Sem-Calaca Power Corp. Southwest Luzon Power Generation Corp. Sem Calaca Res Corporation (formerly DMCI Calaca Corp.) Subic Water & Sewerage Co. Inc.	Non-Executive Non-Executive Non-Executive Non-Executive Executive Non-Executive Non-Executive Executive Non-Executive/Chairman
Ma. Edwina C. Laperal	Semirara Mining and Power Corp.* DMCI Project Developers, Inc. D.M. Consunji, Inc. Sem-Calaca Power Corp. Dacon Corp. DFC Holdings, Inc.	Non-Executive Executive Executive Non-Executive Non-Executive Non-Executive
Victor A. Consunji	D.M. Consunji, Inc. Semirara Mining and Power Corp.* DMCI Mining Corp. DMCI Power Corp. DMCI Masbate Corp. Sem-Calaca Power Corp. Southwest Luzon Power Generation Corp. Sem Calaca Res Corporation (formerly DMCI Calaca Corp.) Dacon Corp. DFC Holdings, Inc.	Non-Executive Executive Non-Executive Executive Non-Executive Executive Executive Executive Executive Non-Executive
Jorge A. Consunji	D.M. Consunji, Inc. Semirara Mining and Power Corp. DMCI Project Developers, Inc. DMCI Mining Corp. DMCI Power Corp. DMCI Masbate Corp. Sem-Calaca Power Corp. Southwest Luzon Power Generation Corp. DMCI-MPIC Water Company Inc. Maynilad Water Services, Inc. Dacon Corp. DFC Holdings, Inc.	Executive Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive
Honorio O. Reyes-Lao	None	Not applicable
Antonio Jose U. Periquet	None	Not applicable

**Change in corporate name*

Shareholding in the Company

Complete the following table on the members of the company's Board of Directors who directly and indirectly own shares in the company:

Name of Director	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
David M. Consunji	5,000.00	0	0.0459%
Cesar A. Buenaventura	900,000.00	5,700,000	0.0429%
Isidro A. Consunji	65,000.00	20,950,385	0.1578%
Herbert M. Consunji	23,000.00	0	0.0000%
Ma. Edwina C. Laperal	3,315,000.00	82,646,835	0.6215%
Victor A. Consunji	5,000.00	54,588,045	0.4111%
Jorge A. Consunji	5,000.00	551,710	0.0034%
Honorio O. Reyes-Lao	175,000.00	0	0.0000%
Antonio Jose U. Periquet	125,000.00	3,251,850	0.0245%
TOTAL	4,618,000.00	167,688,825	1.2977%

As of December 31, 2014

Chairman and CEO

- (a) Do different persons assume the role of Chairman of the Board of Directors and CEO? If no, describe the checks and balances laid down to ensure that the Board gets the benefit of independent views.

Yes ☐

No ☒

Identify the Chair and CEO:

Chairman of the Board	Isidro A. Consunji
CEO/President	Isidro A. Consunji

On November 18, 2014, Mr. David M. Consunji resigned as Chairman and Member of the Board of Directors. The Board likewise appointed Mr. Isidro A. Consunji as Chairman and CEO while Mr. David A. Consunji was appointed as Chairman Emeritus.

Changes in the Board of Directors (Executive, Non-Executive and Independent Directors)

(a) Resignation/Death/Removal

Indicate any changes in the composition of the Board of Directors that happened during the period:

Name	Position	Date of Resignation	Reason
David M. Consunji	Chairman Emeritus	November 18, 2014	Resignation
Isidro A. Consunji	Chairman/CEO	November 18, 2014	Appointed by the Board

Voting Result of the last Annual General Meeting

Name of Director	Votes Received
David M. Consunji	2,078,123,685
Cesar A. Buenaventura	2,106,999,694
Isidro A. Consunji	2,092,454,995
Herbert M. Consunji	2,109,774,880
Ma. Edwina C. Laperal	2,073,897,510
Victor A. Consunji	2,109,774,880
Jorge A. Consunji	2,092,238,989
Honorio O. Reyes-Lao	2,110,164,420
Antonio Jose U. Periquet	2,110,164,420

State any in-house training and external courses attended by Directors and Senior Management³ for the past three (3) years:

Date	Seminars Attended
October 21, 2014	Corporate Governance Forum
September 2-3, 2014	Asian Forum on Corporate Social Responsibility
July 21, 2014	Seminar on Corporate Governance
June 9, 2014	Distinguished Corporate Governance Seminar Series
April 29, 2014	Distinguished Corporate Governance Seminar Series

³ Senior Management refers to the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the company.

February 5, 2014	Distinguished Corporate Governance Seminar Series
November 15, 2013	ICD Annual Workshop Session on Asean Corporate Governance Scorecard
October 25, 2013	Corporate Governance Orientation by ICD
September 10, 2013	11 th MAP CEO Conference
August 23, 2012	Enterprise Risk Awareness Session by SGV & Co.
March 02, 2012	Economic Briefing by Victor Abola
December 15, 2010	Private-Public Partnership Briefing by Alberto Agra
July 30, 2010	Economic Briefing by Prof. Victor Abola
June 28, 2010	Cross Cultural Seminar by Prof. Yih-teen Lee
January 12, 2010	Leadership Seminar by Dr. Pablo Cardona
August 11, 2009	Introduction to Economics by Federico Macaranas
August 15, 2009	The Language of Business by Felixberto Bustos
August 21, 2009	The Chinese Financial System by Dr. Victor S. Limlingan

Continuing education programs for directors: programs and seminars and roundtables attended during the year.

Name of Director/Officer	Date of Training	Program	Name of Training Institution
David M. Consunji Director/Chairman	June 9, 2014	Distinguished Corporate Governance Seminar	Institute of Corporate Directors
Cesar A. Buenaventura Director/Vice-Chairman	April 29, 2014	Distinguished Corporate Governance Seminar	Institute of Corporate Directors
Isidro A. Consunji Director/President	April 29, 2014	Distinguished Corporate Governance Seminar	Institute of Corporate Directors
Ma. Edwina C. Laperal Director/Treasurer	March 1, 7, 8, 17, 18 - 2011	Professional Directors Program	Institute of Corporate Directors
Herbert M. Consunji Director/VP and CFO/Compliance Officer	March 1, 8, 9, 18, 19 - 2010	Professional Directors Program	Institute of Corporate Directors
	February 5, 2014	Distinguished Corporate Governance Seminar	Institute of Corporate Directors
Victor A. Consunji Director	June 9, 2014	Distinguished Corporate Governance Seminar	Institute of Corporate Directors
Cristina C. Gotianun Asst. Treasurer	March 1, 8, 9, 18, 19 - 2010	Professional Directors Program	Institute of Corporate Directors
Jorge A. Consunji Director	September 1, 2010	Corporate Governance Orientation Program	Institute of Corporate Directors
	February 5, 2014	Distinguished Corporate Governance Seminar	Institute of Corporate Directors
Honorio O. Reyes-Lao Independent Director		A Fellow of the Institute of Corporate Directors	Institute of Corporate Directors
	February 5, 2014	Distinguished Corporate Governance Seminar	Institute of Corporate Directors

Antonio Jose U. Periquet Independent Director	July 21, 2014	Corporate Governance Seminar	SGV & Co.
Victor S. Limlingan Managing Director		Has been a lecturer on various Corporate Governance seminars.	Asian Institute of Management
	October 21, 2014	Corporate Governance Forum	Philippine Stock Exchange/Securities and Exchange Commission
Aldric G. Borlaza Senior Finance Officer	April 29, 2014	Distinguished Corporate Governance Seminar	Institute of Corporate Directors
Brian T. Lim Finance Officer	June 9, 2014	Distinguished Corporate Governance Seminar	Institute of Corporate Directors
	October 21, 2014	Corporate Governance Forum	Philippine Stock Exchange/Securities and Exchange Commission
Ma. Luisa C. Austria Administration and Accounting Officer	June 9, 2014	Distinguished Corporate Governance Seminar	Institute of Corporate Directors
Tara Ann C. Reyes Investor Relations Officer	June 9, 2014	Distinguished Corporate Governance Seminar	Institute of Corporate Directors
Tulsi Das C. Reyes Executive Assistant to the President	June 9, 2014	Distinguished Corporate Governance Seminar	Institute of Corporate Directors

Discuss briefly the company's policies on the following business conduct or ethics affecting directors, senior management and employees:

Business Conduct & Ethics	Directors	Senior Management	Employees
(a) Conflict of Interest	Directors, Executive Officers and Employees owe a fiduciary duty to the Company that requires them to act in the best interest of the Company. Actual and potential conflicts of interest should be avoided or otherwise identified, disclosed, and explained in sufficient detail to enable valid judgments to be made on their adverse impact. The persons who are conflicted should not participate in the discussion and decision on the issue in question, nor be entitled to vote on any resolution where they are conflicted. Related party contracts should be disclosed in the annual report.		
(b) Conduct of Business and Fair Dealings	The Company does not seek competitive advantages through illegal or unethical business practices. Each Director, Executive Officer and Employee should endeavor to deal fairly with the Company's customers, service providers, suppliers, and competitors. No Director, Executive Officer or Employee should take unfair advantage of anyone through manipulation, concealment, abuse of privilege information, misrepresentation of material facts, or any unfair dealing practices.		
(c) Receipt of gifts from third parties	All Directors, Executive Officers and Employees should not be receiving from, or giving to, a supplier, customer or competitor, gifts, gratuities, special allowances, discounts or other benefits not generally available of more than nominal value.		

(d) Compliance with Laws & Regulations	Directors, Executive Officers and Employees must carry out their duties with professionalism and in accordance with ethical standards. They must conduct business in accordance with the law, the charter of the Company, and a high standard of commercial morality. They shall at all times act with loyalty to the Company, ensuring that its goals, strategies, policies and practices are moral, proper, and legal. They must be prepared to dissociate themselves from the Company in the event that despite their efforts, ethical and legal standards are being seriously compromised. They should refer to the Company's statements of best practice as part of their decision-making process.
(e) Respect for Trade Secrets/Use of Non-public Information	Directors, Executive Officers, and Employees must observe the confidentiality of non-public information and not disclose it to any other person without the authority of the Board. A Director, Executive Officer or Employee who has a special allegiance to a particular shareholder may not disclose confidential information to that particular shareholder without the authority of the Board.
(f) Use of Company Funds, Assets and Information	Each Director, Executive Officer and Employee owes a duty to advance the Company's legitimate interests when the opportunity to do so arises. He may not: (a) receive or seek to receive a benefit from opportunities that are discovered through his involvement with the Company (including, without limitation, his use of the Company's property, information, or his position); or (b) compete with the Company, directly or indirectly, for business opportunities in the areas (or lines) of business in which the Company is engaged or in new areas (or lines) of business in which the Company has disclosed its intent or plans to engage.
(g) Employment & Labor Laws & Policies	Policies are in accordance with the Philippine Labor Code
(h) Disciplinary action	All Directors, Executive Officers and Employees should strive to identify and raise potential issues before they become problems and should ask about the application of this Code whenever in doubt. Any Director, Executive Officer or Employee who becomes aware of any existing or potential violation of this Code shall promptly notify the Company's Compliance Officer. The Company will take such disciplinary or preventive action as it deems appropriate to address any existing or potential violation of this Code brought to its attention. The Company will not tolerate retaliation for reports of violations of this Code made in good faith.
(i) Whistle Blower	The Whistleblower Policy (the "Policy") is hereby promulgated to encourage all its stakeholders, including the directors, officers and employees, all suppliers, business partners, contractors and subcontractors, to come forward and voice serious concerns about a perceived wrongdoing or malpractice involving the Company. The Policy aims to provide avenues for stakeholders to raise serious concerns and receive feedback on any action taken in respect of such concerns raised. It sets out a method for properly addressing <i>bona fide</i> concerns that stakeholders might have, while also offering whistleblowers protection from victimization, harassment or disciplinary proceedings. All whistleblowing disclosures made to the proper Reporting Channel will be treated as confidential. The whistleblower should make it clear that he/she is making the disclosure within the terms of the Company's whistleblowing policy. This will ensure that the recipient of the disclosure realizes this and takes the necessary action to investigate the disclosure and to protect the whistleblower's identity.

(j) Conflict Resolution	No formal company policy
(k) Insider Trading	This Policy on Insider Trading (“the Policy”) sets out the implementing rules and guidelines for Directors, Officers and all other employees of DMCI Holdings, Inc. (the “Company”) and its subsidiaries, whether owned directly or indirectly, whenever they are conducting securities transactions (buying and/or selling) of the Company’s shares of stock in the market. The Policy requires that Covered Persons as defined in Section 3, who have knowledge, from time to time, of material information concerning the Company, which have not been disclosed to the public, including any information likely to affect the market price of the Company’s shares of stock, cannot buy or sell either personally or on behalf of others while in possession of such material nonpublic information. Covered persons must not disclose or disseminate material, nonpublic information about the Company to other persons, either within or outside the Company, except on a reasonable need to know basis that furthers a legitimate business purpose of the Company. Covered Persons For the purpose of this Policy, an “insider” will be defined as follows: ▪ Members of the Board of Directors and the Corporate Secretary of the Company and its subsidiaries; ▪ Key Officers as defined in the by-laws of the Company and its subsidiaries, whether owned directly or indirectly, who are or may be in possession of material non-public information about the Company because of their responsibilities. ▪ Consultants and Advisers of the Company; ▪ Any person who possesses material non-public information regarding the Company is an Insider for so long as the information is not publicly known. Any employees can be an Insider from time to time, and would at those times be subject to this Policy. ▪ Members of the immediate families of Directors, Key Officers and all other Covered Persons who are living in the same household as the abovementioned Covered Persons. Material Information 4.1 Information, whether positive or negative, is deemed to be material if there is a reasonable likelihood that it would be considered important to an investor in making a decision regarding the purchase or sale of shares of stock of the Company and/or if the information is price sensitive. Such material information includes, but is not limited to: ▪ Financial results ▪ Adjustments of reported earnings ▪ Projections of future earnings or losses ▪ News of a pending or proposed merger ▪ Change in the corporate structure such as a re-organization ▪ Acquisition/Divestitures/Joint Ventures ▪ Dividend declaration and changes in dividend policy ▪ Stock splits ▪ New significant equity investments or debt offerings

	▪ Significant litigation exposure ▪ Solvency problems which may arise from litigation, final judgments, loan defaults and losses of major clients or contracts ▪ Major changes in key senior management positions ▪ Public or private sale of Company shares ▪ Plans to repurchase securities or go to the public with a new issue Other significant developments or changes in the Company which may affect the share market price RESTRICTION PERIODS Directors, Key Officers and all Covered Persons are strictly prohibited from trading during the following periods: ▪ Structured Disclosures – Within Five (5) trading days before and within Three (3) trading days after the disclosure of quarterly (SEC17Q) and annual (SEC 17A) financial results; ▪ Non-Structured Disclosures – within Three (3) trading days after the disclosure of any material information other than the abovementioned structured disclosure; In both instances of disclosures, office bulletins for Restriction Periods pertaining to the above will be issued by the Office of the Compliance Officer.
(l) Dividend Policy	As approved by its Board of Directors, DMCI Holdings, Inc. (“the Company”) is committed to provide reasonable economic returns to its shareholders with a dividend payout ratio of at least 25% of the preceding year’s Consolidated Core Net Income. Consolidated Core Net Income is currently defined as reported net income excluding all foreign exchange, mark-to-market gains and losses and non-recurring items. The Company may, from time to time, pay special dividends as a return of excess funds to shareholders as determined by the Board of Directors upon considering the investing and operating needs of the Company. This policy is subject to the availability of unrestricted retained earnings, and subject further to compliance with applicable laws, rules and regulations on dividend declarations.
(m) Health and Safety and General Welfare Policy	The Company is committed to improving the health and safety performance of the Group, including the employees of its subsidiaries. The Company recognizes the benefits of health and safety to the organization and that committed to a high level of safety makes good business sense. Therefore the Company has adopted the following programs for health and

	safety, and general welfare of the employees: Health and Safety Policy Statement Coverage under a health care maintenance program/insurance Coverage under a group term life and accident insurance Provide annual physical examinations, free medical consultations and health facilities such Wellness facilities such as gym, basketball and badminton courts Engage employees to participate in sports and recreation programs General Welfare Policy Annual team building and socialization events to promote camaraderie and positive interaction among employees and subsidiaries Support employees to their participation on clubs and organizations outside the Company to be able to further develop their skills and maintain contacts with colleagues in the industry. Provide in-house and outsourced trainings and seminars All managers are expected to actively support the board in the development and proper implementation of the company's above Policy. The Management must ensure that the necessary resources of staff, facilities and finance are provided to implement the Policy. Each subsidiary must set to seek the highest standard of safe working environment for their respective employees. A measuring program of the results and performance for health and safety must be established and implemented to monitor the effectiveness of each programs.

Related Party Transactions

(a) Policies and Procedures

Describe the company's policies and procedures for the review, approval or ratification, monitoring and recording of related party transactions between and among the company and its parent, joint ventures, subsidiaries, associates, affiliates, substantial stockholders, officers and directors, including their spouses, children and dependent siblings and parents and of interlocking director relationships of members of the Board.

Related Party Transactions	Policies and Procedures
(1) Parent Company	The Related Party Transactions (RPT) Policy requires that any transactions with related parties are made on terms equivalent to those that prevail in an arm's length transactions. The Audit Committee as per its Board-approved Charter shall be responsible to oversee and review the propriety of RPTs and their required reporting disclosures. In its review, it shall take into account, among other factors it deems appropriate, whether the Related Party Transaction is entered into on terms no less favorable to the concerned company than terms generally available to an unaffiliated third-party under the same or similar circumstances; and the extent of the Related Parties' interest in the transaction. This Policy refers to the expanded definition of Philippine Accounting Standards (PAS) 24 on Related Parties. The Standard emphasizes the substance of the relationship and not merely the legal form. The term Related Parties shall include: a. Parties that are members of the same group, i.e. each parent, subsidiary and fellow subsidiary is related to the others; b. All Directors, Officers, Managers and Key Management Personnel having authority and responsibility for planning, directing and controlling the activities of the Company or <i>its Subsidiary or its Parent, directly or indirectly</i>; including companies they have control or joint control or significant influence in; • Control - the power to govern the financial and operating policies of the Company <i>or its Subsidiary</i>. • Significant influence - the power to participate in the financial and operating policy decisions of the Company <i>or its Subsidiary</i>, but is not control over those policies. This may be gained by share ownership, statute or agreement. c. Close family members of an individual referred to in (b) above, who may be expected to influence, or be influenced by, that individual in their dealings with the Company <i>or its Subsidiary</i>; • Close family member - the individual's spouse or domestic partner and children (whether legitimate or illegitimate), stepchildren, and dependents of the individual or that individual's spouse or domestic partner. d. Party is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member); Party is a joint venture or associate of a third entity; and e. Post-employment benefit plan, and sponsoring employers of such a plan, of either the Company or an entity that is a related party of the Company.

	Related Party Transaction is a transfer of resources, services or obligations between the Company & its Subsidiaries, and a related party, regardless of whether a price is charged. Examples of RPTs are: • Guarantees or commitments to do something if a particular event occurs or does not occur in the future, including executory contracts (i.e. neither party has performed any obligation or both parties have partially performed their obligations to an equal extent) • Loans to directors • Sale or purchase of goods • Sale, purchase or lease of property and/or assets • Provision or receipt of services or leases • Assumption of financial/operating obligations • Subscription for debt or equity issuances • Establishment of joint venture entities • Settlement of liabilities on behalf of the Company or its Subsidiary or by the Company or its Subsidiary on behalf of a related party • Compensation, benefits (monetary and non-monetary), postemployment benefits, termination benefits and share-based payment of current employees Identification, Review and Approval of Related Party Transactions 1. Generally, Management promptly reports to the Board of Directors (Board) on the terms, business purpose, benefits and other details of each new, existing or proposed RPT for review and approval. The Board shall approve any RPT before its commencement. However, if the same is not identified beforehand, it must be subsequently reviewed and ratified by the Board. 2. The Audit Committee shall assist the Board in its review of RPT. The Board shall consider whether the terms of the RPT are on arms' length and fair to the Company and such factors as the following: • Materiality • The purpose and timing of the transactions • Extent of the Related Party's interest in the RPT; and • Conflict of interest, actual or apparent, of the Related Party participating in the transaction. • Any other relevant information regarding the transaction 3. The Audit Committee may establish guidelines to manage and monitor conflicts of interest of Management, Board Directors and shareholders, including misuse of corporate assets and abuse in RPTs.

	4. A Director, officer or key management personnel shall promptly notify the Audit Committee or the Company's Officer of the Compliance Officer of any interest he or his immediate family member had, has or may have in a RPT. He shall disclose all material information concerning the RPT. Pre-Approved RPTs 5.1The following shall be deemed to be pre-approved by the Board in accordance with the Company's Table of Authorities: a. Compensation and employment of executive officers and directors approved by the Compensation & Remuneration Committee; b. Transactions with similar terms available to all employees generally; c. Charitable contributions by the Company where the Related Party is an employee or director, if the aggregate amount involved does not exceed P5M; d. Banking-related services and transactions with a Related Party, if the terms are generally the same as or similar to offers of other banks in the ordinary course of business; e. Share transactions such as dividends, repurchase, rights offerings, available to all shareholders on a pro-rata ownership basis. f. Any transaction with a Related Party involving the rendering of services as a common or contract carrier, or public utility, at rates or charges fixed in conformity with law or governmental authority. Threshold The Parent Company and its subsidiaries, whether owned directly or indirectly, shall set thresholds and categories for Disclosure and Approval of RPTs. The amount of each RPT shall be considered for purposes of applying these thresholds. Related Party Transaction • Less than three percent (3%) of Total Assets of Parent or Subsidiary requires approval of the concerned entity's CEO or President; • Three percent (3%) of Total Assets and above of Parent or Subsidiary requires approval of concerned entity's Board of Directors. • Twenty percent (20%) of Total Assets and above of Parent or Subsidiary requires approval of concerned entity's Shareholders. Disclosure • Ten percent (10%) of Total Assets and above of Parent (<i>SEC's prescribed threshold level for materiality in financial statements reporting or</i>

	<i>disclosure)</i> Exception: • Sale or purchase of goods and services in the ordinary course of business amongst Parent Company and its Subsidiaries at arm's length terms. To ensure fairness and transparency, this exception is still subject to compliance with applicable SEC disclosure requirements and the Transfer Pricing guidelines issued by BIR (RR 02-2013). • Transactions of Parent Company and its Subsidiaries involving the exercise of corporate powers such as investments, subscriptions, equity restructuring, dividend declarations, and corporate guarantees to subsidiaries. Disclosure RPTs that are required to be disclosed and reported in the Company's filings with the Securities and Exchange Commission (SEC) shall be disclosed in accordance with laws, rules, regulations, Philippine Financial Reporting & Accounting Standards. The Company shall comply with PAS 24's required disclosures of relationships between the Company & its Subsidiaries irrespective of whether there have been transactions between them, transactions and outstanding balances, <i>including commitments</i>, in the consolidated and separate individual financial statements. It shall disclose the name of its parent, the ultimate controlling party and/or the most senior parent (defined as the first parent above the immediate parent) that produces consolidated financial statements available for public use. All RPTs shall be disclosed to the Audit Committee and any material RPT shall be disclosed to the Board. Review 8.1 The Related Party Policy may be amended at any time and is subject to further guidance from the SEC and/or actions taken by the Parent Company's Board of Directors or Shareholders.

BOARD MEETINGS & ATTENDANCE

- 1) Are Board of Directors' meetings scheduled before or at the beginning of the year?
Regular quarterly board meetings are scheduled after the end of each quarter, while special board meetings are scheduled in between regular meetings as the need arises.

Attendance of Directors

Board	Name	Date of Election	No. of Meetings Held during the year*	No. of Meetings Attended	%
Member	Isidro A. Consunji	August 5, 2014	22	22	95.5%
Member	Cesar A. Buenaventura	August 5, 2014	22	21	100%
Member	Herbert M. Consunji	August 5, 2014	22	22	100%
Member	Ma. Edwina C. Laperal	August 5, 2014	22	22	100%
Member	Victor A. Consunj	August 5, 2014	22	21	95.5%
Member	Jorge A. Consunji	August 5, 2014	22	22	100%
Independent	Honorio O. Reyes-Lao	August 5, 2014	22	22	100%
Independent	Antonio Jose U. Periquet	August 5, 2014	22	22	100%

**January-December 2014*

Aggregate Remuneration

Complete the following table on the aggregate remuneration accrued during the most recent year:

Remuneration Item	Executive Directors	Non-Executive Directors (other than independent directors)	Independent Directors
(a) Fixed Remuneration	P4,073,532.00	-	-
(b) Variable Remuneration	-	-	-
(c) Per diem Allowance	P140,000.00	P190,000.00	P80,000.00
(d) Bonuses	-	-	-
(e) Stock Options and/or other financial instruments	-	-	-
(f) Others (Specify)	-	-	-
Total	P4,213,532.00	P190,000.00	P80,000.00

Other Benefits	Executive Directors	Non-Executive Director (other than independent directors)	Independent Directors
1) Advances	-	-	-
2) Credit granted	-	-	-
3) Pension Plan/s Contributions	-	-	-
(d) Pension Plans, Obligations incurred	-	-	-
(e) Life Insurance Premium	-	-	-
(f) Hospitalization Plan	P600,000.00*	-	-
(g) Car Plan	-	-	-
(h) Others (Specify)	-	-	-
Total	P600,000.00		

*The Company provides health insurance under Health Maintenance Organization (HMOs), which has a maximum annual limit of P300,000.00 per executive officer.

Remuneration of Management

Identify the five (5) members of management who are not at the same time executive directors and indicate the total remuneration received during the financial year:

Name of Officer/Position	Total Remuneration
Victor S. Limlingan – Managing Director	P4,830,175.16
Aldric G. Borlaza – Senior Finance Officer	
Brian T. Lim- Finance Officer	
Ma. Luisa C. Austria – Admin/Accounting Officer	

Audit Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman (ID)	Honorio O. Reyes-Lao	August 12, 2014	7	7	100	1 yr. 5 mos.*
Member (ED)	Isidro A. Consunji	August 12, 2014	7	7	100	1 yr. 5 mos.*
Member (NED)	None		-	-	-	
Member (ID)	Antonio Jose U. Periquet	August 12, 2014	7	7	100	1 yr. 5 mos.*

**From March 21, 2013 to August 12, 2014*

Disclose the profile or qualifications of the Audit Committee members.

In the Company's Manual on Corporate Governance, the audit committee shall be composed of at least three (3) Members of the Board, at least two (2) of whom must be independent and one (1) of whom shall be its head or chairman. Each member shall have adequate understanding at least or competence at most of the company's financial management systems and environment. The following are the detailed profile of the Audit Committee Members:

Honorio O. Reyes-Lao is the Director of Philippine Business Bank from 2010 up to present. He was the President and Director of Gold Venture Lease and Management Services, Inc, 2008-2009; Senior Business Consultant of the Antel Group of Companies, 2007-2009; Senior Management Consultant of East West Banking Corporation, 2005-2006. Prior to 2005, Mr. Reyes-Lao was the Senior Vice-President of China Banking Corporation in charge of the lending operation under the Account Management Group. He was a Director of the First Sovereign Asset Management Corporation, 2004-'06; Director and Treasurer of CBC Insurance Brokers, Inc, 1998- 2003 : Director of CBC Forex Corporation, 1997-2002; and CBC Properties and Computer Center, Inc, 1993-2006. His civic affiliations are the Makati Chamber of Commerce and Industries - past President; Rotary Club of Makati West – Treasurer; and a Fellow in the Institute of Corporate Directors, a professional organization which espouses good corporate governance in both private and public organizations.

Antonio Jose U. Periquet is currently the Chairman of Pacific Main Holdings; Director of the Lyceum of the Philippines University, The Straits Wine Company, Inc., Ayala Corporation, BPI Capital Corporation, Bank of the Philippine Islands, BPI Family Bank, Campden Hill Group, Regis Financial Advisers, Inc., ABS-CBN Corporation, Philippine Seven Corporation and Pancake House, Inc. He was previously chairman of Deutsche Regis Partners, Inc. and executive director of various financial institutions in London and Hong Kong. Mr. Periquet holds an MBA from the University of Virginia, a MSc in Development Economics from Oxford University and a Bachelor of Arts degree in Economics from the Ateneo de Manila University. He is a member of the Dean's Global Advisory Council, Darden School of Business, University of Virginia.

Isidro A. Consunji is a graduate of the University of the Philippines where he earned a degree in Bachelor of Science in Engineering. He took up master's degree in Business Economics from the Center for Research & Communication, and Business Management from the Asian Institute of Management. He took up Advanced Management Program at IESE School in Barcelona, Spain. He is a regular Director of the following: DMCI Project Developers, Inc., Semirara Mining Corporation, Dacon Corporation, DMCI-MPIC Water Company, Inc., Sem-Calaca Power Corp., Southwest Luzon Power Corp., Sem-Cal Industrial Park Developers Inc., Semirara Claystone Inc., Sem-Cal Res Corp., DMCI Power Corp., DMCI Mining Corp., Crown Equities, Inc. and Beta Electric Corporation. His other positions include: Chairman of the Board of Directors of DMCI Homes, Beta Electric Corporation; President of Dacon Corporation, and Sem-Calaca Power Corp.

Nomination Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Antonio Jose U. Periquet	August 12, 2014	4	4	100	1 yr. 5 mos*
Member (ED)	Ma. Edwina C. Laperal	August 12, 2014	4	4	100	1 yr. 5mos*
Member (NED)	David M. Consunji	August 12, 2014	4	4	100	1 yr. 5 mos*
Member (ID)	Honorio O. Reyes-Lao	August 12, 2014	4	4	100	1 yr. 5 mos*

**From March 21, 2013 to August 12, 2014*

Remuneration Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	Honorio O. Reyes-Lao	August 12, 2014	0	0		1 yr. 5 mos*
Member (ED)	-					
Member (NED)	Cesar A. Buenaventura Jorge A. Consunji	August 12, 2014 August 12, 2014	0	0		1 yr. 5 mos*
Member (ID)	None					
Member	None					

**From March 21, 2013 to August 12, 2014*

State the company's training and development programmes for its employees. Show the data.

The Company is committed to improving the performance of the Group, including the employees of its subsidiaries. The Company recognizes the benefits of trainings and development programs for the employees to grow and develop their skills and talents.

Below are trainings/seminars attended by key officers and employees:

Date	Seminars Attended
October 21, 2014	Corporate Governance Forum
September 25-26, 2014	National Public Relations Congress
September 2-3, 2014	Asian Forum on Corporate Social Responsibility
February 5, 2014/April 29, 2014/June 9, 2014	Distinguished Corporate Governance Seminar
October 18, 2013	Risk Driver Analysis Session

September 10, 2013	MAP CEO Conference
August 29, 2013	Presentation to Audit Committee
April 17, 2013	Unlocking the Power of Financial Modelling
August 23, 2012	Enterprise Risk Awareness Session by SGV & Co.
March 02, 2012	Economic Briefing by Victor Abola
December 15, 2010	Private-Public Partnership Briefing by Alberto Agra
July 30, 2010	Economic Briefing by Prof. Victor Abola
June 28, 2010	Cross Cultural Seminar by Prof. Yih-teen Lee
January 12, 2010	Leadership Seminar by Dr. Pablo Cardona
August 11, 2009	Introduction to Economics by Federico Macaranas
August 15, 2009	The Language of Business by Felixberto Bustos
August 21, 2009	The Chinese Financial System by Dr. Victor S. Limlingan

The Company has also in-house training through DM Consunji Technical Training Center. It provides quality training exclusive to the DMC Group of Companies such as Leadership, Supervisory Development, Problem Solving and Decision Making and Foremanship Training among others.

DISCLOSURE AND TRANSPARENCY

Ownership Structure

Holding 5% shareholding or more*

Shareholder	Number of Shares	Percent	Beneficial Owner
Dacon Corporation	6,076,969,505	45.77%	
DFC Holdings, Inc.	2,370,897,060	17.86%	
PCD Nominee Corp. (For)	2,220,623,841	16.72%	
PCD Nominee Corp. (Fil)	2,215,867,169	16.69%	

**as of December 31, 2014*

External Auditor's fee

Name of auditor	Audit Fee	Non-audit Fee
SGV & Co.	Php 2,975,280.00	None

Date of release of audited financial report: **April 25, 2014**

Dividends

Declaration Date	Record Date	Payment Date
May 15, 2014 (Cash-regular; P1.20/share)	May 30, 2014	June 13, 2014
May 15, 2014 (Cash-special; P1.20/share)	May 30, 2014	June 13, 2014
May 15, 2014 (400% Stock Dividend)	October 17, 2014	November 7, 2014

State, if any, questions and answers during the Annual/Special Stockholders' Meeting.

In the last ASM, the Vice-Chairman of the Board opened the floor for any questions that the stockholders may have in relation to the President's Report. Several stockholders stated their questions on revenue contributions from subsidiaries; production of nickel mining for the second half of 2014 and prospects; expansion on the power business; a proponent/contractor for prospective PPP Projects; interest in Maynilad, among others. Thereafter, there being no other questions from the floor, upon motion made and duly seconded, the President's report was approved by the majority of the outstanding capital stock.

The Company posted the Minutes of the Annual Stockholders' Meeting on its website a day after its meeting on August 5, 2014.

Result of Annual/Special Stockholders' Meeting's Resolutions

Resolution	Approving	Dissenting	Abstaining
Management Report	79.50%	None	None
Minutes of the previous meetings	79.45%	None	0.02%
Ratification of the acts of the Board of Directors and Officers	79.41%	None	0.07%
Appointment of Independent External Auditors	79.46%	None	0.02%
Election of Directors	79.45%	0.02	0.03
Other Matters	79.50%	None	None

Total number of shares present in person/represented by proxies:	2,111,132,650 shares
Percentage of the total outstanding shares present in person/represented by proxies:	79.50%
Total number of issued and outstanding capital stock:	2,655,494,000 shares

Stockholders' Attendance

(i) Details of Attendance in the Annual/Special Stockholders' Meeting Held:

Type of Meeting	Names of Board members / Officers present	Date of Meeting	Voting Procedure (by poll, show of hands, etc.)	% of SH Attending in Person	% of SH in Proxy	Total % of SH attendance
Annual	David M. Consunji Cesar A. Buenaventura Isidro A. Consunji Jorge A. Consunji Victor A. Consunji Herbert M. Consunji Ma. Edwina C. Laperal Honorio O. Reyes-Lao Antonio Jose U. Periquet Cristina C. Gotianun Atty. Pilar P. Gutierrez Victor S. Limlingan Aldric G. Borlaza Ma. Luisa C. Austria Brian T. Lim Tara Ann C. Reyes	August 5, 2014	As provided in the Voting Procedures indicated in the Definitive Information using Proxy Forms	3,500 (0.00%)	2,111,129,150 (79.50%)	2,111,132,650 (79.50%)
Special	No Special Stockholders' meeting held in 2014	Not applicable				

Definitive Information Statements and Management Report

Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials	The total number of stockholders as of Record Date who are entitled to notice of and vote for the ASM
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners	July 3, 2014
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders	July 3, 2014
State whether CD format or hard copies were distributed	Hard copies were distributed
If yes, indicate whether requesting stockholders were provided hard copies	Stockholders were provided hard copies and downloadable file available in the Company website.

RISK MANAGEMENT SYSTEM

Disclose the following:

- (a) Overall risk management philosophy of the company;
- (b) A statement that the directors have reviewed the effectiveness of the risk management system and commenting on the adequacy thereof;
- (c) Period covered by the review;
- (d) How often the risk management system is reviewed and the directors' criteria for assessing its effectiveness; and
- (e) Where no review was conducted during the year, an explanation why not.

This Enterprise Risk Management Policy ("the ERM Policy") provides the framework for managing risks across DMCI Holdings, Inc. ("DMCIHI" or "the Company"). It contains the fundamental policies to guide all DMCIHI personnel, including senior executive management and the Board of Directors, who are directly or indirectly involved in the strategic, operations, compliance and financial activities of the Company. This will serve as the guide to enable the concerned Company personnel to make appropriate actions and decisions pertaining to the management of the Company's portfolio of risks.

Purpose

This ERM Policy forms part of DMCIHI's Corporate Governance Manual and shall:

1. Establish the risk management vision, goals and objectives of the Company;
2. Provide an enterprise-wide risk management framework, structure, and organization that support the achievement of the Company's risk management vision, goals, and objectives;
3. Define the roles and responsibilities of DMCIHI's Board of Directors ("BOD" or "the Board"), senior management, officers, and all employees with regards to the Company's risk management processes and activities;
4. Establish a common culture and language that promote consistent definition and understanding of risks and their related impact to the Company's business; and
5. Establish a consistent and enterprise-wide approach in identifying and prioritizing risks, analyzing inter-relationship among risks, identifying the drivers and sources of risks, development of strategies and action plans in managing risks, monitoring and reporting on the implementation of risk management strategies and action plans, and evaluating the effectiveness of the overall risk management process for continuous improvement.

Scope

This ERM Policy applies only to DMCIHI.

Enterprise Risk Management Vision

DMCIHI's enterprise risk management ("ERM") shall serve as one of the Company's key enablers for effective corporate governance and achievement of the Company's strategic objectives.

ERM Goals and Objectives

To effectively realize DMCIHI's risk management vision, ERM shall:

1. Establish a sustainable risk management process to enable DMCIHI to focus on and manage its key risks;
2. Embed risk management into the awareness and day-to-day activities of each DMCIHI officer and employee;
3. Integrate a rigorous risk management process into the strategic planning, budgeting and decision-making process; and
4. Provide a structured framework for enhancing DMCIHI's corporate governance

Risk Management Oversight Structure

To ensure the successful implementation of DMCIHI's ERM, it is important that a risk management structure is in place to have an integrated and independent view of the enterprise-wide risks across the different risks categories (e.g., strategic, operations, compliance and financial). This will allow the Company to reduce any gaps in risk coverage, risk management functional inefficiencies and overlaps, and confusion among concerned personnel due to lack of structured communication and reporting lines.

Develop Common Language

To enhance clarity of communication and action on risk-related matters, DMCIHI shall ensure that a common risk language as embodied in the Company's risk dictionary exists, is communicated, and understood by all employees at all levels of the organization. DMCIHI shall also ensure that the common risk language is continuously updated and modified to include new and emerging risks by considering factors that are both internal and external to the Company. This shall be done through the review of the risk dictionary at least annually or if there are any amendments made thereto.

Develop Risk Management Strategies

After identifying, prioritizing, and analyzing risks, DMCIHI shall develop strategies to manage risks consistent with the Company's strategic goals and objectives and risk appetite and tolerance levels. The strategy of DMCIHI' to (1) Accept - retain, reduce or exploit or (2) Reject – avoid or transfer, risks shall include cross-checking with other groups and stress-testing which involves developing conservative and aggressive assumptions and scenarios to test the effectiveness of the strategies.

Develop Risk Management Action Plans

Based on the approved risks management strategies, DMCIHI shall develop specific action plans to support the implementation of these strategies. DMCIHI shall ensure that appropriate communication protocols and channels exist to support the execution of action plans that require coordinated effort across business functions.

Monitor and Report on the ERM process

DMCIHI shall continuously monitor the risks and effectiveness of the implementation of the strategies/action plans. This shall be done by ensuring that risk management is a regular agenda item in BOD, ManCom, and functional level meetings. DMCIHI shall also ensure that all initiatives pertaining to the overall ERM process continuously monitored and regularly reported to the appropriate stakeholders in the Company. Monitoring of the ERM process shall be applied on: 1) existing priority risks; 2) new emerging risks; 3) risk management performance; and 4) specific measures, policies and procedures both at the enterprise-wide and business function levels.

Any material weaknesses or significant control deficiencies identified shall be reported and presented to the ManCom and BOD together with the actions being taken to resolve the issues or to follow up on the resolution of long-outstanding issues.

INVESTORS RELATIONS PROGRAM

- 1) Discuss the company's external and internal communications policies and how frequently they are reviewed. Disclose who reviews and approves major company announcements. Identify the committee with this responsibility, if it has been assigned to a committee.

External and internal policies are all in accordance with the Company's By-Laws, Manual on Corp. Governance and Code of Business Conduct and Ethics. The Compliance Officer is responsible for reviewing company disclosures, get approval from the President or Chairman for release of such disclosure to the public as the need arises.

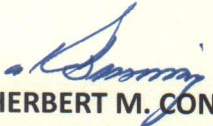
- 2) Describe the company's investor relations program including its communications strategy to promote effective communication with its stockholders, other stakeholders and the public in general. Disclose the contact details (e.g. telephone, fax and email) of the officer responsible for investor relations.

	Details
(1) Objectives	1. Communicate to the Company's performance and significant undertaking to key stakeholders 2. Increase investor interest in the Company and create a positive market response 3. Maintain regular contact with analysts 4. Availability & promptness 5. Full, public and timely disclosure of material information to the Philippine Stock Exchange and to the Securities and Exchange Commission 6. Our Investor Relations Program is very strongly aligned with the Company's Corporate Governance Policies on Disclosures and Stockholders' Rights

(2) Principles	- To provide accurate and essential information to stockholders in a regular and consistent manner - Fairness & Transparency - To raise the Company's profile by attracting a diverse pool of investors - Respect the rights of minority shareholders - Namely: Right to Vote, Pre-emptive Right to all stock issuances of the corporation, Right to Inspect corporate books and record, Right to information, Right to dividends, Appraisal right
(3) Modes of Communications	Via teleconference call, one-on-one and small group meetings. Tel: (632) 888 3000 local 1023 Fax: (632) 816 7362 Email: investors.dmciholdings@gmail.com
(4) Investors Relations Officer	Dr. Victor S. Limlingan, Managing Director Tara Ann C. Reyes, Investor Relations Officer

We trust the foregoing is sufficient. Should you require any further information, kindly let us know.

Very truly yours,


HERBERT M. CONSUNJI
 Vice-President and Chief Finance Officer
 Compliance Officer



PART V – EXHIBITS AND SCHEDULES

INDEX TO EXHIBITS FORM 17-A

Number	Particulars
1	List of the Top 20 shareholders of the Company
2	List of reports filed under SEC Form 17-C

**LIST OF TOP 20 STOCKHOLDERS
AS OF DECEMBER 31, 2014**

	NAME	No. Of Shares	PERCENTAGE
1.	DACON CORPORATION	6,076,969,505	45.769%
2.	DFC HOLDINGS, INC.	2,370,782,060	17.855%
3.	PCD NOMINEE CORPORATION (FOREIGN)	2,220,623,841	16.724%
4.	PCD NOMINEE CORPORATION (FILIPINO)	2,215,867,169	16.689%
5.	DMCI RETIREMENT PLAN	99,900,000	0.752%
6.	FERNWOOD INVESTMENT, INC.	71,316,880	0.537%
7.	BERIT HOLDINGS CORPORATION	61,100,000	0.460%
8.	GUADALUPE HOLDINGS CORPORATION	51,191,600	0.385%
9.	AUGUSTA HOLDINGS, INC.	19,001,670	0.143%
10.	DOUBLE SPRING INVESTMENTS CORPORATION	17,738,745	0.133%
11.	DMCI RETIREMENT FUND	13,000,000	0.098%
12.	MA. EDWINA/MIGUEL DAVID C. LAPERAL	2,750,000	0.021%
13.	YNTALCO REALTY DEVT. CORPORATION	2,500,000	0.019%
14.	BENIGNO DELA VEGA	2,050,000	0.015%
15.	AO ZHENG	1,840,000	0.014%
16.	XIUFEN LI	1,830,000	0.014%
17.	MAKATI SUPERMARKET CORP.	1,727,500	0.013%
18.	ENRIQUE G. FILAMOR	1,570,000	0.012%
19.	WINDERMERE HOLDINGS, INC.	1,210,875	0.010%
20.	ANTONIO L. GO	1,100,000	0.008%
	TOTAL	13,234,069,845	99.673%

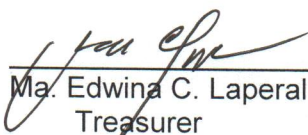
Summary of Submittals of SEC Form 17-C For the Year 2014

Date	Nature of Report
January 6, 2014	Preferred shares redemption for the month of December
January 21, 2014	DMC share transactions of a Director
January 22, 2014	DMC share transactions of a Director
January 27, 2014	Advisement on Board Attendance for 2013
February 3, 2014	Preferred shares redemption for the month of January
February 13, 2014	Director's attendance on Corp. Governance Seminar
February 13, 2014	DMC share transactions of an Officer
February 13, 2014	DMC share transactions of Director
February 13, 2014	DMC share transactions of Director
February 17, 2014	DMC share transactions of an Officer
February 17, 2014	DMC share transactions of Director
February 21, 2014	DMC share transactions of an Officer
February 21, 2014	DMC share transactions of Director
February 27, 2014	Updates on Annual Corp. Governance Report (ACGR)
March 3, 2014	Preferred Shares report for the month of February
March 3, 2014	DMC share transactions of an Officer
March 3, 2014	DMC share transactions of Director
March 3, 2014	DMC share transactions of Director
March 7, 2014	DMC share transactions of DFC Holdings
March 10, 2014	DMC share transactions of DFC Holdings
March 17, 2014	DMC share transactions of an Independent Director
March 19, 2014	DMC share transactions of an Independent Director
March 25, 2014	Acquisition of Additional ENK Shares
April 1, 2014	Preferred Shares report for the month of March
April 3, 2014	Board Meeting Results
May 5, 2014	Preferred Shares report for the month of April
May 7, 2014	Director's attendance on Corp. Governance Seminar
May 15, 2014	ASM details, Cash dividends declaration, Approval of 2014 First Quarter Interim Results, Increase in ACS, Stock Dividends, CG Policies and Audit Charter
June 2, 2014	Preferred Shares report for the month of May

June 26, 2014	Director's attendance on Corp. Governance Seminar
July 2, 2014	Preferred Shares report for the month of June
July 28, 2014	Director's attendance on Corp. Governance Seminar
August 4, 2014	Preferred Shares report for the month of July
August 5, 2014	Annual Stockholders Meeting Results
August 12, 2014	Certification of Independent Directors
August 12, 2014	Board Meeting Results – Approval of Second Quarter Interim Results
September 1, 2014	Preferred Shares report for the month of August
September 22, 2014	DMC share transactions by a Director
September 24, 2014	SEC Approval on Increase in Authorized Capital Stock
October 1, 2014	Preferred Shares report for the month of September
October 2, 2014	SEC Order on Fixing the Record Date for Stock Dividends
October 29, 2014	Director's attendance on Corp. Governance Seminar
November 3, 2014	Preferred Shares report for the month of October
November 18, 2014	Board Approval of the Third Quarter Interim Results
December 1, 2014	Preferred Shares report for the month of November
December 19, 2014	Sale of Equity Interest in PIDC

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY) S.S.

I solemnly swear that all matters set forth in the General Form for Financial Statements (GFFS) has the basic and material data in the Audited Financial Statements of **DMCI HOLDINGS, INC.** for the year ended December 31, 2014 as contained in the accompanying diskette/CD are true and correct to the best of my knowledge and belief.


Ma. Edwina C. Laperal
Treasurer

21 APR 2015

SUBSCRIBED AND SWORN to before me this _____ day of _____,
2015 affiant exhibiting to me his Community Tax Certificate No. _____ issued at
_____ on _____.

Doc. No. 193
Page No. 40
Book No. 269
Series of 20 11


RUBEN T.M. RAMIREZ
NOTARY PUBLIC
UNTIL DEC. 31, 2015
2734 M. AURORA ST., MAKATI CITY
APPT NO. M-17 (2014-2015)
IBF NO. 978780 / CY-2015
ROL NO. 28947/MCLE-4 NO. 0006324/6-19 12
PTR NO. MKT 4750751/1-5-15 MAKATI CITY

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: DMCI HOLDINGS, INC. AND SUBSIDIARIES (Consolidated)

CURRENT ADDRESS: 3rd Floor, Dacon Building, 2281 Don Chino Rocas Avenue, Makati City

TEL. NO.: 818-3000

FAX NO.:

COMPANY TYPE: Holding Company

PSIC:

If these are based on consolidated financial statements, please so indicate in the caption.

Table 1. Consolidated Balance Sheet

FINANCIAL DATA	2014 (in P'000)	2013 (in P'000)
A. ASSETS (A.1 + A.2 + A.3 + A.4 + A.5 + A.6 + A.7 + A.8 + A.9 + A.10)	137,156,905	123,712,861
A.1 Current Assets (A.1.1 + A.1.2 + A.1.3 + A.1.4 + A.1.5)	67,972,166	71,185,790
A.1.1 Cash and cash equivalents (A.1.1.1 + A.1.1.2 + A.1.1.3)	15,229,768	24,774,495
A.1.1.1 On hand	14,597	27,182
A.1.1.2 In domestic banks/entities	6,571,851	8,052,780
A.1.1.3 Short-term investments	8,643,320	16,694,533
A.1.2 Trade and Other Receivables (A.1.2.1 + A.1.2.2)	13,025,326	14,975,881
A.1.2.1 Due from domestic entities (A.1.2.1.1 + A.1.2.1.2 + A.1.2.1.3 + A.1.2.1.4 + A.1.2.1.5)	13,025,326	14,975,881
A.1.2.1.1 Due from customers (trade)	11,935,674	15,205,762
A.1.2.1.2 Due from related parties	570,220	131,596
A.1.2.1.3 Advances to officers and employees	-	-
A.1.2.1.4 Others, specify (A.1.2.1.3.1 + A.1.2.1.3.2)	1,134,109	184,340
A.1.2.1.3.1 Other receivables	1,134,109	184,340
A.1.2.1.3.2	-	-
A.1.2.1.5 Allowance for doubtful accounts (negative entry)	(614,677)	(545,817)
A.1.2.2 Due from foreign entities, specify	-	-
A.1.2.2.1	-	-
A.1.2.2.2	-	-
A.1.2.2.3	-	-
A.1.2.2.4 Allowance for doubtful accounts (negative entry)	-	-
A.1.3 Inventories (A.1.3.1 + A.1.3.2 + A.1.3.3 + A.1.3.4 + A.1.3.5 + A.1.3.6)	28,619,668	23,171,833
A.1.3.1 Real estate held for sale and development	24,105,136	17,877,412
A.1.3.2 Coal inventory	551,471	1,938,052
A.1.3.3 Equipment parts, materials & supplies in transit	3,562,561	3,308,358
A.1.3.4 Nickel Ore	400,500	48,011
A.1.3.5	-	-
A.1.3.6 Others, specify (A.1.3.6.1 + A.1.3.6.2)	-	-
A.1.3.6.1	-	-
A.1.3.6.2	-	-
A.1.4 Financial Assets other than Cash/Receivables/Equity investments (A.1.4.1 + A.1.4.2 + A.1.4.3 + A.1.4.4 + A.1.4.5 + A.1.4.6)	138,930	133,129
A.1.4.1 Financial Assets at Fair Value through Profit or Loss - issued by domestic entities:	70,630	73,150
A.1.4.1.1 National Government	-	-
A.1.4.1.2 Public Financial Institutions	-	-
A.1.4.1.3 Public Non-Financial Institutions	-	-
A.1.4.1.4 Private Financial Institutions	70,630	73,150
A.1.4.1.5 Private Non-Financial Institutions	-	-
A.1.4.2 Held to Maturity Investments - issued by domestic entities:	-	-
A.1.4.2.1 National Government	-	-
A.1.4.2.2 Public Financial Institutions	-	-
A.1.4.2.3 Public Non-Financial Institutions	-	-
A.1.4.2.4 Private Financial Institutions	-	-
A.1.4.2.5 Private Non-Financial Institutions	-	-

NOTE:

This special form is applicable to Investment Companies and Publicly-held Companies (enumerated in Section 17.2 of the Securities Regulation Code (SRC), except banks and insurance companies). As a supplemental form to PHFS, it shall be used for reporting Consolidated Financial Statements of Parent corporations and their subsidiaries.

Domestic corporations are those which are incorporated under Philippine laws or branches/subsidiaries of foreign corporations that are licensed to do business in the Philippines where the center of economic interest or activity is within the Philippines. On the other hand, foreign corporations are those that are incorporated abroad, including branches of Philippine corporations operating abroad.

Financial Institutions are corporations principally engaged in financial intermediation, facilitating financial intermediation, or auxiliary financial services.

Non-Financial institutions refer to corporations that are primarily engaged in the production of market goods and non-financial services

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: DMCI HOLDINGS, INC. AND SUBSIDIARIES (Consolidated)

CURRENT ADDRESS: 3rd Floor, Dacon Building, 2281 Don Chino Roces Avenue, Makati City

TEL. NO.: 818-3000

FAX NO.:

COMPANY TYPE: Holding Company

PSIC:

If these are based on consolidated financial statements, please so indicate in the caption.

Table 1. Consolidated Balance Sheet

FINANCIAL DATA	2014 (in P'000)	2013 (in P'000)
A.1.4.3 Loans and Receivables - issued by domestic entities:	-	-
A.1.4.3.1 National Government	-	-
A.1.4.3.2 Public Financial Institutions	-	-
A.1.4.3.3 Public Non-Financial Institutions	-	-
A.1.4.3.4 Private Financial Institutions	-	-
A.1.4.3.5 Private Non-Financial Institutions	-	-
A.1.4.4 Available-for-sale financial assets - issued by domestic entities:	68,300	59,979
A.1.4.4.1 National Government	-	-
A.1.4.4.2 Public Financial Institutions	-	-
A.1.4.4.3 Public Non-Financial Institutions	-	-
A.1.4.4.4 Private Financial Institutions	68,300	59,979
A.1.4.4.5 Private Non-Financial Institutions	-	-
A.1.4.5 Financial Assets issued by foreign entities:	-	-
A.1.4.5.1 Financial Assets at Fair Value through Profit or Loss	-	-
A.1.4.5.2 Held-to-maturity Investments	-	-
A.1.4.5.3 Loans and Receivables	-	-
A.1.4.5.4 Available-for-sale Financial Assets	-	-
A.1.4.6 Allowance for decline in market value (negative entry)	-	-
A.1.5 Other Current Assets (state separately material items) (A.1.5.1 + A.1.5.2 + A.1.5.3)	10,958,474	8,130,452
A.1.5.1 Costs and estimated earnings in excess of billings on uncompleted contracts	2,067,517	986,359
A.1.5.2 Other current assets	8,890,957	7,144,093
A.1.5.3	-	-
A.2 Property, plant, and equipment (A.2.1 + A.2.2 + A.2.3 + A.2.4 + A.2.5 + A.2.6 + A.2.7 + A.2.8)	46,880,188	31,271,246
A.2.1 Land and Land Improvements	2,127,005	2,052,652
A.2.2 Power Plant, Buildings and Building Improvements	22,871,262	20,928,376
A.2.3 Construction Equipment, Machinery and Tools	8,633,328	6,418,844
A.2.4 Office Furniture, Fixtures and Equipment	554,062	417,889
A.2.5 Others, specify (A.2.5.1 + A.2.5.2 + A.2.5.3 + A.2.5.4 + A.2.5.5)	42,239,625	27,095,396
A.2.5.1 Transportation Equipment	504,787	393,285
A.2.5.2 Coal Mining Properties and Equipment	16,675,715	15,686,276
A.2.5.3 Leasehold Improvements	167,769	165,691
A.2.5.4 Nickel Mining Properties and Equipment	5,633,669	-
A.2.5.5 Construction in Progress	19,257,685	10,850,144
A.2.6 Appraisal increase, specify (A.2.6.1 + A.2.6.2 + A.2.6.3 + A.2.6.4 + A.2.6.5)	-	-
A.2.6.1	-	-
A.2.6.2	-	-
A.2.6.3	-	-
A.2.6.4	-	-
A.2.6.5	-	-
A.2.7 Accumulated Depreciation (negative entry)	(29,545,094)	(25,641,911)
A.2.8 Impairment Loss or Reversal (if loss, negative entry)	-	-
A.3 Investments accounted for using the equity method (A.3.1 + A.3.2 + A.3.3)	10,911,490	11,664,863
A.3.1 Equity in domestic subsidiaries/affiliates	-	-
A.3.2 Equity in foreign branches/subsidiaries/affiliates	-	-
A.3.3 Others, specify (A.3.3.1 + A.3.3.2 + A.3.3.3 + A.3.3.4 + A.3.3.5)	10,911,490	11,664,863
A.3.3.1 Investment in Associates and Joint Ventures	1,943,819	4,380,171
A.3.3.2 Accumulated Equity in net earnings (losses)	8,975,499	7,292,520
A.3.3.3 Allowance for probable losses (negative entry)	(7,828)	(7,828)
A.3.3.4	-	-
A.3.3.5	-	-
A.4 Investment Property	242,790	270,175
A.5 Biological Assets	-	-
A.6 Intangible Assets	80,842	33,598
A.6.1 Major item/s, specify (A.6.1.1 + A.6.1.2)	80,842	33,598
A.6.1.1 Software Cost	80,842	33,598
A.6.1.2 Others	-	-
A.6.2 Others, specify (A.6.2.1 + A.6.2.2)	-	-
A.6.2.1	-	-
A.6.2.2	-	-
A.7 Assets Classified as Held for Sale	-	-
A.8 Assets included in Disposal Groups Classified as Held for Sale	-	-

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

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CURRENT ADDRESS: 3rd Floor, Dacon Building, 2281 Don Chino Roces Avenue, Makati City
TEL. NO.: 818-3000 FAX NO.: _____
COMPANY TYPE : Holding Company PSIC: _____

If these are based on consolidated financial statements, please so indicate in the caption.

Table 1. Consolidated Balance Sheet

FINANCIAL DATA	2014 (in P'000)	2013 (in P'000)
A.9 Long-term receivables (net of current portion) (A.9.1 + A.9.2 + A.9.3)	2,826,041	5,186,785
A.9.1 From domestic entities, specify (A.9.1.1 + A.9.1.2 + A.9.1.3)	2,826,041	5,186,785
A.9.1.1 Due from customers (trade)	2,826,041	5,186,785
A.9.1.2	-	-
A.9.1.3	-	-
A.9.2 From foreign entities, specify (A.9.2.1 + A.9.2.2 + A.9.2.3)	-	-
A.9.2.1	-	-
A.9.2.2	-	-
A.9.2.3	-	-
A.9.3 Allowance for doubtful accounts, net of current portion (negative entry)	-	-
A.10 Other Assets (A.10.1 + A.10.2 + A.10.3 + A.10.4 + A.10.5)	8,243,388	4,100,404
A.10.1 Available-for-Sale Financial Assets	-	-
A.10.2 Deferred Tax Assets - net	724,453	197,599
A.10.3 Pension Assets	1,178,058	796,723
A.10.4 Others, specify (A.10.4.1 + A.10.4.2 + A.10.4.3 + A.10.4.4+A.10.4.5)	6,340,877	3,106,082
A.10.4.1 Other Noncurrent Assets	2,566,610	2,577,402
A.10.4.2 Goodwill	1,637,430	180,527
A.10.4.3 Exploration and evaluation asset	2,136,837	348,153
A.10.4.4	-	-
A.10.4.5	-	-
A.10.5 Allowance for write-down of deferred charges/bad accounts (negative entry)	-	-
B. LIABILITIES (B.1 + B.2 + B.3 + B.4 + B.5)	70,564,447	63,583,448
B.1 Current Liabilities (B.1.1 + B.1.2 + B.1.3 + B.1.4 + B.1.5 + B.1.6 + B.1.7)	35,003,986	30,050,494
B.1.1 Trade and Other Payables to Domestic Entities (B.1.1.1 + B.1.1.2 + B.1.1.3 + B.1.1.4 + B.1.1.5 + B.1.1.6)	17,014,127	13,799,829
B.1.1.1 Suppliers and Subcontractors	8,761,271	5,128,238
B.1.1.2 Other Trade Payables	1,169,495	566,851
B.1.1.3 Output VAT Payable	1,481,572	1,410,799
B.1.1.4 Refundable deposits	32,440	43,793
B.1.1.5 Accruals, specify material items (B.1.1.5.1 + B.1.1.5.2 + B.1.1.5.3)	5,569,349	6,650,148
B.1.1.5.1 Accrued Construction Cost	2,976,309	4,775,876
B.1.1.5.2 Payable to Department of Energy	1,134,628	877,948
B.1.1.5.3 Others	1,458,412	996,324
B.1.1.6 Others, specify (B.1.1.6.1 + B.1.1.6.2 + B.1.1.6.3)	-	-
B.1.1.6.1	-	-
B.1.1.6.2	-	-
B.1.1.6.3	-	-
B.1.2 Trade and Other Payables to Foreign Entities (specify) (B.1.2.1 + B.1.2.2 + B.1.2.3)	-	-
B.1.2.1	-	-
B.1.2.2	-	-
B.1.2.3	-	-
B.1.3 Provisions	-	-
B.1.4 Financial Liabilities (excluding Trade and Other Payables and Provisions) (B.1.4.1 + B.1.4.2 + B.1.4.3 + B.1.4.4 + B.1.4.5)	6,731,862	6,424,633
B.1.4.1 Short-term Debt	2,027,207	2,119,296
B.1.4.2 Current Portion of Liabilities for Purchased Land	1,866,257	885,088
B.1.4.3 Current Portion of Long-term Debt	2,576,608	3,386,257
B.1.4.4 Payable to Related Parties	261,790	33,992
B.1.4.5	-	-
B.1.5 Liabilities for Current Tax	81,210	66,182
B.1.6 Deferred Tax Liabilities	3,015,945	1,149,384
B.1.7 Others, specify (If material, state separately; indicate if the item is payable to public/private or financial/non-financial institutions) (B.1.7.1 + B.1.7.2 + B.1.7.3 + B.1.7.4 + B.1.7.5 + B.1.7.6)	8,160,842	8,610,466
B.1.7.1 Billings in excess of costs and estimated earnings on uncompleted contracts	2,553,814	3,680,765
B.1.7.2 Customers' advances and deposits	5,607,028	4,929,701
B.1.7.3	-	-
B.1.7.4	-	-
B.1.7.5	-	-
B.1.7.6 Any other current liability in excess of 5% of Total Current Liabilities, specify: (B.1.7.6.1 + B.1.7.6.2 + B.1.7.6.3)	-	-
B.1.7.6.1	-	-
B.1.7.6.2	-	-
B.1.7.6.3	-	-

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: DMCI HOLDINGS, INC. AND SUBSIDIARIES (Consolidated)
CURRENT ADDRESS: 3rd Floor, Dacon Building, 2281 Don Chino Rocas Avenue, Makati City
TEL. NO.: 818-3000 FAX NO.: _____
COMPANY TYPE : Holding Company PSIC: _____

If these are based on consolidated financial statements, please so indicate in the caption.

Table 1. Consolidated Balance Sheet

FINANCIAL DATA		2014 (in P'000)	2013 (in P'000)
B.2 Long-term Debt - Non-current Interest-bearing Liabilities (B.2.1 + B.2.2 + B.2.3 + B.2.4 + B.2.5)		32,822,191	31,258,586
B.2.1 Domestic Public Financial Institutions		-	-
B.2.2 Domestic Public Non-Financial Institutions		-	-
B.2.3 Domestic Private Financial Institutions		32,822,191	31,258,586
B.2.4 Domestic Private Non-Financial Institutions		-	-
B.2.5 Foreign Financial Institutions		-	-
B.3 Indebtedness to Affiliates and Related Parties (Non-Current)		-	-
B.4 Liabilities Included in the Disposal Groups Classified as Held for Sale		-	-
B.5 Other Liabilities (B.5.1 + B.5.2)		2,738,270	2,274,368
B.5.1 Liabilities for Purchased Land - net of current portion		312,929	487,389
B.5.2 Others, specify (B.5.2.1 + B.5.2.2 + B.5.2.3 + B.5.2.4 + B.5.2.5)		2,425,341	1,786,979
B.5.2.1 Pension		97,364	93,765
B.5.2.2 Other Noncurrent Liabilities		2,327,977	1,693,214
B.5.2.3		-	-
B.5.2.4		-	-
B.5.2.5		-	-
C. EQUITY (C.3 + C.4 + C.5 + C.6 + C.7 + C.8 + C.9+C.10)		66,592,458	60,129,413
C.1 Authorized Capital Stock (no. of shares, par value and total value; show details) (C.1.1+C.1.2+C.1.3)		20,000,000	6,000,000
C.1.1 Common shares	19,900,000,000 shares, P1.00 par value	19,900,000	5,900,000
C.1.2 Preferred Shares	4,000 shares, P1.00 par value	100,000	100,000
C.1.3 Others		-	-
C.2 Subscribed Capital Stock (no. of shares, par value and total value) (C.2.1 + C.2.2 + C.2.3)		-	-
C.2.1 Common shares		-	-
C.2.2 Preferred Shares		-	-
C.2.3 Others		-	-
C.3 Paid-up Capital Stock (C.3.1 + C.3.2)		13,277,474	2,655,498
C.3.1 Common shares	13,277,470,000 and 2,655,498,000 issued shares in 2014 and 2013 respectively	13,277,470	2,655,494
C.3.2 Preferred Shares	3,780 issued shares in 2014 and 2013	4	4
C.4 Additional Paid-in Capital / Capital in excess of par value / Paid-in Surplus		4,672,394	4,765,317
C.5 Non-controlling Interests		10,404,173	8,910,307
C.6 Others, specify (C.6.1 + C.6.2 + C.6.3 + C.6.4)		990,050	330,096
C.6.1 Premium on Acquisition of Non-controlling Interests		(161,033)	(161,033)
C.6.2 Remeasurements on Retirement Plans - net of tax		877,774	516,675
C.6.3 Net Accumulated Unrealized Gains on AFS Financial Assets		13,057	6,830
C.6.4 Cumulative Translation Adjustment		260,252	(32,376)
C.7 Appraisal Surplus/Revaluation Increment in Property/Revaluation Surplus		-	-
C.8 Retained Earnings (C.8.1 + C.8.2)		37,248,367	43,468,195
C.8.1 Appropriated		-	2,100,000
C.8.2 Unappropriated		37,248,367	41,368,195
C.9 Head / Home Office Account (for Foreign Branches only)		-	-
C.10 Cost of Stocks Held in Treasury (negative entry)		-	-
TOTAL LIABILITIES AND EQUITY (B + C)		137,156,905	123,712,861

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: DMCI HOLDINGS, INC. AND SUBSIDIARIES (Consolidated)

CURRENT ADDRESS: 3rd Floor, Dacon Building, 2281 Don Chino Roces Avenue, Makati City

TEL. NO.: 818-3000

FAX NO.: _____

COMPANY TYPE: Holding Company

PSIC: _____

If these are based on consolidated financial statements, please so indicate in the caption.

Table 2. Consolidated Income Statement

FINANCIAL DATA	2014 (in P'000)	2013 (in P'000)	2012 (in P'000)
A. REVENUE / INCOME (A.1 + A.2 + A.3 + A.4)	61,446,054	68,514,150	56,034,424
A.1 Net Sales or Revenue / Receipts from Operations (manufacturing, mining, utilities, trade, services, etc.) (from Primary Activity)	56,560,954	55,970,630	51,739,879
A.2 Share in the Profit or Loss of Associates and Joint Ventures accounted for using the Equity Method	2,015,703	1,764,822	2,317,551
A.3 Other Revenue (A.3.1 + A.3.2 + A.3.3 + A.3.4 + A.3.5)	1,105,967	1,216,397	667,585
A.3.1 Forfeitures and cancellation of contracts	496,641	419,379	157,579
A.3.2 Management fee	3,785	10,890	3,131
A.3.3 Rental income	237,802	84,453	274,170
A.3.4 Dividend income	7,000	4,291	5,679
A.3.5 Others, specify (A.3.5.1 + A.3.5.2 + A.3.5.3 + A.3.5.4 + A.3.5.5 + A.3.5.6 + A.3.5.7 + A.3.5.8)	360,739	697,384	227,026
A.3.5.1 Sale of fly ash	122,600	203,180	130,236
A.3.5.2 Others	238,139	494,204	96,790
A.3.5.3			
A.3.5.4			
A.3.5.5			
A.3.5.6			
A.3.5.7			
A.3.5.8			
A.4 Other Income (non-operating) (A.4.1 + A.4.2 + A.4.3 + A.4.4)	1,763,430	9,562,301	1,309,409
A.4.1 Interest Income	438,148	658,777	849,465
A.4.2 Recoveries from insurance claims			
A.4.3 Gain / (Loss) from selling of Assets, specify (A.4.3.1 + A.4.3.2)	411,488	144,855	127,497
A.4.3.1 Gain on sale of underdeveloped land	284,287	-	-
A.4.3.2 Gain on sale of property, plant and equipment - net	127,201	144,855	127,497
A.4.4 Others, specify	913,794	8,758,669	332,447
A.4.4.1 Foreign exchange gain (loss)	395,213	(356,121)	332,447
A.4.4.2 Gain (loss) on previously held interest	261,084	(42,623)	-
A.4.4.3 Gain on bargain purchase	257,497	-	-
A.4.4.4 Gain on sale of investments		9,157,413	
A.4.4.5			
B. COST OF GOODS SOLD (B.1 + B.2 + B.3)	-	-	-
B.1 Cost of Goods Manufactured (B.1.1 + B.1.2 + B.1.3 + B.1.4 + B.1.5)	-	-	-
B.1.1 Direct Material Used	-	-	-
B.1.2 Direct Labor	-	-	-
B.1.3 Other Manufacturing Cost / Overhead	-	-	-
B.1.4 Goods in Process, Beginning	-	-	-
B.1.5 Goods in Process, End (negative entry)	-	-	-
B.2 Finished Goods, Beginning	-	-	-
B.3 Finished Goods, End (negative entry)	-	-	-
C. COST OF SALES (C.1 + C.2 + C.3 + C.4 + C.5 + C.6 + C.7 + C.8 + C.9)	16,914,293	15,496,140	16,016,911
C.1 Cost of real estate inventory	6,412,311	6,567,151	4,434,929
C.2 Materials and supplies	4,107,099	3,157,875	4,172,074
C.3 Fuel and lubricants	3,001,272	2,453,660	3,043,332
C.4 Depreciation and amortization	836,465	911,279	1,296,860
C.5 Outside services	1,184,384	740,963	967,163
C.6 Hauling, shiploading and handling costs	179,088	540,763	763,505
C.7 Direct labor	609,459	521,267	456,399
C.8 Production overhead	440,746	387,108	600,582
C.9 Others	143,469	216,074	282,067
D. COST OF SERVICES (D.1 + D.2 + D.3 + D.4 + D.5 + D.6 + D.7 + D.8 + D.9)	21,083,674	18,728,828	18,563,725
D.1 Materials and supplies	7,722,466	8,850,595	5,981,336
D.2 Outside services	2,671,966	4,359,274	6,498,218
D.3 Direct labor	1,845,916	1,582,222	1,327,040
D.4 Depreciation and amortization	1,742,019	1,237,949	1,364,739
D.5 Fuel and lubricants	1,341,369	1,050,377	2,110,596
D.6 Production overhead	1,289,316	988,879	649,682
D.7 Spot purchases	4,446,000	229,197	130,367
D.8 Hauling, shiploading and handling costs	-	-	214,913
D.9 Others	24,622	430,335	286,834
E. GROSS PROFIT (A - B - C - D)	23,448,087	34,289,182	21,453,788

NOTE: Pursuant to SRC Rule 68.1 (as amended in Nov. 2005), for fiscal years ending December 31, 2005 up to November 30, 2006, a comparative format of only two (2) years may be filed to give temporary relief for covered companies as the more complex PFRSs will be applied for the first time in these year end periods. After these first time applications, the requirement of three (3) year comparatives shall resume for year end reports beginning December 31, 2006 and onwards.

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: DMCI HOLDINGS, INC. AND SUBSIDIARIES (Consolidated)
CURRENT ADDRESS: 3rd Floor, Dacon Building, 2281 Don Chino Roces Avenue, Makati City
TEL. NO.: 818-3000 FAX NO.: _____
COMPANY TYPE : Holding Company PSIC: _____

If these are based on consolidated financial statements, please so indicate in the caption.

Table 2. Consolidated Income Statement

FINANCIAL DATA	2014 (in P'000)	2013 (in P'000)	2012 (in P'000)
F. OPERATING EXPENSES (F.1 + F.2 + F.3 + F.4)	8,090,223	9,072,109	6,288,451
F.1 Government share	1,858,190	1,304,961	1,557,950
F.2 Depreciation and amortization	793,505	2,036,834	668,243
F.3 Salaries, wages and employee benefits	1,261,471	1,112,195	1,063,108
F.4 Other Expenses, specify (F.4.1 + F.4.2 + F.4.3 + F.4.4 + F.4.5 + F.4.6 + F.4.7 + F.4.8 + F.4.9 + F.4.10 + F.4.11 + F.4.12 + F.4.13 + F.4.14 + F.4.15 + F.4.16)	4,177,057	4,618,119	2,999,150
F.4.1 Outside services	615,821	837,816	451,341
F.4.2 Repairs and maintenance	297,301	258,447	238,995
F.4.3 Commission	616,675	737,447	386,810
F.4.4 Taxes and licenses	583,316	638,735	530,723
F.4.5 Provision for doubtful accounts	-	443,650	125,448
F.4.6 Advertising and marketing	397,549	309,730	366,357
F.4.7 Rent	127,680	115,773	28,619
F.4.8 Communication, light and water	159,154	114,410	80,440
F.4.9 Entertainment, amusement and recreation	102,660	73,560	69,697
F.4.10 Insurance	80,720	66,347	61,687
F.4.11 Transportation and travel	104,779	62,285	54,507
F.4.12 Supplies	69,640	55,748	108,757
F.4.13 Association dues	116,161	39,834	40,081
F.4.14 Probable losses on other noncurrent assets	514,248	-	-
F.4.15 Loss on writedown of property, plant and equipment	111	443,349	341,146
F.4.16 Miscellaneous	391,242	420,988	114,542
G. FINANCE COSTS	467,088	929,328	1,198,528
H. NET INCOME (LOSS) BEFORE TAX (E - F - G)	14,890,776	24,287,745	13,966,809
I. INCOME TAX EXPENSE (negative entry)	(1,088,276)	(2,104,650)	(1,474,554)
J. INCOME (LOSS) AFTER TAX	13,802,500	22,183,095	12,492,255
K. Amount of (i) Post-Tax Profit or Loss of Discontinued Operations; and (ii) Post-Tax Gain or Loss Recognized on the Measurement of Fair Value less Cost to Sell or on the Disposal of the Assets or Disposal Group(s) constituting the Discontinued Operation (if any)	-	-	-
K.1	-	-	-
K.2	-	-	-
L. PROFIT OR LOSS ATTRIBUTABLE TO NONCONTROLLING INTERESTS	3,027,166	3,319,379	2,756,421
M. PROFIT OR LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	10,775,334	18,863,716	9,735,834
N. EARNINGS (LOSS) PER SHARE			
N.1 Basic	0.81	1.42	0.73
N.2 Diluted	-	-	-

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: DMCI HOLDINGS, INC. AND SUBSIDIARIES (Consolidated)

CURRENT ADDRESS: 3rd Floor, Dacon Building, 2281 Don Chino Rocas Avenue, Makati City

TEL. NO.: 818-3000

FAX NO.:

COMPANY TYPE: Holding Company

PSIC:

If these are based on consolidated financial statements, please so indicate in the caption.

Table 3. Consolidated Cash Flow Statements

FINANCIAL DATA	2014 (in P'000)	2013 (in P'000)	2012 (in P'000)
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Income (Loss) Before Tax and Extraordinary Items	14,890,776	24,287,745	13,966,809
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities			
Depreciation, depletion and amortization	4,009,335	4,186,062	3,329,842
Amortization, specify			
Others, specify:			
Finance costs	467,088	929,328	1,198,528
Net unrealized foreign exchange loss (gain)	116,919	(296,407)	(182,518)
Provisions for doubtful accounts and loss on sale of assets	514,248	443,650	125,446
Unrealized market loss (gain) on financial assets at FVPL	2,520	(1,890)	140
Loss on PPE writedown	111	443,349	341,146
Equity in net earnings of associates and joint ventures	(2,015,703)	(1,764,822)	(2,317,551)
Finance income	(438,148)	(658,777)	(849,864)
Gain on sale of undeveloped land	(284,287)	-	-
Loss (gain) on remeasurement of previously held interest	(261,084)	42,623	-
Gain on bargain purchase	(257,497)	-	-
Gain on sale property, plant and equipment	(127,201)	(144,855)	(127,497)
Movement in net retirement asset	(16,637)	39,438	(156,320)
Dividend income	(7,000)	(4,291)	(25,379)
Gain on sale of investments	-	(9,157,413)	-
Reversal of impairment on other noncurrent assets	-	(61,549)	-
Writedown on investments in jointly controlled entities	-	409	-
Loss on sale of available-for-sale financial assets	-	-	986
Changes in Assets and Liabilities:			
Decrease (Increase) in:			
Receivables	4,266,347	(1,794,532)	(5,652,933)
Inventories	(4,721,734)	(535,209)	(3,179,438)
Other current assets	(1,683,488)	(1,678,720)	(931,039)
Others, specify: Costs and estimated earnings in excess of billings on uncompleted contracts	(1,081,158)	(66,427)	329,347
Increase (Decrease) in:			
Accounts payable and accrued expenses	2,898,977	2,799,891	(217,989)
Others, specify: Customers' advances and deposits	677,327	1,573,806	1,619,541
Liabilities for purchased land	806,709	217,979	217,979
Billings in excess of costs and estimated earnings on uncompleted contracts	(1,126,951)	348,200	(395,497)
Others, specify:			
Interest received	456,317	325,147	852,289
Income taxes paid	(1,317,699)	(1,328,752)	(1,709,150)
Interest paid and capitalized as cost of inventory	(936,344)	(672,582)	(313,340)
A. Net Cash Provided by Operating Activities (sum of above rows)	14,831,743	17,471,401	5,923,538
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to:			
Investment in financial asset at FVPL	-	-	-
Property, plant and equipment	(14,168,994)	(10,410,820)	(6,165,489)
Investments in associates, jointly controlled entity and others	(517,013)	(810,909)	-
Investment properties	(49,008)	(25,939)	(139,197)
Exploration and evaluation asset	(1,566,287)	-	-
Available-for-sale financial assets	-	-	-
Proceeds from disposals of:			
Underdeveloped land	747,639	-	-
Investments in associates, jointly controlled entity and others	1,569	8,227,483	-
Property and equipment	305,060	381,556	136,040
Available-for-sale financial assets (Note 6)	-	-	164,878
Others, specify: Dividends received	284,280	5,225,306	881,507
Deposit for future sale of investment	1,757,651	-	-
Increase in other noncurrent assets	(76,894)	(1,480,444)	-
Acquisition of a business - net of cash acquired (Note 11)	(2,027,381)	(1,622,171)	(2,576,811)
Interest paid and capitalized as cost of property, plant and equipment	(304,367)	(101,380)	(11,010)
Net decrease in investment in associates	-	-	-
B. Net Cash Provided by Investing Activities (sum of above rows)	(15,613,745)	(617,318)	(7,710,082)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from:			
Long-term debt	10,173,755	29,021,785	10,742,004
Short-term debt	1,658,753	1,943,995	1,813,037
Others, specify:			
Payments of:			
Long-term debt	(9,119,799)	(18,938,899)	(7,230,103)
Dividends paid to equity holders of DMCI Holdings, Inc.	(6,366,867)	(10,895,773)	(3,186,593)
Dividends paid to non-controlling interests	(1,871,130)	(1,870,654)	(1,870,178)
Interest	(169,072)	(735,102)	(1,127,043)
Short-term debt	(2,050,842)	(457,670)	(2,669,848)
Stock issue costs	(92,923)	-	-
Others, specify (negative entry):			
Increase (decrease) in:			
Payable to related parties	227,798	(27,223)	(89,249)
Other noncurrent liabilities	(1,146,633)	164,692	174,985
Redemption of preferred shares	-	-	-
C. Net Cash Used in Financing Activities (sum of above rows)	(8,756,960)	(1,794,849)	(3,442,988)
D. Effects of Exchange Rate Changes on Cash and Cash Equivalents	(5,765)	(1,781)	(103,274)
NET INCREASE IN CASH AND CASH EQUIVALENTS (A + B + C + D)	(9,544,727)	15,057,453	(5,332,806)
Cash and Cash Equivalents			
Beginning of year	24,774,495	9,717,042	15,049,848
End of year	15,229,768	24,774,495	9,717,042

NOTE: Pursuant to SRC Rule 68.1 (as amended in Nov. 2005), for fiscal years ending December 31, 2005 up to November 30, 2006, a comparative format of only two (2) years may be filed to give temporary relief for covered companies as the more complex PFRSs will be applied for the first time in these year end periods. After these first time applications, the requirement of three (3) year comparatives shall resume for year end reports beginning December 31, 2006 and onwards.

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: DMCi HOLDINGS, INC. AND SUBSIDIARIES (Consolidated)

CURRENT ADDRESS: 2281 Don Chino Rocas Avenue, Makati City

TEL. NO.: 888-3000

FAX NO.:

COMPANY TYPE: HOLDING COMPANY

PSIC:

PSIC:

PSIC:

If these are based on consolidated financial statements, please so indicate in the caption.

Table 4. Statement of Changes in Equity

FINANCIAL DATA	(Amount in P000)										
	Capital Stock	Additional Paid-in Capital	Unappropriated Retained Earnings	Appropriated Retained Earnings	Premium on Acquisition of Non-controlling Interest	Remeasurements on Retirement Plans	Net Accumulated Gains (Loss) on Available-for-Sale Financial Assets	Cumulative Translation Adjustment	TOTAL	Attributable to Non-controlling Interests	TOTAL
A. Balance, 2012	2,655,498	4,765,317	24,083,918	3,000,000	(161,033)	153,801	(1,090)	-	34,496,411	6,572,254	41,068,665
A.1 Effect of adoption of the Revised PAS 19	-	-	-	-	-	-	-	-	-	-	-
B. Restated Balance	2,655,498	4,765,317	24,083,918	3,000,000	(161,033)	153,801	(1,090)	-	34,496,411	6,572,254	41,068,665
C. Surplus	-	-	-	-	-	-	-	-	-	-	-
C.1 Surplus (Deficit) on Revaluation of Properties	-	-	-	-	-	-	-	-	-	-	-
C.2 Surplus (Deficit) on Revaluation of Investments	-	-	-	-	-	-	-	-	-	-	-
C.3 Currency Translation Differences	-	-	-	-	-	-	-	-	-	-	-
C.4 Other Surplus (specify)	-	-	-	-	-	-	-	-	-	-	-
D. Net Income (Loss) for the Period	-	-	9,735,834	-	-	229,331	30,000	-	9,995,165	2,749,033	12,744,198
D.1 Net income, as previously reported	-	-	9,735,834	-	-	-	-	-	9,735,834	2,756,421	12,492,255
D.2 Effect of adoption of the Revised PAS 19	-	-	-	-	-	229,331	30,000	-	259,331	(7,388)	251,943
E. Dividends (negative entry)	-	-	(3,186,593)	-	-	-	-	-	(3,186,593)	(1,870,178)	(5,056,771)
F. Appropriation for (specify)	-	-	(1,600,000)	1,600,000	-	-	-	-	-	-	-
F.1 Capacity expansion and additional investment	-	-	(1,600,000)	1,600,000	-	-	-	-	-	-	-
G. Issuance of Capital Stock	-	-	-	-	-	-	-	-	-	-	-
G.1 Common Stock	-	-	-	-	-	-	-	-	-	-	-
G.2 Preferred Stock	-	-	-	-	-	-	-	-	-	-	-
G.3 Others	-	-	-	-	-	-	-	-	-	-	-
H. Others	-	-	-	-	-	-	-	-	-	-	-
H.1 Effect of adoption of the Revised PAS 19	-	-	-	-	-	-	-	-	-	-	-
H.2 Changes in fair values of AFS financial assets	-	-	-	-	-	-	-	-	-	-	-
H.3 Redemption of preferred shares	-	-	-	-	-	-	-	-	-	-	-
I. Balance, 2012	2,655,498	4,765,317	29,033,159	4,600,000	(161,033)	383,132	28,910	-	41,304,983	7,451,109	48,756,092
J. Restated Balance	2,655,498	4,765,317	29,033,159	4,600,000	(161,033)	383,132	28,910	-	41,304,983	7,451,109	48,756,092
J.1 Balances, as previously reported	2,655,498	4,765,317	29,033,159	4,600,000	(161,033)	383,132	28,910	-	41,304,983	7,451,109	48,756,092
K. Surplus	-	-	-	-	-	-	-	-	-	-	-
K.1 Surplus (Deficit) on Revaluation of Properties	-	-	-	-	-	-	-	-	-	-	-
K.2 Surplus (Deficit) on Revaluation of Investments	-	-	-	-	-	-	-	-	-	-	-
K.3 Currency Translation Differences	-	-	-	-	-	-	-	-	-	-	-
K.4 Other Surplus (specify)	-	-	-	-	-	-	-	-	-	-	-
L. Net Income (Loss) for the Period	-	-	18,863,716	-	-	-	-	-	18,863,716	3,319,379	22,183,095
L.1 Net income, as previously reported	-	-	18,937,380	-	-	-	-	-	18,937,380	3,319,379	22,256,759
L.2 Effect of business combination	-	-	(73,664)	-	-	-	-	-	(73,664)	-	(73,664)
M. Dividends (negative entry)	-	-	(9,028,680)	-	-	-	-	-	(9,028,680)	(1,870,654)	(10,899,334)
N. Appropriation for (specify)	-	-	2,500,000	(2,500,000)	-	-	-	-	-	-	-
N.1 Capacity expansion and additional investment	-	-	(1,300,000)	1,300,000	-	-	-	-	-	-	-
N.2 Reversal of appropriation	-	-	3,800,000	(3,800,000)	-	-	-	-	-	-	-
P. Issuance of Capital Stock	-	-	-	-	-	-	-	-	-	-	-
P.1 Common Stock	-	-	-	-	-	-	-	-	-	-	-
P.2 Preferred Stock	-	-	-	-	-	-	-	-	-	-	-
P.3 Others	-	-	-	-	-	-	-	-	-	-	-
Q. Others	-	-	-	-	-	133,543	(22,080)	(32,376)	79,087	10,473	89,560
Q.1 Remeasurements in retirement plans	-	-	-	-	-	133,543	-	(32,376)	101,167	10,473	111,640
Q.2 Changes in fair values of AFS financial assets	-	-	-	-	-	-	(22,080)	-	(22,080)	-	(22,080)
R. Balance, 2013	2,655,498	4,765,317	41,368,195	2,100,000	(161,033)	516,675	6,830	(32,376)	51,219,106	8,910,307	60,129,413
S. Restated Balance	2,655,498	4,765,317	41,368,195	2,100,000	(161,033)	516,675	6,830	(32,376)	51,219,106	8,910,307	60,129,413
S.1 Balances, as previously reported	2,655,498	4,765,317	41,441,859	2,100,000	(161,033)	516,675	6,830	(32,376)	51,292,770	8,910,307	60,203,077
S.2 Effect of business combination	-	-	(73,664)	-	-	-	-	-	(73,664)	-	(73,664)
T. Comprehensive Income	-	-	10,775,334	-	-	361,099	6,227	292,628	11,435,288	3,031,753	14,467,041
T.1 Net Income (Loss) for the Period	-	-	10,775,334	-	-	-	-	-	10,775,334	3,027,166	13,802,500
T.2 Other Comprehensive income	-	-	-	-	-	361,099	6,227	292,628	659,954	4,587	664,541
U. Dividends (negative entry)	10,621,976	(92,923)	(16,995,162)	-	-	-	-	-	(6,466,109)	(1,871,130)	(8,337,239)
V. Appropriation for (specify)	-	-	2,100,000	(2,100,000)	-	-	-	-	-	-	-
V.1 Capacity expansion and additional investment	-	-	-	-	-	-	-	-	-	-	-
V.2 Reversal of appropriation	-	-	2,100,000	(2,100,000)	-	-	-	-	-	-	-
W. Other	-	-	-	-	-	-	-	-	-	-	-
W.1 Effect of business combination	-	-	-	-	-	-	-	-	-	333,243	333,243
X. Balance, 2014	13,277,474	4,672,394	37,248,367	-	(161,033)	877,774	13,057	260,252	56,188,285	10,404,173	66,592,458



DMCI HOLDINGS
I N C O R P O R A T E D

3rd floor
DACON Building
2281 Don Chino Roces Ave.
(formerly Pasong Tamo Ext.)
Makati City 1231, Philippines

(632) 888 • 3000
Facsimile
(632) 816 • 7362
E-Mail

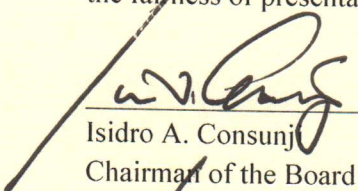
investor_inquiries@dmcincet.com

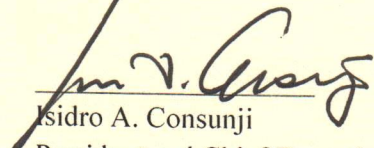
STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

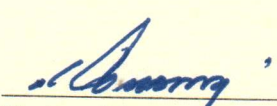
The management of **DMCI HOLDINGS, INC. AND SUBSIDIARIES** is responsible for the preparation and fair presentation of the financial statements for the years ended December 31, 2014, 2013 and 2012, including the additional components attached therein, in accordance with Philippine Financial Reporting Standards. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Board of Directors reviews and approves the financial statements and submits the same to the stockholders.

SyCip Gorres Velayo & Co., the independent auditors, appointed by the stockholders has examined the financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such examination.


Isidro A. Consunji
Chairman of the Board


Isidro A. Consunji
President and Chief Executive Officer


Herbert M. Consunji
Vice President and Chief Finance Officer

Signed this April 20, 2015

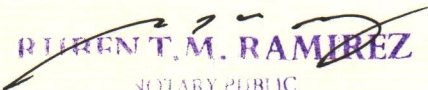
Subsidiaries:

D.M. Consunji, Inc.
DMCI Project Developers, Inc.
DMCI Power Corporation
DMCI Mining Corporation
Semirara Mining Corporation
DMCI-MPIC Water Co., Inc.
Wire Rope Corporation of the Phils.

SUBSCRIBED AND SWORN TO BEFORE ME, a Notary Public for and in
MAKATICITY, this APR 20 day of 2015.

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

Doc No. 17
Page No. 5
Book No. 269
Series No. 2016


R. T. M. RAMIREZ
NOTARY PUBLIC
LICENSED OCT 31, 2015
2734 W. ALHAMBRA ST., MAKATICITY
APPL. NO. M 17 (2014-2015)
IBF NO. 978780 / CY 2015
ROLL NO. 789477/MCIE-4 NO. 0006324/6-19-12
PTR NO. MKT 4750751/1-5-15 MAKATICITY

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

A	S	0	9	5	0	0	2	2	8	3

Company Name

D	M	C	I		H	O	L	D	I	N	G	S	,		I	N	C	.		A	N	D		S	U	B	S	I	D
I	A	R	I	E	S																								

Principal Office (No./Street/Barangay/City/Town/Province)

3	R	D		F	L	O	O	R	,		D	A	C	O	N		B	U	I	L	D	I	N	G	,		2	2	8
1		D	O	N		C	H	I	N	O		R	O	C	E	S		A	V	E	N	U	E	,		M	A	K	A
T	I		C	I	T	Y																							

Form Type

1	7	-	A

Department requiring the report

C	F	D	

Secondary License Type, If Applicable

COMPANY INFORMATION

Company's Email Address

investors.dmciholdings@gmail.com

Company's Telephone Number/s

888-3000

Mobile Number

N/A

No. of Stockholders

688

Annual Meeting
Month/Day

7/29

Fiscal Year
Month/Day

12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person

Herbert M. Consunji

Email Address

dmcihicorpgov@gmail.com

Telephone Number/s

888-3000

Mobile Number

09189883462

Contact Person's Address

3/F Dacon Bldg. 2281 Don Chino Roces Ave., Makati City 1231

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



INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of DMCI Holdings, Inc. and Subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2014 and 2013, and the consolidated statements of income, statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2014, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of DMCI Holdings, Inc. and Subsidiaries as at December 31, 2014 and 2013, and their financial performance and their cash flows for each of the three years in the period ended December 31, 2014 in accordance with Philippine Financial Reporting Standards.

SYCIP GORRES VELAYO & CO.



Cyril Jasmín B. Valencia

Partner

CPA Certificate No. 90787

SEC Accreditation No. 1229-A (Group A),

May 31, 2012, valid until May 30, 2015

Tax Identification No. 162-410-623

BIR Accreditation No. 08-001998-74-2015,

February 27, 2015, valid until February 26, 2018

PTR No. 4751335, January 5, 2015, Makati City

April 20, 2015



DMCI HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Amounts in Thousands)

	December 31	
		2013
	2014	(As restated – Note 33)
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 4 and 36)	₱15,229,768	₱24,774,495
Financial assets at fair value through profit or loss (Notes 5 and 36)	70,630	73,150
Available-for-sale financial assets (Notes 6 and 36)	68,300	59,979
Receivables - net (Notes 7, 21 and 36)	13,025,326	14,975,881
Costs and estimated earnings in excess of billings on uncompleted contracts (Note 8)	2,067,517	986,359
Inventories (Note 9)	28,619,668	23,171,833
Other current assets (Notes 10 and 36)	8,890,957	7,144,093
Total Current Assets	67,972,166	71,185,790
Noncurrent Assets		
Noncurrent receivables (Notes 7 and 36)	2,826,041	5,186,785
Investments in associates, joint ventures and others (Note 11)	10,911,490	11,664,863
Investment properties (Note 12)	242,790	270,175
Property, plant and equipment (Note 13)	46,880,188	31,271,246
Exploration and evaluation asset (Note 14)	2,136,837	348,153
Goodwill (Notes 2 and 33)	1,637,430	180,527
Deferred tax assets - net (Note 29)	724,453	197,599
Pension assets -net (Note 23)	1,178,058	796,723
Other noncurrent assets (Note 14)	2,647,452	2,611,000
Total Noncurrent Assets	69,184,739	52,527,071
	₱137,156,905	₱123,712,861

LIABILITIES AND EQUITY

Current Liabilities		
Short-term debt (Notes 15 and 36)	₱2,027,207	₱2,119,296
Current portion of liabilities for purchased land (Notes 16 and 36)	1,866,257	885,088
Accounts and other payables (Notes 17 and 36)	17,014,127	13,799,829
Billings in excess of costs and estimated earnings on uncompleted contracts (Note 8)	2,553,814	3,680,765
Customers' advances and deposits (Note 18)	5,607,028	4,929,701
Current portion of long-term debt (Notes 19 and 36)	2,576,608	3,386,257
Income tax payable	81,210	66,182
Payable to related parties (Notes 21 and 36)	261,790	33,992
Total Current Liabilities	31,988,041	28,901,110

(Forward)



	December 31	
		2013
		(As restated -
	2014	Note 33)
Noncurrent Liabilities		
Long-term debt - net of current portion (Notes 19 and 36)	₱32,822,191	₱31,258,586
Liabilities for purchased land - net of current portion (Notes 16 and 36)	312,929	487,389
Deferred tax liabilities - net (Note 29)	3,015,945	1,149,384
Pension liabilities - net (Note 23)	97,364	93,765
Other noncurrent liabilities (Notes 20 and 36)	2,327,977	1,693,214
Total Noncurrent Liabilities	38,576,406	34,682,338
Total Liabilities	70,564,447	63,583,448
Equity (Note 22)		
Equity attributable to equity holders of the Parent Company:		
Paid-in capital	17,949,868	7,420,815
Retained earnings		
Appropriated	—	2,100,000
Unappropriated	37,248,367	41,368,195
Premium on acquisition of non-controlling interests	(161,033)	(161,033)
Remeasurements on retirement plans - net of tax (Note 23)	877,774	516,675
Net accumulated unrealized gains on AFS financial assets	13,057	6,830
Cumulative translation adjustment (Note 34)	260,252	(32,376)
	56,188,285	51,219,106
Non-controlling interests	10,404,173	8,910,307
Total Equity	66,592,458	60,129,413
	₱137,156,905	₱123,712,861

See accompanying Notes to Consolidated Financial Statements.



DMCI HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(Amounts in Thousands, except for Earnings Per Share figures)

	Years Ended December 31		
		2013 (As restated - Note 33)	2012
	2014		
REVENUE			
Coal mining	₱16,276,930	₱12,573,569	₱14,450,155
Electricity sales	14,136,842	16,606,674	11,079,789
Real estate sales	12,493,636	12,165,988	9,219,331
Construction contracts (Note 17)	11,852,523	14,112,676	14,773,250
Nickel mining	1,516,461	264,897	1,923,045
Merchandise sales and others	284,562	246,826	294,309
	56,560,954	55,970,630	51,739,879
COSTS OF SALES AND SERVICES (Note 24)			
Coal mining	9,930,220	8,664,871	9,825,155
Electricity sales	10,015,060	6,453,641	5,659,928
Real estate sales	6,524,383	6,670,706	4,434,929
Construction contracts	10,980,312	11,943,602	13,029,949
Nickel mining	354,312	338,924	1,460,942
Merchandise sales and others	193,680	153,224	169,733
	37,997,967	34,224,968	34,580,636
GROSS PROFIT	18,562,987	21,745,662	17,159,243
OPERATING EXPENSES (Note 25)	8,090,223	9,072,109	6,288,451
	10,472,764	12,673,553	10,870,792
OTHER INCOME (EXPENSES)			
Equity in net earnings of associates (Note 11)	2,015,703	1,764,822	2,317,551
Finance income (Note 26)	438,148	658,777	849,465
Foreign exchange gain or loss	395,213	(356,121)	332,447
Gain (loss) on remeasurement of previously held interest (Notes 2 and 33)	261,084	(42,623)	—
Gain on bargain purchase (Note 33)	257,497	—	—
Finance costs (Note 27)	(467,088)	(929,328)	(1,198,528)
Gain on sale of investment (Note 11)	—	9,157,413	—
Other income - net (Note 28)	1,517,455	1,361,252	795,082
INCOME BEFORE INCOME TAX	14,890,776	24,287,745	13,966,809
PROVISION FOR INCOME TAX (Note 29)	1,088,276	2,104,650	1,474,554
NET INCOME (Note 35)	₱13,802,500	₱22,183,095	₱12,492,255
NET INCOME ATTRIBUTABLE TO			
Equity holders of the Parent Company	₱10,775,334	₱18,863,716	₱9,735,834
Non-controlling interests	3,027,166	3,319,379	2,756,421
	₱13,802,500	₱22,183,095	₱12,492,255
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY-BASIC AND DILUTED (Note 30)	₱0.81	₱1.42	₱0.73

See accompanying Notes to Consolidated Financial Statements.



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

	Years Ended December 31		
	2014	2013 (As restated - Note 33)	2012
NET INCOME	₱13,802,500	₱22,183,095	₱12,492,255
OTHER COMPREHENSIVE INCOME (LOSS)			
Items to be reclassified subsequently to profit or loss			
Cumulative translation adjustment (Note 34)	292,628	(32,376)	—
Changes in fair values of AFS financial assets (Note 6)	6,589	(22,016)	30,000
	299,217	(54,392)	30,000
Items not to be reclassified to profit or loss in subsequent periods			
Remeasurement gains on retirement plans (Note 23)	405,519	164,272	237,384
Income tax effect	(40,195)	(20,320)	(15,441)
	365,324	143,952	221,943
OTHER COMPREHENSIVE INCOME	664,541	89,560	251,943
TOTAL COMPREHENSIVE INCOME	₱14,467,041	₱22,272,655	₱12,744,198
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Equity holders of the Parent Company	₱11,435,288	₱18,942,803	₱9,995,165
Non-controlling interests	3,031,753	3,329,852	2,749,033
	₱14,467,041	₱22,272,655	₱12,744,198

See accompanying Notes to Consolidated Financial Statements.



DMCI HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Amounts in Thousands)

	Attributable to Equity Holders of the Parent Company											
	Capital Stock (Note 22)	Additional Paid-in Capital (Note 22)	Total Paid-in Capital (Note 22)	Unappropriated Retained Earnings (Note 22)	Appropriated Retained Earnings (Note 22)	Premium on Acquisition of Non- controlling Interest	Remeasurements on Retirement Plans (Note 23)	Net Accumulated Gain (Loss) on Available-for- Sale Financial Assets (Note 6)	Cumulative Translation Adjustment (Note 34)	Total	Non-controlling Interests (Note 22)	Total Equity
For the Year Ended December 31, 2014												
Balances as of January 1, 2014, as previously reported	₱2,655,498	₱4,765,317	₱7,420,815	₱41,441,859	₱2,100,000	(₱161,033)	₱516,675	₱6,830	(₱32,376)	₱51,292,770	₱8,910,307	₱60,203,077
Effect of business combination (Note 33)	—	—	—	(73,664)	—	—	—	—	—	(73,664)	—	(73,664)
Balances as of January 1, 2014, as restated	2,655,498	4,765,317	7,420,815	41,368,195	2,100,000	(161,033)	516,675	6,830	(32,376)	51,219,106	8,910,307	60,129,413
Comprehensive income												
Net income	—	—	—	10,775,334	—	—	—	—	—	10,775,334	3,027,166	13,802,500
Other comprehensive income	—	—	—	—	—	—	361,099	6,227	292,628	659,954	4,587	664,541
Total comprehensive income	—	—	—	10,775,334	—	—	361,099	6,227	292,628	11,435,288	3,031,753	14,467,041
Effect of business combination	—	—	—	—	—	—	—	—	—	—	333,243	333,243
Reversal of appropriation	—	—	—	2,100,000	(2,100,000)	—	—	—	—	—	—	—
Stock dividends declared	10,621,976	(92,923)	10,529,053	(10,621,976)	—	—	—	—	—	(92,923)	—	(92,923)
Cash dividends declared	—	—	—	(6,373,186)	—	—	—	—	—	(6,373,186)	(1,871,130)	(8,244,316)
Balances at December 31, 2014	₱13,277,474	₱4,672,394	₱17,949,868	₱37,248,367	₱—	(₱161,033)	₱877,774	₱13,057	₱260,252	₱56,188,285	₱10,404,173	₱66,592,458
For the Year Ended December 31, 2013												
Balances as of January 1, 2013, as previously reported	₱2,655,498	₱4,765,317	₱7,420,815	₱29,033,159	₱4,600,000	(₱161,033)	₱383,132	₱28,910	₱—	₱41,304,983	₱7,451,109	₱48,756,092
Comprehensive income												
Net income, as previously reported	—	—	—	18,937,380	—	—	—	—	—	18,937,380	3,319,379	22,256,759
Effect of business combination (Note 33)	—	—	—	(73,664)	—	—	—	—	—	(73,664)	—	(73,664)
Net income, as restated	—	—	—	18,863,716	—	—	—	—	—	18,863,716	3,319,379	22,183,095
Other comprehensive income	—	—	—	—	—	—	133,543	(22,080)	(32,376)	79,087	10,473	89,560
Total comprehensive income, as restated	—	—	—	18,863,716	—	—	133,543	(22,080)	(32,376)	18,942,803	3,329,852	22,272,655
Reversal of appropriation	—	—	—	3,800,000	(3,800,000)	—	—	—	—	—	—	—
Appropriation	—	—	—	(1,300,000)	1,300,000	—	—	—	—	—	—	—
Dividends declared	—	—	—	(9,028,680)	—	—	—	—	—	(9,028,680)	(1,870,654)	(10,899,334)
Balances at December 31, 2013, as restated	₱2,655,498	₱4,765,317	₱7,420,815	₱41,368,195	₱2,100,000	(₱161,033)	₱516,675	₱6,830	(₱32,376)	₱51,219,106	₱8,910,307	₱60,129,413



Attributable to Equity Holders of the Parent Company												
Capital Stock (Note 22)	Additional Paid-in Capital (Note 22)	Total Paid-in Capital (Note 22)	Unappropriated Retained Earnings (Note 22)	Appropriated Retained Earnings (Note 22)	Premium on Acquisition of Non- controlling Interest	Remeasurements on Retirement Plans (Note 23)	Net Accumulated Gains (Loss) on Available-for- Sale Financial Assets (Note 6)	Cumulative Translation Adjustment (Note 34)	Total	Non-controlling Interests (Note 22)	Total Equity	
For the Year Ended December 31, 2012												
Balances as of January 1, 2012	₱2,655,498	₱4,765,317	₱7,420,815	₱24,083,918	₱3,000,000	(₱161,033)	₱153,801	(₱1,090)	₱–	₱34,496,411	₱6,572,254	₱41,068,665
Comprehensive income												
Net income	–	–	–	9,735,834	–	–	–	–	–	9,735,834	2,756,421	12,492,255
Other comprehensive income	–	–	–	–	–	–	229,331	30,000	–	259,331	(7,388)	251,943
Total comprehensive income	–	–	–	9,735,834	–	–	229,331	30,000	–	9,995,165	2,749,033	12,744,198
Appropriation	–	–	–	(1,600,000)	1,600,000	–	–	–	–	–	–	–
Dividends declared	–	–	–	(3,186,593)	–	–	–	–	–	(3,186,593)	(1,870,178)	(5,056,771)
Balances at December 31, 2012	₱2,655,498	₱4,765,317	₱7,420,815	₱29,033,159	₱4,600,000	(₱161,033)	₱383,132	₱28,910	₱–	₱41,304,983	₱7,451,109	₱48,756,092

See accompanying Notes to Consolidated Financial Statements.



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

	Years Ended December 31		
	2014	2013 (As restated - Note 2)	2012
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	₱14,890,776	₱24,287,745	₱13,966,809
Adjustments for:			
Depreciation, depletion and amortization (Notes 12, 13, 14, 24 and 25)	4,009,335	4,186,062	3,329,842
Finance costs (Note 27)	467,088	929,328	1,198,528
Net unrealized foreign exchange loss (gain)	116,919	(296,407)	(182,518)
Provisions for doubtful accounts and loss on sale of assets (Note 25)	514,248	443,650	125,446
Unrealized market loss (gain) on financial assets at FVPL (Note 5)	2,520	(1,890)	140
Loss on PPE writedown (Note 28)	111	443,349	341,146
Equity in net earnings of associates and joint ventures (Note 11)	(2,015,703)	(1,764,822)	(2,317,551)
Finance income (Note 26)	(438,148)	(658,777)	(849,864)
Gain on sale of undeveloped land (Note 9)	(284,287)	—	—
Loss (gain) on remeasurement of previously held interest	(261,084)	42,623	—
Gain on bargain purchase (Note 33)	(257,497)	—	—
Gain on sale property, plant and equipment (Note 28)	(127,201)	(144,855)	(127,497)
Movement in net retirement asset	(16,637)	39,438	(156,320)
Dividend income (Notes 11 and 28)	(7,000)	(4,291)	(25,379)
Gain on sale of investments (Note 11)	—	(9,157,413)	—
Reversal of impairment on other noncurrent assets (Note 14)	—	(61,549)	—
Writedown on investments in jointly controlled entities (Note 11)	—	409	—
Loss on sale of available-for-sale financial assets (Note 6)	—	—	986
Operating income before changes in working capital	16,593,440	18,282,600	15,303,768
Decrease (increase) in:			
Costs and estimated earnings in excess of billings on uncompleted contracts	(1,081,158)	(66,427)	329,347
Receivables	4,266,347	(1,794,532)	(5,652,933)
Inventories	(4,721,734)	(535,209)	(3,179,438)
Other current assets	(1,683,488)	(1,678,720)	(931,039)

(Forward)



Years Ended December 31			
		2013	
		(As restated -	
	2014	Note 2)	2012
Increase (decrease) in:			
Customers' advances and deposits	₱677,327	₱1,573,806	₱1,619,541
Accounts and other payables	2,898,977	2,799,891	(217,989)
Liabilities for purchased land	806,709	217,979	217,979
Billings in excess of costs and estimated earnings on uncompleted contracts	(1,126,951)	348,200	(395,497)
Cash generated from operations	16,629,469	19,147,588	7,093,739
Interest received	456,317	325,147	852,289
Income taxes paid	(1,317,699)	(1,328,752)	(1,709,150)
Interest paid and capitalized as cost of inventory (Note 19)	(936,344)	(672,582)	(313,340)
Net cash provided by operating activities	14,831,743	17,471,401	5,923,538
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to:			
Property, plant and equipment (Notes 3 and 13)	(14,168,994)	(10,410,820)	(6,165,489)
Investments in associates, joint ventures and others (Note 11)	(517,013)	(810,909)	—
Investment properties (Note 12)	(49,008)	(25,939)	(139,197)
Exploration and evaluation asset (Note 14)	(1,566,287)	—	—
Proceeds from disposals of:			
Undeveloped land (Note 9)	747,639	—	—
Investments in associates, joint ventures and others (Note 11)	1,569	8,227,483	—
Property and equipment	305,060	381,556	136,040
Available-for-sale financial assets (Note 6)	—	—	164,878
Dividends received	284,280	5,225,306	881,507
Deposit received for future sale of investment (Note 11)	1,757,651	—	—
Acquisition of a business - net of cash acquired (Notes 11 and 33)	(2,027,381)	(1,622,171)	(2,576,811)
Interest paid and capitalized as cost of property, plant and equipment	(304,367)	(101,380)	(11,010)
Decrease (increase) in:			
Other noncurrent assets	(76,894)	(1,480,444)	—
Net cash used in investing activities	(15,613,745)	(617,318)	(7,710,082)

(Forward)



Years Ended December 31			
	2014	2013 (As restated - Note 2)	2012
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from:			
Long-term debt	₱10,173,755	₱29,021,785	₱10,742,004
Short-term debt	1,658,753	1,943,995	1,813,037
Payments of:			
Long-term debt	(9,119,799)	(18,938,899)	(7,230,103)
Dividends paid to equity holders of DMCI Holdings, Inc.	(6,366,867)	(10,895,773)	(3,186,593)
Short-term debt	(2,050,842)	(457,670)	(2,669,848)
Dividends paid to non-controlling interests (Note 22)	(1,871,130)	(1,870,654)	(1,870,178)
Interest	(169,072)	(735,102)	(1,127,043)
Stock issue costs	(92,923)	—	—
Increase (decrease) in:			
Payable to related parties (Note 21)	227,798	(27,223)	(89,249)
Other noncurrent liabilities	(1,146,633)	164,692	174,985
Net cash used in financing activities	(8,756,960)	(1,794,849)	(3,442,988)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS			
	(5,765)	(1,781)	(103,274)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(9,544,727)	15,057,453	(5,332,806)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	24,774,495	9,717,042	15,049,848
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 4)	₱15,229,768	₱24,774,495	₱9,717,042

See accompanying Notes to Consolidated Financial Statements.



DMCI HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

DMCI Holdings, Inc. (the Parent Company) was incorporated on March 8, 1995 and is domiciled in the Philippines. The Parent Company's registered office address and principal place of business is at 3rd Floor, Dacon Building, 2281 Don Chino Roces Avenue, Makati City.

The Parent Company is the holding company of the DMCI Group (collectively referred to herein as the Group), which is primarily engaged in general construction, mining, power generation, infrastructure, real estate development, water concession 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 April 20, 2015.

2. Summary of Significant Accounting Policies

Basis of Preparation

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

The consolidated financial statements provide comparative information in respect of the previous period. In addition, the Group presents an additional statement of financial position at the beginning of the earliest period presented when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in financial statements. The 2013 financial statements have been restated for the finalization of business combination accounting (Note 33).

Statement of Compliance

The consolidated financial statements of the Group have been prepared in compliance with Philippine Financial Reporting Standards (PFRS).

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Group as of December 31, 2014 and 2013, and for each of the three years in the period ended December 31, 2014.

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All significant intercompany balances and transactions, including income, expenses and dividends, are eliminated in full. Profits and losses resulting from intercompany transactions that are recognized in assets are eliminated in full.



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

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. 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 in the consolidated statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Non-controlling interests (NCI) pertain to the equity in a subsidiary not attributable, directly or indirectly to the Parent Company. NCI represent the portion of profit or loss and net assets in subsidiaries not wholly owned by the Group and are presented separately in consolidated statement of income, consolidated statement of comprehensive income and consolidated statement of changes in equity and within equity in the consolidated statement of financial position, separately from equity holders' of the Parent Company.

Any equity instruments issued by a subsidiary that are not owned by the Parent Company are non-controlling interests including preferred shares.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the NCI, even if this results in the NCI having a deficit balance. 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 a 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
- Derecognizes the carrying amount of any NCI
- Derecognizes the cumulative translation differences recorded in equity
- Recognizes the fair value of the consideration received
- Recognizes the fair value of any investment retained
- Recognizes any surplus or deficit in profit or loss
- Reclassifies the Parent Company's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities



The consolidated financial statements include the financial statements of the Parent Company and the following subsidiaries (which are all incorporated in the Philippines, except for Toledo Mining Corporation which is incorporated in England and Wales under the Companies Act 1985):

	2014			2013		
	Direct	Indirect	Effective Interest	Direct	Indirect	Effective Interest
	(In percentage)					
<u>General Construction:</u>						
D.M. Consunji, Inc. (DMCI)	100.00	—	100.00	100.00	—	100.00
Beta Electric Corporation (Beta Electric) ¹	—	51.77	51.77	—	51.77	51.77
Raco Haven Automation Philippines, Inc. (Raco) ¹	—	50.14	50.14	—	50.14	50.14
<u>Manufacturing and others:</u>						
Oriken Dynamix Company, Inc. (Oriken) ¹	—	89.00	89.00	—	89.00	89.00
DMCI Technical Training Center (DMCI Training) ¹	—	100.00	100.00	—	100.00	100.00
<u>Coal Mining</u>						
Semirara Mining and Power Corporation (SMPC)	56.32	—	56.32	56.32	—	56.32
<u>Power</u>						
Sem-Calaca Power Corporation (SCPC) ³	—	56.32	56.32	—	56.32	56.32
Southwest Luzon Power Generation Corporation (SLPGC) ^{3*}	—	56.32	56.32	—	56.32	56.32
Sem-Calaca Res Corporation (SCRC) ^{3*}	—	56.32	56.32	—	56.32	56.32
SEM-Cal Industrial Park Developers, Inc. (SIPDI) ^{3*}	—	56.32	56.32	—	56.32	56.32
Semirara Energy Utilities, Inc. (SEUI) ^{3*}	—	56.32	56.32	—	56.32	56.32
St. Raphael Power Generation Corporation (SRPGC) ^{3*}	—	56.32	56.32	—	56.32	56.32
SEM-Balayan Power Generation Corporation (SBPGC) ^{3*}	—	56.32	56.32	—	56.32	56.32
Semirara Claystone, Inc. (SCI) ^{3*}	—	56.32	56.32	—	56.32	56.32
DMCI Power Corporation (DPC)	100.00	—	100.00	100.00	—	100.00
DMCI Masbate Power Corporation (DMCI Masbate) ⁴	—	100.00	100.00	—	100.00	100.00
DMCI Palawan Power Corporation (DMCI Palawan) ⁴	—	100.00	100.00	—	100.00	100.00
<u>Nickel Mining:</u>						
DMCI Mining Corporation (DMC)	100.00	—	100.00	100.00	—	100.00
Toledo Mining Corporation (TMC) ⁵	—	—	—	—	98.06	98.06
Berong Nickel Corporation (BNC) ⁵	—	74.80	74.80	—	—	—
Ulugan Resources Holdings, Inc. (URHI) ⁵	—	30.00	30.00	—	—	—
Ulugan Nickel Corporation (UNC) ⁵	—	58.00	58.00	—	—	—
Nickeline Resources Holdings, Inc. (NRHI) ⁵	—	58.00	58.00	—	—	—
TMM Management, Inc. (TMM) ⁵	—	40.00	40.00	—	—	—
Zambales Diversified Metals Corporation (ZDMC) ⁵	—	100.00	100.00	—	—	—
Zambales Chromite Mining Company Inc. (ZCMC) ⁵	—	100.00	100.00	—	—	—
Fil-Asian Strategic Resources & Properties Corporation (FASRPC) ⁵	—	100.00	100.00	—	—	—
Montague Resources Philippines Corporation (MRPC) ⁵	—	100.00	100.00	—	—	—
Montemina Resources Corporation (MRC) ⁵	—	100.00	100.00	—	—	—
Mt. Lanat Metals Corporation (MLMC) ⁵	—	100.00	100.00	—	—	—
ENK Plc. (ENK)	100.00	—	100.00	—	—	—
European Nickel Iberia SL (EN Iberia) ⁶	—	100.00	100.00	—	—	—
European Nickel Spain SL (EN Spain) ⁶	—	100.00	100.00	—	—	—
Rusina Mining Ltd. (Rusina) ⁶	—	100.00	100.00	—	—	—
European Nickel Holland BV (EN Holland) ⁶	—	100.00	100.00	—	—	—
European Nickel Philland BV (EN Philland) ⁶	—	100.00	100.00	—	—	—
European Nickel PLC - Regional Operating Headquarters (EN ROHQ) ⁶	—	100.00	100.00	—	—	—
Enickel Berhold, Inc. (EBI) ⁶	—	100.00	100.00	—	—	—
Enickel Holdings, Inc. (EHI) ^{6*}	—	100.00	100.00	—	—	—

(Forward)



	2014			2013		
	Direct	Indirect	Effective Interest (In percentage)	Direct	Indirect	Effective Interest
Fil-Euro Asia Nickel Corporation (FEANC) ⁶	—	100.00	100.00	—	—	—
Heraan Holdings, Inc. (HHI) ⁶	—	100.00	100.00	—	—	—
Zambales Nickel Processing Corporation (ZNPC) ⁶	—	100.00	100.00	—	—	—
Zamnorth Holdings Corporation (ZHC) ⁶	—	100.00	100.00	—	—	—
ZDMC Holdings Corporation (ZDMCHC) ⁶	—	100.00	100.00	—	—	—
<u>Real Estate Development:</u>						
DMCI Project Developers, Inc. (PDI)	100.00	—	100.00	88.87	11.13	100.00
Hampstead Gardens Corporation (Hampstead) ²	—	100.00	100.00	—	100.00	100.00
Riviera Land Corporation (Riviera) ²	—	100.00	100.00	—	100.00	100.00
DMCI-PDI Hotels, Inc. (PDI Hotels) ²	—	100.00	100.00	—	100.00	100.00
DMCI Homes Property Management Corporation (DPMC) ²	—	100.00	100.00	—	100.00	100.00
<u>Marketing Arm:</u>						
DMCI Homes, Inc. (DMCI Homes) ²	—	100.00	100.00	—	100.00	100.00
<u>Manufacturing:</u>						
Semirara Cement Corporation (SemCem) *	100.00	—	100.00	100.00	—	100.00
Wire Rope Corporation of the Philippines (Wire Rope)	45.68	16.02	61.70	45.68	16.02	61.70

* Have not yet started commercial operations as of December 31, 2014

¹ DMCI's subsidiaries

² PDI's subsidiaries

³ Semirara's subsidiaries

⁴ DPC's subsidiaries

⁵ DMC's subsidiaries

⁶ ENK's subsidiaries

General Construction

DMCI

DMCI was incorporated in the Philippines on December 24, 1954 primarily to engage in and carry on the trade and business of engineering, general building and contracting.

Subscription to PDI's increase in authorized capital stock

On October 30, 2009, the PDI BOD and stockholders approved the increase in the PDI's authorized capital stock from ₱3.00 billion, divided into 3,000,000,000 common shares with a par value of ₱1.00 per share, to ₱5.00 billion, divided into 5,000,000,000 common shares with a par value of ₱1.00 per share.

On December 30, 2010, the Securities and Exchange Commission (SEC) approved PDI's application for increase in authorized capital stock. Of the said increase in the authorized capital stock of 2 billion common shares at ₱1.00 par value per share, 538,132,578 common shares have been subscribed by the DMCI and the Parent Company, each subscribing 504,862,578 shares and 33,270,000 shares, respectively in exchange of real estate properties.

On September 24, 2012, PDI filed a petition for the substitution of subscription payment to the increase of capital stock from real estate properties to cash. DMCI paid the subscription in October 2012. On January 9, 2014, the SEC granted the petition.

Declaration of Investment in PDI as Property Dividends to the Parent Company

In October 2011, DMCI declared majority of its investment in PDI as property dividends to the Parent Company with equivalent value of ₱949.59 million representing 30.57% share in PDI.

On December 5, 2011, the SEC approved DMCI's application to declare its investment in PDI as property dividend to the Parent Company. The property dividend amounted to ₱949.59 million



payable in 949,594,750 shares of stocks in PDI with same par value. As a result, PDI became 88.87% owned by the Parent Company.

On April 7, 2014, DMCI declared its remaining investment in PDI as property dividends to the Parent Company with equivalent value of ₱504.86 million representing 11.13% share in PDI.

On September 9, 2014, the SEC approved DMCI's application to declare its investment in PDI as property dividend to the Parent Company. The property dividend amounted to ₱504.86 million payable in 504,862,578 shares of stocks in PDI with same par value. As a result, PDI became a directly wholly owned subsidiary of the Parent Company.

Revocation of Investees' SEC Licenses

In 2013, DMCI has retired its various investments in subsidiaries and associates. DMCI received the notice from the SEC approving the revocation of the investees' SEC licenses. Entities whose SEC licenses are revoked include:

- DMCI-Laing Construction, Inc.
- OHKI-DMCI Corporation
- DMCI International, Inc
- Eco Process & Equipment Philippines, Inc.

Due to the revocation, DMCI derecognized the investees' respective net assets in the books with remaining total carrying value of ₱16.75 million in 2013.

Mining

SMPC

SMPC was incorporated and domiciled in the Philippines on February 26, 1980 primarily to search for, prospect, explore, dig and drill, mine, exploit, extract, produce, mill, purchase or otherwise acquire, store, hold transport, use experiment with, market, distribute, exchange, sell and otherwise dispose of, import, export and handle, trade, and generally deal in, ship coal, coke, and other coal products of all grades, kinds, forms, descriptions and combinations and in general the products and by-products which may be derived, produced, prepared, developed, compounded, made or manufactured there; to acquire, own, maintain and exercise the rights and privileges under the coal operating contract within the purview of Presidential Decree No. 972, "*The Coal Development Act of 1976*", and any amendments thereto.

On August 18, 2014, the SEC approved the change in the corporate name of Semirara Mining Corporation to "Semirara Mining and Power Corporation". This change was sought to reflect the forward integration of the SMPC's business as a coal supplier or producer to power generation through its wholly-owned subsidiaries.

DMC

DMC was incorporated and domiciled in the Republic of the Philippines on May 29, 2007 primarily to carry on the business of mining, developing, exploiting, extracting, milling, concentrating, preparing for market, manufacturing, buying, shipping and transporting, all kinds of ores, metals and minerals. It involves surface mining and direct shipping of nickel laterite ore and is conducted through simple benching operation using excavators and trucks in Sta. Cruz and Candelaria, Zambales.

On March 31, 2013, the BOD of DMC approved the acceptance of ₱1.80 billion advances from the Parent Company as deposit for future additional issuances of DMC's capital stock.



On September 24, 2013, the BOD approved the increase in the authorized capital stock of DMC from ₱0.50 billion divided into 0.50 billion shares with a par value of ₱1.00 per share to ₱5.00 billion divided into 5.00 billion shares with a par value of ₱1.00 per share.

On November 19, 2013, the Parent Company and DMC executed a Deed of Assignment of Advances wherein the BOD of DMC approved and agreed for the conversion of the advances made by the Parent Company into equity for the additional subscription to 1.80 billion shares of DMC.

On December 19, 2013, the SEC approved DMC's application for increase in its authorized capital stock. Accordingly, the advances were converted to equity and 1.80 billion shares were issued as of December 31, 2013.

TMC

In October 2012, DMC acquired 17.01% stake of Daintree Resources Limited in TMC for GBP 3.4 million. Such investment was accounted for as an associate as of December 31, 2012.

In 2013, DMC increased its interest in TMC by acquiring additional shares through a mandatory cash offer to TMC's shareholders representing additional 81.05% interest. As of December 31, 2013, DMC holds 49,148,335 shares and voting rights representing 98.06% of voting rights and the remaining 1.94% is covered by mandatory call option.

On December 20, 2013 after establishing the 98.06% voting rights and gaining majority seats in the BOD of TMC, DMC obtained control over TMC. TMC has subsequently delisted on London Stock Exchange - Alternative Investment Market (AIM) after the resolution for the matter has been approved on the General Meeting of Shareholders.

In 2014, the remaining price for the 1.94% of TMC was paid by DMC. In 2013, the business combination transaction was initially accounted provisionally as allowed under PFRS 3. The business combination of the purchase of TMC shares was finalized in 2014 (see Note 33).

As of June 18, 2014, the Group (through combined TMC and DMC ownerships) has the following investments in associates (collectively called mining entities).

a)	Ulugan Resources Holdings, Inc. (URHI)	- 30% direct interest
b)	Nickeline Resources Holdings, Inc. (NRHI)	- 58% effective interest (40% direct, 18% through URHI)
c)	Ulugan Nickel Corporation (UNC)	- 58% effective interest (40% direct, 18% through URHI)
d)	Berong Nickel Corporation (BNC)	- 74.80% effective interest (40% direct, 34.80% through URHI and NRHI)
e)	TMM Management, Inc. (TMM)	- 40% direct interest
f)	Ipilan Nickel Corporation (INC)	- 52% effective interest (40% direct, 12% through NLRI)
g)	Nickel Laterite Resources, Inc. (NLRI)	- 20% direct interest

The remaining ownership of the above associates are owned by Atlas Consolidated Mining Corp. (Atlas), a third party.

In June 2014, organizational meetings were held for the above entities, wherein the voting rights held by Atlas were assigned to the representative of the Group. In that same meeting, management team from the Group were assigned as key officers of the above entities. Further, on



July 11, 2014, a Memorandum of Agreement (MOA) was entered between TMC and Atlas, which set out the material terms under which the parties have agreed to hold their respective investments in respect of the exploration, development and utilization of Berong Mineral Properties (mining tenements or Mineral Production Sharing Agreement (MPSA) applications underlying the Berong Nickel Project, as well as all surface rights or rights of way and easements within or around the Berong Nickel Project necessary for operations) defined in the joint venture agreement dated January 9, 2005. The said MOA sets out the rights of each of Atlas and TMC including the assignment of board seats, majority of which were assigned to TMC and delegation to TMC of the day to day operations and critical decision making in running the mining operations. Due to these factors, the Group believes that through TMC, they now have control over the above mining entities, and thus were accounted for subsidiaries, instead of associates. Consequently, Atlas deconsolidated the above entities. Gain on bargain purchase recognized from the business combination amounted to of ₱257.50 million (Note 33).

On August 8, 2014, the following shares owned by TMC were transferred to DMC as part of the re-organization.

- a) 40% of BNC
- b) 9% of NRHI
- c) 30% of URHI
- d) 40% of UNC
- e) 40% of TMM

As of December 31, 2014, the Deeds of transfer and payment of corresponding DST have been already completed and paid. The Companies are still awaiting for the Certificate Authorizing Registration (CAR).

On December 1, 2014, TMC transferred the following shares to DMC.

- 1. 40% of INC
- 2. 20% of NLRI

The above re-organization effectively transferred the entire shares of TMC in the mining entities to DMC and did not change the existing total and effective ownership of the Group.

On December 1, 2014, DMC sold the following to Southeast Palawan Nickel Ventures, Inc. (an outside party):

- 1) Sale of 40% shares of INC and 20% shares of NLRI at book value of ₱1.50 million
- 2) Sale of receivables from INC and NLRI with proceeds amounting to ₱617.30 million.

On December 19, 2014, DMC sold its investment in TMC to a third party individual with proceeds amounting ₱1,000.

Below are the nature of operations of the newly acquired subsidiaries:

Berong Nickel Corporation (BNC)

BNC was registered with the SEC on September 27, 2004, for the purpose of exploring, developing and mining the Berong Mineral Properties located in Barangay Berong, Quezon, province of Palawan. BNC shall have the exclusive privilege and right to explore, develop, mine, operate, produce, utilize, process and dispose of all the minerals and the products or by-products that may be produced, extracted, gathered, recovered, unearthed or found within the Mineral Properties, inclusive of Direct Shipping Project, under the MPSA with the Government of the Philippines or under any appropriate rights granted by law or the Government of the Philippines.



On October 28, 2014, the stockholders approved the amendment of BNC's Articles of Incorporation changing its principal office address to 3rd Floor, DMCI Homes Corporate Center, 1321 Apolinario Street, Brgy. Bangkal, Makati City.

Ulugan Resources Holdings, Inc. (URHI)

URHI was registered with the SEC on June 23, 2005 for the purpose of generally dealing in and with personal properties and securities of every kind and description of any government, municipality, political subdivision or agency, corporation, association or entity; exercising any and all interest in respect of any of such securities; and promoting, managing, and participating in and act as agent for the purchase and sale of any securities as may be allowed by law.

On October 28, 2014, the stockholders approved the amendment of URHI's Articles of Incorporation changing its principal office address to 3rd Floor, DMCI Homes Corporate Center, 1321 Apolinario Street, Brgy. Bangkal, Makati City.

Ulugan Nickel Corporation (UNC)

UNC was registered with the SEC on June 23, 2005 for the purpose of exploring, developing and mining Ulugan Mineral Properties and the exclusive privilege and right to explore, develop, mine, operate, produce, utilize, process and dispose of all the minerals and the products or by-products that may be produced, extracted, gathered, recovered, unearthed, or found within the mineral properties, inclusive of direct shipping project, under the MPSA with the Government of the Philippines or under any appropriate rights granted by law or the Government of the Philippines.

On October 28, 2014, the stockholders approved the amendment of UNC's Articles of Incorporation changing its principal office address to 3rd Floor, DMCI Homes Corporate Center, 1321 Apolinario Street, Brgy. Bangkal, Makati City.

Nickeline Resources Holdings, Inc. (NRHI)

NRHI was registered with the SEC on August 15, 2005 primarily to subscribe for, receive, purchase or otherwise acquire, obtain an interest in, own, hold, pledge, hypothecate, mortgage, assign, deposit, create trusts with respect to, deal in, exchange, sell and otherwise dispose of, alone or insyndicates or otherwise in conjunction with others, and generally deal in and with any kind of shares and securities and to exercise all the rights, powers and privileges of ownership or interest in respect to them.

On October 28, 2014, the stockholders approved the amendment of NRHI's Articles of Incorporation changing its principal office address to 3rd Floor, DMCI Homes Corporate Center, 1321 Apolinario Street, Brgy. Bangkal, Makati City.

TMM Management Inc. (TMM)

TMM was registered with the SEC on September 28, 2004, primarily to act as managers or managing agents of persons, firms, associations, corporations, partnership and other entities, to provide management, investment and technical advice for commercial, industrial, manufacturing and other kinds of enterprises, and to undertake, carry on or participate in the promotion, organization, management, liquidation or reorganization of operations, partnerships and other entities, except the management of funds, securities, portfolios and other similar assets of the managed entity.

On October 28, 2014, the stockholders approved the amendment of the TMM's Articles of Incorporation to change its office address to 3rd Floor, DMCI Homes Corporate Center, 1321 Apolinario Street, Brgy. Bangkal, Makati City.



ENK Plc. (ENK)

As discussed in Note 11, ENK (an entity incorporated in London, United Kingdom) was previously treated as a joint venture investment between the Parent Company and D&A Income Ltd. The Parent Company owns 60% of ENK as of December 31, 2013. ENK Plc has the following 100% owned foreign and local subsidiaries:

The foreign subsidiaries include: (a) European Nickel Iberia SL; (b) European Nickel Spain SL; (c) Rusina Mining Ltd.; (d) European Nickel Holland BV; and (e) European Nickel Philland BV.

The local subsidiaries include: (a) European Nickel PLC-Regional Operating Headquarters; (b) Enickel Holdings, Inc.; (c) Enickel Berhold, Inc.; (d) Heraan Holdings, Inc.; (e) Asian Nickel Research and Technology Corporation; (f) Zambales Nickel Processing Corporation; (g) Zamnorth Holdings Corporation; (h) ZDMC Holdings Corporation; (i) Fil-Euro Asia Nickel Corporation (FEANC); (g) Fil-Asian Strategic Resources & Properties Corporation (FASRPC); (h) Montemina Resources Corporation (MRC); (i) Montague Resources Philippines Corporation (MRPC); (j) Mt. Lanat Metals Corporation (MLMC); (k) Zambales Chromite Mining Company, Inc. (ZCMC); and (l) Zambales Diversified Metals Corp. (ZMDC).

On March 25, 2014, the Parent Company purchased from D&A Income Ltd. the remaining 40% interest in ENK and its subsidiaries for approximately ₱3.12 billion, making these subsidiaries. The business combination was completed on April 3, 2014 when the directors representing D&A resigned and the positions were occupied by the representatives of the Parent Company. Goodwill recognized from the business combination amounted to of ₱1,637.43 million.

Below are the nature of operations of the newly acquired subsidiaries:

Foreign Subsidiaries:

The following entities were acquired in 2014 and were organized primarily to participate in, to cooperate with or manage finance other enterprises and to have an interest, in whatever way, in other enterprises, as well as guarantee the debts of third parties:

- (a) European Nickel Iberia SL
- (b) European Nickel Spain SL
- (c) Rusina Mining Ltd.
- (d) European Nickel Holland BV (Netherlands)
- (e) European Nickel Philland BV (Netherlands)

Local Subsidiaries:

- (a) European Nickel PLC-ROHQ (EN ROHQ)

The EN ROHQ was establish to engage in general administration and planning; business planning and coordination; sourcing/procurement of raw materials and components; corporate finance advisory services; marketing control and sales promotion; training and personnel management; logistic services; research and development services and product development; technical support and maintenance; data processing and communication; and business development, solely for its own affiliates, subsidiaries or branches in the Philippines and other foreign markets as declared in its registration with the SEC. The SEC registration does not allow the ROHQ to directly or indirectly engage in the sale and distribution of goods and services of its mother company, branches, affiliates, subsidiaries or any other company.

- (b) Enickel Holdings, Inc. (EHI)

EHI was incorporated in the Philippines and registered with the SEC on April 28, 2008 in accordance with the Corporation Code of the Philippines and the Foreign Investment Act of 1991,



as amended. Its primary purpose is to operate as a domestic market enterprise which produces goods for sale, or renders services or otherwise engages in any business in the Philippines. As at December 31, 2014, EHI has not yet started commercial operations.

(c) Enickel Berhold, Inc. (EBI)

EBI was registered with the SEC on October 14, 2008 in accordance with the Corporation Code of the Philippines and the Foreign Investments Act of 1991, primarily to invest in, purchase, or otherwise acquire and own, hold, sell, assign, transfer, mortgage, pledge, exchange, or otherwise dispose of properties of every kind and description, except land, including shares of stock, membership certificates, bonds, debentures, notes, evidences of indebtedness, and other securities of obligations of any domestic or foreign corporations, for whatever lawful purposes.

(d) Heraan Holdings, Inc. (HHI)

HHI was registered with the SEC on February 27, 2008 to invest in, purchase, or otherwise acquire and own, hold, sell, assign, transfer, mortgage, pledge, exchange, or otherwise dispose of real and personal property of every kind and description, including shares of stock, membership certificates, bonds, debentures, notes, evidences of indebtedness, and other securities, provided, that the corporation shall not engage in the business of a stock broker or dealer in securities.

(e) Asian Nickel Research and Technology Corporation (ANRTC)

ANRTC was incorporated and registered with the SEC on October 9, 2007 to operate a research laboratory and nickel and cobalt enrichment demonstration facility, to engage in the processing, milling, crushing, refining, smelting, concentrating, amalgamating, and beneficiating mineral resources, and the products or by-products thereof and to buy, sell at wholesale, and exchanging mineral resources and the products or by-products thereof, without engaging in mining.

(f) Zambales Nickel Processing Corporation (ZNPC)

ZNPC was incorporated in the Philippines and registered with the SEC on October 21, 2009 primarily to own, hold, sell, exchange, lease, mortgage or otherwise dispose of, deal in, and operate plants for processing, reducing, concentrating, smelting, converting, refining, preparing for market, or otherwise treating metals, minerals and mined products to be used in the production of nickel and cobalt products, and any and all ingredients, products and by-products of any thereof, and to produce, manufacture, process, refine, treat, sell, use, deal in, distribute, market and otherwise turn to account nickel and cobalt products and all ingredients, products and by-products of any thereof.

(g) Zamnorth Holdings Corporation (ZHC)

ZHC was incorporated in the Philippines and registered with the SEC on June 19, 2009 and started commercial operations on July 1, 2009. ZHC is primarily engaged in acquiring and disposing investments and exercise in respect thereof all the rights, powers and privileges of ownership. ZHC is also engaged in acquiring real properties and obtaining contracts, franchises and licenses from the government, corporation or person as may deemed conducive to the objects of the corporation.

(h) ZDMC Holdings Corporation (ZDMCHC)

ZDMCHC was incorporated and registered with the SEC on August 28, 2006. ZDMCHC is primarily engaged in acquiring and disposing investment and exercise in respect thereof all the rights, powers and privileges of ownership. ZDMCHC is also engaged in acquiring real properties and obtaining contracts, franchises and licenses from the government, corporation or person as may deemed conducive to the objects of the corporation.



(i) Fil-Euro Asia Nickel Corporation (FEANC)

FEANC was incorporated in the Philippines and registered with the SEC on November 7, 2008 and started operations immediately thereafter. FEANC is primarily engaged in exploring for and evaluation of mining resources. FEANC also renders financial assistance to individuals, partnerships, corporations and associations engaged in mining and to local mineral or exploration enterprises.

(j) Fil-Asian Strategic Resources & Properties Corporation (FASRPC)

FASRPC was incorporated and registered in the SEC on May 15, 2006 with the primary purpose of engaging in mining activities including the acquisition, exploration and evaluation of opportunities in gold, base metals, other minerals and diatomaceous earth.

(k) Montemina Resources Corporation (MRC)

MRC was incorporated in the Philippines and registered with the SEC on August 11, 2008 and started operations immediately thereafter. MRC is primarily engaged in exploring for and evaluation of mining resources in the Philippines. MRC also renders application of mineral production sharing agreements or financial assistance to individuals, partnerships, corporations and associations engaged in mining and to give financial assistance to local mineral or exploration enterprises.

(l) Montague Resources Phil. Corp (MRPC)

MRPC was incorporated in the Philippines and registered with the SEC on April 9, 2002. Its primary purpose is to carry out the business of operating mines, and of prospecting, exploration and of mining, milling, concentrating, converting, smelting, treating, refining, preparing for market, manufacturing, buying, selling and exchanging ores and mineral resources and to enter into contracts with local mineral tenement owners, mineral exploration enterprises and mining enterprises in connection with the mining activities.

(m) Mt. Lanat Metals Corp.(MLMC)

MLMC was incorporated in the Philippines and registered with the SEC on November 4, 2008 and started operations immediately thereafter. MLMC is primarily engaged in exploring for and evaluation of mining resources here in the Philippines. MLMC also renders application of mineral production sharing agreements or financial assistance to individuals, partnerships, corporations and associations engaged in mining and to give financial assistance to local mineral or exploration enterprises.

(n) Zambales Chromite Mining Company, Inc. (ZCMC)

ZCMC was incorporated and registered in the Philippines with the Philippine Securities and Exchange Commission (SEC) on May 21, 1935 with its corporate life renewed in 1985. The Company is primarily engaged in exploring for and evaluation of mining resources in the Philippines.

(o) Zambales Diversified Metals Corp.(ZMDC)

ZMDC was incorporated and registered with the SEC on September 14, 2007. ZMDC is primarily engaged in rendering exploration work for the purpose of determining and evaluating the existence of mineral resources, development potential, extent, quality and quantity and the feasibility of mining them for profit or of applying for exploration permit, mineral processing permit, mineral production sharing agreements, and financial or technical assistance agreement, to individuals, partnerships, associations and corporations engaged in mining; or, in any manner, to engage in the acquisition, conveyance, storage, marketing, processing, refining and distribution of minerals; to give financial assistance to local mining enterprises or corporations; to extend financial assistance to local mineral exploration enterprises and mineral tenement owners through contracts without



engaging in financing activity as defined in Republic Act No. 5980; and to acquire an interest in or shares of stocks of mining companies, to lease, option, locate or otherwise deal in mines, mining claims, and other property except lands to the extent allowed by law; to enter into contracts with local mineral tenement owners, mineral exploration enterprises, mining and mineral processing enterprises in connection with the above activities; and to provide technical and/or financial assistance for the large-scale exploration, development and utilization of minerals, petroleum and other mineral oils under Mineral Production Sharing Agreements (MPSA) or Financial or Technical Assistance Agreements with the government of the Philippines; and to carry on, either solely or in co-venture with others, mining, milling, concentrating, converting, smelting, treating, refining, preparing for market, manufacturing, buying, selling, exchanging and otherwise producing and dealing in all kinds of ores, metals, minerals, hydrocarbons, acids and, chemicals, and in the products and by-products of every kind and description and by whatsoever process, the same can be or may hereafter be produced.

After acquisition, the following re-organization was implemented in various dates in 2014:

- a) 100% of ZCMC was transferred from ZNHC and FEANC to DMC
- b) 100% of ZDMC was transferred from ZDMCHC and FEANC to DMC
- c) 100% of FEANC was transferred from Rusina to DMC

On August 18, 2014, ANRTC was sold to third parties resulting to a gain of ₱55.55 million which is presented net of the loss on sale of investments under Operating expenses in the consolidated statements of income (Note 25).

Real estate development

PDI

PDI made additional investments to DPMC amounting ₱24.98 million in 2014. The transaction has no effect on the ownership of the Group.

Power

DPC

DPC was incorporated and domiciled in the Republic of the Philippines. It was registered with the SEC on October 16, 2006 to engage in acquiring, designing, constructing, investing in and operating electric power plants, and engaging in the business of a Generation Company in accordance with Republic Act (RA) No. 9136 otherwise known as the Electric Power Industry Reform Act (EPIRA) of 2001.

On December 17, 2013, the Parent Company and DPC entered into a Subscription Agreement for the subscription of the latter's new shares. As of the date of signing the Agreement, the authorized capital stock of DPC amounts to ₱1,000.00 million, divided into 1,000.00 million shares, with a par value of ₱1.00 per share, out of which ₱300.00 million consisting of 300.00 million shares have been previously issued to the subscriber. Subject to the terms and conditions provided in the Agreement, the Parent Company subscribed to 700.00 million new shares from the unissued portion of DPC's existing authorized capital stock, at the subscription price of ₱1.00 per share, or a total of subscription price for all the new shares of ₱700.00 million.

Upon signing of the Agreement in 2013, ₱150.00 million has been paid in the subscription price. The balance of ₱550.00 million was paid by the Parent Company in 2014.



DMCI Masbate

DMCI Masbate was incorporated and domiciled in the Republic of the Philippines. It was registered with the SEC on November 13, 2007 primarily to acquire, design, develop, construct, invest in and operate power generating plants in the province of Masbate and engage in the business of a generation company in accordance with RA No. 9136 otherwise known as the EPIRA and its implementing rules and regulations, and to design, develop, assemble and operate other power related facilities, appliances and devices.

DMCI Palawan

DMCI Palawan Power Corporation, a wholly-owned subsidiary of DPC, was incorporated and domiciled in the Republic of the Philippines. It was registered with the Securities and Exchange Commission (SEC) on September 12, 2012 primarily to acquire, design, develop, construct, invest in and operate power generating plants in the province of Palawan and engage in the business of a generation company in accordance with RA No. 9136, otherwise known as EPIRA and its implementing rules and regulations, and to design, develop, assemble and operate other power related facilities, appliances and devices.

SCPC

SCPC, a wholly-owned subsidiary of SMPC, was registered with Philippine Securities and Exchange Commission (SEC) on November 19, 2009. It was primarily engaged to acquire, expand, rehabilitate and maintain power generating plants, develop fuel for generation of electricity and sell electricity to any person or entity through electricity markets among others.

SLPGC

On August 31, 2011, SLPGC, a wholly-owned subsidiary of Semirara, was incorporated to operate electric power plants and to engage in business of a Generation Company.

SCRC

SCRC is a stock corporation registered with SEC on September 14, 2009, primarily to sell electricity to any person or entity through electricity markets, by trading, or by contract, to administer, conserve and manage the electricity generated by power-generating plants, owned by its affiliates or by a third party, to invest in or acquire corporations or entities engaged in any of the foregoing activities.

Prior to 2013, the Parent Company owns 100% of common shares of SCRC. However, on March 15, 2013, the Parent Company assigned all of its 1.25 million shares in SCRC to SCPC at ₱1.00 par value or in the total amount of ₱1.25 million, making it as a wholly owned subsidiary of SCPC.

On September 25, 2013, SCPC subscribed to additional 6.75 million SCRC shares bringing the total investment in SCRC to ₱8.00 million as of December 31, 2013. The related shares were issued as of December 31, 2013. The Parent Company has 56.32% indirect ownership interest in SCPC and thus, an effective ownership interest of the same in SCRC.

SIPDI

On April 24, 2011, SIPDI was incorporated to acquire, develop, construct, invest in, operate and maintain an economic zone capable of providing infrastructures and other support facilities for export manufacturing enterprises, information technology enterprises, tourism economic zone enterprises, medical tourism economic zone enterprises, retirement economic zone enterprises and/or agro-industrial enterprises, inclusive of the required facilities and utilities, such as light and power system, water supply and distribution system, sewerage and drainage system, pollution control devices, communication facilities, paved road network, and administration building as well



as amenities required by professionals and workers involved in such enterprises, in accordance with R.A. No. 7916, as amended by R.A. No. 8748, otherwise known as the Special Economic Zone Act of 1995.

SEUI

On February 18, 2013, SEUI was incorporated to perform Qualified Third Party (QTP) functions pursuant to Section 59 of Republic Act 9136, otherwise known as the EPIRA and its Implementing Rules & Regulations”. DOE-Circular No. 2004-06-006 of the Department of Energy defines QTP as an alternative service provider authorized to serve remote and unviable areas pursuant to Section 59 of the EPIRA Law. The new company intends to act as the QTP over Barangays of Semirara, Tinogboc and Alegria, all located at Semirara Island, Caluya, Antique.

SRPGC

On September 10, 2013, SRPGC was incorporated to acquire, construct, erect, assemble, rehabilitate, expand, commission, operate and maintain power-generating plants and related facilities for the generation of electricity, including facilities to purchase, manufacture, develop or process fuel for the generation of such electricity; to sell electricity to any person or entity through electricity markets, by trading, or by contract; to administer, conserve and manage the electricity generated by power-generating plants, owned by SRPGC or by a third party, to invest in or acquire corporations or entities engaged in any of the foregoing activities.

SBPGC

On September 9, 2013, SBPGC was incorporated to acquire, construct, erect, assemble, rehabilitate, expand, commission, operate and maintain power-generating plants and related facilities for the generation of electricity, including facilities to purchase, manufacture, develop or process fuel for the generation of such electricity, to sell electricity to any person or entity through electricity markets, by trading, or by contract, to administer, conserve and manage the electricity generated by power-generating plants, owned by SBPGC or by a third party, to invest in or acquire corporations or entities engaged in any of the foregoing activities.

Manufacturing

SCI

On November 29, 2012, SCI was incorporated to engage in, conduct, and carry on the business of manufacturing, buying, selling, distributing, marketing at wholesale and retail insofar as may be permitted by law, all kinds of goods, commodities, wares and merchandise of every kind and description including pottery earthenware, stoneware, bricks, tiles, roofs and other merchandise produce from clay; to enter into all contracts for export, import, purchase requisition, sale at wholesale or retail and other disposition for its own account as principal or in representative capacity as manufacturer’s representative, merchandise broker, indenter, commission merchant, factors or agents, upon consignment of all goods, wares, merchandise or products natural or artificial. In 2012, Semirara provided equity funding to SCI amounting ₱2.50 million.

DMCI Training

DMCI Training was registered with SEC on August 15, 2006. The primary purpose of the company is to establish, promote, and operate training centers and or institutions in the field of science, technology, vocational and other apprenticeable trades and occupations in which qualified and deserving persons regardless of gender may be thought, developed and trained in a well-rounded theoretical and practical method.



Changes in Accounting Policies and Disclosures

The Group applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after January 1, 2014. Except as otherwise stated, the adoption of these new amended standards and Philippine Interpretations did not have any impact on the consolidated financial statements:

- Investment Entities (Amendments to PFRS 10, *Consolidated Financial Statements*, PFRS 12, *Disclosure of Interests in Other Entities*, and PAS 27, *Separate Financial Statements*)
These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under PFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. The amendments must be applied retrospectively, subject to certain transition relief.

These amendments have no impact to the Group since none of the entities within the Group qualifies to be an investment entity under PFRS 10.

- PAS 32, *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities* (Amendments)
These amendments clarify the meaning of ‘currently has a legally enforceable right to set-off’ and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting and are applied retrospectively.
- PAS 39, *Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting* (Amendments)
These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria and retrospective application is required.
- PAS 36, *Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets* (Amendments)
These amendments remove the unintended consequences of PFRS 13, *Fair Value Measurement*, on the disclosures required under PAS 36. In addition, these amendments require disclosure of the recoverable amounts for assets or cash-generating units (CGUs) for which impairment loss has been recognized or reversed during the period.
- Philippine Interpretation IFRIC 21, *Levies* (IFRIC 21)
IFRIC 21 clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. Retrospective application is required for IFRIC 21.

Annual Improvements to PFRSs (2010-2012 cycle)

In the 2010 – 2012 annual improvements cycle, seven amendments to six standards were issued, which included an amendment to PFRS 13, *Fair Value Measurement*. The amendment to PFRS 13 is effective immediately and it clarifies that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial.



Annual Improvements to PFRSs (2011-2013 cycle)

In the 2011 – 2013 annual improvements cycle, four amendments to four standards were issued, which included an amendment to PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards–First-time Adoption of PFRS*. The amendment to PFRS 1 is effective immediately. It clarifies that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first PFRS financial statements.

Standards issued but not yet effective

- PFRS 9, *Financial Instruments – Classification and Measurement* (2010 version)
PFRS 9 (2010 version) reflects the first phase on the replacement of PAS 39 and applies to the classification and measurement of financial assets and liabilities as defined in PAS 39, *Financial Instruments: Recognition and Measurement*. PFRS 9 requires all financial assets to be measured at fair value at initial recognition. A debt financial asset may, if the fair value option (FVO) is not invoked, be subsequently measured at amortized cost if it is held within a business model that has the objective to hold the assets to collect the contractual cash flows and its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding. All other debt instruments are subsequently measured at fair value through profit or loss. All equity financial assets are measured at fair value either through other comprehensive income (OCI) or profit or loss. Equity financial assets held for trading must be measured at fair value through profit or loss. For FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. All other PAS 39 classification and measurement requirements for financial liabilities have been carried forward into PFRS 9, including the embedded derivative separation rules and the criteria for using the FVO. The adoption of the first phase of PFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will potentially have no impact on the classification and measurement of financial liabilities.

PFRS 9 (2010 version) is effective for annual periods beginning on or after January 1, 2015. This mandatory adoption date was moved to January 1, 2018 when the final version of PFRS 9 was adopted by the Philippine Financial Reporting Standards Council (FRSC). Such adoption, however, is still for approval by the Board of Accountancy (BOA).

In compliance with SEC Memorandum Circular No.3, series of 2012, the Company has conducted a study on the impact of an early adoption of PFRS 9. After a careful consideration of the results on the impact evaluation, the Company has decided not to early adopt PFRS 9 for its 2014 annual financial reporting. Therefore, these financial statements do not reflect the impact of the said standard.

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



deferred the effectivity of this interpretation until the final Revenue standard is issued by the International Accounting Standards Board (IASB) and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed.

The following new standards and amendments issued by the IASB were already adopted by the FRSC but are still for approval by BOA.

Effective January 1, 2015

- PAS 19, *Employee Benefits – Defined Benefit Plans: Employee Contributions* (Amendments)
PAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognize such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after January 1, 2015. It is not expected that this amendment would be relevant to the Group, since none of the entities within the Group has defined benefit plans with contributions from employees or third parties.

Annual Improvements to PFRSs (2010-2012 cycle)

The Annual Improvements to PFRSs (2010-2012 cycle) are effective for annual periods beginning on or after January 1, 2015 and are not expected to have a material impact on the Group. They include:

- PFRS 2, *Share-based Payment – Definition of Vesting Condition*
This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:
 - A performance condition must contain a service condition
 - A performance target must be met while the counterparty is rendering service
 - A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group
 - A performance condition may be a market or non-market condition
 - If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.
- PFRS 3, *Business Combinations – Accounting for Contingent Consideration in a Business Combination*
The amendment is applied prospectively for business combinations for which the acquisition date is on or after July 1, 2014. It clarifies that a contingent consideration that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of PAS 39, *Financial Instruments: Recognition and Measurement* (or PFRS 9, *Financial Instruments*, if early adopted). The Group shall consider this amendment for future business combinations.
- PFRS 8, *Operating Segments – Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets*
The amendments are applied retrospectively and clarify that:



- An entity must disclose the judgments made by management in applying the aggregation criteria in the standard, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are ‘similar’.
- The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.
- PAS 16, *Property, Plant and Equipment*, and PAS 38, *Intangible Assets – Revaluation Method – Proportionate Restatement of Accumulated Depreciation and Amortization*
The amendment is applied retrospectively and clarifies in PAS 16 and PAS 38 that the asset may be revalued by reference to the observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortization is the difference between the gross and carrying amounts of the asset.
- PAS 24, *Related Party Disclosures – Key Management Personnel*
The amendment is applied retrospectively and clarifies that a management entity, which is an entity that provides key management personnel services, is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

Annual Improvements to PFRSs (2011-2013 cycle)

The Annual Improvements to PFRSs (2011-2013 cycle) are effective for annual periods beginning on or after January 1, 2015 and are not expected to have a material impact on the Group. They include:

- PFRS 3, *Business Combinations – Scope Exceptions for Joint Arrangements*
The amendment is applied prospectively and clarifies the following regarding the scope exceptions within PFRS 3:
 - Joint arrangements, not just joint ventures, are outside the scope of PFRS 3.
 - This scope exception applies only to the accounting in the financial statements of the joint arrangement itself.
- PFRS 13, *Fair Value Measurement – Portfolio Exception*
The amendment is applied prospectively and clarifies that the portfolio exception in PFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of PAS 39 (or PFRS 9, as applicable).
- PAS 40, *Investment Property*
The amendment is applied prospectively and clarifies that PFRS 3, and not the description of ancillary services in PAS 40, is used to determine if the transaction is the purchase of an asset or business combination. The description of ancillary services in PAS 40 only differentiates between investment property and owner-occupied property (i.e., property, plant and equipment).

Effective January 1, 2016

- PAS 16, *Property, Plant and Equipment*, and PAS 38, *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortization (Amendments)*
The amendments clarify the principle in PAS 16 and PAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part)



rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. The amendments are effective prospectively for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group given that the Group has not used a revenue-based method to depreciate its non-current assets.

- *PAS 16, Property, Plant and Equipment, and PAS 41, Agriculture – Bearer Plants (Amendments)*
The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of PAS 41. Instead, PAS 16 will apply. After initial recognition, bearer plants will be measured under PAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of PAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, PAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*, will apply. The amendments are retrospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group as the Group does not have any bearer plants.
- *PAS 27, Separate Financial Statements – Equity Method in Separate Financial Statements (Amendments)*
The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying PFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of PFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to PFRS. The amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. The Group is currently assessing the impact of adopting this standard.
- *PFRS 10, Consolidated Financial Statements and PAS 28, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
These amendments address an acknowledged inconsistency between the requirements in PFRS 10 and those in PAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. These amendments are effective from annual periods beginning on or after 1 January 2016.
- *PFRS 11, Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations (Amendments)*
The amendments to PFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant PFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to PFRS 11 to specify that the



amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group.

- *PFRS 14, Regulatory Deferral Accounts*
PFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of PFRS. Entities that adopt PFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and other comprehensive income. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. PFRS 14 is effective for annual periods beginning on or after January 1, 2016. Since the Group is an existing PFRS preparer, this standard would not apply.

Annual Improvements to PFRSs (2012-2014 cycle)

The Annual Improvements to PFRSs (2012-2014 cycle) are effective for annual periods beginning on or after January 1, 2016 and are not expected to have a material impact on the Group. They include:

- *PFRS 5, Non-current Assets Held for Sale and Discontinued Operations – Changes in Methods of Disposal*
The amendment is applied prospectively and clarifies that changing from a disposal through sale to a disposal through distribution to owners and vice-versa should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in PFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification.
- *PFRS 7, Financial Instruments: Disclosures – Servicing Contracts*
PFRS 7 requires an entity to provide disclosures for any continuing involvement in a transferred asset that is derecognized in its entirety. The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance in PFRS 7 in order to assess whether the disclosures are required. The amendment is to be applied such that the assessment of which servicing contracts constitute continuing involvement will need to be done retrospectively. However, comparative disclosures are not required to be provided for any period beginning before the annual period in which the entity first applies the amendments.
- *PFRS 7 - Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements*
This amendment is applied retrospectively and clarifies that the disclosures on offsetting of financial assets and financial liabilities are not required in the condensed interim financial report unless they provide a significant update to the information reported in the most recent annual report.



- PAS 19, *Employee Benefits – regional market issue regarding discount rate*
This amendment is applied prospectively and clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.
- PAS 34, *Interim Financial Reporting – disclosure of information ‘elsewhere in the interim financial report’*
The amendment is applied retrospectively and clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report).

Effective January 1, 2018

- PFRS 9, *Financial Instruments – Hedge Accounting* and amendments to PFRS 9, PFRS 7 and PAS 39 (2013 version)
PFRS 9 (2013 version) already includes the third phase of the project to replace PAS 39 which pertains to hedge accounting. This version of PFRS 9 replaces the rules-based hedge accounting model of PAS 39 with a more principles-based approach. Changes include replacing the rules-based hedge effectiveness test with an objectives-based test that focuses on the economic relationship between the hedged item and the hedging instrument, and the effect of credit risk on that economic relationship; allowing risk components to be designated as the hedged item, not only for financial items but also for non-financial items, provided that the risk component is separately identifiable and reliably measurable; and allowing the time value of an option, the forward element of a forward contract and any foreign currency basis spread to be excluded from the designation of a derivative instrument as the hedging instrument and accounted for as costs of hedging. PFRS 9 also requires more extensive disclosures for hedge accounting.

PFRS 9 (2013 version) has no mandatory effective date. The mandatory effective date of January 1, 2018 was eventually set when the final version of PFRS 9 was adopted by the FRSC. The adoption of the final version of PFRS 9, however, is still for approval by BOA.

The adoption of PFRS 9 will have an effect on the classification and measurement of the Group’s financial assets but will have no impact on the classification and measurement of the Group’s financial liabilities. The Group is currently assessing the impact of adopting this standard.

- PFRS 9, *Financial Instruments* (2014 or final version)
In July 2014, the final version of PFRS 9, *Financial Instruments*, was issued. PFRS 9 reflects all phases of the financial instruments project and replaces PAS 39, *Financial Instruments: Recognition and Measurement*, and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. PFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of PFRS 9 is permitted if the date of initial application is before February 1, 2015.

The adoption of PFRS 9 will have an effect on the classification and measurement of the Group’s financial assets and impairment methodology for financial assets, but will have no



impact on the classification and measurement of the Group's financial liabilities. The Group is currently assessing the impact of adopting this standard.

The following new standard issued by the IASB has not yet been adopted by the FRSC

- **IFRS 15 Revenue from Contracts with Customers**
IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2017 with early adoption permitted. The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date once adopted locally.

Significant Accounting Policies

Cash and Cash Equivalents

Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from the date of placement and that are subject to an insignificant risk of changes in value.

Financial Instruments

Date of Recognition

The Group recognizes a financial asset or a financial liability in the consolidated statement of financial position when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace are recognized on the settlement date.

Initial Recognition of Financial Instruments

All financial assets and financial liabilities are initially recognized at fair value. Except for financial assets at FVPL, the initial measurement of financial assets includes transaction costs. The Group classifies its financial assets in the following categories: financial assets at FVPL, held-to-maturity (HTM) investments, AFS financial assets, and loans and receivables. The Group classifies its financial liabilities as financial liabilities at FVPL and other financial liabilities. The classification depends on the purpose for which the investments were acquired and whether these are quoted in an active market. Management determines the classification of its investments at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity net of any related income tax benefits.

The Group's financial instruments are classified as AFS financial assets, financial assets at FVPL, loans and receivables and other financial liabilities.



Fair Value Measurement

The Group measures financial instruments at fair value at each reporting date. Also, fair values of financial instruments measured at amortized cost and non-financial assets measured at cost such as investment properties are disclosed in Notes 12 and 36.

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

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

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

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

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

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

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

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

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

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

Day 1 Difference

Where the transaction price in a non-active market is different to the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a "Day 1" difference) in the consolidated statement of income under "Finance income" and "Finance costs" unless it qualifies for recognition as some other type of asset or liability. In cases where the valuation technique used is made of data which



is not observable, the difference between the transaction price and model value is only recognized in the consolidated statement of income when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the 'Day 1' difference amount.

Financial Assets and Financial Liabilities at FVPL

Financial assets and financial liabilities at FVPL include financial assets and financial liabilities held for trading and financial assets and financial liabilities designated upon initial recognition as at FVPL.

Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets or financial liabilities held for trading are recorded in the consolidated statement of financial position at fair value. Changes in fair value relating to the held for trading positions are recognized in "Other income - net" account in the consolidated statement of income. Interest earned or incurred is recorded in interest income or expense, respectively, while dividend income is recorded when the right to receive payment has been established.

Financial assets may be designated at initial recognition as at FVPL if any of the following criteria are met:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognizing gains or losses on them on a different basis; or
- The assets are part of a group of financial assets which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
- The financial instrument contains an embedded derivative that would need to be separately recorded.

The Group's financial asset at FVPL pertains to investment in quoted equity securities (Note 5). The Group does not have any financial liability at FVPL.

Loans and Receivables

Loans and receivables are nonderivative financial assets with fixed or determinable payments and fixed maturities that are not quoted in an active market. These are not entered into with the intention of immediate or short-term resale and are not designated as financial assets at FVPL or AFS financial assets. These are included in current assets if maturity is within 12 months from the reporting date; otherwise, these are classified as noncurrent assets. This accounting policy relates to the consolidated statement of financial position captions "Cash and cash equivalents", "Receivables", "Noncurrent receivables" and refundable and security deposits included under "Other noncurrent assets".

After initial measurement, loans and receivables are subsequently measured at amortized cost using the effective interest method, less allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate (EIR) and transaction costs. The amortization is included in "Finance income" in the consolidated statement of income. The losses arising from impairment of such loans and receivables are recognized under "Other expenses" in the consolidated statement of income.



AFS Financial Assets

AFS financial assets are those which are designated as such or do not qualify to be classified or designated as at FVPL, HTM or loans and receivables. After initial measurement, AFS financial assets are measured at fair value with unrealized gains or losses being recognized in the consolidated statement of comprehensive income and are reported as “Net accumulated unrealized gains (losses) on AFS financial assets” in equity. When the investment is disposed of, the cumulative gain or loss previously recorded in equity is recognized in the consolidated statement of income. Interest earned or paid on the investments is reported as interest income or expense using the EIR. Dividends earned on investments are recognized in the consolidated statement of income when the right to receive payment has been established. The losses arising from impairment of such investments are recognized under “Other expenses” in the consolidated statement of income.

AFS financial assets are classified as current asset if verified to be realized within 12 months from reporting date.

When the fair value of AFS financial assets cannot be measured reliably because of lack of reliable estimates of future cash flows and discount rates necessary to calculate the fair values of unquoted equity instruments, then instruments are carried at cost less any allowance for impairment losses.

The Group’s AFS financial assets pertain to quoted and unquoted equity securities (Note 6).

Other Financial Liabilities

Issued financial instruments or their components, which are not designated as at FVPL are classified as other financial liabilities where the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares. The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

After initial measurement, other financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are integral parts of the EIR. Any effects of restatement of foreign currency-denominated liabilities are recognized in the consolidated statement of income.

Other financial liabilities relate to the consolidated statement of financial position captions, “Accounts and other payables”, “Liabilities for purchased land”, “Payable to related parties”, “Short-term and Long-term debt” and “Other noncurrent liabilities”.

Gains and losses are recognized under the “Other income” and “Other expense” accounts in the consolidated statement of income when the liabilities are derecognized or impaired, as well as through the amortization process.

Deferred Financing Costs

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



Customers' Advances and Deposits

Customers' advances and deposits represent payment from buyers which have not yet reached the minimum required percentage for recording real estate transactions. When the level of required payment is reached and the revenue recognition criteria is met, sales are recognized and these deposits and downpayments will be applied against the related receivables.

Impairment of Financial Assets

The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Loans and Receivables

For loans and receivables carried at amortized cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses for impairment. Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment for impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial assets' original EIR (i.e., the EIR computed at initial recognition). The carrying amount of the asset is reduced through the use of an allowance account and the amount of loss is charged to the consolidated statement of income during the period in which it arises. Interest income continues to be recognized based on the original EIR of the asset. Receivables, together with the associated allowance accounts, are written off when there is no realistic prospect of future recovery and all collateral has been realized.

If, in a subsequent year, the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the consolidated statement of income, to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of such credit risk characteristics as industry, customer type, customer location, past-due status and term. Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of



current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. The methodology and assumptions used for estimating future cash flows are reviewed annually by the Group to reduce any differences between loss estimates and actual loss experience.

Financial Assets Carried at Cost

If there is an objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, the amount of the loss is measured as the difference between the carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

AFS Financial Assets

For AFS financial assets, the Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired.

In case of equity investments classified as AFS financial assets, impairment would include a significant or prolonged decline in the fair value of the investments below its cost. Where there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in the consolidated statement of income - is removed from equity and recognized in the consolidated statement of income under "Other expenses" account. Impairment losses on equity investments are not reversed through the consolidated statement of income. Increases in fair value after impairment are recognized directly in the consolidated statement of comprehensive income.

Offsetting Financial Instruments

Financial assets and financial liabilities are only offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to set off the recognized amounts and the Group intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

Derecognition of Financial Assets and Liabilities

Financial Asset

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

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

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risk and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.



Financial Liability

A financial liability is derecognized when the obligation under the liability is discharged or canceled or has expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statement of income.

Embedded Derivative

The Group assesses the existence of an embedded derivative on the date it first becomes a party to the contract, and performs re-assessment where there is a change to the contract that significantly modifies the cash flows.

Embedded derivatives are bifurcated from their host contracts and carried at fair value with fair value changes being reported through consolidated statement of income, when the entire hybrid contracts (composed of both the host contract and the embedded derivative) are not accounted for as financial instruments designated at FVPL; when their economic risks and characteristics are not clearly and closely related to those of their respective host contracts; and when a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative.

As of December 31, 2014 and 2013, the Group's identified embedded derivatives consists of prepayment options that are not required to be bifurcated from the host instruments as these were assessed to be clearly and closely related to the host contracts.

Inventories

Real Estate Held for Sale and Development

Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as inventory and is measured at the lower of cost and net realizable value (NRV).

Cost includes:

- Land cost
- Amounts paid to contractors for construction
- Borrowing costs, planning and design costs, costs of site preparation, professional fees, property transfer taxes, construction overheads and other related costs

NRV is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date, less estimated costs of completion and the estimated costs of sale.

Real estate inventories consist of housing units for sale and development and condominium units for sale.

Housing units for sale and development are carried at the lower of cost or NRV. Cost includes the acquisition costs of the land plus the costs incurred for the construction, development and improvement of the real estate projects. NRV is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

Condominium units for sale are also carried at the lower of cost or NRV. Costs include costs incurred for development, improvement and construction of condominium units.



Valuation allowance is provided for housing units for sale and development, condominium units for sale and development and undeveloped land when the NRV of the properties are less than their carrying amounts.

Coal Inventory

The cost of coal inventory is determined using the weighted average production cost method. The cost of extracted coal includes all stripping costs and other mine related costs incurred during the period and allocated on per metric ton basis by dividing the total production cost with the total volume of coal produced. Except for shiploading cost, which is a component of total minesite cost, all other costs are charged to production cost.

Nickel Ore and Chromites Inventory

The cost of extracted nickel ore and chromites includes all direct materials, labor, fuel, outside services and other mine-related costs incurred during the period and allocated on per metric ton basis by dividing the total production cost with total volume of nickel ore produced. Except for shiploading cost, which is a component of total cost of sales, all other production related costs are charged to production cost.

NRV for beneficiated nickel ore or nickeliferous laterite ore is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Stockpile tonnages are verified by periodic surveys.

Materials-in-Transit

Cost is determined using the specific identification basis.

Equipment Parts and Supplies

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

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

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

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

Investments in Associates, Joint Ventures and Others

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

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



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

Under the equity method, the investments in an associate or a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

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

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the consolidated statement of income outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

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

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, then recognizes the loss as 'Share of profit of an associate and a joint venture' in the consolidated statement of income.

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

Investment Properties

Investment properties comprise completed property and property under construction or redevelopment that are held to earn rentals or capital appreciation or both and that are not occupied by the companies in the Group. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties, except land, are stated at cost less accumulated depreciation and amortization and any impairment in value. Land is stated at cost less any impairment in value. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property.



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

Depreciation and amortization is calculated on a straight-line basis using the following estimated useful lives (EUL) from the time of acquisition of the investment properties:

	Years
Buildings and building improvements	5-25
Condominium units	25

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

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

Exploration and Evaluation Asset

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

Exploration and evaluation activity includes:

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

License costs paid in connection with a right to explore in an existing exploration area are capitalized and amortized over the term of the permit.

Once the legal right to explore has been acquired, exploration and evaluation expenditure is charged to consolidated statement of comprehensive income as incurred, unless the Group's management concludes that a future economic benefit is more likely than not to be realized. These costs include materials and fuel used, surveying costs, drilling costs and payments made to contractors.

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



Expenditure is transferred from 'Exploration and evaluation asset' to 'Mine properties' which is a subcategory of 'Property, plant and equipment' once the work completed to date supports the future development of the property and such development receives appropriate approvals. After transfer of the exploration and evaluation asset, all subsequent expenditure on the construction, installation or completion of infrastructure facilities is capitalized in 'Mine properties'. Development expenditure is net of proceeds from the sale of ore extracted during the development phase.

Deferred Mine Exploration Costs

Costs incurred during the start-up phase of a mine are expensed as incurred. Ongoing mining expenditures on producing properties are charged against earnings as incurred.

Expenditures for mine exploration work prior to drilling are charged to operations. When it has been established that a mineral deposit is commercially mineable and a decision has been made to formulate a mining plan (which occurs upon completion of a positive economic analysis of the mineral deposit), the costs subsequently incurred to develop a mine on the property prior to the start of mining operations are capitalized. Upon the start of commercial operations, such costs are transferred to mine and mining properties under "Property and equipment". Capitalized amounts may be written down if future cash flows, including potential sales proceeds related to the property, are projected to be less than the carrying value of the property. If no mineable ore body is discovered, capitalized acquisition costs are expensed in the period in which it is determined that the mineral property has no future economic value.

Major development expenditures incurred to expose the ore, increase production or extend the life of an existing mine are capitalized.

Stripping Costs

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

Stripping activities undertaken during the production phase of a surface mine (production stripping) are accounted for as set out below. After the commencement of production further development of the mine may require a phase of unusually high stripping that is similar in nature to development phase stripping. The costs of such stripping are accounted for in the same way as development stripping (as outlined above).

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

Where the benefits are realized in the form of improved access to ore to be mined in the future, the costs are recognized as a noncurrent asset, referred to as a stripping activity asset, if the following criteria are met:

- Future economic benefits (being improved access to the coal body) are probable;
- The component of the coal body for which access will be improved can be accurately identified; and



- The costs associated with the improved access can be reliably measured.

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

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

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

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

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

Property, Plant and Equipment

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

The initial cost of property, plant and equipment comprises its purchase price, including import duties, taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Costs also include decommissioning and site rehabilitation cost. Expenditures incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to operations in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional cost of property, plant and equipment.



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

Major repairs are capitalized as part of property, plant and equipment only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the items can be measured reliably. All other repairs and maintenance are charged against current operations as incurred.

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

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

	Years
Land improvements	5-17
Power plant, buildings and building improvements	5-25
Construction equipment, machinery and tools	5-10
Office furniture, fixtures and equipment	3-5
Transportation equipment	4-5
Conventional and continuous mining properties and equipment	2-13
Leasehold improvements	5-7

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

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated statement of income in the year the item is derecognized.

Mine and mining properties consists of mine development costs, capitalized cost of mine rehabilitation and decommissioning (refer to accounting policy on “Provision for mine rehabilitation and decommissioning”) and mining rights. Mine development costs consist of capitalized costs previously carried under “Deferred mine exploration costs”, which were transferred to property and equipment upon start of commercial operations. Mining rights are expenditures for the acquisition of property rights that are capitalized.

The net carrying amount of mine and mining properties is depleted using unit-of-production method based on the estimated economically recoverable mining reserves of the mine concerned and are written-off if the property is abandoned.

Mining reserves are estimates of the amount of ore/coal that can be economically and legally extracted from mining properties. The Group estimates its mining reserves based on information compiled by appropriately qualified persons relating to the geological data on the size, depth and shape of the ore/coal body, and requires complex geological judgments to interpret the data. The estimation of recoverable reserves is based upon factors such as estimates of foreign exchange



rates, commodity prices, future capital requirements, and production costs along with geological assumptions and judgments made in estimating the size and grade of the ore/coal body. Changes in the reserve estimates may impact upon the carrying value of property, plant and equipment, provision for decommissioning and site rehabilitation, recognition of deferred tax assets, and depreciation charges.

Intangible Assets

Intangible assets, software costs, acquired separately are capitalized at cost and these are shown as part of the "Other noncurrent assets" account in the consolidated statement of financial position. Following initial recognition, intangible assets are measured at cost less accumulated amortization and provisions for impairment losses, if any. The useful lives of intangible assets with finite life are assessed at the individual asset level. Intangible assets with finite life are amortized over their EUL. The periods and method of amortization for intangible assets with finite useful lives are reviewed annually or earlier where an indicator of impairment exists.

Costs incurred to acquire and bring the computer software (not an integral part of its related hardware) to its intended use are capitalized as part of intangible assets. These costs are amortized over their EUL ranging from 3 to 5 years. Costs directly associated with the development of identifiable computer software that generate expected future benefits to the Group are recognized as intangible assets. All other costs of developing and maintaining computer software programs are recognized as expense when incurred.

Gains or losses arising from the derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of income when the asset is derecognized.

Impairment of Nonfinancial Assets

This accounting policy applies primarily to the Group's property, plant and equipment, investment properties, investments in associates and jointly controlled entities and intangible assets.

Property, Plant and Equipment, Investment Properties and Intangible Assets

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

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



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

Liabilities for Purchased Land

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

Equity

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

When the shares are sold at a premium, the difference between the proceeds and the par value is credited to "Additional paid-in capital" account. When shares are issued for a consideration other than cash, the proceeds are measured by the fair value of the consideration received.

Direct cost incurred related to the equity issuance, such as underwriting, accounting and legal fees, printing costs and taxes are charged to "Additional paid-in capital" account.

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

Retained earnings are further restricted for the payment of dividends to the extent of the cost of common shares held in treasury.

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

Redeemed shares represent own equity instruments which are reacquired and are subsequently retired by the Group. No gain or loss is recognized in the consolidated statement of income upon retirement of the own equity instruments. When the assets are retired, the capital stock account is reduced by its par value and the excess of cost over par value is debited to additional paid-in capital recognized when the shares were issued and to retained earnings for the remaining balance.

The Parent Company's retained earnings available for dividend declaration as of December 31, 2014 and 2013 amounted to ₱8,610.21 million and ₱18,603.69 million, respectively.

Business Combinations and Goodwill

PFRS 3 provides that if the initial accounting for a business combination can be determined only provisionally by the end of the period in which the combination is effected because either the fair values to be assigned to the acquiree's identifiable assets, liabilities or contingent liabilities or the



cost of the combination can be determined only provisionally, the acquirer shall account for the combination using those provisional values. The acquirer shall recognize any adjustments to those provisional values as a result of completing the initial accounting within twelve months of the acquisition date as follows: (i) the carrying amount of the identifiable asset, liability or contingent liability that is recognized or adjusted as a result of completing the initial accounting shall be calculated as if its fair value at the acquisition date had been recognized from that date; (ii) goodwill or any gain recognized shall be adjusted by an amount equal to the adjustment to the fair value at the acquisition date of the identifiable asset, liability or contingent liability being recognized or adjusted; and (iii) comparative information presented for the periods before the initial accounting for the combination is complete shall be presented as if the initial accounting has been completed from the acquisition date.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any NCI in the acquiree. For each business combination, the acquirer measures the NCI in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in operating expenses. When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through consolidated statement of income. Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration, which is deemed to be an asset or liability, will be recognized in accordance with PAS 39 either in consolidated statement of income or as a change to OCI. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in consolidated statement of income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.



Revenue and Cost Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Mining

Sale of Coal

Revenue from mining is recognized upon acceptance of the goods delivered upon which the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably. Revenue from local and export coal sales are denominated in Philippine Peso and US Dollar, respectively.

Cost of coal includes expenses, which include directly related to the production and sale of coal such as cost of fuel and lubricants, materials and supplies, depreciation and depletion and other related costs, are recognized when incurred.

Sale of Ore

Sale of Beneficiated Nickel Ore / Nickeliferous Laterite Ore

Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, which coincides with the loading of the ores onto the buyer vessel.

Construction Contracts

Revenue from construction contracts is recognized using the percentage-of-completion method of accounting and is measured principally on the basis of the estimated in proportion to costs incurred to date over the total budget for the construction (Cost-to-cost method). Contracts to manage, supervise, or coordinate the construction activity of others and those contracts wherein the materials and services are supplied by contract owners are recognized only to the extent of the contracted fee revenue. Revenue from cost plus contracts is recognized by reference to the recoverable costs incurred during the period plus the fee earned, measured by the proportion that costs incurred to date bear to the estimated total costs of the contract.

Contract costs include all direct materials and labor costs and those indirect costs related to contract performance. Expected losses on contracts are recognized immediately when it is probable that the total contract costs will exceed total contract revenue. The amount of such loss is determined irrespective of whether or not work has commenced on the contract; the stage of completion of contract activity; or the amount of profits expected to arise on other contracts, which are not treated as a single construction contract. Changes in contract performance, contract conditions and estimated profitability, including those arising from contract penalty provisions and final contract settlements that may result in revisions to estimated costs and gross margins are recognized in the year in which the changes are determined. Profit incentives are recognized as revenue when their realization is reasonably assured.

The asset "Costs and estimated earnings in excess of billings on uncompleted contracts" represents total costs incurred and estimated earnings recognized in excess of amounts billed. The liability "Billings in excess of costs and estimated earnings on uncompleted contracts" represents billings in excess of total costs incurred and estimated earnings recognized. Contract retentions are presented as part of "Trade receivables" under the "Receivables" account in the consolidated statement of financial position.

Electricity Sales

Revenue from sale of electricity is derived from its primary function of providing and selling electricity to customers of its generated and purchased electricity. Revenue derived from the



generation and/or supply of electricity is recognized based on the actual delivery of electricity as agreed upon between parties.

Cost of energy includes expenses directly related to the production and sale of electricity such as cost of coal, fuel, depreciation and other related costs. Cost of coal and fuel are recognized at the time the related coal and fuel inventories are consumed for the production of electricity. Cost of energy also includes electricity purchased from the spot market and the related market fees. It is recognized as expense when the Group receives the electricity and simultaneously sells to its customers.

Real Estate Sales

Real estate sales are generally accounted for under the full accrual method. Under this method, the gain on sale is recognized when: (a) the collectibility of the sales price is reasonably assured; (b) the earnings process is virtually complete; and (c) the seller does not have a substantial continuing involvement with the subject properties. The collectibility of the sales price is considered reasonably assured when: (a) the buyers have actually confirmed their acceptance of the related loan applications after the same have been delivered to and approved by either the banks or other financing institutions for externally-financed accounts; or (b) the full down payment comprising a substantial portion of the contract price is received and the capacity to pay and credit worthiness of buyers have been reasonably established for sales under the deferred cash payment arrangement.

If the above criteria is not met, the deposit method is applied until all the conditions for recording a sale are met. Pending recognition of sale, cash received from buyers are presented under the "Customers' advances and deposits" account in the liabilities section of the consolidated statement of financial position.

Cancellation of real estate sales

Income from cancellation of real estate sales is recognized once the sale has been cancelled and the related refundable portions of paid amortizations have been paid to the buyer. This is included in the "Other income" account under the statement of comprehensive income. Such is also recognized, subject to the provisions of Republic Act 6552, *Realty Installment Buyer Act*, upon prescription of the period for the payment of required amortizations from defaulting buyers.

Cost of real estate sales is recognized consistent with the revenue recognition method applied. Cost of subdivision land and condominium units sold before the completion of the development is determined on the basis of the acquisition cost of the land plus its full development costs, which include estimated costs for future development works, as determined by the Company's in-house technical staff.

Merchandise Sales

Revenue from merchandise sales is recognized upon delivery of the goods to and acceptance by the buyer and when the risks and rewards are passed on to the buyers.

Sales and services

Revenue from room rentals, food and beverage sales and other departments are recognized when the related sales and services are rendered.

Dividend Income

Revenue is recognized when the Group's right to receive payment is established, which is generally when shareholders approve the dividend.



Rental Income

Rental income arising from operating leases on investment properties and construction equipment is accounted for on a straight-line basis over the lease terms.

Interest Income

Revenue is recognized as interest accrues using the effective interest method.

Operating Expenses

Operating expenses are expenses that arise in the course of the ordinary operations of the Group. These usually take the form of an outflow or depletion of assets such as cash and cash equivalents, supplies, investment properties and property, plant and equipment. Expenses are recognized in the consolidated statement of income.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest that an entity incurs in connection with the borrowing of funds.

The interest capitalized is calculated using the Group's weighted average cost of borrowings after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amounts capitalized is the gross interest incurred on those borrowings less any investment income arising on their temporary investment. Interest is capitalized from the commencement of the development work until the date of practical completion. The capitalization of finance costs is suspended if there are prolonged periods when development activity is interrupted. Interest is also capitalized on the purchased cost of a site property acquired specially for development but only where activities necessary to prepare the asset for development are in progress.

Foreign Currency Translations and Transactions

The consolidated financial statements are presented in Philippine Peso. Each entity in the Group determines its own functional currency and items included in the consolidated financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded in the functional currency rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate at the reporting date. All differences are taken to consolidated statement of income. Non-monetary items that are measured in terms of historical cost in foreign currency are translated using the exchange rates as at the dates of initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currency of the Group's subsidiaries, Toledo Mining Corporation in 2013 and ENK Plc., in 2014 are London Pounds and United States Dollar, respectively. As at reporting date, the assets and liabilities of foreign subsidiaries are translated into the presentation currency of the Parent Company (the Philippine Peso) at the closing rate as at the reporting date, and the consolidated statement of income accounts are translated at monthly weighted average exchange rate. The exchange differences arising on the translation are taken directly to a separate component of equity under "Cumulative translation adjustment" account.

Upon disposal of a foreign subsidiary, the deferred cumulative amount recognized in OCI relating to that particular foreign operation is recognized in the consolidated statement of income.



Commission Expense

The Group recognizes commission expense when services are rendered by the broker. The commission expense is recognized upon receipt of down payment from the buyer comprising a substantial portion of the contract price and the capacity to pay and credit worthiness of buyers have been reasonably established for sales under the deferred cash payment arrangement.

Pension Cost

The Group has a noncontributory defined benefit retirement plan.

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.



The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Termination Benefit

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either an entity's decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept an offer of benefits in exchange for the termination of employment.

A liability and expense for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of those benefits and when the entity recognizes related restructuring costs. Initial recognition and subsequent changes to termination benefits are measured in accordance with the nature of the employee benefit, as either post-employment benefits, short-term employee benefits, or other long-term employee benefits.

Employee Leave Entitlement

Employee entitlements to annual leave are recognized as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the annual reporting period is recognized for services rendered by employees up to the end of the reporting period.

Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

- (a) There is a change in contractual terms, other than a renewal or extension of the arrangement;
- (b) A renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term;
- (c) There is a change in the determination of whether fulfillment is dependent on a specified asset;
or
- (d) There is substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios (a), (c), or (d) and at the date of renewal or extension period for scenario (b).

Group as a Lessee

Finance leases that transfer substantially all the benefits incidental to ownership of the leased item to the Group are capitalized at the commencement of the lease at fair value of the leased property or if lower, the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the leased liability so as to achieve a constant rate of interest in the remaining balance of the liability. Finance charge are recognized in finance costs in the consolidated statements of income.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the earnings will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the EUL of the asset and the lease term.



Operating lease payments are recognized as an expense in the consolidated statement of income on a straight basis over the lease term.

Group as a Lessor

Leases where the Group retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same bases as rental income.

Income Taxes

Current Income Tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Deferred Tax

Deferred tax is provided, using the liability method, on all temporary differences, with certain exceptions, at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences with certain exception. Deferred tax assets are recognized for all deductible temporary differences, carryforward benefit of unused tax credits from excess minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT) and net operating loss carryover (NOLCO), to the extent that it is probable that taxable income will be available against which the deductible temporary differences and carryforward benefits of unused tax credits from MCIT and NOLCO can be utilized.

Deferred tax liabilities are not provided on nontaxable temporary differences associated with investments in domestic associates and investments in joint ventures.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable income will allow all or part of the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realized or the liability is settled, based on tax rate and tax laws that have been enacted or substantially enacted at the financial reporting date. Movements in the deferred income tax assets and liabilities arising from changes in tax rates are charged against or credited to income for the period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets relate to the same taxable entity and the same taxation authority.

For periods where the income tax holiday (ITH) is in effect, no deferred taxes are recognized in the consolidated financial statements as the ITH status of the subsidiary neither results in a deductible temporary difference or temporary taxable difference. However, for temporary differences that are expected to reverse beyond the ITH, deferred taxes are recognized.



Earnings Per Share

Basic earnings per share (EPS) is computed by dividing the net income for the year attributable to common shareholders (net income for the period less dividends on convertible redeemable preferred shares) by the weighted average number of common shares issued and outstanding during the year and adjusted to give retroactive effect to any stock dividends declared during the period.

Diluted EPS is computed by dividing the net income for the year attributable to common shareholders by the weighted average number of common shares outstanding during the year adjusted for the effects of dilutive convertible redeemable preferred shares. Diluted EPS assumes the conversion of the outstanding preferred shares. When the effect of the conversion of such preferred shares is anti-dilutive, no diluted EPS is presented.

Operating Segment

The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The Group generally accounts for intersegment revenues and expenses at agreed transfer prices. Income and expenses from discontinued operations are reported separate from normal income and expenses down to the level of income after taxes. Financial information on operating segments is presented in Note 35 to the consolidated financial statements.

Provisions

General

Provisions are recognized only when the Group has: (a) a present obligation (legal or constructive) as a result of a past event; (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Provision for Decommissioning and Site Rehabilitation Costs

The Group records the present value of estimated costs of legal and constructive obligations required to restore operating locations in the period in which the obligation is incurred. The nature of these restoration activities includes dismantling and removing structures, rehabilitating mines and tailings dams, dismantling operating facilities, closure of plant and waste sites, and restoration, reclamation and re-vegetation of affected areas.

The obligation generally arises when the asset is installed or the ground environment is disturbed at the production location. When the liability is initially recognized, the present value of the estimated cost is capitalized by increasing the carrying amount of the related mining assets. Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognized in the consolidated statements of comprehensive income as a finance cost. Additional disturbances or changes in rehabilitation costs will be recognized as additions or charges to the corresponding assets and rehabilitation liability when they occur. For closed sites, changes to estimated costs are recognized immediately in the consolidated statement of income.



Contingencies

Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized but are disclosed in the consolidated financial statements when an inflow of economic benefits is probable.

Events After the Reporting Period

Post year-end events up to the date of the auditors' report that provide additional information about the Group's position at reporting date (adjusting events) are reflected in the consolidated financial statements. Any post year-end events that are not adjusting events are disclosed in the consolidated financial statements when material.

3. Significant Accounting Judgments and Estimates

The preparation of the consolidated financial statements in conformity with PFRS requires the Group to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the consolidated financial statements, as they become reasonably determinable.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ for such estimates.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations which have the most significant effect on the amounts recognized in the consolidated financial statements:

Real Estate Revenue Recognition

Selecting an appropriate revenue recognition method for a real estate sale transaction requires certain judgments based on buyer's commitment on sale which may be ascertained through the significance of the buyer's initial payments and completion of development. The buyers' commitment is evaluated based on collections, credit standing on buyers and location of property. Completion of project development is determined on engineer's judgment and estimates on the physical portion of contract work done and that development is beyond the preliminary stage.

Collectibility of the Sales Price

In determining whether the sales prices are collectible, the Group considers that initial and continuing investments by the buyer of about 15% would demonstrate the buyer's commitment to pay.

Impairment of AFS Financial Assets

The Group follows the guidance of PAS 39 in determining when an asset is impaired. This determination requires significant judgment. In making this judgment, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; the financial health of and near-term business outlook of the investee, including factors such as normal volatility in share price for quoted equity securities and industry and sector performance, changes in technology and operational and financing cash flow for unquoted equity securities.



Financial Assets not Quoted in an Active Market

The Group classifies financial assets by evaluating, among others, whether the asset is quoted or not in an active market. Included in the evaluation on whether a financial asset is quoted in an active market is the determination on whether quoted prices are readily and regularly available, and whether those prices represent actual and regularly occurring market transactions on an arm's length basis.

Exploration and Evaluation Expenditure

The application of the Group's accounting policy for exploration and evaluation expenditure requires judgment to determine whether future economic benefits are likely, from either future exploitation or sale, or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves.

Stripping Costs

The Group incurs waste removal costs (stripping costs) during the development and production phases of its surface mining operations. During the production phase, stripping costs (production stripping costs) can be incurred both in relation to the production of inventory in that period and the creation of improved access and mining flexibility in relation to ore to be mined in the future. The former are included as part of the costs of inventory, while the latter are capitalized as a stripping activity asset, where certain criteria are met. Significant judgment is required to distinguish between development stripping and production stripping and to distinguish between the production stripping that relates to the extraction of inventory and what relates to the creation of a stripping activity asset.

Once the Group has identified its production stripping for each surface mining operation, it identifies the separate components of the coal bodies for each of its mining operations. An identifiable component is a specific volume of the coal body that is made more accessible by the stripping activity. Significant judgment is required to identify and define these components, and also to determine the expected volumes of waste to be stripped and coal body to be mined in each of these components. These assessments are undertaken for each individual mining operation based on the information available in the mine plan. The mine plans and, therefore, the identification of components, will vary between mines for a number of reasons. These include, but are not limited to, the type of commodity, the geological characteristics of the coal body, the geographical location and/or financial considerations.

Judgment is also required to identify a suitable production measure to be used to allocate production stripping costs between inventory and any stripping activity asset(s) for each component. The Group considers that the ratio of the expected volume of waste to be stripped for an expected volume of ore to be mined for a specific component of the coal body, is the most suitable production measure.

Furthermore, judgments and estimates are also used to apply the units of production method in determining the depreciable lives of the stripping activity asset.

Classification of Property as Investment Property or Real Estate Inventories

The Group determines whether a property is classified as investment property or inventory property as follows:

- Investment property comprises land and buildings (principally offices, commercial and retail property) which are not occupied substantially for use by, or in the operations of, the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation.



- Inventory comprises property that is held for sale in the ordinary course of business. Principally, this is residential, commercial and industrial property that the Group develops and intends to sell before or on completion of construction.

Distinction between Investment Properties and Owner-Occupied Properties

The Group determines whether a property qualifies as an investment property. In making its judgment, the Group considers whether the property generates cash flows largely independent of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to property but also to the other assets used in the production or supply process.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions cannot be sold separately, the property is accounted for as an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Group considers each property separately in making its judgment.

Evaluation and Reassessment of Control

The Group has investees that are majority owned but are not controlled (Note 11). The Group refers to the guidance in PFRS 10 when determining whether the Group controls an investee. Particularly, the Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Group considers the purpose and design of the investee, its relevant activities and how decisions about those activities are made and whether the rights give it the current ability to direct the relevant activities.

The Group controls an investee if and only if it has all the following:

- a. power over the investee;
- b. exposure, or rights, to variable returns from its involvement with the investee; and
- c. the ability to use its power over the investee to affect the amount of the investor's returns.

The Group reviewed its existing arrangements with other investors over these majority owned entities and has determined that it does not control the entities because: (a) it only allows the investor to exercise significant influence or (b) parties to the arrangement exercise joint control as significant strategic and operating decisions relating to the relevant activities of the investees require the unanimous consent of both parties.

On January 18, 2008, DMCI has entered into a Joint Venture (JV) Agreement with First Balfour, Inc. with 51% interest. DMFB Joint Venture, an incorporated joint venture, was formed for the construction of the Light Rail Transit (LRT) Line 1 North Extension Project (the Project). The Project was started on June 7, 2008 and was completed on October 23, 2010. DMCI's interest in DMFB Joint Venture is a joint arrangement accounted for as joint venture because the significant activities of the JV will require unanimous consent from both parties.

In 2012, the Parent Company acquired existing shares of ENK Plc, a mining company with significant mining assets in the Philippines. In aggregate, the Parent Company owns 157.26 million shares which represent 60.00% ownership in ENK Plc while the remaining 40% is owned by D&A Income Ltd. As of December 31, 2012, the investment in ENK at 60% was treated as investment in associate because of the limited participation in the governance of ENK as defined under the Shareholder's Agreement between the Parent Company and D&A. In January



22, 2013, representatives of the Parent Company composed majority of the board of director's seats in the investee, however, critical decisions still require unanimous consent of both shareholders, thus ENK was treated as an investment in joint venture. In 2014, the Group acquired the 40% share of D&A, thus ENK became a wholly owned subsidiary. Relevant activities of ENK are now governed by the Group, resulting to control.

In 2013, the Group acquired effective ownership interests in UNC, NRHI and BNC representing 58.00%, 58.00% and 74.80%, respectively, upon acquisition of TMC. Although the Group has majority shares in these investees, it has determined that it has no control over the significant and relevant activities of these entities and thus accounted these investments as associates under the equity method of accounting. Control over these entities were exercised by another party, (Atlas Consolidated Mining and Development Corporation or 'Atlas') as majority of the BOD and critical positions were held by the representatives of Atlas as defined in the existing Shareholder's Agreement between Atlas and Toledo. In 2014, control over these entities was obtained upon written agreement between Atlas and TMC which was defined in the Memorandum of Understanding (MOU) signed by both parties. The MOU gave TMC the ability to direct the relevant activities of these entities considering the critical positions are occupied by the representative of the Group. As of December 31, 2014, the investments in UNC, NRHI and BNC were accounted for as subsidiaries.

As of December 31, 2014, ownership interests in URHI and TMM represent 30% and 40%, respectively but were accounted for as subsidiaries because the Group has established that through the Memorandum of Understanding (MOU) signed with Atlas, the Group has existing rights that give it the current ability to direct the relevant activities of the investee and it has the ability to use its power over the investees to affect its returns considering that critical positions are occupied by the representatives of the Group.

Property Acquisitions or Business Combinations

The Group acquires subsidiaries that own real estate. At the time of acquisition, the Group considers whether the acquisition represents the acquisition of a business. The Group accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to the property. More specifically, consideration is made of the extent to which significant processes are acquired and, in particular, the extent of ancillary services provided by the subsidiary (e.g., maintenance, cleaning, security, bookkeeping, hotel services, etc.). The significance of any process is judged with reference to the guidance in PAS 40 on ancillary services.

When the acquisition of subsidiaries does not represent a business, it is accounted for as an acquisition of a group of assets and liabilities. The cost of the acquisition is allocated to the assets and liabilities acquired based upon their relative fair values, and no goodwill or deferred tax is recognized.

Operating Lease Commitments - Group as Lessee

The Group has entered into various leases for its occupied offices and mining and transportation equipment. The Group has determined that all significant risks and rewards of ownership are retained by the respective lessors on the offices and equipment it leases under operating leases.

Operating Lease Commitments - Group as Lessor

The Group has entered into property lease agreements on its investment property portfolio. The Group has determined that it retains all the significant risks and rewards of ownership of these properties as the Group considered, among others, the length of the lease term compared with the estimated life of the assets.



In determining whether a lease contract is cancellable or not, the Group considered, among others, the significance of the penalty including the economic consequence to the lessee.

Finance Lease Commitments - Group as Lessee

The Group has entered into finance leases on some of its construction equipment and service vehicle. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that the lessor transfers substantially all the risks and benefits incidental to ownership of the leased equipment to the Group thus, it recognized these leases as finance leases.

Assessing Production Start Date

The Company assesses the stage of each mine development project to determine when a mine moves into the production stage. The criteria used to assess the start date of a mine are determined based on the unique nature of each mine development project. The Company considers various relevant criteria to assess when the mine is substantially complete, ready for its intended use and moves into the production phase.

Some of the criteria include, but are not limited to the following:

- the level of capital expenditure compared to construction cost estimates;
- completion of a reasonable period of testing of the property and equipment;
- ability to produce ore in saleable form; and
- ability to sustain ongoing production of ore.

When a mine development project moves into the production stage, the capitalization of certain mine construction costs ceases and costs are either regarded as inventory or expensed, except for capitalizable costs related to mining asset additions or improvements, mine development or mineable reserve development. It is also at this point that depreciation or depletion commences.

Management's Use of Estimates

The key assumptions concerning the future and other sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Revenue Recognition

The Group's revenue recognition policies require use of estimates and assumptions that may affect the reported amounts of revenue and receivables.

a.) Mining

Coal

The Group's sales arrangement with its customers includes reductions of invoice price to take into consideration charges for penalties and bonuses. These price adjustments depend on the estimated quality of the delivered coal. These estimates are based on final coal quality analysis on delivered coal using American Standards for Testing Materials (ASTM).

There is no assurance that the use of estimates may not result in material adjustments in future periods. Revenue from mining amounted to ₱16,276.93 million, ₱12,573.57 million and ₱14,450.16 million in 2014, 2013 and 2012, respectively.



Nickel

Under the terms of the arrangements with customers, the Group bills the remaining ten percent (10%) of the total cost of the ores shipped based on the result of assay tests, performed by a third party, or as agreed by both the Group and the customers. When the assay tests are not yet available as at the end of the reporting period, the Group accrues for the remaining ten percent (10%) of the revenue based on the amount of the initial billing made which is the Group's basis of estimation.

There is no assurance that the use of estimates may not result in material adjustments in future periods. Revenue from ore mining amounted to ₱1,516.46 million, ₱264.90 million and ₱1,923.05 million in 2014, 2013 and 2012, respectively.

b.) Construction contracts

The Group's revenue from construction contracts are recognized based on the percentage-of-completion, measured principally on the basis of the actual cost incurred to date over the estimated total cost of the project.

When it is probable that total contract costs will exceed total contract revenue, the expected loss shall be recognised as an expense immediately. The amount of such a loss is determined irrespective of:

- (a) whether work has commenced on the contract;
- (b) the stage of completion of contract activity; or
- (c) the amount of profits expected to arise on other contracts which are not treated as a single construction contract

The Group reviewed its on-going construction projects and used the above guidance in determining whether there are projects with contract cost exceeding contract revenues. Based on the best estimate of the Group, in 2014, adjustments were made in the books for those projects with expected losses. There is no assurance that the use of estimates may not result in material adjustments in future periods. Revenue from construction contracts amounted to ₱11,852.52 million, ₱14,112.68 million and ₱14,773.25 million in 2014, 2013 and 2012, respectively.

c.) Real estate sales

Selecting an appropriate revenue recognition method for a particular real estate sale transaction requires certain judgments based on, among others:

- Buyer's commitment on the sale which may be ascertained through the significance of the buyer's initial investment; and
- Stage of completion of the project.

Collectibility of the Sales Price on Real Estate Sales

In determining whether the sales prices are collectible, the Group considers that initial and continuing investments by the buyer that would demonstrate the buyer's commitment to pay. The Group has set a certain percentage of collection over the total selling price in determining buyer's commitment on the sale. It is when the buyer's investment is considered adequate to meet the probability criteria that economic benefits will flow to the Group.



Evaluation of Net Realizable Value of Inventories and Land and Improvements

Inventories and land and improvements are valued at the lower of cost and NRV. This requires the Group to make an estimate of the inventories' and land and improvements' estimated selling price in the ordinary course of business, cost of completion and costs necessary to make a sale to determine the NRV. For real estate inventories and land and improvements, the Group adjusts the cost of its real estate inventories and land and improvements to net realizable value based on its assessment of the recoverability of the real estate inventories and land and improvements. In determining the recoverability of the inventories and land and improvements, management considers whether those inventories and land and improvements are damaged or if their selling prices have declined.

Likewise, management also considers whether the estimated costs of completion or the estimated costs to be incurred to make the sale have increased. In the event that NRV is lower than the cost, the decline is recognized as an expense. The amount and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized.

Inventories carried at cost amounted to ₱26,278.34 million and ₱20,387.94 million as of December 31, 2014 and 2013, respectively. Inventories carried at NRV amounted to ₱2,341.33 million and ₱2,783.90 million as of December 31, 2014 and 2013, respectively (Note 9).

Allowance for Doubtful Accounts

The Group maintains an allowance for doubtful accounts at a level considered adequate to provide for potential uncollectible receivables. The level of this allowance is evaluated by the management on the basis of factors that affect the collectibility of the accounts. These factors include, but are not limited to, the debtors' ability to pay all amounts due according to the contractual terms of the receivables being evaluated, the length of relationship with the customer, the customer's payment behavior and known market factors. The Group reviews the age and status of receivables, and identifies accounts that are to be provided with allowances on a continuous basis. The Group provides full allowance for receivables that it deems uncollectible.

The amount and timing of recorded expenses for any period would differ if the Group made different judgments or utilized different estimates. An increase in the allowance for doubtful accounts on receivables would increase recorded operating expenses and decrease total assets.

Provision for doubtful accounts of the Group amounted to ₱40.88 million, ₱443.65 million and ₱78.30 million in 2014, 2013 and 2012, respectively (Notes 7 and 25). Receivables of the Group that were impaired and fully provided with allowance amounted to ₱614.68 million and ₱545.82 million as of December 31, 2014 and 2013, respectively (Note 7).

Estimating Coal Stock Pile Inventory Quantities

The Group estimates the stock pile inventory of coal by conducting a topographic survey which is performed by in-house and third party surveyors. The survey is conducted on a monthly basis with a reconfirmatory survey at year end. The process of estimation involves a predefined formula which considers an acceptable margin of error of plus or minus 3%. Thus, an increase or decrease in the estimation threshold for any period would differ if the Group utilized different estimates and this would either increase or decrease the profit for the year. The coal inventory as of December 31, 2014 and 2013 amounted to ₱551.47 million and ₱1,938.05 million, respectively (Note 9).



Estimating Mine Reserves

Coal

Mining reserves are estimates of the amount of coal that can be economically and legally extracted from the Group's mining properties. The Group estimates its mining reserves and mineral resources based on information compiled by appropriately qualified persons relating to the geological data on the size, depth and shape of the coal body, and require complex geological judgments to interpret the data. The estimation of recoverable reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements, and production costs along with geological assumptions and judgments made in estimating the size and grade of the coal body. Changes in the reserve or resource estimates may impact the carrying value of exploration and evaluation asset, mine properties, property, plant and equipment, provision for decommissioning and site rehabilitation and depreciation and amortization charges.

Nickel Ore

Ore reserves are estimates of the amount of ore that can be economically and legally extracted from the Group's mining properties. The Group estimates its ore reserves based on information compiled by appropriately qualified persons relating to the geological data on the size, depth and shape of the ore body, and require complex geological judgment to interpret the data. The estimation of recoverable reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements, and production costs along with geological assumptions and judgment made in estimating the size and grade of the ore body. Changes in the reserve estimates may impact upon the carrying value of deferred mine exploration costs, property and equipment, provision for mine rehabilitation and decommissioning, recognition of deferred income tax assets, and depreciation and depletion charges.

The carrying values of mine properties and mining rights, included in property, plant and equipment as presented in the consolidated statements of financial position amounted to ₱7,127.83 million and ₱1,829.18 million in 2014 and 2013, respectively. (Note 13).

NRV of Inventories

The Group reviews its inventory to assess NRV at least on a semi-annual basis. This requires the Group to make an estimate of the inventories' estimated selling price in the ordinary course of business and costs necessary to make a sale to determine the NRV. The amount and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized. An increase in reserves for inventory write-down would increase recorded operating expenses and decrease current assets.

Inventories of the Group at NRV, net of allowance for inventory obsolescence amounting ₱63.98 million and ₱57.41 million as of December 31, 2014 and 2013, respectively, amounted to ₱28,619.67 million and ₱23,171.83 million as of December 31, 2014 and 2013, respectively (Note 9).

Coal-Estimating Decommissioning and Coal Site Rehabilitation Costs

The Group is legally required to fulfill certain obligations under its ECC issued by DENR when it abandons depleted mine pits. These costs are accrued based on in-house estimate, which incorporates estimates of the amount of obligations and interest rates, if appropriate. The Group recognizes the present value of the liability for these obligations and capitalizes the present value of these costs as part of the balance of the related property, plant and equipment accounts, which are being depreciated, depleted and amortized on a straight line basis over the EUL of the related asset or the lease term. Assumptions used to compute the decommissioning and site rehabilitation costs are reviewed and updated annually. The amount and timing of the recorded obligations for



any period would differ if different judgments were made or different estimates were utilized. An increase in decommissioning and site rehabilitation costs would increase the recorded operating expenses and increase noncurrent liabilities.

As of December 31, 2014 and 2013, the provision for decommissioning and site rehabilitation for coal mining activities amounted to ₱175.30 million and ₱196.50 million, respectively (Note 20).

Ore - Estimating Decommissioning and Ore Mine Rehabilitation Cost

The Company assesses its mine rehabilitation provision annually. Significant estimates and assumptions are made in determining the provision for mine rehabilitation as there are numerous factors that will affect the ultimate liability payable. These factors include estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases as compared to the inflation rates and changes in discount rates. These uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision at reporting date represents management's best estimate of the present value of the future rehabilitation costs required.

As at December 31, 2014, provision for ore mine rehabilitation and decommissioning amounted to ₱24.97 million (Note 20).

Estimating Useful Lives of Investment Properties, Property, Plant and Equipment and Intangible Assets

The Group estimated the useful lives of its property, plant and equipment, investment properties and intangible asset based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment, investment properties and intangible assets are reviewed at least annually and are updated if expectations differ from previous estimates due to physical wear and tear and technical or commercial obsolescence on the use of these assets.

It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment, investment properties and intangible asset would increase depreciation, depletion and amortization expense and decrease noncurrent assets.

In 2013, management has determined that components of its Unit II of its power plant will have to be dismantled and repaired in the first quarter of 2014. These components have original remaining lives of 2-15 years in the books. Because of the planned activity, management has accelerated the depreciation of these components and recognized an additional depreciation of ₱1.11 billion in 2013.

The Group incurred a loss from property, plant and equipment writedown due to the replacement of generation units and retirement of mining equipment amounting to ₱0.11 million and ₱443.35 million in 2014 and 2013, respectively (Notes 13 and 25).

The carrying value of property, plant and equipment of the Group amounted to ₱46,880.18 million and ₱31,271.25 million as of December 31, 2014 and 2013, respectively (Note 13). The carrying value of investment properties of the Group amounted to ₱242.79 million and ₱270.18 million as of December 31, 2014 and 2013, respectively (Note 12). The carrying value of software cost of the Group amounted to ₱80.84 million and ₱33.60 million, respectively (Note 14).



Impairment of Nonfinancial Assets

The Group assesses the impairment of assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Group considers important which could trigger an impairment review include the following:

- significant underperformance relative to expected historical or projected future operating results;
- significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- significant negative industry or economic trends.

An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's net selling price and value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

In determining the present value of estimated future cash flows expected to be generated from the continued use of the assets, the Group is required to make estimates and assumptions that can materially affect the consolidated financial statements.

As of December 31, 2014 and 2013, the balances of the Group's nonfinancial assets, net of accumulated depreciation, depletion and amortization and accumulated provisions for impairment losses follow:

	2014	2013
Property, plant and equipment (Note 13)	₱46,880,188	₱31,271,246
Investments in associates, jointly controlled entities and others (Note 11)	10,911,490	11,664,863
Investment properties (Note 12)	242,790	270,175
Software cost - net (Note 14)	80,842	33,598

Impairment Testing of Goodwill

The Group performed its annual impairment test as of December 31, 2014. The cash generating units (CGU) are concluded to be the entire entities invested in.

The recoverable amount of the CGU has been determined based on a discounted cash flows (DCF) calculation using cash flow projections from financial budgets approved by senior management. The projected cash flows have been developed to reflect the expected mine production over the life of the mine adjusted by the effects of other factors such as inflation rate. The pre-tax discount rate applied to cash flow projections is 13.01%. As a result of this analysis, management concluded that the goodwill are not impaired.

The calculation of DCF of the CGU is most sensitive to the following assumptions:

- Mine production
- Discount rates
- Nickel prices
- Price inflation



Mine Production

Mine production projections are based on the three-year work program prepared and developed by the Group's experts submitted to and approved by the Mines and Geosciences Bureau (MGB). The work program is updated regularly and would include detailed forecast of mine properties in wet metric tons.

Discount Rates

Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate.

Nickel Prices

The Group considers the effect of commodity price changes for nickel ore. The Group considered the possible effects of the changes in the price of nickel ores as it relates to the revenues that may be generated by the Group and the attainment of the cash flow projections. The Group used the data from the London Metal Exchange (LME). The price is the function of a number of factors, which includes, among others, nickel grade, moisture content and factor rate.

Generally, a higher grade and lower moisture content would yield higher recoverable amount, otherwise lower which may indicate impairment. The Group expects that the overall price of nickel ore will improve throughout the life of the mine.

Price Inflation

Forecast price inflation which impacts the forecast for costs of production and operating expenses lies within a range of 2.70% to 3.87% during the forecast period. If price increases greater than the forecast price inflation and the Group is unable to pass on or absorb these increases through efficiency improvements, the recoverable value is affected.

Deferred Tax Assets

The Group reviews the carrying amounts of deferred taxes at each reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. However, there is no assurance that the Group will generate sufficient taxable income to allow all or part of deferred tax assets to be utilized.

The deferred tax assets recognized amounted to ₱950.69 million and ₱229.38 million as of December 31, 2014 and 2013, respectively. The unrecognized deferred tax assets of the Group amounted to ₱3,608.86 million and ₱2,337.19 million as of December 31, 2014 and 2013, respectively (Note 29).



Estimating Pension Obligation and Other Retirement Benefits

The cost of defined benefit pension plans and other employee benefits as well as the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The pension liabilities as at December 31, 2014 and 2013 amounted to ₱97.36 million and ₱93.77 million, respectively (Note 23). Pension assets amounted to ₱1,165.18 million and ₱796.72 million as of December 31, 2014 and 2013, respectively (Note 23).

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit liability. Future salary increases are based on expected future inflation rates and other relevant factors.

The mortality rate is based on publicly available mortality tables for the specific country and is modified accordingly with estimates of mortality improvements. Future salary increases and pension increases are based on expected future inflation rates.

Contingencies

The Group is currently involved in various legal proceedings. The estimate of the probable costs for the resolution of these claims has been developed in consultation with outside counsel handling the defense in these matters and is based upon an analysis of potential results. The Group currently does not believe these proceedings will have a material effect on the Group's financial position. It is possible, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the strategies relating to these proceedings (Notes 17 and 37).

Fair Value of Financial Instruments

The Group carries certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgment. While significant components of fair value measurement were determined using verifiable objective evidence (i.e., foreign exchange rates, interest rates), the amount of changes in fair value would differ if the Group utilized different valuation methodology. Any changes in fair value of these financial assets and liabilities would affect directly the consolidated statements of income and changes in equity.

Financial assets carried at fair value through profit and loss as of December 31, 2014 and 2013 amounted to ₱70.63 million and ₱73.15 million, respectively. Available for sale financial assets amounted to ₱0.13 million and ₱0.06 million as of December 31, 2014 and 2013, respectively (Note 36).

4. Cash and Cash Equivalents

This account consists of:

	2014	2013
Cash on hand and in banks	₱6,586,448	₱8,079,962
Cash equivalents	8,643,320	16,694,533
	₱15,229,768	₱24,774,495



Cash in banks earns interest at the respective bank deposit rates. Cash equivalents are short-term placements made for varying periods of up to three (3) months depending on the immediate cash requirements of the Group, and earn annual interest ranging from 0.13% to 3.75% and 0.02% to 4.63% in 2014 and 2013, respectively.

Total finance income earned on cash in banks and cash equivalents amounted to ₱215.37 million, ₱325.15 million and ₱355.02 million in 2014, 2013 and 2012, respectively (Note 26).

5. Financial Asset at FVPL

This account consists of peso-denominated investments in quoted equity securities of San Miguel PureFoods Company, Inc. acquired in 2011 with yields ranging from 1.98% to 1.90% as of December 31, 2014 and 2013, respectively. The investment is acquired for the purpose of selling it in the near term.

Unrealized market loss amounting ₱2.52 million in 2014 and ₱0.14 million in 2012 and unrealized market gain amounting ₱1.89 million in 2013 were recognized and included in "Other income" account in the consolidated statements of income (Note 28). Dividends earned amounting ₱7.0 million, ₱4.29 million and ₱5.68 million in 2014, 2013 and 2012, respectively, are included in "Other income" account in the consolidated statements of income (Note 28).

6. Available-for-Sale Financial Assets

This account consists of:

	2014	2013
Quoted securities		
At beginning of year	₱52,306	₱57,914
Adjustments	20	(5,608)
At end of year	52,326	52,306
Unrealized gain recognized in equity	13,483	6,894
	65,809	59,200
Unquoted securities - at cost		
Acquisition costs	28,742	27,030
Less allowance for probable loss	26,251	26,251
	2,491	779
	₱68,300	₱59,979

Quoted securities

The quoted equity investments include investments in golf and sports club shares. Movements in the unrealized gain follow:

	2014	2013
Balance at beginning of year	₱6,894	₱28,910
Unrecognized gains (losses) recognized in other comprehensive income	6,589	(22,016)
Balance at end of year	₱13,483	₱6,894



Unquoted securities

This account consists of investments in stock accounted for at cost pertaining to investments in PQC, URPFI, CSPI and UFPI with an aggregate cost of ₱81.96 million which was fully provided for with allowance for impairment as management assessed that investments on these shares of stock are not recoverable.

Estimating impairment of investment in a joint venture company

The Company performs asset impairment review on its investment in a joint venture company when certain impairment indicators are present. This impairment review requires the estimation of the asset's recoverable amount, which is the present value of expected future cash flows from the asset. Any resulting impairment loss could have a material impact on the Company's financial condition and results of operations

7. Receivables

This account consists of:

	2014	2013
Trade:		
Real estate	₱7,401,231	₱10,746,650
General construction (including retention receivables on uncompleted contracts of ₱1,966.74 million in 2014 and ₱2,507.21 million in 2013)	2,942,078	3,514,152
Electricity sales	2,517,348	3,754,529
Coal mining	1,482,927	2,088,584
Nickel mining	323,072	215,578
Merchandising and others	95,059	73,054
	14,761,715	20,392,547
Receivables from related parties (Note 21)	570,220	131,596
Other receivables	1,134,109	184,340
	16,466,044	20,708,483
Less allowance for doubtful accounts	614,677	545,817
	15,851,367	20,162,666
Less noncurrent receivables - net	2,826,041	5,186,785
	₱13,025,326	₱14,975,881

Receivables amounting ₱614.68 million and ₱545.82 million as of December 31, 2014 and 2013, respectively, were impaired and fully provided with allowance (Note 25). Reversals of allowance for doubtful accounts amounting ₱2.57 million and ₱138.31 million pertain to general construction receivables and to other receivables and receivables from electricity sales, respectively, which were either assessed to be collectible or collected in 2014 and 2013, respectively.



Movements in the allowance for impairment losses are as follows (amounts in thousands):

	2014						
	Trade Receivables						
	Real Estate	General Construction	Coal Mining	Nickel Mining	Electricity Sales	Others	Total
At January 1	₱537	₱32,928	₱35,558	₱-	₱476,794	₱-	₱545,817
Provision during the year (Note 25)	-	500	-	40,382	-	-	40,882
Reversal (Note 28)	-	(2,573)	-	-	-	-	(2,573)
Effect of business combination (Note 33)	-	-	-	30,551	-	-	30,551
At December 31	₱537	₱30,855	₱35,558	₱70,933	₱476,794	₱-	₱614,677

	2013						
	Trade Receivables						
	Real Estate	General Construction	Coal Mining	Nickel Mining	Electricity Sales	Others	Total
At January 1	₱537	₱32,928	₱5,815	₱-	₱71,061	₱130,136	₱240,477
Provision during the year (Note 25)	-	-	29,743	-	413,907	-	443,650
Reversal (Note 28)	-	-	-	-	(8,174)	(130,136)	(138,310)
At December 31	₱537	₱32,928	₱35,558	₱-	₱476,794	₱-	₱545,817

Trade Receivables

Real estate

Real estate receivables principally consist of amounts arising from sale of residential units and subdivision land for sale and development which are collectible within ten (10) years with interest rates ranging from 9.00% to 19.00%. The corresponding titles to the subdivision units sold under this arrangement are transferred to the buyers only upon full payment of the contract price.

The Group entered into various receivable purchase agreements with Security Bank, Security Bank Savings, Malayan Bank, Land Bank of the Philippines, China Bank, United Coconut Planters Bank, BPI Family Savings Bank and Maybank Philippines Inc., whereby the Company sold its installment contracts receivable on a with recourse basis. The Company retains the assigned receivables in the "Installment contracts receivable" account and records the proceeds from these sales as loans payable (Note 16). The carrying value of installment contracts receivable sold with recourse amounted to ₱1,031.22 million and ₱1,063.00 million in 2014 and 2013, respectively. The annual interest rates for this type of loan range from 5.25% to 5.75% in 2014 and 2013. The installment contracts receivable on a with recourse basis are used as collaterals for the bank loans obtained.

General construction

General construction receivables principally consist of receivables from third-party construction projects. These are normally collected on a 30 to 60 day term. Retention receivable pertains to the part of the contract which the contract owner retains as security and shall be released after the period allotted as indicated in the contract for the discovery of defects and other non-compliance from the specifications indicated.

Mining

Receivable from mining pertains to receivables from the sale of coal and nickel ore both to domestic and international markets. These receivables are noninterest-bearing and generally have 30-45 days credit terms.

Electricity sales

Receivables from electricity sales are claims from power distribution companies for supply and distribution of contracted energy and are generally carried at original invoice amounts less discounts and rebates. These generally have 30-day credit terms.



Merchandising and others

Receivable from merchandise sales and others pertains to receivables from the sale of wires, services rendered and others to various local companies. These receivables are noninterest-bearing and generally have 30-60 days credit terms.

Other Receivables

Other receivables include the Group's receivables from JV partners and condominium corporations. These receivables are noninterest-bearing and are generally collectible within one year from the reporting date.

Noncurrent Receivables

Noncurrent receivables relate to real estate receivables arising from the sale of residential units and subdivision land for sale and development which are collectible beyond one year and within ten (10) years.

8. Costs and Estimated Earnings in Excess of Billings on Uncompleted Contracts

The details of the costs, estimated earnings and billings on uncompleted contracts follow:

	2014	2013
Total costs incurred	₱18,787,872	₱31,801,766
Add estimated earnings recognized	725,196	3,678,885
	19,513,068	35,480,651
Less total billings (including unliquidated advances from contract owners of ₱1,973.42 million in 2014 and ₱4,191.6 million in 2013)	19,999,365	38,175,057
	(₱486,297)	(₱2,694,406)

The foregoing balances are reflected in the consolidated statements of financial position under the following accounts:

	2014	2013
Costs and estimated earnings in excess of billings on uncompleted contracts	₱2,067,517	₱986,359
Billings in excess of costs and estimated earnings on uncompleted contracts	(2,553,814)	(3,680,765)
	(₱486,297)	(₱2,694,406)

9. Inventories

This account consists of:

	2014	2013
At Cost:		
Real estate held for sale and development	₱24,105,136	₱17,877,412
Equipment parts, materials in transit and supplies	1,221,231	524,461
Coal inventory	551,471	1,938,052
Nickel ore	400,500	48,011
	26,278,338	20,387,936

(Forward)



	2014	2013
At NRV:		
Equipment parts, materials in transit and supplies - net	₱2,341,330	₱2,783,897
	₱28,619,668	₱23,171,833

Costs of equipment parts, materials in transit and supplies carried at NRV amounted to ₱2,405.31 million and ₱2,841.31 million as of December 31, 2014 and 2013, respectively.

Real estate inventories recognized as costs of sales amounted to ₱6,412.31 million and ₱6,567.15 million in 2014 and 2013, respectively. Costs of real estate sales includes acquisition cost of land, amount paid to contractors, development costs, capitalized borrowing costs and other costs attributable to bringing the real state inventories to its intended condition. Borrowing costs capitalized in 2014 and 2013 amounted ₱936.34 million and ₱672.58 million, respectively. The capitalization rate used to determine the amount of borrowing costs eligible for capitalization in 2014 and 2013 is 5.89% and 6.44%, respectively.

There are no real estate held for sale and development used as collateral or pledged as security to secure liabilities.

A summary of the movement in real estate held for sale and development is set out below:

	2014	2013
Opening balance at January 1	₱17,877,412	₱15,510,158
Construction/development cost incurred	6,585,141	5,789,287
Land acquired during the year	5,580,552	2,484,872
Borrowing costs capitalized	936,344	672,582
Transfers from investment property	—	25,385
Cost of undeveloped land sold during the year	(463,352)	—
Recognized as cost of sales (Note 24)	(6,412,311)	(6,567,151)
Other adjustment/reclassifications	1,350	(37,721)
	₱24,105,136	₱17,877,412

10. Other Current Assets

This account consists of:

	2014	2013
Advances to suppliers, brokers, contractors	₱3,197,494	₱3,178,065
Input Value Added Tax (VAT) - net of allowance	2,388,903	1,169,193
Creditable taxes withheld	1,475,134	726,573
Prepaid taxes	904,848	263,796
Prepaid commission	358,193	185,961
Refundable deposits (Note 36)	270,997	252,353
Advances to officers and employees	109,547	40,695
Prepaid expenses	98,718	88,745
Tax credits	87,123	—
Other short-term investments	—	1,200,000
Others	—	38,712
	₱8,890,957	₱7,144,093



Advances to Suppliers, Brokers and Contractors

Advances to suppliers, brokers and contractors are recouped upon every progress billing payment depending on the percentage of accomplishment.

Input VAT

Input VAT is fully recoverable and can be applied against output VAT. In 2014, the Group recognized an impairment loss amounting to ₱51.35 million upon assessment that the amount cannot be claimed against output VAT or recovered as tax credits against future income tax liability (Note 25).

Creditable Taxes Withheld

Creditable taxes withheld are attributable to taxes withheld by third parties arising from sales and services that will be applied to future taxes payable.

Prepaid taxes

Prepaid taxes represent prepayment of output taxes as well as local business and real estate taxes.

Prepaid commission

This account pertains to commission paid in advance for uncompleted real estate projects.

Refundable Deposits

Refundable deposits pertain to bill deposits and guaranty deposits for utilities that will be recovered within one year.

Advances to Officers and Employees

Receivables from employees pertain to salary and other loans granted to the Group's employees that are collectible through salary deduction. These are non-interest bearing and are due within one year.

Tax credits

Tax credits pertain to excess input VAT that can be claimed against future income tax liability of the Company as approved by the BIR.

Prepaid Expenses

Prepaid expenses consist mainly of prepayments for taxes, commissions, rent and insurance.

Other Short-Term Investments

Other short-term investments are time deposits with maturity of more than three (3) months from the date of acquisition and earn annual interest ranging from 1.75% to 3.75% in 2013. Interest income earned in 2013 amounted to ₱13.73 million presented under "Finance income" account in the consolidated statements of income (Note 26).

Others

Others mainly include deposits for escrow funds, bill deposits and guaranty deposits which will be recovered within one year.



11. Investments in Associates, Joint Ventures and Others

The details of the Group's investments in associates, jointly controlled entity and others follow:

	2014	2013
Acquisition cost		
Balances at beginning of year	₱4,380,171	₱6,836,841
Additions	517,013	810,909
Acquisition of control on former associates (Note 33)	(2,951,865)	(226,899)
Disposals	(1,500)	(3,040,555)
Write-off	—	(125)
Balances at end of year	1,943,819	4,380,171
Accumulated impairment loss		
Balances at beginning and end of year	(7,828)	(7,828)
Accumulated equity in net earnings		
Balances at beginning of year	7,292,520	7,540,241
Equity in net earnings	2,015,703	1,764,822
Gain on remeasurement of previously held interest (Note 33)	261,084	71,006
Dividends earned	(284,280)	(5,221,015)
Acquisition of control on former associates (Note 33)	(309,528)	(33,577)
Dilution gain on deemed disposal of investment	—	3,171,327
Write-off	—	(284)
Balances at end of year	8,975,499	7,292,520
	₱10,911,490	₱11,664,863

The details of the Group's equity in the net assets of its associates and jointly controlled entity and the corresponding percentages of ownership follow:

	Percentages of Ownership		Equity in Net Assets	
	2014	2013	2014	2013
Associates:				
DMCI-MPIC Water Co. Inc. (DMWC)	27.19%	27.19%	₱9,315,758	₱7,600,444
Private Infra Dev Corporation (PIDC)	33.00	33.00	1,263,759	927,044
Subic Water and Sewerage Company, Inc. (Subic Water)	40.00	40.00	272,747	235,634
Bachy Soletanche Philippines Corporation (Bachy)	49.00	49.00	43,906	43,906
TMM Management, Inc. (TMM)	—	40.00	—	1,872
Ulugan Resources Holdings, Inc. (URHI)	—	30.00	—	254
Ulugan Nickel Corporation (UNC)	—	58.00	—	—
Nickeline Resources Holdings, Inc. (NRHI)	—	58.00	—	245,921
Berong Nickel Corporation (BNC)	—	56.20	—	557,156
Nickel Laterite Resources, Inc. (NLRI)	—	20.00	—	1
Ipilan Nickel Corporation (INC)	—	52.00	—	1
			10,896,170	9,612,233
Jointly Ventures:				
DMCI-First Balfour Joint Venture (DMFB)	51.00%	51.00%	₱15,320	₱15,320
ENK Plc. (ENK)	—	60.00	—	2,037,310
			15,320	2,052,630
Total			₱10,911,490	₱11,664,863



There have been no outstanding capital commitments in 2014 and 2013. All associates and jointly controlled entities are incorporated in the Philippines except for ENK which is incorporated in London, United Kingdom.

The following table summarizes the significant financial information of the associates and jointly controlled entity that are material to the Group:

	2014			
	DMWC	Subic Water	PIDC	
Statement of financial position				
Current assets	₱11,865,004	₱368,489	₱3,888,336	
Noncurrent assets	72,414,883	1,256,631	14,536,669	
Current liabilities	13,420,021	290,547	1,852,509	
Noncurrent liabilities	33,465,197	328,020	11,285,937	
Equity	37,394,669	1,006,553	5,286,559	
Statement of income				
Revenue	₱18,362,674	₱837,069	₱4,229,820	
Costs and expenses	10,568,727	664,286	4,951,010	
Net income (loss)	7,793,947	172,783	(721,190)	
	2013			
	DMWC	Subic Water	PIDC	ENK
Statement of financial position				
Current assets	₱10,785,242	₱391,403	₱2,298,886	₱690,472
Noncurrent assets	70,003,553	1,016,358	10,759,434	3,808,951
Current liabilities	15,034,952	172,609	1,306,118	93,042
Noncurrent liabilities	35,072,814	379,855	6,940,779	662,076
Equity	30,681,029	855,297	4,811,423	3,744,305
Statement of income				
Revenue	₱16,895,200	₱542,041	₱67,413	₱271,486
Costs and expenses	10,155,479	336,865	71,961	409,351
Net income (loss)	6,739,721	205,176	(4,548)	(137,865)

The Group's dividend income from DMWC amounted to ₱252.28 million and ₱5,191.21 million in 2014 and 2013, respectively, while dividend income from Subic Water amounted to ₱32.00 million and ₱29.71 million in 2014 and 2013, respectively.

Equity in net earnings from DMWC amounted to ₱1,967.59 million and ₱1,832.53 in 2014 and 2013, respectively, while equity in net earnings from Subic Water amounted to ₱69.11 million and ₱82.07 million in 2014 and 2013, respectively. Equity in net losses from PIDC amounted to ₱180.30 million and ₱1.50 million in 2014 and 2013, respectively. Equity in net losses in 2013 from ENK amounted to ₱87.30 million.

The aggregate carrying amount of the Group's individually immaterial investments in associates and jointly controlled entities in 2014 and 2013 amounted to ₱59.23 million and ₱864.42 million, respectively. Equity in net earnings from individually immaterial associates in 2014 amounted to ₱163.58 million while equity in net losses in 2013 amounted to ₱60.97 million.

DMWC

On November 27, 2008, through a Subscription Agreement by and among the Parent Company, MPIC and DMWC, the Parent Company and MPIC subscribed to 961,600,000 common shares and 1,923,200,000 common shares, respectively, of DMWC.



Simultaneous with the execution of the Subscription Agreement, the Parent Company, DMWC, Metro Pacific Investments Corporation (MPIC) and Maynilad entered into a Shareholders' Agreement outlining the relationship of the Parent Company and MPIC as shareholders of DMWC. In the same Shareholders' Agreement, which was immediately executory, the parties confirmed that each of the Parent Company and MPIC holds, on the date of said Shareholders' Agreement, equity interests in the form of shares and share entitlements in DMWC equal to 44.59% and 55.41%, respectively.

DMWC's decrease in authorized capital stock

As approved by DMWC's BOD on August 31, 2012, DMWC decreased its authorized capital stock from ₱5,854.80 million divided into 5,854.80 million common shares with par value of ₱1.00 to 4,664.80 million common shares with par value of ₱1.00. The decrease in DMWC's authorized capital stock was approved by the SEC on October 10, 2012. The main purpose of the decrease in authorized capital stock was to settle the outstanding subscriptions payable of existing shareholders which includes the Parent Company. The share of the Parent Company, as a result of the decrease in the authorized capital stock, amounted to ₱530.62 million which is accounted for as cancellation of the Parent Company's subscription payable of ₱379.71 million and a return of a portion of its investment amounting ₱150.91 million. The ₱150.91 million was applied against the liability to DMWC (Notes 38).

Marubeni Corporation - Nippon Koei Co. Ltd (MCNK JV Corporation) and DMWC Subscription Agreement

On December 28, 2012, MCNK subscribed 169,617,682 common shares of stock of DMWC for ₱169.6 million out of which it initially paid ₱42.4 million. On the same date, the BOD of DMWC approved a resolution to increase its authorized capital stock sufficient enough to cover the issuance of the subscription shares. On January 29, 2013, the SEC approved DMWC's increase in authorized capital stock and MCNK fully paid the remaining subscription price amounting ₱127.2 million on February 13, 2013.

MCNK is 90.0% owned by Marubeni Corporation, a company incorporated in Japan and 10% owned by MAPL Holdings B.V., a company incorporated in Netherlands.

On February 13, 2013, MCNK subscribed to an additional 508,853,045 common shares of DMWC with a par value for ₱1.00 per share for a total subscription price of ₱10,200.00 million. On the same date, DMWC issued these shares and MCNK fully paid these shares.

The above transactions resulted to the dilution of the Parent Company's interest in DMWC. The dilution of interest due to subscription and issuance of DMWC shares to MCNK resulted to a dilution gain amounting to ₱3,171.33 million which was recorded as part of "Gain on sale of investment" in the consolidated statements of income. The gain arises from the difference between the Parent Company's share in the cash received from MCNK's subscription and the effective reduction in the share in net asset of DMWC.

Partial sale of investment in DMWC to MPIC and MCNK

On February 13, 2013 the Parent Company sold 154,992,852 shares and 472,555,019 shares held to MPIC and MCNK amounting to ₱2,376.04 million and ₱6,650.60 million, respectively. The excess of the proceeds received over the carrying value of the investment disposed amounting to ₱5,986.08 million was recorded as part of "Gain on sale of investment" in the consolidated statements of income.

This resulted to the change in effective interest in DMWC from 44.59% as of December 31, 2012 to 27.19% as of December 31, 2013.



Rollforward of the cost of investment in DMWC follows:

	2014	2013
Acquisition cost		
Balances at beginning of year	₱390,428	₱3,430,983
Partial sale of investments	–	(3,040,555)
Balances at end of year	390,428	390,428
Accumulated equity in net earnings		
Balance at beginning of year	7,210,016	7,397,368
Equity in net earnings	1,967,594	1,832,530
Gain on deemed disposal of investment	–	3,171,327
Dividends received	(252,280)	(5,191,209)
Balances at end of year	8,925,330	7,210,016
	₱9,315,758	₱7,600,444

PIDC

PIDC is primarily engaged in the business of construction, development of various infrastructure projects such as roads, highways, toll roads, freeways, skyways, flyovers, viaducts and interchanges. On February 19, 2008, PIDC was awarded the contract for the financing, design, construction, operation and maintenance of the Tarlac-Pangasinan-La Union Expressway (TPLEX).

On June 2, 2011, PIDC entered into Omnibus Loan Security Agreement (the “Omnibus Agreement”) with Banco de Oro Unibank, Inc., Development Bank of the Philippines and Land Bank of the Philippines as Lenders, the Shareholders as the Third Party Mortgagors and Sponsors, BDO Capital and Investment Corporation and Development Bank of the Philippines as Lead Arrangers, BDO Unibank, Inc., Trust and Investments Group as Facility Agent, DSRA & Paying Agent and Collateral Agent.

Drawdowns from the syndicated loan during the year are as follows:

	January 17, 2014	July 15, 2014	September 18, 2014	October 23, 2014
BDO	₱1,858,695,652	₱309,782,609	₱390,317,041	₱229,233,818
DBP	619,565,217	103,260,869	130,119,551	76,419,419
LBP	521,739,131	86,956,522	109,563,408	64,346,763
	₱3,000,000,000	₱500,000,000	₱630,000,000	₱370,000,000

The Omnibus Agreement was entered into to finance the Project which is to design, construct, operate, and maintain Phase 1 of the Tarlac-Pangasinan-La Union Toll Expressway under the Toll Concession Agreement dated August 28, 2008, between PIDC as Grantee and, the Republic of the Philippines, acting and by through the Department of Public Works and Highways and the Toll Regulatory Board, as Grantor.

Details of the loan follow:

- Interest: At a floating rate per annum equivalent to the five-year Philippine Dealing System Treasury-Fixing (PDST-F) benchmark yield for treasury securities as published on PDEX with respect to the fifth year from the date of initial borrowing and each succeeding interest period thereafter, plus 3.00% per annum.



- b. Repayment: As amended, the principal amount shall be payable in 24 quarterly installments commencing on the 51st month from the initial borrowing date, inclusive of a not more than a four-year grace period. Final repayment date is 10 years after initial borrowing. The loan may be prepaid voluntarily provided the conditions in the Omnibus Agreement are satisfied.

On September 3, 2009, the BOD approved the Parent Company's subscription of 1,449,684 common shares out of PIDC's increase in authorized capital stock of ₱3.50 billion. In 2014, the Parent Company paid in full the subscriptions of shares amounting ₱517.01 million increasing the investment from ₱980.67 million to ₱1,497.68 million.

On December 19, 2014, the Parent Company as well as its wholly-owned subsidiary, DMCI, have agreed to sell their respective shares in PIDC to Rapid Thoroughfares, Inc., subject to compliance with certain conditions and obtaining certain consents, including, among others, the consent of the Toll Regulatory Board and the Department of Public Works and Highways, pursuant to the Toll Concession Agreement dated August 28, 2008. PIDC is the concessionaire of the Tarlac-Pangasinan-La Union Expressway (TPLEX). The consideration for the sale of shares amounts to ₱1,757.65 million for the Parent Company and ₱69.84 million for DMCI, which totals to ₱1,827.49 million or ₱1,219.40 price per share. In 2014, the Parent Company accordingly received the deposit of the conditional sale amounting to ₱1,757.65 million and recorded the same as 'Deposit received from future sale of investment' in the consolidated statements of financial position (Note 20).

Subic Water

On January 22, 1997, PDI subscribed to 3,262,320 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 agreement executed by the parties on November 24, 1996 stipulated, among others, that PDI shall have an equity participation equivalent to 40% in Subic Water amounting ₱74.80 million (based on the initial subscribed and paid-in capital of ₱187.00 million). The balance of PDI's committed subscription to Subic Water of ₱38.18 million (net of additional subscriptions payment of ₱4.00 million in 1998) is expected to be paid on or before the second anniversary of the effectivity date. As of December 31, 2014 and 2013, such committed subscription remains unpaid.

The investment in Subic Water is accounted for as an investment in an associate.

ENK Plc

In 2012, the Parent Company acquired existing shares of ENK Plc, a mining company with significant mining assets in the Philippines. ENK is a nickel laterite development and production company focused on developing its Acoje and Zambales chromite projects in the Philippines. The total acquisition cost amounted to ₱2.1 billion. In aggregate, the Parent Company owns 157.26 million shares which represents 60% ownership in ENK Plc. The remaining 40% is owned by D&A Income Ltd (D&A), an entity from United Kingdom.

In 2012, the Parent Company and D&A executed a Shareholders' Agreement which clearly defines the roles of the shareholders as having economic interests over ENK. The Parent Company's 60% ownership interest in ENK only allows it to exercise significant influence because of limited participation in the governance of ENK. ENK is classified as an associate of the Group and accounted for using the equity method of accounting.

On January 22, 2013, the Parent Company has acquired majority seats in the Board of ENK. Upon adoption of PFRS 10 and PFRS 11 in 2013, the Parent Company reassessed its arrangement



with D&A over ENK and has determined that it has joint control over ENK because even at 60% ownership and majority seats in the Board, the strategic and financial operating decisions relating to the economic activities of ENK require the unanimous consent of both parties.

In 2014, DMC purchased additional shares in ENK, making it a wholly owned subsidiary (see Notes 2 and 33).

TMC

On October 23, 2012, DMCI Mining Corporation (DMC) purchased from Daintree Resources Limited 8,480,250 common shares representing 17.01% ownership in TMC for GBP 3.4 million or ₱226.90 million. TMC is an investment holding company incorporated in England and Wales on May 29, 2007 and is engaged in ore and mineral mining and exploration. TMC has strategic interests in two privately owned nickel companies in the Philippines, Berong Nickel Corporation and Ipilán Nickel Corporation.

In 2013, DMC increased its interest in TMC by acquiring additional shares through a mandatory cash offer to TMC's shareholders. As of December 31, 2013, DMC holds 49,148,335 shares and voting rights representing 98.06% of voting rights with 1.94% mandatory call option.

Delisting of TMC's shares in the London Stock Exchange (AIM)

On December 12, 2013, TMC's shareholders passed the resolution to cancel the admission of trading of TMC's ordinary shares on the AIM (delisting). The last day of dealings in ordinary shares on AIM is on December 19, 2013 while the date of cancellation of admission to trading on AIM is on December 20, 2013.

Changes in the Board composition in TMC

On December 20, 2013, DMC has acquired majority seats in the Board of TMC.

As of December 31, 2012, at 17.01% ownership, TMC was considered to be an associate under the previously existing PAS 28, and was accounted for using the equity method. In 2013, with the additional subscription of 81.05% and 1.94% mandatory call option, the Group assessed that it has control over TMC. The assets, liabilities and equity of TMC have been consolidated in the financial statements of the Group on December 20, 2013, the date control has been obtained (see Notes 2 and 33).

Acquisition of TMC's associates

Upon consolidation of the net assets of TMC in December 20, 2013, the Group has obtained the following investments in associates:

- a. TMM Management, Inc. (TMM)
- b. Ulugan Resources Holdings, Inc. (URHI)
- c. Ulugan Nickel Corporation (UNC)
- d. Nickeline Resources Holdings, Inc. (NRHI)
- e. Berong Nickel Corporation (BNC)
- f. Nickel Laterite Resources, Inc. (NLRI)
- g. Ipilán Nickel Corporation (INC)

The Group assessed that its interest over these entities only allows the Group to exercise significant influence over these entities (Note 33).

On July 11, 2014, control over TMM, URHI, UNC, BNC and NRHI were obtained upon written agreement between Atlas and TMC which was defined in the Memorandum of Understanding



(MOU) signed by both parties. The MOU gave TMC the ability to direct the relevant activities of these entities considering the critical positions are occupied by the representative of the Group making these entities subsidiaries of the Group.

On August 8, 2014, TMC transferred its investments in TMM, URHI, UNC, BNC and NRHI to DMC. On December 1, 2014, TMC transferred its investments in INC and NLRI to DMC and subsequently DMC sold to the shareholders of Southeast Palawan Nickel Ventures its investments in INC and NLRI. As such, the service agreement entered into by INC with TMM has been terminated.

After the transfer of TMC subsidiaries and associates to DMC, TMC was subsequently sold to a third party individual last December 16, 2014 .

DMFB

On January 18, 2008, DMCI has entered into a Joint Venture Agreement with First Balfour, Inc. with 51% interest. DMFB Joint Venture, an incorporated joint venture, was formed for the construction of the Light Rail Transit (LRT) Line 1 North Extension Project (the Project). The Project was started on June 7, 2008 and was completed on October 23, 2010.

DMCI's interest in DMFB Joint Venture is a joint arrangement accounted for as joint venture using the equity method where the carrying amount of the investment is adjusted to reflect the changes in the net assets of the joint venture since the acquisition date.

The joint venture had no contingent liabilities or capital commitments as at December 31, 2014 and 2013.

Joint Operations

In 2013, DMCI entered into joint venture agreement with C.M Pancho and J.E. Manalo & Co., Inc. (JEMCO) to form an unincorporated JV to jointly construct, execute and develop the project, Philippines Secondary National Road Development Project (SNRDP) Contract Package 1: Road Rehabilitation, Buray Junction to Barangay Tinani, Paranas, Samar KM 827+144.400 - 843 +500 awarded by Millennium Challenge Account - Philippines (MCAP). The joint arrangement is accounted for as joint operations.

12. Investment Properties

The movements in this account follow (amounts in thousands):

	2014			
	Land	Buildings and Building Improvements	Condominium Units	Total
Cost				
At January 1	₱47,796	₱227,312	₱44,347	₱319,455
Additions	—	49,008	—	49,008
Transfer to inventory	—	(67,547)	—	(67,547)
At December 31	47,796	208,773	44,347	300,916
Accumulated Depreciation and Amortization				
At January 1	₱—	₱43,357	₱5,923	₱49,280
Depreciation and amortization (Note 24)	—	6,891	1,955	8,846
At December 31	—	50,248	7,878	58,126
Net Book Value	₱47,796	₱158,525	₱36,469	₱242,790



	2013			
	Land	Buildings and Building Improvements	Condominium Units	Total
Cost				
At January 1	₱73,181	₱201,373	₱44,347	₱318,901
Additions	—	25,939	—	25,939
Transfer to inventory	(25,385)	—	—	(25,385)
At December 31	47,796	227,312	44,347	319,455
Accumulated Depreciation and Amortization				
At January 1	—	39,941	2,513	42,454
Depreciation and amortization (Note 24)	—	3,416	3,410	6,826
At December 31	—	43,357	5,923	49,280
Net Book Value	₱47,796	₱183,955	₱38,424	₱270,175

The aggregate fair values of the investment properties as of December 31, 2014 and 2013 amounted to ₱345.04 million and ₱292.87 million, respectively.

The fair values of the investment properties are determined either by DCF model or by Market Data Approach.

The fair value of investment properties, which has been determined using discounted cash flow model with discount rates ranging from 3.63% to 7.85%, exceeds its carrying cost. The fair value represents the amount at which the assets could be exchanged between knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction at the date of valuation.

The value of the investment properties which was arrived at using the Market Data Approach is based on Level 3 inputs such as sales and listings of comparable property registered in the vicinity. The technique of this approach requires the establishment of comparable property by reducing reasonable comparative sales and listings to a common denominator. This is done by adjusting the differences between the subject property and those actual sales and listings regarded as comparable. The properties used as basis of comparison are situated within the immediate vicinity of the subject property.

Rental income from investment properties (included under 'Other income') amounted to ₱237.80 million, ₱84.45 million and ₱274.17 million in 2014, 2013 and 2012, respectively (Note 28). Direct operating expenses (included under 'Cost of sales and services' in the consolidated statements of income) arising from investment properties amounted to ₱8.85 million, ₱6.83 million and ₱4.91 million in 2014, 2013 and 2012, respectively (Note 24). There are no investment properties as of December 31, 2014 and 2013 that are pledged as security against liabilities.



13. Property, Plant and Equipment

The movements in this account follow:

	2014									
	Land and Land Improvements	Power Plant, Buildings and Building Improvements	Construction Equipment, Machinery and Tools	Office Furniture, Fixtures and Equipment	Transportation Equipment	Coal Mining Properties and Equipment	Leasehold Improvements	Nickel Mining Properties and Equipment	Construction in Progress	Total
Cost										
At January 1	₱2,052,652	₱20,928,376	₱6,418,844	₱417,889	₱393,285	₱15,686,276	₱165,691	₱–	₱10,850,144	₱56,913,157
Effect of business combination	46,872	38,497	–	36,330	30,374	–	170	5,633,669	64,257	5,850,169
Additions	27,481	437,402	2,585,889	102,059	91,228	1,110,424	1,908	–	9,812,603	14,168,994
Transfers from construction in progress	–	1,467,438	–	(456)	–	–	–	–	(1,466,982)	–
Transfers and retirements/disposals	–	(451)	(371,405)	(1,760)	(10,100)	(18,510)	–	–	(2,337)	(404,563)
Writedown and impairment loss	–	–	–	–	–	(102,475)	–	–	–	(102,475)
At December 31	2,127,005	22,871,262	8,633,328	554,062	504,787	16,675,715	167,769	5,633,669	19,257,685	76,425,282
Accumulated Depreciation, Depletion and Amortization										
At January 1	477,307	6,116,650	4,410,813	415,505	267,178	13,857,095	97,363	–	–	25,641,911
Effect of business combination	–	–	–	31,140	23,659	–	162,112	164,188	–	381,099
Depreciation, depletion and amortization (Notes 24 and 25)	82,231	1,289,079	1,350,538	65,200	64,723	1,170,810	(138,551)	91,820	113	3,975,963
Transfers and retirements/disposals	–	(360)	(340,621)	(3,291)	(7,243)	–	–	–	–	(351,515)
Writedown	–	–	–	–	–	(102,364)	–	–	–	(102,364)
At December 31	559,538	7,405,369	5,420,730	508,554	348,317	14,925,541	120,924	256,008	113	29,545,094
Net Book Value	₱1,567,467	₱15,465,893	₱3,212,598	₱45,508	₱156,470	₱1,750,174	₱46,845	₱5,377,661	₱19,257,572	₱46,880,188



	2013								
	Land and Land Improvements	Power Plant, Buildings and Building Improvements	Construction Equipment, Machinery and Tools	Office Furniture, Fixtures and Equipment	Transportation Equipment	Coal Mining Properties and Equipment	Leasehold Improvements	Construction in Progress	Total
Cost									
At January 1	₱1,558,027	₱18,973,630	₱5,301,420	₱374,259	₱350,272	₱15,228,638	₱142,198	₱5,602,712	₱47,531,156
Additions	32,949	408,508	1,245,152	46,481	43,627	790,987	23,493	7,819,623	10,410,820
Transfers from construction in progress	461,676	2,110,515	—	—	—	—	—	(2,572,191)	—
Transfers and retirements/disposals	—	—	(127,728)	(2,851)	(614)	(333,349)	—	—	(464,542)
Writedown and impairment loss	—	(564,277)	—	—	—	—	—	—	(564,277)
At December 31	2,052,652	20,928,376	6,418,844	417,889	393,285	15,686,276	165,691	10,850,144	56,913,157
Accumulated Depreciation, Depletion and Amortization									
At January 1	468,281	4,042,225	3,899,344	315,689	220,930	12,783,081	77,374	—	21,806,924
Depreciation, depletion and amortization (Notes 24 and 25)	9,026	2,195,353	617,710	99,972	46,800	1,577,156	19,989	—	4,566,006
Transfers and retirements/disposals	—	—	(106,241)	(156)	(552)	(503,142)	—	—	(610,091)
Writedown	—	(120,928)	—	—	—	—	—	—	(120,928)
At December 31	477,307	6,116,650	4,410,813	415,505	267,178	13,857,095	97,363	—	25,641,911
Net Book Value	₱1,575,345	₱14,811,726	₱2,008,031	₱2,384	₱126,107	₱1,829,181	₱68,328	₱10,850,144	₱31,271,246



The construction in progress accounts mostly contains purchased mining equipment items that are in transit and various buildings and structures that are under construction as of December 31, 2014 and 2013. In 2014 and 2013, construction in progress includes capitalized rehabilitation costs for Units 1 and 2 of SCPC's power plant and construction of SLPGC's 2 x 150 megawatt (MW) coal-fired thermal power plant. The rehabilitation of Unit 1 of SCPC power plant was completed in January 2013 and the rehabilitation of Unit 2 of SCPC power plant was completed in August 2014. In 2014, construction in progress mostly pertains to SLPGC's on-going construction of thermal power plant.

The capitalized borrowing cost included in the construction in progress account amounted to ₱338.84 million and ₱101.38 million on December 31, 2014 and 2013, respectively. The average capitalization rate is 3.18% and 3.36% in 2014 and 2013 (see Note 19).

Mine properties pertain to accumulated cost on development of mine sites with coal and nickel deposits, including the expected decommissioning and site rehabilitation costs of Panian minesite for coal and nickel and estimated cost for dismantling of mining machineries and conveyor belts at the end of its life (see Note 20).

The following mining rights were acquired through business combination in 2014 and were recognized at fair value at the date of acquisition (Note 33).

Acoje project

The project is within the Mineral Production Sharing Agreement (MPSA) No. 191-2004-III which is located the Municipalities of Sta. Cruz and Candelaria, Province of Zambales.

Berong project

The project is within the MPSA No. 235-2007-IVB covering a contract area of approximately 288 hectares situated in Barangay Berong, Municipality of Quezon, Province of Palawan.

In 2014, 2013 and 2012, the Group sold various equipment items at a net gain included under the consolidated statements of income caption "Other income - net" amounting ₱127.20 million, ₱144.86 million and ₱127.50 million, respectively (Note 28).

As security for timely payment, discharge, observance and performance of the loan provisions, the Company creates, establishes, and constitutes in favor of the Security Trustee, for the benefit of all secured parties, a first ranking real estate and chattel mortgage on present and future real assets and chattels owned by the Company as of December 31, 2014 and 2013 (Note 19).

SCPC incurred a loss from property, plant and equipment writedown due to the replacement of generation units amounting to ₱0.11 million and ₱443.35 million in 2014 and 2013, respectively (Note 25).

The construction of SLPGC's coal-fired power plant commenced in the early part of 2012. As of December 31, 2014, the Group expects to complete the power plant in the third quarter of 2015. Total estimated cost of completed project is ₱20.40 billion.

Depreciation, depletion and amortization expense on property, plant and equipment amounted to ₱3,975.96 million, ₱4,566.01 million and ₱3,743.70 million in 2014, 2013 and 2012, respectively (Notes 24 and 25).



The cost of fully depreciated assets that are still in use as of December 31, 2014 and 2013 amounted to ₱ 11,600.61 million and ₱11,422.25 million, respectively.

There are no temporarily idle property, plant and equipment in 2014 and 2013.

14. Exploration and Evaluation Asset and Other Noncurrent Assets

a) Below are the details of exploration and evaluation asset:

	2014	2013
Coal	₱1,914,440	₱348,153
Nickel	222,397	—
	₱2,136,837	₱348,153

Coal

Bobog minesite

These costs are related to exploratory drilling and activities in Bobog minesite. This mine site is situated around one kilometer away from the current active Panian mine. Expected coal release is on the last quarter of 2016 with an estimated initial production of 1.50 million metric tons based on the most recent 5-year mine plan, using the in-house estimate of recoverable coal reserve of 40.00 million metric tons. The Competent Person report dated December 29, 2014 showed mineable reserve of 71.00 million metric tons with recoverable coal reserve of 64.00 million metric tons, after superimposing an optimum pit over the existing coal resources delineated at Bobog by extensive drilling.

Nickel

Moorsom, Dangla and Longpoint project

Exploration and evaluation assets pertain to exploration expenditures on the Moorsom, Dangla and Longpoint Project (adjacent area covering the Berong Project).

Acoje chromite project

Exploration and evaluation assets pertaining to Acoje chromite project (under ZCMC) are capitalized expenditures that are directly related to the exploration and evaluation of the area covered by the mining tenements. As of December 31, 2014, the Group is still conducting exploration activities and has not yet started commercial operation.

Exploration Permit Application (EXPA) -000032VI

P & N Mining and Development Corporation assigned the entire applied area under EXPA-000034VI comprising 1,296.0 hectares to the FASRPC, the assignee shall assume all obligation as stipulated in the said assignment and the assigned EXPA shall be subject to further evaluation/processing as provided in Chapter V, Department of Environment and Natural Resources Administrative Order no. 96-040, Series of 1996, as amended, and other pertinent rules and regulations.

Exploration Permit (EP) -006-2010-III

EP covering an area of 856.42 hectares situated in the municipalities of Candelaria and Sta. Cruz, Zambales.



EP-007-2010-III

EP covering an area of 2,244.69 hectares situated in the municipalities of Candelaria and Sta. Cruz, Zambales.

EP-008-2010-III

EP covering an area of 4,493.82 hectares situated in the municipality of Candelaria, Zambales.

EP No. 05-001-I of Barlo

The exploration permit covers an area of 4,360.71 hectares situated at Barangays Alilao, Malimpin and San Vicente, Municipality of Dasol and Barangays Barlo and San Pedro, Municipality of Mabini, all in the Province of Pangasinan.

The exploration permit expired on May 24, 2013. On March 25, 2014, the Group was in the process of renewing their exploration permit, the application for renewal of the permit was already submitted to Mines and Geosciences Bureau (MGB). However, on October 17, 2014, such application for renewal was denied. In response to the denial, the Group sought reconsideration through a letter sent to MGB on November 28, 2014. As at March 25, 2015, MGB is still in the process of evaluation of the Group's application for renewal.

In 2014, the Group recognized a provision for impairment loss on exploration and evaluation assets amounting to ₱15.80 million (Note 25).

Application for Production Sharing Agreement 000345 III

MRC acquired from CRAU Mineral Resources Corporation (CRAU) the application for a Mineral Production Sharing Agreement (MPSA), designated as MA-P-III-01-02 (MPSA 000345 III), covering an area of 1,071.61 hectares located in the Municipality of Masinloc. The amount recognized represents the amount paid to CRAU. No additional exploration and evaluation expenditures were incurred related to the project in 2014. In 2014, provision for impairment losses on its exploration and evaluation asset on Masinloc (CRAU) amounting to ₱14.12 million was recognized (Note 25).

EXPA 000133 III

This pertains to the Limestone Project with a covered area of 115.6 hectares located in Zambales. The amount recognized represents the capitalized expenditure incurred in the project. No capitalized expenditures related to the project were incurred in 2014. In 2014, the Group provided provision for impairment losses on its exploration and evaluation asset on Limestone amounting to ₱0.40 million (Note 25).

Palawan Initiative and F-AH Nickel Environment

Palawan Initiative and the F-AH Nickel Environment projects refer to capitalized costs incurred prior to the approval of permits to explore the locations, Palawan and Cabaluan, Leyte, respectively. In 2014, provision for impairment losses on its exploration and evaluation asset on F-AH Nickel Environment amounting to ₱0.18 million was recognized (Note 25).

A valuation allowance is provided for unrecoverable exploration and evaluation assets based on the Group's assessment of the future prospects of the exploration project. Full provision is made for the impairment as management assessed that it is no longer probable that such costs are expected to be recouped through successful exploration and development of the area of interest, or alternatively, by its sale.



b) Other Noncurrent Assets are composed of the following:

	2014	2013
Deferred input VAT	₱1,384,313	₱1,091,094
Investment in sinking fund (Note 19)	521,781	517,603
5% input VAT withheld - net	164,526	164,526
Deposit for future investment	41,192	10,298
Fund for future investment	95,474	126,368
Capitalized development costs	98,487	37,963
Prepaid rent (Note 37)	89,955	89,906
Software cost - net	80,842	33,598
Refundable deposits	69,225	52,126
Security deposits (Note 36)	5,203	407,519
Others	100,999	84,544
	2,651,997	2,615,545
Less current portion of prepaid rent (Note 10)	4,545	4,545
	₱2,647,452	₱2,611,000

Deferred Input VAT

This pertains to VAT incurred from acquisition of capital assets mostly coming from the ongoing construction of coal-fired power plant of SLPGC.

Investment in Sinking Fund

In a special meeting of the BOD of SCPC held on March 9, 2010, the BOD of SCPC authorized SCPC to establish, maintain, and operate trust and investment management accounts with Banco de Oro Unibank, Inc., - Trust and Investment Group (BDO) as the Security Trustee. The Omnibus Agreement provided that the Security Trustee shall invest and reinvest the monies on deposit in Collateral Accounts (Note 19). All investments made shall be in the name of the Security Trustee and for the benefit of the Collateral Accounts. In May 2010, BDO made an initial investment in the sinking fund amounting ₱304.81 million. As of December 31, 2014 and 2013, the investment in sinking fund amounted to ₱521.78 million and ₱517.60 million, respectively.

Interest earned from the sinking fund amounted to ₱6.69 million, ₱12.17 million and ₱17.21 million in 2014, 2013 and 2012, respectively (Note 26).

5% Input VAT withheld - net

As a result of the enactment of RA No. 9337 effective November 1, 2005, National Power Corporation (NPC) started withholding the required 5% input VAT on the VAT exempt coal sales. On March 7, 2007, SMPC obtained a ruling from the Bureau of Internal Revenue (BIR) which stated that the sale of coal remains exempt from VAT. In 2007, SMPC filed a total claim for refund of ₱190.50 million from the BIR representing VAT erroneously withheld by NPC from December 2005 to March 2007, which eventually was elevated to the Court of Tax Appeals (CTA). On October 13, 2009, CTA granted SMPC's petition for a refund on erroneously withheld VAT initially on December 2005 sales amounting to ₱11.85 million. The Commissioner of BIR moved for reconsideration of the CTA's Decision. On November 21, 2009, SMPC filed its comment thereon. On August 10, 2010, the CTA issued a Writ of Execution on its decision dated October 13, 2009 and was served to BIR on August 13, 2010.

In 2011, the CTA rendered a decision granting the SMPC's petition for refund or issuance of tax credit certificate (TCC) in the total amount of ₱178.65 million. The Commissioner of BIR filed a motion for reconsideration which was denied in a Resolution executed by the CTA. The Commissioner of BIR filed for a Petition for Review with the CTA En Banc.



In 2012, CTA En Banc rendered a decision dismissing the petition for review for the lack of merit on ₱163.36 million refund.

In 2012, management has estimated that the refund will be recovered after ten (10) to fifteen (15) years. Consequently, the claim for tax refund was provided with provision for impairment losses amounting to ₱47.15 million (Note 25).

On January 30, 2013, the Supreme Court denied the BIR Commissioner's Petition for Review. Subsequently, the latter filed a Motion for Reconsideration with the Supreme Court. On June 19, 2013, the Supreme Court denied such petition of Motion for Consideration with finality. On September 18, 2013, Entry of Judgment was issued by the Supreme Court in GR No. 203621. On January 21, 2014, a "Notice of Resolution" was received from the Court of Tax Appeals citing that "It is appearing that the Resolution of the Supreme Court dated January 30, 2013 has already become final and executory and Entry of Judgment was already issued by the Supreme Court on September 19, 2013, herein SMPC is entitled as a matter of right to a writ of execution. It, therefore, becomes the ministerial duty of CTA to issue a writ of execution". The Writ of Execution was later issued by the CTA on February 18, 2014. To date, writ has yet to be served to the BIR as all the requirements to complete service are still being complied.

Because of the above developments in 2013, management reassessed the timeline of collection to be in 5 years (instead of 15 years). A re-estimation of the realizable value was made by the management using discounted cash flows with the assumption of collection in 5 years and discount rate of 2.91%. This resulted to a reversal of ₱61.55 million provision for impairment loss reflected as "Other income" in the consolidated statements of income in 2013 (see Note 28).

Movements in allowance for impairment losses of the 5% input VAT withheld follows:

	2014	2013
At January 1	₱25,976	₱87,525
Reversal (Note 28)	–	(61,549)
At December 31	₱25,976	₱25,976

Capitalized development costs

SCI has capitalized development expenditures amounting to ₱98.49 million and ₱37.96 million in 2014 and 2013, respectively. Development costs for goods, commodities, wares and merchandise including potter earthenware, stoneware, bricks, tiles, roofs and other merchandise produce from clay are recognized as an intangible asset.

Prepaid Rent

The Group entered into a Land Lease Agreement (LLA) with PSALM for the lease of land in which the plant is situated for a period of twenty-five (25) years. The Group paid US\$3.19 million or its peso equivalent of ₱150.57 million as payment for the 25 years of rental (Note 37).

Long term portion of the prepaid rent amounted to ₱85.39 million and ₱89.91 million as of December 31, 2014 and 2013, respectively.



Software Cost

Movements in software cost account follow:

	2014	2013
At Cost		
At January 1	₱151,567	₱131,188
Additions	82,720	20,379
At December 31	234,287	151,567
Accumulated Amortization		
At January 1	117,969	81,243
Amortization (Notes 24 and 25)	35,476	36,726
At December 31	153,445	117,969
Net Book Value	₱80,842	₱33,598

Refundable deposits

Refundable deposits pertain to utilities which are measured at cost and will be recouped against future billings. This also includes rental deposits which are noninterest-bearing and are refundable 60 days after the expiration of the lease period.

Security Deposits

Security deposits represent payments to and held by the lessor as security for the faithful and timely performance by the Group of all its obligations and compliance with all provisions of the equipment rental agreement (Note 37). These deposits shall be returned by the lessor to the Group after deducting any unpaid rental, and/or any other amounts due to the lessor for any damage and expense incurred to put the vehicle in good working condition.

15. Short-term Debt

This account consists of the following:

	2014	2013
Acceptances and trust receipts payable	₱54,954	₱63,740
Bank loans	1,972,253	2,055,556
	₱2,027,207	₱2,119,296

Acceptances and trust receipts payable

Acceptances and trust receipts are used by the Group to facilitate payment for importations of materials, fixed assets and other assets. These are noninterest-bearing and with maturity of less than one (1) year.

Bank loans

The Group's bank loans consist of unsecured peso-denominated short-term borrowings from local banks which bear annual interest ranging from 1.20% to 4.00% in 2014 and 1.17% to 4.00% in 2013, and are payable on monthly, quarterly and lump sum bases on various maturity dates within the next twelve (12) months after the reporting date.

The Group's agreements with local banks contain some or all of the following restrictions relating to, among others: purchase of issued and outstanding capital stock; disposal of encumbered properties; change in the ownership or management and nature of its business; dividend declaration and distribution; guarantees; incurrence of additional liabilities; and merger and consolidation.



In 2014, the Company obtained a loan from CBC totaling ₱30.00 million to finance the construction of its factory equipment and extension building. The loan has an interest rate of 5.25% per annum and will be due on varying dates in mid-2015. Accrued interest on the loan amounted to ₱0.08 million as of December 31, 2014.

During 2014 and 2013, the Company obtained bridge loans from local banks with total principal of P400.00 million and P456.00 million, respectively, subject to prevailing market rates. Loans obtained during 2014 were used to partially finance the acquisition of the 15MW Bunker C-Fired Diesel Power Plant in Oriental Mindoro while loans obtained during 2013 were used to partially finance the installation of diesel generator sets in Palawan. The Company paid in full the balance of the 2013 loans by January 2014.

As of December 31, 2014 and 2013, the Group is in compliance with the loan covenants required by the banks. Finance costs incurred on bank loans and short term borrowings amounted to ₱112.42 million, ₱126.96 million and ₱50.80 million in 2014, 2013 and 2012, respectively (Note 27).

16. Liabilities for Purchased Land

Liabilities for purchased land represent the balance of the Group's obligations to various real estate property sellers for the acquisition of certain parcels of land. The terms of the deeds of absolute sale covering the land acquisitions provided that such obligations are payable only after the following conditions, among others, have been complied with: (a) presentation by the property sellers of the original transfer certificates of title covering the purchased parcels of land; (b) submission of certificates of non-delinquency on real estate taxes; and (c) physical turnover of the acquired parcels of land to the Group.

The outstanding balance of liabilities for purchased land as of December 31, 2014 and 2013 follow:

	2014	2013
Current	₱1,866,257	₱885,088
Noncurrent	312,929	487,389
Balance at end of the year	₱2,179,186	₱1,372,477

In 2014, liabilities for purchased land were recorded at fair value amounting ₱312.93 million. These liabilities for purchased land are payable over a period of two (2) to four (4) years. The fair value is derived using discounted cash flow model using the discount rate ranging from 1.02% to 3.32% in 2014 and 2013 based on applicable rates for similar types of liabilities.

	2014	2013
Balance at beginning of year	₱11,503	₱—
Additions	—	11,765
Accretion for the year (Note 27)	(1,120)	(262)
	₱10,383	₱11,503

Accretion amounting ₱1.12 million and ₱0.26 million are recorded as finance costs in 2014 and 2013, respectively (Note 27).



17. Accounts and Other Payables

This account consists of the following:

	2014	2013
Trade and other payables		
Suppliers and subcontractors (Note 20)	₱9,130,327	₱6,624,948
Others	1,169,495	566,851
Accrued costs and expenses	5,569,349	6,650,148
Output VAT payable	1,481,572	1,410,799
Refundable deposits	32,440	43,793
	17,383,183	15,296,539
Less noncurrent portion of trade and other payables (Note 20)	369,056	1,496,710
	₱17,014,127	₱13,799,829

Suppliers

Payable to suppliers include liabilities to various foreign and local suppliers for open account purchases of equipment and equipment parts and supplies. These are noninterest bearing and are normally settled on a 30-to 60-day credit terms.

Subcontractors

Subcontractors payable arise when the Group receives progress billing from its subcontractors for the construction cost of a certain project and is recouped against monthly billings. These subcontractors were selected by the contract owners to provide materials, labor and other services necessary for the completion of a project. These are non-interest bearing and are normally settled on 15-to-60 day terms.

Refundable deposits

Refundable deposits consist of deposits which are refundable due to cancellation of sales as well as deposits made by unit owners upon turnover of the unit which will be remitted to its utility provider.

Other Payables

Other payables include payable to nickel mine rights owner and marketing agents and retention payable on contract payments. Payable to nickel mine rights owner and marketing agents are noninterest-bearing and are normally settled within one (1) year. Retention on contract payments is being withheld from the contractors as guaranty for any claims against them. These are settled and paid once the warranty period has expired.

Accrued Costs and Expenses

Accrued costs and expenses consist mainly of accrual of salaries, taxes and others. Further analysis is provided below:

	2014	2013
Accrued construction cost	₱2,976,309	₱4,775,876
Payable to Department of Energy (DOE) (Note 31)	1,134,628	877,948
Accruals:		
Accrued interest	207,019	202,092

(Forward)



	2014	2013
Accrued salaries	₱132,598	₱77,408
Accrued professional fees	13,377	6,039
Withholding and others taxes	292,081	161,240
Accrued rental	269,438	36,914
Shipping cost	76,160	89,536
Accrued royalties	33,649	12,318
Financial benefit payable	17,716	43,588
Dividends	10,440	4,459
Others	405,934	362,730
	₱5,569,349	₱6,650,148

Accrued construction cost

Accrued construction costs pertain to direct materials, labor, overhead and subcontractor costs for work accomplished by the suppliers and subcontractors but were not yet billed to DMCI. As of December 31, 2014 and 2013, accrued construction cost amounted to ₱2.98 billion and ₱4.78 billion, respectively.

Payable to DOE

Liability to the DOE and local government units represents the share of DOE and local government units in the gross revenue from SMPC's coal production (including accrued interest on the outstanding balance) computed in accordance with the coal operating contract between SMPC, DOE and the local government units dated July 11, 1977, as amended on January 16, 1981. In 2013, the DOE issued a new Coal Operating Contract granting SMPC the exclusive right to conduct exploration, development and coal mining operations in the municipalities of Maitum and Kiamba, province of Sarangani, up to a maximum of 36 years from its effective date.

Accrued rent

Accrued rent pertains to the rental payable for building and office leases, equipment rentals and rental of various barges and tugboats for use in the delivery of nickel ore to various customers.

Financial benefits payable

As mandated by the R.A. 9136 or the Electric Power Industry Reform Act (EPIRA) of 2001 and the Energy Regulations No. 1-94, issued by Department of Energy (DOE), the BOD authorized the Group on June 10, 2010 to enter and execute a Memorandum of Agreement with the DOE relative to or in connection with the establishment of Trust Accounts for the financial benefits to the host communities equal to ₱0.01 per kilowatt hour generated.

Others

Others include accruals for contracted services, utilities, supplies, advertising, commission and other administrative expenses. This account also includes accrual for contingent liability relating to construction contracts which is still subject to a negotiation with a third party.

18. Customers' Advances and Deposits

The customers' advances and deposits are due to the following:

	2014	2013
Real estate customers	₱5,406,588	₱4,619,704
Coal and nickel ore supply contracts	200,440	309,997
	₱5,607,028	₱4,929,701



Real Estate Customers

Customers' advances and deposits from real estate customers represent reservation fees and initial collections received from customers before the two parties enter into a sale transaction. These were payments from buyers which have not reached the minimum required percentage. When the level of required percentage for revenue recognition is reached by the buyer, sale is recognized and these deposits will be recognized as revenue and will be applied against the receivable balance.

Coal and Nickel Ore Supply Contracts

These deposits represent advances from customers of SMPC and DMC. Coal deposits are applied against future coal deliveries which occur within one year from the dates the deposits were made while nickel ore will be applied to related receivables upon consummation of the sale transaction.

19. Long-term Debt

Long-term debt pertains to the following obligations:

	2014	2013
Bank loans	₱35,398,799	₱34,644,843
Less current portion of bank loans	2,576,608	3,386,257
Noncurrent portion	₱32,822,191	₱31,258,586



Details of the bank loans follow (amounts in millions):

Loan Type	Date of Availment	Outstanding Balances		Maturity	Interest Rate	Payment Terms	Covenants/Collaterals
		2014	2013				
Local bank loans							
SMPC							
Loan 1	Various availments in 2013 and 2014	₱1,924.86	₱2,743.31	2016	Floating rate to be repriced every 3 months	Interest payable every 3 months, principal to be paid on maturity date	Proceeds of the loan will be used to finance capital expenditures and general corporate purposes
Loan 2	2013	1,462.34	341.69	2016	Floating rate, aggregate of the margin (1.20%) and LIBOR, to be repriced every 3 months to 6 months	Interest payable in arrears for the relevant interest period and principal repayable in semi-annual installments commencing on the 12th month after the date of the Agreement until date of final maturity	Financial Covenants: Current Ratio not less than 1:1 and Debt-Equity Ratio not to exceed 2:1; compliant Proceeds of the loan shall be used to refinance existing debts, and finance capital expenditure requirements
Loan 3	2014	474.36	1,553.85	2016	Floating rate to be repriced every 3 months	Interest payable every 3 months, principal to be paid on maturity date	Financial Covenants: Current Ratio not less than 1:1, Debt-Equity Ratio not exceeding 2:1, Debt-EBITDA Ratio not exceeding 3:1; compliant Proceeds of the loan were restricted for capital expenditure requirements and refinancing of existing debts
Loan 4	2014	72.18	151.89	2016	Floating rate to be repriced every 3 months	Interest payable every 3 months, principal to be paid on maturity date	Financial Covenants: Current Ratio not less than 1:1 and Debt-Equity Ratio not to exceed 2:1; compliant Unsecured loans
							Financial Covenants: Current Ratio not less than 1:1 and Debt-Equity Ratio not to exceed 2:1; compliant

(Forward)



Loan Type	Date of Availment	Outstanding Balances		Maturity	Interest Rate	Payment Terms	Covenants/Collaterals
		2014	2013				
<i>SLPGC</i>							
Mortgage payable	Various loan drawdown from 2012 to 2014	₱10,446.07	₱5,675.50	Various quarterly maturities starting 2015 until 2022	PDST-F + Spread or BSP Overnight Rate, whichever is higher	The principal amount shall be paid in twenty-seven equal consecutive quarterly installments commencing on the fourteenth quarter from the initial borrowing date (February 4, 2012). Final repayment date is ten (10) years after initial borrowing.	67% of issued and outstanding shares of SLPGC owned by the Parent Company
<i>SCPC</i>							
Mortgage payable	May 20, 2010	3,822.81	5,342.51	May 20, 2017	PDST-F benchmark yield for 3-month treasury securities + 1.75%	Payable in twenty-five (25) equal consecutive quarterly installments commencing on the twelfth month from initial borrowing date (May 20, 2011).	Monies in the Collateral Accounts, supply receivables, proceeds of asset and business continuity insurance obtained by SCPC, project agreements, first-ranking mortgage on present and future real assets and first-ranking chattel mortgage
<i>Wire Rope</i>							
Loans payable	Various	0.26	1.64	October 22, 2015 and July 7, 2016	15.16% to 17.00%	Payable upon maturity of the loans.	None
<i>Beta Electric</i>							
Loans payable	Various	3.19	12.67	July 2015	8.68% to 10.89%	Payable in equal monthly installments starting May 2007 up to July 2015.	The loans are secured by a chattel mortgage for the whole amount of the Beta Electric’s transportation equipment purchased using the proceeds of these loans.
<i>DMCI Construction</i>							
Long- term debt	December 29, 2014	995.00	—	December 2017	3.33%	Payable in eight equal quarterly amortization commencing at the end of the 5 th quarter from initial drawdown. Final repayment date is 3 years after initial borrowing.	None
<i>PDI</i>							
Fixed rate corporate notes	October 2012	14,755.29	14,790.52	Various maturities from 2016 to 2020	PDST-F Issue Date and ending three (3) months after such Issue Date, and every three (3) months thereafter	Payments shall be based on aggregate percentage of issue amount of each series equally divided over applicable quarters (7 th to 27 th quarter) and the balance payable at maturity.	Financial Covenants: Debt-Equity Ratio not exceeding 3.2 times, Current ratio is at least 1.75 times. The Group is in compliance with the above covenants as of December 31, 2014 and 2013.

(Forward)



Loan Type	Date of Availment	Outstanding Balances		Maturity	Interest Rate	Payment Terms	Covenants/Collaterals
		2014	2013				
Agreement to purchase receivables (with recourse)	Various	₱1,442.44	₱4,031.26	Various	5%-8% p.a.	Payable in equal and continuous monthly payments not exceeding 120 days commencing one (1) month from date of execution.	Real estate receivables with carrying value of ₱1.03 billion and ₱1.06 billion in 2014 and 2013 , respectively (Note 7).
		35,398.80	34,644.84				
Less: current portion		2,576.61	3,386.25				
Long-term debt net of current portion		₱32,822.19	₱31,258.59				



Local bank loans

SMPC

As of December 31, 2014, there is no more available borrowing facility that can be drawn.

The maturities of long-term debt at nominal values as of December 31, 2014 and 2013 follow:

	2014	2013
Due in:		
2013	₱-	₱-
2014	-	2,146,129
2015	2,113,885	3,149,752
2016	6,798,903	5,111,266
2017	2,313,519	1,608,188
2018	1,547,649	841,652
2019	1,549,113	842,398
2020	1,550,630	843,144
2021	1,552,202	843,891
2022	776,708	422,226
Net long-term debt	₱18,202,609	₱15,808,646

Mortgage payable

SLPGC

On February 4, 2012, SLPGC entered into an ₱11.50 billion Omnibus Agreement with Banco de Oro Unibank (BDO), Bank of the Philippine Island (BPI) and China Banking Corporation (CBC) as Lenders. As security for the timely payment of the loan and prompt observance of all the provision of the Omnibus Agreement, the 67% of issued and outstanding shares of SLPGC owned by Semirara were pledged on this loan. The proceeds of the loan were used for the engineering, procurement and construction of 2x150 MW coal-fired thermal power plant.

Breakdown of the syndicated loan is as follows:

	Amount
BDO Unibank	₱6,000,000
BPI	3,000,000
CBC	2,500,000
	₱11,500,000

Details of the loan follow:

- Interest: At applicable interest rate (PDST-F + Spread or BSP Overnight Rate, whichever is higher). Such interest shall accrue from and including the first day of each interest period up to the last day of such interest period. The Facility Agent shall notify all the Lenders of any adjustment in an interest payment date at least three banking days prior to the adjusted interest payment date.
- Repayment: The principal amount shall be paid in twenty-seven equal consecutive quarterly installments commencing on the fourteenth quarter from the initial borrowing date. Final repayment date is ten (10) years after initial borrowing.



The loan had its first drawdown schedule on May 24, 2012 amounting to ₱550.00 million. In 2013 second and third drawdowns were made which amounted to ₱5.15 billion. In 2014, fourth to seventh drawdowns were made which amounted to ₱4.79 billion. Total drawdown amounted to ₱10.49 billion and ₱5.70 billion as of December 31, 2014 and 2013, respectively. The amount of undrawn borrowing facilities that may be available in the future amounts to ₱1.01 billion as of December 31, 2014.

As of December 31, 2014 and 2013, amortization of debt issuance cost recognized as part of “Property, plant and equipment” account in the consolidated statements of financial position amounted to ₱7.31 million and ₱2.33 million, respectively.

Rollforward of unamortized debt issuance cost follows:

	2014	2013
At January 1	₱25,936	₱2,506
Additions	23,936	25,757
Amortization	(7,314)	(2,327)
At December 31	₱42,558	₱25,936

Mortgage payable by SLPGC provide certain restrictions and requirements with respect to, among others, maintain and preserve its corporate existence, comply with all of its material obligations under the project agreements, maintain at each testing date a Debt-to-Equity ratio not exceeding two times, grant loans or make advances and disposal of major property. These restrictions and requirements were complied with by SLPGC as of December 31, 2014 and 2013.

Provision in the loan indicates that the borrower shall pay to the lenders, a commitment fee equivalent to one-half (1/2%) per annum of any portion of a scheduled drawdown amount that remains undrawn after the lapse of the relevant scheduled drawdown month. As of December 31, 2014 and 2013, SLPGC has paid commitment fee amounting to ₱4.85 million and ₱6.99 million, respectively and these were recognized under the “Finance costs” account in the consolidated statements of income.

SCPC

On May 20, 2010, SCPC entered into a ₱9.60 billion Omnibus Loan Security Agreement (“Agreement”) with BDO, BPI and Philippine National Bank (PNB) as Lenders, SMPC as Guarantor, BDO Capital and Investment Corporation as Lead Arranger and Sole Bookrunner, BPI Capital Corporation and PNB Capital and Investment Corp. as Arrangers, and BDO Unibank, Inc., Trust and Investments Group as Security Trustee, Facility Agent and Paying Agent. The loan was fully drawn by SCPC on the same date.

The loan was collateralized by all monies in the Collateral Accounts, supply receivables, proceeds of any asset and business continuity insurance obtained by the Company, project agreements, first-ranking mortgage on present and future real assets and first-ranking chattel mortgage on present and future chattels with carrying value of ₱14.88 billion and ₱14.72 billion as of December 31, 2014 and 2013, respectively. Further, 67% of issued and outstanding shares in the Company owned by the Parent Company were also pledged on this loan.



Breakdown is as follows:

BDO Unibank	₱6,000,000
BPI	2,000,000
PNB	1,600,000
	<u>₱9,600,000</u>

The Agreement was entered into to finance the payments made to PSALM pursuant to the APA and LLA, and ongoing plant rehabilitation and capital expenditures.

Details of the loan follow:

- a. Interest: At a floating rate per annum equivalent to the three (3) months Philippine Dealing System Treasury-Fixing (PDST-F) benchmark yield for treasury securities as published on the PDEX page of Bloomberg (or such successor electronic service provider at approximately 11:30 a.m. (Manila Time) on the banking day immediately preceding the date of initial borrowing or start of each interest period, as applicable, plus a spread of 175 basis points.
- b. Repayment: The principal amount shall be payable in twenty-five equal consecutive quarterly installments commencing on the twelfth month from the initial borrowing date. Final repayment date is seven (7) years after initial borrowing.

Rollforward of the unamortized debt issuance cost follows:

	2014	2013
At January 1	₱33,552	₱55,304
Amortization (Note 27)	(16,361)	(21,752)
At December 31	<u>₱17,191</u>	<u>₱33,552</u>

Amortization of debt issuance cost recognized under "Finance cost" account in the consolidated statements of income amounted to ₱16.36 million, ₱21.75 million and ₱27.12 million for the years 2014, 2013 and 2012, respectively (see Note 27).

As of December 31, 2014, there is no more available borrowing facility that can be drawn.

Loans payable

Wire Rope

Loans payable represents unsecured loans from local banks bearing annual interest rates ranging from 15.16% to 17.00% and 15.16% to 18.14% in 2014 and 2013, respectively. Wire Rope availed additional loans amounting to ₱1.33 million in 2013. It made payments to the loans amounting to ₱0.74 million and ₱0.85 million in 2014 and 2013, respectively. The Company has no debt covenants to be complied with.

Beta Electric

Long-term debt represents peso-denominated long-term borrowings from local banks which bear interest ranging from 8.68% to 10.89% and 8.68% to 10.78% per annum in 2014 and 2013, respectively, and are payable in equal monthly installments starting May 2007 up to July 2015. The loans are secured by a chattel mortgage for the whole amount of Beta Electric's transportation equipment purchased using the proceeds of these loans.

As of December 31, 2014 and 2013, the outstanding balance from loans amounted to ₱3.19 million and ₱12.66 million.



In 2013, the Company has an additional loan amounting to ₱1.33 million at 9.52% per annum for four years. The Company did not avail loan of any kind in 2014. The Company has no debt covenants to be complied with.

Long- term debt

DMCI

In 2013, the Company has transferred the outstanding balance of its long term debt to PDI, an affiliate, as part of the sale and transfer of the Company's real estate division to the latter.

The following presents the movement of loans payable as at December 31:

	2014	2013
Balances at beginning of year	₱–	₱125,227,881
Availment of term loan	995,000,000	–
Payment of loans	–	61,193,765
Transfer of loans to PDI (Notes 32 and 33)	–	64,034,116
Balances at end of year	₱995,000,000	₱–

On December 29, 2014, DMCI entered into a ₱1 billion Term Loan Agreement with Banco De Oro (BDO) as lender. The loan was fully drawn by DMCI on the same date. The agreement was entered into to partially refinance the purchase of machineries and equipment and refinance existing short-term loan.

The stated interest rate is 3.33% and the principal amount shall be paid in eight equal quarterly amortization commencing at the end of the 5th Quarter from initial drawdown. Final repayment date is 3 years after initial borrowing.

The Company has recognized finance costs amounting to ₱9.73 million and ₱12.31 million in 2014 and 2013, respectively (Note 27)

Fixed rate corporate notes

PDI

In October 2012, PDI signed corporate notes facility agreement on the issuance of 7-year peso denominated notes in the aggregate amount of ₱10,000.00 million with local banks. Proceeds of the notes facility were used to fund land acquisition, general operations and project development and construction.

The notes were issued in three (3) tranches and payments were made in each tranche are as follows:

Quarter from Issue Date	Based on aggregate % of issue amount of each Series (Equally divided over the applicable quarters)
7 th to 10 th Quarter	2%
11 th to 14 th Quarter	4%
15 th to 18 th Quarter	5%
19 th to 27 th Quarter	12%
Final Maturity	77%
Total	100%

Tranche 1 of the ₱10,000.00 million Series C was issued on October 31, 2012 in the aggregate amount principal amount of ₱1,000.00 million. Tranche 2 (Series D) and 3 (Series E) were issued



on April 10, 2013 and July 30, 2013 in the aggregate principal amount of ₱4,000.00 million and ₱5,000.00 million, respectively.

The note is issued in registered form in the minimum denominations of ₱100.00 million and multiples of ₱10.00 million each. Corporate notes shall bear interest three (3) months after date of issue and every three (3) months thereafter.

Tranche 1 (Series A) of ₱5,000.00 million corporate notes was issued on January 28, 2011, in the aggregate principal amount of ₱2,000.00 million while Tranche 2 (Series B) were issued on March 17, 2011, in the aggregate principal amount of ₱3,000.00 million. They were issued in registered form in the minimum denominations of ₱100.00 million and multiples of ₱10.00 million each.

Corporate notes shall bear interest from Tranche 1 and 2 PDST-F Issue Date and ending three (3) months after such Issue Date, and every three (3) months thereafter. The interest rate shall initially be the PDST-F benchmark yield for five-year treasury securities (Base Rate) on banking day immediately preceding an Issue Date plus the Margin (125 basis points) for each of the Tranche, gross of any applicable withholding taxes. Interest is payable quarterly.

Unamortized debt issuance costs included in fixed rate corporate notes as of 2014 and 2013 amounted to ₱84.71 million and ₱109.50 million, respectively.

The rollforward analysis of unamortized debt issuance cost follows:

	2014	2013
Balance at beginning of year	₱109,495	₱85,171
Availments	–	45,000
Amortization of debt issue cost	(24,787)	(20,676)
Balance at end of year	₱84,708	₱109,495

In 2014 and 2013, interest expense incurred and capitalized interest related to long-term debt amounted to ₱1,029.62 million and ₱936.34 million and ₱1,172.71 million and ₱672.58 million, respectively. The average capitalization rates used are 5.89% and 6.44% of the average expenditures in 2014 and 2013, respectively.

The ₱10,000.00 million and ₱5,000.00 million corporate notes facility agreement requires the Company to ensure that debt-to-equity ratio will not exceed 3.2 times and 2.0 times, respectively, and current ratio is at least 1.75 times. As of December 31, 2014 and 2013, the Company is fully compliant with these requirements.

As of December 31, 2014 and 2013, corporate notes recognized are unsecured.

Agreement to purchase receivables

PDI entered into various purchase agreements with financial institutions whereby the subsidiaries assigned its receivables. The purchase agreements provide that the subsidiaries should substitute defaulted contracts to sell with other contracts to sell of equivalent value. The subsidiaries still retain the assigned receivables in the receivables account and record the proceeds from these sales as loans payable which amounted to ₱1,442.44 million and ₱4,031.25 million as of December 31, 2014 and 2013, respectively (Note 7). The agreements also provide the submission of condominium certificates of title and their related postdated checks issued by the buyers. These loans bear interest at prevailing market rates and are payable in various maturity dates. The average effective interest rate ranges from 5.00% to 5.25% and 5.25% to 5.75% in 2014 and 2013, respectively.



Working capital loan

The Group availed of various working capital loans including car financing and leasing.

Unused credit lines

The Group has unused credit lines with local banks amounting ₱5.83 billion and ₱7.70 billion as of December 31, 2014 and 2013, respectively.

20. Other Noncurrent Liabilities

The details of this account consist of:

	2014	2013
Deposit received for future sale of investment (Note 11)	₱1,758,651	₱–
Noncurrent trade payables (Note 17)	369,056	1,496,710
Provision for decommissioning and site rehabilitation	200,270	196,504
	₱2,327,977	₱1,693,214

The rollforward analysis of the provision for decommissioning and site rehabilitation account follows:

	2014	2013
At January 1	₱196,504	₱62,448
Additions	–	133,189
Effect of change in estimates	(18,510)	–
Actual usage	(10,388)	–
Accretion of interest (Note 27)	8,144	867
Effect of business combination	24,520	–
At December 31	₱200,270	₱196,504

Deposit received for future sale of investment

On December 19, 2014, the Parent Company as well as its wholly-owned subsidiary, DMCI, have agreed to sell their respective shares in PIDC to Rapid Thoroughfares, Inc., subject to compliance with certain conditions and obtaining certain consents, including, among others, the consent of the Toll Regulatory Board and the Department of Public Works and Highways, pursuant to the Toll Concession Agreement dated August 28, 2008. PIDC is the concessionaire of the Tarlac-Pangasinan-La Union Expressway (TPLEX). The consideration for the sale of shares amounts to ₱1,757.65 million for the Parent Company and ₱69.84 million for DMCI, which totals to ₱1,827.49 million or ₱1,219.40 price per share. In 2014, the Parent Company accordingly received the deposit for future sale of shares amounting to ₱1,757.65 million and recorded the same as liability in the consolidated statements of financial position. Once closing conditions are met, the asset will be derecognized and the difference between the proceeds from sale and the carrying value of investment will be recognized in the consolidated statements of income.

Accounts payable trade

Noncurrent payables includes noninterest-bearing payable to suppliers and subcontractors and accrued expenses which are expected to be settled within 2 to 3 years from the reporting date and retention contract payment that is being withheld from the contractors as guaranty for any claims which are expected to be settled a year after the turn-over of projects.



Provision for decommissioning and site rehabilitation

The Group makes full provision for the future cost of rehabilitating mine sites on a discounted basis on the development of mines. Discount rates used by the Group to compute for the present value of liability for decommissioning and site rehabilitation cost are from 3.86% to 4.63% in 2014 and 3.63% to 4.63% in 2013. The rehabilitation provision represents the present value of rehabilitation costs relating to mine sites, which are expected to be incurred up to 2019. These provisions have been created based on the group's internal estimates. Assumptions based on the current economic environment have been made, which management believes are reasonable bases upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual rehabilitation costs will ultimately depend upon future market prices for the necessary decommissioning works required which will reflect market conditions at the relevant time. Furthermore, the timing of rehabilitation is likely to depend on when the mines cease to produce at economically viable rates. This, in return, will depend upon future ore and coal prices, which are inherently uncertain.

Additions pertain to the effects of changes in estimates as to the extent and costs of rehabilitation activities, cost increases and changes in discount rates based on relative prevailing market rates.

21. 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:

	2014			
	Due from (Due to)	Amount / Volume*	Term	Conditions
Associates				
<i>Receivable from related parties</i>				
a. Construction contracts	₱532,548	₱1,846,854	1-30 days	Unsecured, no impairment
<i>Payable to related parties</i>				
a. Advances from contract owners	(74,042)	—	Noninterest-bearing	Unsecured, no impairment
<i>Others</i>				
a. Retention Receivables	123,536	—	Noninterest-bearing	Unsecured, no impairment
a. Advances to subcontractors, suppliers and contract owners	2,025	—	Noninterest-bearing	Unsecured, no impairment
Affiliates				
<i>Receivable from related parties</i>				
b. Advances to affiliates	11,515	11,515	1-30 days	Unsecured, no impairment
c. Other income	26,157	26,157	1-30 days	Unsecured, no impairment
e. Mine exploration and hauling services	—	—	Payable on demand, noninterest-bearing	Unsecured
<i>Payable to related parties</i>				

(Forward)



2014				
	Due from (Due to)	Amount / Volume*	Term	Conditions
d. Advances from affiliates	(P1,703)	P1,112	Payable on demand, noninterest-bearing	Unsecured
e. Mine exploration and hauling services	(169,545)	157,477	Payable on demand, noninterest-bearing	Unsecured
f. Other general and administrative expense.	(1,787)	325	Payable on demand, noninterest-bearing	Unsecured
g. Aviation services	(12,722)	7,037	Payable on demand, noninterest-bearing	Unsecured
h. Office and parking rental expenses	(1,991)	5,159	Payable on demand, noninterest-bearing	Unsecured
<i>Others</i>				
c. Payroll charges	16,584	15,962	Payable on demand, noninterest-bearing	Unsecured
a. Construction contracts	8,283	—	Payable on demand, noninterest-bearing	Unsecured
i. Nickel delivery	(54,639)	20,461	Payable on demand, noninterest-bearing	Unsecured
f. Other general and administrative expense	(331)	331	Payable on demand, noninterest-bearing	Unsecured
j. Labor charges	(2,628)	—	Payable on demand, noninterest-bearing	Unsecured
2013				
	Due from (Due to)	Amount / Volume*	Term	Conditions
<i>Associates</i>				
<i>Receivable from related parties</i>				
k. Sale of property, plant and equipment	P107,016	P107,016	1-30 days	Unsecured, no impairment
<i>Others</i>				
a. Advances to subcontractors, suppliers and contract owners	1,979	—	Noninterest - bearing	Unsecured, no impairment
a. Retention receivable	98,527	—	Noninterest - bearing	Unsecured, no impairment
a. Construction contracts	287,008	1,223,146	Noninterest - bearing	Unsecured, no impairment
a. Advances from contract owners	(29,286)	—	Payable on demand, noninterest-bearing	Unsecured
<i>Affiliates</i>				
<i>Receivable from related parties</i>				
c. Other income	19,208	7,380	1-30 days	Unsecured, no impairment
e. Mine exploration and hauling services	5,372	6,588	1-30 days	Unsecured, no impairment
<i>Payable to related parties</i>				
l. Supply of materials	(444)	5,659	Payable on demand, noninterest-bearing	Unsecured
c. Payroll charges	—	—	Payable on demand, noninterest-bearing	Unsecured
e. Repairs and maintenance	(20,139)	554,092	Payable on demand, noninterest-bearing	Unsecured
f. Other general and administrative expense	(623)	953	Payable on demand, noninterest-bearing	Unsecured
g. Aviation services	(1,540)	6,890	Payable on demand, noninterest-bearing	Unsecured
m. Purchases of office supplies and refreshments	(2,726)	5,659	Payable on demand, noninterest-bearing	Unsecured
j. Labor charges	(2,184)	—	Payable on demand, noninterest-bearing	Unsecured
h. Office and parking rental expenses	(6,336)	9,179	Payable on demand, noninterest-bearing	Unsecured

*Balances presented pertain to transactions between related parties during the year. Amounts are not reduced by subsequent collections/payments during the year.



- (a) In 2014 and 2013, the Group is engaged in the construction of Tarlac-Pangasinan-La Union Toll Expressway (TPLEX) through an associate of the Group.

Related contract revenue recorded by the Group on the associate amounted to ₱1,846.85 million and ₱1,223.15 million in 2014 and 2013, respectively.

The Group has outstanding receivables from the associate amounting to ₱532.55 million and ₱287.01 million as of December 31, 2014 and 2013, respectively.

Unliquidated advances from contract owners amounted to ₱74.04 million and ₱29.29 million as at December 31, 2014 and 2013, respectively.

Retention receivable and advances to subcontractors, suppliers, and contract owners amounted to ₱123.54 million and ₱2.03 million, respectively, as at December 31, 2014 and ₱98.53 million and ₱1.98 million as at December 31, 2013.

In addition, the Group also provides services to its other affiliates in relation to its construction contracts. Outstanding receivables amounted to ₱8.28 million as of December 31, 2014.

- (b) The Group transferred fund to some of its affiliates for a project which was suspended last March 2009. The transfer was made to fund the administrative expenses incurred by the affiliate. The advances made amounted to ₱11.52 million and nil as of December 31, 2014 and 2013, respectively.
- (c) Other income generated by the Group includes equipment rental used by the Group's affiliates in its ordinary conduct of the business. Outstanding receivables from equipment rentals amounted to ₱26.16 million and ₱19.21 million as at December 31, 2014 and 2013, respectively.

In addition, other income generated by the Group includes Electronic Data Processing (EDP) charges for payroll processing of the other affiliates' payroll. Total EDP charges to related parties under common control amounted to ₱16.58 million as at December 31, 2014.

- (d) The Group has outstanding advances from affiliates amounting to ₱1.70 million as at December 31, 2014 for working capital.
- (e) 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 cut-off wall of Panian 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. The outstanding payable of the Group amounted to ₱169.55 million and ₱20.14 million as of December 31, 2014 and 2013, respectively.

The outstanding receivable of the Group from an affiliate pertains to repairs and maintenance, fuel and materials and meal allowances of barge and tugboat crews incurred, which are initially paid by the Group in behalf of the affiliate. The outstanding receivable included in "Receivable from related parties" under "Receivables" account in the consolidated statements



of financial position amounted to nil and ₱5.37 million as at December 31, 2014 and 2013, respectively.

- (f) A shareholder of the Group, provided maintenance of the Group's accounting system, Navision, which is used by some of the Group's subsidiaries. to which related expenses are included under "Others" of "Operating expenses" in the consolidated statements of income. Outstanding payable of the Group recorded under "Payable to related parties" amounted to ₱1.79 million and ₱0.62 million as of December 31, 2014 and 2013, respectively.

The Group recorded the outstanding payable to an affiliate arising from the maintenance of the accounting system under "Others" of "Accounts payable" in the consolidated statements of financial position. The related payable amounted to ₱0.33 million and nil as at December 31, 2014 and 2013, respectively.

- (g) 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. The related expenses are included in "Cost of sales and services" in the consolidated statements of income. The outstanding balance to the affiliate amounted to ₱12.72 million and ₱1.54 million as at December 31, 2014 and 2013, respectively.
- (h) An affiliate had transactions with the Group for rental of parking space to which related expenses are included in operating expenses under "Operating Expenses" in the Group's statements of comprehensive income (see Note 25). Outstanding payable amounted to ₱1.99 million and ₱6.34 million as at December 31, 2014 and 2013, respectively.
- (i) An affiliate provides the Group various barges and tugboats for use in the delivery of nickel ore to its various customers. The Group has outstanding payable to the affiliate amounting to ₱54.64 million as of December 2014.
- (j) Payable to affiliate pertains to labor charges incurred by the Group, which are initially paid by the affiliate in behalf of the Group. The outstanding payable to the affiliate is recorded in "Other accounts payable" in the consolidated statements of financial position amounted to ₱2.63 million and ₱2.18 million as of December 2014 and December 2013 respectively.
- (k) In December 2013, the Group sold various property, plant and equipment on account to an associate, which will be used for its mining operations in Palawan. Outstanding receivable from the transaction amounted to nil and ₱107.02 million as of December 31, 2014 and 2013, respectively.
- (l) An affiliate under common control, provides various supplies and materials to the Group in cash on delivery basis. The affiliate also rents out various equipment used in the Group's operations. This is included in "Cost of sales and services" in the consolidated statements of income. The amount of outstanding payable as at December 31, 2014 and 2013 amounted to nil and ₱0.44 million, respectively.
- (m) An affiliate supplies various office supplies and refreshments to the Group. The outstanding balance to the affiliate included under "Payable to related parties" in the consolidated statements of financial position amounted to nil and ₱2.73 million as at December 31, 2014 and 2013, respectively.



Terms and conditions of transactions with related parties

Outstanding balances as of December 31, 2014 and 2013, which are unsecured and interest free, are all due within one year. As of December 31, 2014 and 2013, the Parent Company has not made any provision for impairment loss relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Compensation of Key Management Personnel

Key management personnel of the Group include all directors and senior management. The aggregate compensation and benefits of key management personnel of the Group follows:

	2014	2013	2012
Short-term employee benefits	₱211,530	₱200,667	₱169,068
Post-employment benefits (Note 23)	16,685	20,030	15,941
	₱228,215	₱220,697	₱185,009

There are no agreements between the Group and any of its directors and key officers providing for benefits upon termination of employment, except for such benefits to which they may be entitled under the Group's pension plan.

22. Equity

Capital Stock

As of December 31, 2014 and 2013, the Parent Company's capital stock consists of:

	2014	
	Shares	Amount
Preferred stock - ₱1 par value cumulative and convertible		
Authorized:	100,000	₱100,000
Issued and outstanding:		
Balance at beginning and end of year	4	4
Common stock - ₱1 par value		
Authorized:	19,900,000	₱19,900,000
Issued and outstanding:		
Balance at beginning of year	2,655,494	2,655,494
Stock dividend declared	10,621,976	10,621,976
	13,277,470	₱13,277,470
	2013	
	Shares	Amount
Preferred stock - ₱1 par value cumulative and convertible		
Authorized - 1,000,000,000 shares	100,000	₱100,000
Issued and outstanding		
Balance at beginning and end of year	4	4
Common stock - ₱1 par value		
Authorized	5,900,000	₱5,900,000
Issued and outstanding		
Balance at beginning and end of year	2,655,494	₱2,655,494



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.

In 2011, the Parent Company retired 600 preferred shares. The difference between the redemption price amounting ₱0.60 million was charged against the additional paid-in capital account.

On December 18, 1995, the Parent Company launched its Initial Public Offering where a total of 1.13 billion common shares were offered at an offering price of ₱9.12 per share.

Additional paid in capital account as of December 31, 2014 and 2013 amounted to ₱4.67 billion and ₱4.77 billion, respectively.

Below is the summary of the Parent Company's track record of registration of securities with the SEC as of December 31, 2014:

Year	Number of Shares Registered (in billions)	Number of holders of securities as of year end
December 31, 2012	2.66	714
Add/(deduct) movement	—	(8)
December 31, 2013	2.66	706
Add/(deduct) movement	10.64	(18)
December 31, 2014	13.30	688

Increase in Authorized Capital Stock

On August 5, 2014, the SEC approved the increase in authorized capital stock of the Parent Company from ₱6,000.00 million divided into ₱5,900.00 million common shares and ₱100.00 million preferred shares both with par value of ₱1.00 per share, to ₱20,000.00 million divided into ₱19,900.00 million common shares and ₱100.00 million preferred shares both with a par value of ₱1.00 per share.

As of December 31, 2014, the Parent Company has 13,277.47 million common shares issued and outstanding which are owned by 688 shareholders.

Retained Earnings

In accordance with SEC Memorandum Circular No. 11 issued in December 2008, the Parent Company's retained earnings available for dividend declaration (after reconciling items) as of December 31, 2014 and 2013 amounted to ₱8,610.22 million and ₱18,603.69 million, respectively.

Under the tax code, publicly held corporations are allowed to accumulate retained earnings in excess of capital stock and are exempt from improperly accumulated earnings tax.



Dividend declaration

The Parent Company's BOD approved the declaration of cash dividends in favor of all its stockholders as follows:

	2014	2013	2012
May 15, 2014, ₱1.20 per share cash dividend to stockholders on record as of May 30, 2014, payable on or before June 13, 2014.	₱3,186,593	₱—	₱—
May 15, 2014, ₱1.20 per share special cash dividend to stockholders on record as of May 30, 2014, payable on or before June 13, 2014.	3,186,593	—	—
April 11, 2013, ₱1.20 per share cash dividend to stockholders of record as of April 26, 2013, payable on or before May 10, 2013.	—	3,186,593	—
April 11, 2013, ₱1.00 per share special cash dividend to stockholders of record as of April 26, 2013, payable on or before May 10, 2013.	—	2,655,494	—
November 14, 2013, ₱1.20 per share special cash dividend to stockholders of record as of November 29, 2013, payable on or before December 13, 2013.	—	3,186,593	—
May 15, 2012, ₱1.20 per share cash dividend to stockholders of record as of June 11, 2012, payable on or before July 7, 2011.	—	—	3,186,593
	₱6,373,186	₱9,028,680	₱3,186,593

On August 5, 2014, the stockholders of the Parent Company approved the 400% stock dividends amounting to P10,621.98 million, divided into 10,621.98 million shares at the par value of 1.00 per share, or four (4) common shares for every one common share held, from the unrestricted retained earnings of the Parent Company as of December 31, 2013, and to be issued from the increase in the authorized capital stock of the Parent Company. On September 18, 2014, Securities and Exchange Commission approved and fixed the record date on October 17, 2014. The stock transaction cost paid in 2014 amounted to P92,922.75 million which is netted against the 'Additional Paid-in Capital' in the consolidated statements of financial position.

On various dates in 2014, 2013 and 2012, SMPC, Beta Electric, Wire Rope and BNC declared dividends amounting ₱4,284.95 million, ₱4,283.70 million and ₱4,282.46 million, respectively, of which dividends to non-controlling interest amounted to ₱1,871.13 million, ₱1,870.65 million and ₱1,870.18 million, respectively.



Appropriation of retained earnings

On December 29, 2011 the BOD authorized the Parent Company to appropriate ₱3,000.00 million of its retained earnings for capital expenditures and investments which are expected to be utilized from 2012 to 2014.

On December 28, 2012, the Parent Company's BOD has appropriated ₱1,600.00 million from its unrestricted retained earnings as of December 31, 2012. The appropriated amount will be utilized for the stock subscription in DMC which it can use to fund ongoing acquisition of shares of stocks in TMC. The acquisition was completed in 2013. As of December 31, 2013, DMCI Mining accumulated shares in TMC aggregated 98.09% of outstanding shares (Note 33).

On December 27, 2013, the Parent Company's BOD has approved the reversal of the appropriation made in 2012 amounting to ₱3,800.00 million pertaining to the stock subscription in DMC which was used to fund the acquisition of shares of stocks in TMC. The appropriation was reversed to unappropriated retained earnings. On the same date, the BOD of the Parent Company authorized the appropriation out of its retained earnings for capital expenditures and investments amounting to ₱1,300.00 million.

On December 19, 2014, the Parent Company's BOD approved the reversal of the appropriation of retained earnings in the amount of ₱2,100.00 million as of December 31, 2014.

The unappropriated retained earnings include accumulated equity in undistributed net earnings of consolidated subsidiaries, associates and jointly controlled entities accounted for under equity method of ₱22,816.89 million and ₱20,530.81 million as of December 31, 2014 and 2013, respectively. These are not available for dividend declaration until declared by the subsidiaries, associates and the jointly controlled entities.

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 stockholders' equity as capital. Equity, which the Group considers as capital, pertains to the equity attributable to equity holders of the Group less unrealized gain or loss on AFS financial assets.

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

23. Employee Benefits

Retirement Plans

The Group has a funded, noncontributory, defined benefit pension plan covering substantially all of its regular employees. Provisions for pension obligations are established for benefits payable in the form of retirement pensions. Benefits are dependent on years of service and the respective employee's final compensation. The Group updates the actuarial valuation every year by hiring the services of a third party professionally qualified actuary. The latest actuarial valuation reports of the retirement plans were made as of December 31, 2014.



The Retirement Plan Trustee, as appointed by the Group in the Trust Agreement executed between the Group and the duly appointed Retirement Plan Trustee, is responsible for the general administration of the Retirement Plan and the management of the Retirement Fund. The Retirement Plan Trustee may seek the advice of counsel and appoint an investment manager or managers to manage the Retirement Fund, an independent accountant to audit the Fund and an actuary to value the Retirement Fund.

Under the existing regulatory framework, Republic Act 7641, The Retirement Pay Law, requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.

The following table summarizes the components of net pension expense (included in "Salaries, wages and employee benefits" account) and pension income (included in "Other income - net" account) in the consolidated statements of income (see Notes 25 and 28):

Pension Expense

	2014	2013	2012
Current service cost	₱88,520	₱154,761	₱108,857
Effect of the asset limit - loss	—	23,181	18,522
Net interest expense (income) on benefit obligation and plan assets	3,137	(57,899)	(44,280)
Past service cost - curtailment	(11,442)	(15,997)	—
Total pension expense	₱80,215	₱104,046	₱83,099

Pension Income

	2014	2013	2012
Current service cost	₱41,092	₱1,893	₱1,673
Effect of the asset limit - loss	28,526	1,819	1,217
Net interest income on benefit obligation and plan assets	(71,585)	(4,141)	(2,998)
Total pension income	(₱1,967)	(₱429)	(₱108)

Movements in the fair value of plan assets of the Group follow:

	2014	2013
Balances at beginning of year	₱2,186,002	₱1,934,152
Interest income on plan assets	124,736	115,403
Remeasurement gains	572,403	102,771
Contributions	51,049	37,000
Benefits paid	(29,485)	(3,324)
Balances at end of year	₱2,904,705	₱2,186,002



Changes in the present value of the defined benefit obligation follow:

	2014	2013
Balances at beginning of year	₱976,283	₱914,845
Effect of business combination	11,333	—
Interest expense on obligation	56,218	53,363
Current service cost	129,612	156,654
Past service cost - curtailment	(11,442)	(15,997)
Benefits paid - from plan assets	(5,279)	(3,324)
Benefits paid - direct payments	(34,955)	(6,858)
Remeasurement losses (gains) arising from:		
Financial assumptions	37,225	9,329
Demographic assumptions	(150,151)	(131,839)
Experience adjustments	(2,160)	110
Balances at end of year	₱1,006,684	₱976,283

Below is the net pension asset for those entities within the Group with net pension asset position:

	2014	December 31, 2013
Present value of funded defined benefit obligations	₱840,025	₱600,785
Fair value of plan assets	2,835,410	1,904,269
	(1,995,385)	(1,303,484)
Effect on asset ceiling	817,327	506,761
Net pension asset	(₱1,178,058)	(₱796,723)

Movements in the net pension asset follow:

	2014	December 31, 2013
Net pension asset at beginning of year	(₱796,723)	(₱684,791)
Effect of business combination	38,208	—
Net pension income	52,434	16,016
Amounts recognized in other comprehensive income	(420,928)	(90,948)
Contributions	(51,049)	(37,000)
Net pension asset at end of year	(₱1,178,058)	(₱796,723)

Below is the net pension liability for those entities within the Group with net pension liability position:

	2014	2013
Present value of funded defined benefit obligations	₱166,659	₱375,498
Fair value of plan assets	69,295	281,733
Net pension liability	₱97,364	₱93,765



Movements in the net pension liability follow:

	2014	2013
Net pension liability at beginning of year	₱93,765	₱86,349
Effect of business combination	(26,875)	–
Net pension expense	25,815	87,600
Amounts recognized in other comprehensive income	15,409	(73,324)
Benefits paid - direct payments	(10,750)	(6,860)
Net pension liability at end of year	₱97,364	₱93,765

The Group does not expect to contribute into the pension fund for the year ending 2015.

The major categories and corresponding fair values of plan assets by class of the Group's Plan as at the end of each reporting period are as follow:

	2014	2013
Cash and cash equivalents		
Cash in banks	₱226	₱6,686
Time deposits	73,708	59,868
	73,934	66,554
Investments in stocks		
Common shares	2,093,913	1,484,374
Preference shares	31,692	18,149
	2,125,605	1,502,523
Investment in government securities		
Fixed rate treasury notes (FXTNs)	457,160	460,737
Retail treasury bonds (RTBs)	20,850	19,835
	478,010	480,572
Investment in other securities and debt instruments		
AAA rated debt securities	112,667	103,507
Not rated debt securities	43,731	16,132
	156,398	119,639
Other receivables	71,123	17,048
Accrued trust fees and other payables	(365)	(334)
Fair value of plan assets	₱2,904,705	₱2,186,002

The investment in stocks is further categorized as follows:

	2014	2013
Common shares		
Quoted		
Holdings	₱2,058,741	₱1,457,305
Mining and oil	25,560	17,146
	2,084,301	1,474,451
Unquoted		
Service	9,612	9,923
	9,612	9,923

(Forward)



	2014	2013
Preference shares		
Quoted		
Holdings	₱24,202	₱18,149
Industrial	7,490	–
	31,692	18,149
	₱2,125,605	₱1,502,523

Trust fee paid in 2014, 2013 and 2012 amounted to ₱1.38 million, ₱1.15 million and ₱0.83 million, respectively.

The composition of the fair value of the Fund includes:

- *Cash and cash equivalents* - include savings and time deposit with various banks and special deposit account with Bangko Sentral ng Pilipinas (BSP SDA).
- *Investment in stocks*- includes investment in common and preferred shares both traded and not traded in the Philippine Stock Exchange (PSE).
- *Investment in government securities* - include investment in Philippine Retail Treasury Bonds (RTBs) and Fixed Rate Treasury Notes (FXTNs).
- *Investments in other securities and debt instruments* - include investment in long-term debt notes and retail bonds.
- *Other receivables* - includes interest and dividends receivable generated from investments included in the plan.
- *Accrued trust fees and other payables* - pertain mainly to charges of trust or in the management of the plan.

In 2014 and 2013, the Group's investments in stocks include equity securities of related parties as follows:

	2014	2013
Equity securities:		
Fair value gain	₱25,560	₱27,268
Unrealized gains or losses on equity securities	12,417	14,125

The fund holds investments in shares of stock of the Parent Company with fair market value of ₱2,058.74 million, ₱1,468.67 million and ₱1,083.22 million in 2014, 2013 and 2012, respectively.

The overall administration and management of the plan rest upon the Plan's BOT. The voting rights on the above securities rest to the BOT for funds directly held through the Group's officers and indirectly for those entered into through other trust agreements with the trustee bank authorized to administer the investment and reinvestments of the funds.



The cost of defined benefit pension plans and the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. The principal assumptions used in determining pension and post-employment medical benefit obligations for the defined benefit plans are shown below:

	2014	2013	2012
Discount rate	4.07% to 5.57%	4.26% to 6.15%	4.69% to 6.15%
Salary increase rate	3.00% to 10.00%	3.00% to 10.00%	3.00% to 10.00%

There are no unusual or significant risks to which the Plan exposes the Group. However, in the event a benefit claim arises under the Retirement Plan and the Retirement Fund is not sufficient to pay the benefit, the unfunded portion of the claim shall immediately be due and payable from the Group to the Retirement Fund.

There was no plan amendment, curtailment, or settlement recognized in the years ended December 31, 2014 and 2013.

Sensitivity analysis on the actuarial assumptions

Each sensitivity analysis on the significant actuarial assumptions was prepared by remeasuring the DBO at the reporting date after first adjusting one of the current assumptions according to the applicable sensitivity increment or decrement (based on changes in the relevant assumption that were reasonably possible at the valuation date) while all other assumptions remained unchanged. The sensitivities were expressed as the corresponding change in the DBO.

It should be noted that the changes assumed to be reasonably possible at the valuation date are open to subjectivity, and do not consider more complex scenarios in which changes other than those assumed may be deemed to be more reasonable.

	Increase (decrease)	2014	2013
Discount rates	+100 basis points	(P78,702)	(P76,263)
	-100 basis points	94,220	92,720
Salary increases	+1.00%	85,406	82,998
	-1.00%	(71,437)	(70,641)

It should be noted that the changes assumed to be reasonably possible at the valuation date are open to subjectivity, and do not consider more complex scenarios in which changes other than those assumed may be deemed to be more reasonable.

Asset-liability matching strategies

Each year, an Asset-Liability Matching Strategy (ALM) is performed with the result being analyzed in terms of risk-and-return profiles. It is the policy of the Trustee that immediate and near-term retirement liabilities of the Group's Retirement Fund are adequately covered by its assets. As such, due considerations are given that portfolio maturities are matched in accordance with due benefit payments. The retirement fund's expected benefit payments are determined through the latest actuarial reports.



Funding arrangements

The Group is not required to pre-fund the future defined benefits payable under the Retirement Plan before they become due. For this reason, the amount and timing of contributions to the Retirement Fund are at the Group's discretion. However, in the event a benefit claim arises and the Retirement Fund is insufficient to pay the claim, the shortfall will then be due and payable from the Group to the Retirement Fund.

Shown below is the maturity analysis of the undiscounted benefit payments:

	2014	2013
Less than 1 year	₱253,736	₱283,447
More than 1 year to 5 years	115,653	105,575
More than 5 years to 10 years	341,567	327,985
More than 10 years to 15 years	9,351	6,161
More than 15 years to 20 years	9,807	9,901
	₱730,114	₱733,069

24. Costs of Sales and Services

Details of cost of sales and services follow:

	2014	2013	2012
Cost of Sales			
Cost of real estate inventory (Note 9)	₱6,412,311	₱6,567,151	₱4,434,929
Materials and supplies	4,107,099	3,157,875	4,172,074
Fuel and lubricants	3,001,272	2,453,660	3,043,332
Outside services (Note 21)	1,184,384	740,963	967,163
Depreciation and amortization (Notes 12, 13 and 14)	836,465	911,279	1,296,860
Direct labor	609,459	521,267	456,399
Production overhead	440,746	387,108	600,582
Hauling, shiploading and handling costs (Note 21)	179,088	540,763	763,505
Others	143,469	216,074	282,067
	₱16,914,293	₱15,496,140	₱16,016,911
Cost of Services			
Materials and supplies	₱7,722,466	₱8,850,595	₱5,981,336
Outside services (Note 21)	2,671,966	4,359,274	6,498,218
Direct labor	1,845,916	1,582,222	1,327,040
Depreciation and amortization (Notes 12, 13 and 14)	1,742,019	1,237,949	1,364,739
Fuel and lubricants	1,341,369	1,050,377	2,110,596
Production overhead	1,289,316	988,879	649,682
Spot purchases	4,446,000	229,197	130,367
Hauling, shiploading and handling costs (Note 21)	—	—	214,913
Others	24,622	430,335	286,834
	21,083,674	18,728,828	18,563,725
	₱37,997,967	₱34,224,968	₱34,580,636



Depreciation, depletion and amortization included in the consolidated statement of income follow:

	2014	2013	2012
Included in:			
Cost of Mining	₱603,155	₱350,928	₱1,132,295
Cost of Energy sales	1,023,810	1,057,557	1,089,745
Cost of Construction contracts and others	951,519	740,743	439,559
Operating expenses (Note 25)	793,505	2,036,834	668,243
	₱3,371,989	₱4,186,062	₱3,329,842
Depreciation, depletion and amortization of:			
Property, plant and equipment (Note 13)	₱3,975,963	₱4,566,006	₱3,743,700
Other noncurrent assets (Note 14)	35,476	36,726	28,123
Investment properties (Note 12)	8,846	6,826	4,908
	₱4,020,285	₱4,609,558	₱3,776,731

Depreciation, depletion and amortization capitalized in ending inventories and exploration and evaluation asset amounted to ₱648.30 million, ₱423.50 million and ₱446.89 million in 2014, 2013 and 2012, respectively.

Salaries, wages and employee benefits included in the consolidated statements of comprehensive income follow:

	2014	2013	2012
Presented under:			
Costs of construction contracts	₱1,856,256	₱ 1,601,200	₱1,187,859
Operating expenses (Note 25)	1,261,471	1,112,195	1,063,108
Costs of mining	599,119	502,289	595,580
	₱3,716,846	₱3,215,684	₱2,846,547

25. Operating Expenses

This account consists of:

	2014	2013	2012
Government share (Note 31)	₱1,858,190	₱1,304,961	₱1,557,950
Salaries, wages and employee benefits (Notes 23 and 24)	1,261,471	1,112,195	1,063,108
Depreciation and amortization (Notes 3, 12, 13, 14 and 24)	793,505	2,036,834	668,243
Commission	616,675	737,447	386,810

(Forward)



	2014	2013	2012
Outside services	₱615,821	₱837,816	₱451,341
Taxes and licenses	583,316	638,735	530,723
Provisions for doubtful accounts, probable losses and loss on sale of assets (Notes 7, 10, and 14)	514,248	443,650	125,448
Advertising and marketing	397,549	309,730	366,357
Repairs and maintenance	297,301	258,447	238,995
Communication, light and water	159,154	114,410	80,440
Rent (Note 37)	127,680	115,773	28,619
Association dues	116,161	39,834	40,081
Transportation and travel	104,779	62,285	54,507
Entertainment, amusement and recreation	102,660	73,560	69,697
Insurance	80,720	66,347	61,687
Supplies	69,640	55,748	108,757
Loss on writedown of property, plant and equipment (Note 13)	111	443,349	341,146
Miscellaneous	391,242	420,988	114,542
	₱8,090,223	₱9,072,109	₱6,288,451

Loss on writedown of property, plant and equipment

The Group incurred a loss from property, plant and equipment writedown due to the replacement of generation units and retirement of mining equipment amounting to ₱0.11 million and ₱443.35 million in 2014 and 2013, respectively (Note 13).

Miscellaneous expenses include expenses for environment and community development, excise taxes, and royalties.

26. Finance Income

Finance income is derived from the following sources:

	2014	2013	2012
Interest on:			
Real estate installment receivables	₱216,089	₱321,457	₱475,792
Short-term placements (Notes 4 and 10)	149,674	205,840	277,342
Bank savings account (Note 4)	65,694	119,307	77,677
Investment from sinking fund (Note 14)	6,691	12,173	17,210
Accretion on unamortized discount on real estate receivables (Note 7)	—	—	1,444
	₱438,148	₱658,777	₱849,465



27. Finance Costs

The finance costs are incurred from the following:

	2014	2013	2012
Long-term borrowings	₱304,260	₱770,573	₱1,075,984
Bank loans and short-term borrowings	112,417	126,962	50,799
Accretion on unamortized discount on liabilities on purchased land and provision for decommissioning and site rehabilitation (Notes 16 and 20)	34,050	10,041	32,997
Amortization of debt issuance cost (Note 19)	16,361	21,752	38,748
	₱467,088	₱929,328	₱1,198,528

28. Other Income - Net

This account consists of:

	2014	2013	2012
Forfeitures and cancellation of real estate contracts	₱496,641	₱419,379	₱157,579
Gain on sale of undeveloped land	284,287	—	—
Rental income (Note 12)	237,802	84,453	274,170
Gain on sale of property, plant and equipment - net (Note 13)	127,201	144,855	127,497
Sales of fly ash	122,600	203,180	130,236
Recoveries from insurance claims	82,552	10,632	41,546
Income from default payments	45,045	35,923	—
Dividend income (Note 5)	7,000	4,291	5,679
Management fee (Note 21)	3,785	10,890	3,131
Reversal of allowance for doubtful accounts (Notes 6, 7, and 14)	2,573	199,859	108
Pension income (Note 23)	1,967	430	54,481
Others	106,002	247,360	655
	₱1,517,455	₱1,361,252	₱795,082

Others

Others include income arising from despatch of ₱170 million in 2013 and nil in 2014, penalty charges for delayed payments of contracts receivable-housing, holding fees, fee for change of ownership, transfer fees, restructuring fees, lease facilitation fees, income derived from selling excess electricity produced by SMPC to neighboring communities, guarantee fee income, and unrealized market gain (loss) on investment.

Despatch income pertains to shiploading services rendered by the DMC to its customers.

Despatch income is earned upon completion of loading of nickel ore to the vessel. Income earned from shiploading services are based on the difference between the allowed and actual laytime of nickel ore to the respective vessels nominated by its customers multiplied by the prevailing daily



international market rates. These rates are provided by the ship owners prior to the loading of nickel ore and determined when the vessel is nominated and accepted. The rates to be used shall be included in the customer's vessel nomination and shall be confirmed by the DMC through its marketing agent.

29. Income Tax

The provision for income tax shown in the consolidated statements of comprehensive income consists of:

	2014	2013	2012 (As restated)
Final	₱41,549	₱57,807	₱59,303
Current	1,291,178	1,835,525	1,601,010
Deferred	(244,451)	211,318	(185,759)
	₱1,088,276	₱2,104,650	₱1,474,554

The components of net deferred tax assets as of December 31, 2014 and 2013 follow:

	2014	2013
Net deferred tax assets on:		
NOLCO	₱637,766	₱33
Construction contracts price adjustments	63,841	—
Pension liabilities - net	10,649	14,867
Accruals of expenses	3,665	
Provision for decommissioning and site rehabilitation	2,265	1,519
Allowance for:		
Impairment	1,822	—
Doubtful accounts	—	10,668
Inventory obsolescence	—	17,413
Probable losses	—	11,048
Unrealized foreign exchange loss	795	142,051
Others	3,650	—
	₱724,453	₱197,599

The components of net deferred tax liabilities as of December 31, 2014 and 2013 follow:

	2014	2013
Net deferred tax assets on:		
NOLCO	₱64,807	₱—
Depletion of mining rights	46,071	—
Allowance for:		
Doubtful accounts	62,635	21,421
Impairment losses	25,472	—
Probable losses	7,648	7,648
Unamortized discount on payable to landowners	3,045	2,710
Unrealized foreign exchange-losses	1,523	—

(Forward)



	2014	2013
Provision for inventory obsolescence	₱13,576	₱–
Provision for decommissioning and site rehabilitation	845	–
MCIT	615	–
	₱226,237	₱31,779
Net deferred tax liabilities on:		
Effect of business combination	(₱1,484,672)	₱–
Excess of book over tax income pertaining to construction contracts and real estate sales	(1,128,891)	(922,333)
Pension liabilities	(30,569)	(1,960)
Unamortized transaction cost on loans payable	(25,334)	(32,770)
Net unrealized losses –net	–	(2,340)
Mine rehabilitation	(6,060)	–
Unrealized marked to market gain	(189)	(945)
Excess construction costs capitalized	(166,021)	–
Capitalized interest on real estate for sale and development deducted in advance	(301,242)	(220,815)
Others	(99,204)	–
	(3,242,182)	(1,181,163)
	(₱3,015,945)	(₱1,149,384)

The Group has the following deferred taxes on deductible temporary differences, NOLCO and MCIT that are available for offset against future taxable income or tax payable for which have not been recognized:

	2014	2013
NOLCO	₱3,534,923	₱1,843,686
Allowance for impairment losses	29,300	1,970
Pension liabilities	12,444	23,780
Mine rehabilitation	6,647	–
Provision for decommissioning and site rehabilitation	4,741	–
MCIT	7,571	1,139
Allowance for probable losses	3,727	–
Allowance for doubtful accounts	2,052	467,431
Accruals	7,459	–
Unrealized forex losses	–	177
Unrealized forex gains	–	(991)
	₱3,608,864	₱2,337,192

Deferred tax assets are recognized only to the extent that taxable income will be available against which the deferred tax assets can be used.



The reconciliation of the statutory income tax rate to the effective income tax rate follows:

	2014	2013	2012
Statutory income tax rate	30.00%	30.00%	30.00%
Adjustments for:			
Tax-exempt income	(24.02)	(11.27)	(11.21)
Dividend income	(10.49)	(0.02)	(0.05)
Changes in unrecognized deferred tax assets	8.54	0.38	(0.14)
Stock transaction costs	(0.19)	0.04	0.11
Interest income subjected to final tax at a lower rate - net	(0.15)	(0.17)	(0.21)
MCIT	(0.05)	—	—
Nontaxable equity in net earnings of associates and jointly controlled entities	(0.01)	(7.24)	(16.59)
Excess costs of construction contracts	1.11		
Depletion of mining rights	1.06	—	—
Nondeductible expenses	1.06	5.11	8.76
NOLCO	0.15	—	—
Foreign exchange losses (gains)-net	0.03	(0.19)	—
Gain on sale of investment subjected to final tax at a lower rate - net	—	(8.00)	—
Others	0.28	—	—
Effective income tax rate	7.32%	8.64%	10.67%

Board of Investments (BOI) Incentives

PDI - New Developer of Mass Housing Project

On various dates in 2014 and 2013, several projects of PDI are registered on a non-pioneer status by the BOI as these projects fall under the infrastructure (Mass Housing Projects) listing of the Investment Priorities Plan.

Under the terms of its registrations with BOI, PDI is entitled, among others, to the following incentives:

- Income tax holiday (ITH) for a period of three (3) to four (4) years;
- Employment of foreign officials may be allowed in supervisory, technical or advisory positions for five (5) years from date of registration; and
- Importation of consigned equipment for a period of ten (10) years from date of registration, subject to the posting of re-export bond.

SMPC - Expanding Producer of Coal

On September 26, 2008, BOI issued in favor of SMPC a Certificate of Registration as an Expanding Producer of Coal in accordance with the provisions of the Omnibus Investments Code of 1987. Pursuant thereto, SMPC shall be entitled to the following incentives, among others:

- ITH for six (6) years from September 2008 or actual start of commercial operations, whichever is earlier, but in no case earlier than the date of registration. For purposes of availment of ITH, a base figure of 2,710,091 metric tons (MT) representing SMPC's average sales volume for the past three (3) years prior to the expansion shall be used.



SMPC shall initially be granted a four (4) year - ITH. The additional two (2) year ITH shall be granted upon submission of completed or on-going projects in compliance with its Corporate Social Responsibility (CSR), which shall be submitted before the lapse of its initial four (4) year - ITH. SMPC's ITH of 6 years is expected to lapse in September 2014. SMPC has a pending application with BOI for another extension, the period of which is still to be determined.

On May 1, 2014, the BOI approved the Group's additional year of ITH entitlement from September 2014 to September 2015.

On August 12, 2014, the BOI approved the Group's additional year of ITH entitlement from September 2015 to September 2016.

- b. Employment of foreign nationals. This may be allowed in supervisory, technical or advisory positions for five (5) years from the date of registration. The president, general manager and treasurer of foreign-owned registered companies or their equivalent shall not be subject to the foregoing limitations.

Date of filing: Application shall be filed with the BOI Incentives Department before assumption to duty of newly hired foreign nationals and at least one (1) month before expiration of existing employment for renewal of visa.

- c. Simplification of Customs procedures for the importation of equipment, spare parts, raw materials and supplies.

On August 19, 2009, the BOI granted SMPC's request for a reduced base figure from 2,710,091 MT to 1,900,000 MT representing the average sales volume for the past eight (8) years (2000 to 2007) prior to registration with the BOI.

SMPC availed of tax incentive in the form of ITH on its income under registered activities amounting to ₱2.69 billion, ₱1.48 billion and ₱1.47 billion in 2014, 2013 and 2012, respectively.

SCPC - New Operator of the 600-MW Calaca Coal-Fired Power Plant

On April 19, 2010, SCPC was registered with the BOI as New Operator of the 600-MW Calaca Coal-Fired Power Plant on a Non-Pioneer Status in accordance with the provisions of the Omnibus Investments Code of 1987. Pursuant thereto, SCPC shall be entitled to the following incentives, among others:

- a. SCPC shall enjoy income tax holiday for four (4) years from April 2011 or actual start of commercial operations, whichever is earlier, but in no case earlier than the date of registration. Other incentive s with no specific number of years of entitlement maybe enjoyed for a maximum period of ten (10) years from the start of commercial operation and/or date of registration. The ITH incentives shall be limited to the revenue generated from the sales of electricity of the 600 MW Batangas Coal-Fired Power Plant.
- b. For the first five (5) years from the date of registration, SCPC shall be allowed an additional deduction from taxable income of 50% of the wages corresponding to the increment in the number of direct labor for skilled and unskilled workers in the year of availment as against the previous year if the project meets the prescribed ratio of capital equipment to the number of workers set by the BOI of \$10,000 to one worker and provided that this incentive shall not be availed of simultaneously with the ITH.



- c. Employment of foreign nationals. This may be allowed in supervisory, technical or advisory positions for five (5) years from the date of registration. The president, general manager and treasurer of foreign-owned registered companies or their equivalent shall not be subject to the foregoing limitations.
- d. Importation of consigned equipment for a period of ten (10) years from the date of registration, subject to the posting of re-export bond.

On January 7, 2011, BOI approved SCPC's request for an earlier application of the ITH to be effective January 1, 2010.

On December 17, 2013, BOI approved SCPC's request for the extension for one (1) year of the ITH for the period January 1 to December 31, 2014.

SCPC availed of tax incentive in the form of ITH on its income under registered activities amounting to ₱1.22 billion and ₱5.02 billion in 2014 and 2013, respectively.

SLPGC - New Operator of 300-MW Batangas Coal Fired Power Plant

On June 21, 2012, the application for registration of SLPGC as new operator of 300 MW (Phase 1) Batangas Coal Fired Power Plant on a Non-Pioneer Status under the Omnibus Investments Code of 1987 (Executive Order No. 226) was approved. Pursuant thereto, SLPGC shall be entitled to the following incentives, among others:

- a. ITH for four (4) years from January 2015 or actual start of commercial operations, whichever is earlier but in no case earlier than the date of registration;
- b. For the first five (5) years from date of registration, the enterprise shall be allowed an additional deduction from taxable income of fifty percent (50%) of the wages corresponding to the increment in number of direct labor for skilled and unskilled workers in the year of availments as against the previous year if the project meets the prescribed ratio of capital equipment to the number of workers set by the Board and provided that this incentive shall not be availed of simultaneously with the ITH;
- c. Importation of consigned equipment for a period of ten (10) years from date of registration, subject to posting of re-export bond;
- d. Employment of foreign nationals. This may be allowed in supervisory, technical or advisory positions for five (5) years from date of registration; and
- e. Simplification of customs procedures for the importation of equipment, spare parts, raw materials and supplies.

DMCI Masbate - New Operator of a 24.4 MW Diesel Power Plant in Mobo, Masbate

On September 23, 2010, the BOI approved the registration of DMCI Masbate as New Operator of a 24.4 MW Diesel Power Plant in Mobo, Masbate on a Pioneer status under the Omnibus Investment Code of 1987. As a registered entity, DMCI Masbate is entitled to certain fiscal and non-fiscal incentives which include, among others, an income tax holiday (ITH) on the registered operations of the entity. Other incentives with no specific number of years of entitlement may be enjoyed for a maximum of ten (10) years from the start of commercial operation/date of registration.



DMCI Masbate availed of tax incentive in the form of ITH on its income under registered activities amounting to ₱74.20 million and ₱65.46 million in 2014 and 2013, respectively.

30. Earnings Per Share

The following table presents information necessary to calculate basic 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

	2014	2013 (As restated)	2012 (As restated)
Net income attributable to equity holders of Parent Company	₱10,775,334	₱18,863,716	₱9,735,834
Divided by weighted average number of common shares*	13,277,470	13,277,470	13,277,470
Basic earnings per share**	₱0.81	₱1.42	₱0.73

* Retrospectively adjusted for the issuance of stock dividend in 2014.

** The effect on earnings per share related to the restatement in 2013 and 2012 was ₱5.71 and ₱2.94, respectively.

There were no dilutive potential ordinary shares. Accordingly, no diluted earnings per share is presented in 2014, 2013 and 2012.

31. Coal Operating Contract with DOE

On July 11, 1977, the Government, through its former Energy Development Board, awarded a 35-year COC to a consortium led by Vulcan Industrial & Mineral Exploration Corporation and Sulu Sea Oil Development Corporation that subsequently assigned said COC to SMPC on April 7, 1980. On July 27, 1977, Presidential Decree (PD) 972 was amended by PD 1174: (a) increasing coal operators' maximum cost recovery from an amount not exceeding 70% to 90% of the gross proceeds from production, and (b) increasing the amount of a special allowance for Philippine corporations from an amount not exceeding 20% to 30% of the balance of the gross income, after deducting all operating expenses. As a result, SMPC's COC was subsequently amended on January 16, 1981 reflecting said changes.

On June 8, 1983, the Ministry of Energy (now DOE), issued a new COC to SMPC, incorporating the foregoing assignment and amendments. The COC gives SMPC the exclusive right to conduct exploration, development and coal mining operations on Semirara Island until July 13, 2012. On May 13, 2008, the DOE granted SMPC's request for an extension of its COC for another 15-year or until July 14, 2027.

On November 12, 2009, the COC was amended further, expanding its contract area to include portions of Caluya and Sibay islands, Antique, covering an additional area of 5,500 hectares and 300 hectares, respectively.



On April 29, 2013, the DOE issued a new COC to SMPC, which grants it the exclusive right to conduct exploration, development and coal mining operations in the municipality of Bulalacao, province of Oriental Mindoro, up to a maximum of 36 years from its effective date. The COC covers two coal-bearing parcels of land covering areas of 2,000 and 5,000 hectares, respectively.

On June 7, 2013, the DOE issued a new COC to SMPC, which grants it the exclusive right to conduct exploration, development and coal mining operations in the municipalities of Maitum and Kiamba, province of Sarangani, up to a maximum of 36 years from its effective date. The COC covers a coal-bearing parcel of land covering area of 5,000 hectares.

In return for the mining rights granted to SMPC, the Government is entitled to receive annual royalty payments consisting of the balance of the gross income after deducting operating expenses, operator's fee and special allowance. SMPC's provision for DOE's share under this contract and to the different LGU in the province of Antique, under the provisions of the Local Government Code of 1991, amounted to ₱1.86 billion, ₱1.30 billion and ₱1.56 billion in 2014, 2013 and 2012, respectively, included under "Operating expenses" in the consolidated statements of income (Note 25). The liabilities, amounting to ₱1.13 billion and ₱0.88 billion as of December 31, 2014 and 2013 are included under the "Accounts and other payables" account in the consolidated statements of financial position (Note 17).

The DOE, through the Energy Resources Development Bureau, approved the exclusion of coal produced and used solely by SMPC to feed its power plant in determining the amount due to DOE.

32. Material Partly-Owned Subsidiary

The financial information of the Group's subsidiary with material non-controlling interest (NCI) is provided below. This information is based on amounts before intercompany eliminations.

Semirara Mining and Power Corporation (SMPC) and Subsidiaries

	2014	2013
Statements of financial position		
Current assets	₱12,772,628	₱14,800,206
Noncurrent assets	39,128,748	29,927,185
Total assets	51,901,376	44,727,391
Current liabilities	12,138,202	9,990,894
Noncurrent liabilities	17,056,963	14,608,985
Total liabilities	29,195,165	24,599,879
Equity	₱22,706,211	₱20,127,512
Statements of comprehensive income		
Revenue	₱28,585,341	₱27,331,160
Cost of sales	18,927,487	14,110,496
Gross profit	9,657,854	13,220,664
Operating expenses	(3,220,999)	(5,264,518)
Other expenses	(128,428)	(554,393)

(Forward)



	2014	2013
Income before income tax	₱6,308,427	₱7,401,753
Benefit from income tax	(552,867)	(117,838)
Net income	6,861,294	7,519,591
Other comprehensive income (loss)	(7,595)	12,589
Total comprehensive income	₱6,853,699	₱7,532,180

Cash flows information

Operating	₱11,925,643	₱12,654,664
Investing	(2,388,159)	(8,877,860)
Financing	(2,388,159)	498,470
Effect of exchange rate changes on cash and cash equivalents	(2,402)	9,643
Net increase (decrease) in cash and cash equivalents	₱7,146,923	₱4,284,917

Berong Nickel Corporation

	2014
Statement of financial position	
Current assets	₱933,360
Noncurrent assets	782,400
Total assets	1,715,760
Current liabilities	1,050,894
Noncurrent liabilities	19,055
Total liabilities	1,069,949
Equity	₱645,811

Statement of comprehensive income

Revenue	₱2,141,350
Cost of sales	938,650
Gross profit	1,202,700
Operating expenses	739,686
Other expenses	18,934
Income before income tax	444,080
Provision for income tax	121,765
Net income	322,315
Other comprehensive income	191
Total comprehensive income	₱322,506

Cash flow information

Operating	₱897,538
Investing	(612,178)
Financing	(185,000)
Effect of exchange rate changes on cash and cash equivalents	(4,928)
Net increase in cash and cash equivalents	₱95,432

The accumulated balances of material noncontrolling interest as at December 31, 2014 and 2013 amounted to ₱10,432.43 million and ₱8,788.85 million, respectively. Dividends paid to noncontrolling interests amounted to ₱1,867.32 million and ₱1,867.23 million, respectively.



33. Business Combination

Acquisition of TMC

On October 23, 2012, DMC purchased from Daintree Resources Limited 8,480,250 common shares or 17.01% ownership in TMC for GBP 3.4 million or ₱226.90 million. TMC is an investment holding company incorporated in England and Wales on May 29, 2007 and is engaged in ore and mineral mining and exploration.

In 2013, DMC increased its interest in TMC by acquiring additional shares through a mandatory cash offer to TMC's shareholders. As of December 31, 2013, DMC holds 49,148,335 shares and voting rights representing 98.06% of voting rights. In 2014, the remaining 1.94% of TMC was paid by DMC.

On December 20, 2013, DMC acquired majority seats in the Board of TMC.

As at December 31, 2013, the Group assessed that its investment in TMC be accounted for as investment in subsidiary in accordance with the guidance set out by PFRS 10. The assets, liabilities and equity of TMC have been consolidated in the financial statements of the Group on December 20, 2013, the date when control is obtained. As of December 31, 2013, the accounting for business combination of TMC was accounted for provisionally since the fair values of net assets acquired are yet to be finalized. The provisional accounting resulted to excess of fair value of identifiable net assets over the consideration of ₱31.04 million and was presented as a gain in the 2013 consolidated statements of income. The business combination was finalized in 2014. Upon finalization, the Group remeasured its previously held interest of 17.01% which resulted to a loss of ₱42.62 million presented in "Gain (loss) on remeasurement of previously held interest" in the 2013 consolidated statements of income.

The following table summarizes the final amounts of the assets acquired and liabilities assumed at the acquisition date:

	Fair value recognized on acquisition date
Assets	
Cash and cash equivalents	₱28,485
Trade and other receivables	4,912
Other current assets	1,807
Furniture and equipment	450
Investment in associates	559,809
Noncurrent receivables and other noncurrent assets	1,002,506
	<u>1,597,969</u>
Liabilities	
Trade and other payables	40,961
Accrued expenses	17,536
	<u>58,497</u>
Fair value of net assets acquired	<u>₱1,539,472</u>

The Group assessed that the carrying values of the assets acquired and liabilities assumed approximates fair values except for the investments in associates which were valued using the income approach, discounted cash flow (DCF) method.



The purchase price for the remaining 1.94% of ₱35.77 million is included in the consideration and the related liability. This arises from the mandatory call option for the remaining 1.94% interest.

Goodwill recognized on the business combination of TMC follows (in thousands):

Fair value of net assets acquired	₱1,539,472
Less:	
Amount of consideration for the acquisition	1,459,524
Fair value of previously held interest	260,475
Goodwill, as converted to Philippine Peso	(₱180,527)

The goodwill recognized amounting to ₱180.53 million comprises the expected cash flows to be generated from the mining rights and properties of TMC's associates. The acquisition of TMC will enable the Group to strengthen its strategic objective in the nickel mining segment. With a more diversified portfolio, the Group expects to generate revenue from its nickel mining segment. These recurring revenues can, in turn, be used to provide internally generated funding for other projects.

TMC has no contributed profits or loss from the date of acquisition to December 31, 2013. If the acquisition had taken place at the beginning of the year, net income before tax would have decreased by ₱263.61 million because of the losses incurred by TMC.

The above finalization of business combination of TMC resulted to the restatement of the 2013 consolidated financial statements with the following affected balances:

	Total Assets	Total Liabilities	Net Income	Stockholder's Equity
December 31, 2013, as previously reported	₱123,750,759	(₱63,547,682)	(₱22,256,759)	(₱60,203,077)
Recognition of goodwill	180,527	—	—	—
Adjustment in investment account for equity share in net earnings of TMC associates	(218,425)	—	—	—
Adjustment in consideration for the liability for option to purchase of the remaining 1.94%	—	(35,766)	—	—
Reversal of gain in bargain purchase	—	—	31,041	—
Loss on remeasurement of previously held interest	—	—	42,623	73,664
Net adjustments	(37,898)	(35,766)	73,664	73,664
December 31, 2013, as restated	₱123,712,861	(₱63,583,448)	(₱22,183,095)	(₱60,129,413)

As discussed in Note 2, DMC sold its investment in TMC on December 19, 2014 to a third party individual after effectively transferring the entire receivables and shares of TMC in the mining entities (TMM, URHI, UNC, NRHI and BNC) to DMC.

On December 19, 2014, upon loss of control on TMC, DMC has derecognized the assets (including goodwill) and liabilities of TMC at their carrying amounts.

Acquisition of TMM, URHI, UNC, NRHI and BNC

In June 2014, organizational meetings were held for the above entities, wherein the voting rights held by Atlas were assigned to the representative of the Group. In that same meeting, management team from the Group were assigned as key officers of the above entities. Further, on July 11, 2014, a Memorandum of Agreement (MOA) was entered between TMC and Atlas, which



set out the material terms under which the parties have agreed to hold their respective investments in respect of the exploration, development and utilization of Berong Mineral Properties defined in the joint venture agreement dated January 9, 2005. The said MOA sets out the rights of each of Atlas and TMC including the assignment of board seats, majority of which were assigned to TMC and delegation to TMC of the day to day operations and critical decision making in running the mining operations.

On June 19, 2014, the Group assessed that its investment in these entities be accounted for as investment in subsidiary, instead of associates, in accordance with the guidance set out by PFRS 10. The assets, liabilities and equity of these entities have been consolidated in the financial statements of the Group on June 19, 2014, the date when control is obtained.

The following table summarizes the amounts of the assets acquired and liabilities assumed recognized at the acquisition date:

	Fair value recognized on acquisition date
Assets	
Cash and cash equivalents	P410,978
Trade and other receivables	131,047
Inventory	185,562
Other current assets	129,296
Property and equipment	560,247
Mine properties	1,588,726
Deferred tax assets	964
Other noncurrent assets	165,230
	<u>3,172,050</u>
Liabilities	
Trade and other payables	983,052
Provision for mine rehabilitation and decommissioning	2,364
Pension liabilities	11,332
Deferred tax liabilities	386,405
	<u>1,383,153</u>
Fair value of net assets acquired	<u><u>P1,788,897</u></u>

The Group assessed that the carrying values of the assets acquired and liabilities assumed approximates fair values except for the mine properties which were valued using the income approach, discounted cash flow (DCF) method.

Total gain from remeasurement of previously held interests in TMM, URHI, UNC, NRHI and BNC amounted to P54.36 million in 2014, shown as part of 'Gain from remeasurement of previously held interest' in the consolidated statements of income.



Excess of fair values of net identifiable assets over the consideration paid on the business combination of TMM, URHI, UNC, NRHI and BNC follows (in thousands):

Fair value of net assets acquired	₱1,788,897
Less:	
Fair value of previously held interest	1,198,157
Fair value of noncontrolling interest	333,243
<u>Excess of fair value of identifiable net assets over consideration</u>	<u>(₱257,497)</u>

Excess of fair value of net identifiable assets over the consideration paid is shown as a 'Gain on bargain purchase' in the consolidated statements of income.

From the date of acquisition, TMM, URHI, UNC, NRHI and BNC has contributed ₱1,040.80 million of revenue and other income from nickel mining and ₱201.75 million to net income of the Group in 2014. If the combination had taken place at the beginning of the year in 2014, contributions to revenue and other income from nickel mining operations would have been ₱2,166.55 million, while contributions to net income would have been ₱423.60 million in 2014.

Acquisition of ENK

In 2013, the Parent Company's investment in ENK was previously treated as a joint venture investment with D&A as the strategic and financial operating decisions relating to the economic activities of ENK require the unanimous consent of both parties.

On March 25, 2014, the Parent Company purchased from D&A Income Ltd. the remaining 40% interest in ENK and its subsidiaries for approximately ₱3.13 billion, making these subsidiaries. The business combination was completed on April 3, 2014 when the directors representing D&A resigned and the positions were occupied by the representatives of the Parent Company.

The Group assessed that its investment in ENK be accounted for as investment in subsidiary, in accordance with the guidance set out by PFRS 10. The assets, liabilities and equity of ENK have been consolidated in the financial statements of the Group on April 3, 2014, the date when control is obtained.

The following table summarizes the amounts of the assets acquired and liabilities assumed recognized at the acquisition date:

	Fair value recognized on acquisition date
Assets	
Cash and cash equivalents	₱692,244
Trade and other receivables	22,577
Property and equipment	59,725
Mine properties and other noncurrent assets	4,120,031
	<u>4,894,577</u>
Liabilities	
Trade and other payables	75,879
Provision for mine rehabilitation and decommissioning	21,381
Deferred tax liabilities	1,064,384
	<u>1,161,644</u>
Fair value of net assets acquired	₱3,732,933



The Group assessed that the carrying values of the assets acquired and liabilities assumed approximates fair values except for the mine properties which were valued using the income approach, discounted cash flow (DCF) method.

Total gain from remeasurement of previously held interests in ENK amounted to ₱206.73 million in 2014, shown as part of 'Gain from remeasurement of previously held interest' in the consolidated statements of income.

Goodwill recognized on the business combination of ENK follows:

Fair value of net assets acquired	₱3,732,933
Less:	
Fair value of previously held interest	2,239,760
Consideration paid	3,130,603
<u>Goodwill</u>	<u>(₱1,637,430)</u>

The goodwill recognized amounting to ₱1,637.43 million comprises the expected cash flows generated from the mining rights and properties ENK. The acquisition of ENK will enable the Group to strengthen its strategic objective in the nickel mining segment. With a more diversified portfolio, the Group expects to generate revenue from its nickel mining segment. These recurring revenues can, in turn, be used to provide internally generated funding for other projects.

From the date of acquisition, ENK has contributed ₱448.88 million of revenue and other income from nickel mining and ₱131.29 million to net income of the Group in 2014. If the combination had taken place at the beginning of the year in 2014, contributions to net income would have been ₱124.14 million in 2014.

34. Cumulative Translation Adjustment

Cumulative translation adjustment represents exchange differences arising from the translation of financial statements of the foreign subsidiaries, TMC, whose functional currency is the British Pounds and ENK (including EN Iberia, EN Spain, Rusina, EN Holland and EN Philland) with functional currency of US Dollar.

On December 19, 2014, the cumulative translation adjustment pertaining to TMC was reclassified to profit or loss upon loss of control in TMC (see Note 33).

35. Operating Segments

Business Segment Information

For management purposes, the Group is organized into six (6) major business units that are largely organized and managed separately according to industry.

Construction - engaged in various construction component businesses such as production and trading of concrete products, handling steel fabrication and electrical and foundation works.

Coal mining - engaged in the exploration, mining and development of coal resources on Semirara Island in Caluya, Antique.



Nickel mining - engaged primarily in mining and selling nickel ore from existing stockpile in Acoje mines in Zambales and Berong mines in Palawan.

Real estate - focused in mid-income residential development carried under the brand name DMCI Homes.

Power - engaged in the business of a generation company which designs, constructs, invest in, and operate power plants.

Water - includes share in net earnings from associates, DMWC and Subic Water, which are engaged in water services for the west portion of Metro Manila and Olongapo City and Subic Bay Freeport, respectively.

No operating segments have been aggregated to form the above reportable operating segments. Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on revenue, earnings before interest, income taxes and depreciation and amortization (EBITDA) and operating profit or loss, and is measured consistently in the consolidated financial statements.

The Group has no significant customer which contributes 10.00% or more to the revenues of the Group.

Group financing (including finance costs and finance income) and income taxes are also managed per operating segments. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Business Segments

The following tables present revenue, net income (loss) and depreciation, depletion and amortization information regarding business segments for the years ended December 31, 2014, 2013 and 2012 and property, plant and equipment additions, total assets and total liabilities for the business segments as of December 31, 2014, 2013 and 2012:



Year ended December 31, 2014

	Construction and Others*	Coal Mining	Nickel Mining	Real Estate Development	Power	Water	Parent Company**	Total
Revenue	₱12,137,085	₱16,276,930	₱1,516,461	₱12,493,636	₱14,136,842	₱–	₱–	₱56,560,954
Other income (expense) – net	83,716	30,163	850,631	960,528	161,541	2,036,707	(194,915)	3,928,371
	12,220,801	16,307,093	2,367,092	13,454,164	14,298,383	2,036,707	(194,915)	60,489,325
Cost of sales and services (before depreciation and amortization)	10,427,104	9,863,054	206,782	6,524,383	8,398,160	–	–	35,419,483
General and administrative expense (before depreciation and amortization)	322,860	2,212,418	1,283,627	2,343,115	1,065,148	–	69,550	7,296,718
	10,749,964	12,075,472	1,490,409	8,867,498	9,463,308	–	69,550	42,716,201
EBITDA	1,470,837	4,231,621	876,683	4,586,666	4,835,075	2,036,707	(264,465)	17,773,124
Other income (expenses)								
Finance income (cost) (Notes 26 and 27)	(3,368)	(104,480)	4,157	142,816	(176,937)	–	108,872	(28,940)
Gain on remeasurement of previously held interest (Note 33)	–	–	261,084	–	–	–	–	261,084
Gain on bargain purchase (Note 33)	–	–	257,497	–	–	–	–	257,497
Depreciation and amortization (Notes 24 and 25)	(807,425)	(91,529)	(511,626)	(219,426)	(1,739,981)	–	(2,002)	(3,371,989)
Pretax income	660,044	4,035,612	887,795	4,510,056	2,918,157	2,036,707	(157,595)	14,890,776
Provision (benefit) for income tax (Note 29)	137,281	146,750	21,042	1,268,569	(500,408)	–	15,042	1,088,276
Net income	₱522,763	₱3,888,862	₱866,753	₱3,241,487	₱3,418,565	₱2,036,707	(₱172,637)	₱13,802,500
Net income attributable to non-controlling interest	₱44,020	₱1,590,000	(₱13,854)	₱–	₱1,407,000	₱–	₱–	₱3,027,166
Net income attributable to equity holders	₱478,743	₱2,298,862	₱880,607	₱3,241,487	₱2,011,565	₱2,036,707	(₱172,637)	₱10,775,334
Segment Assets								
Cash	₱803,266	₱1,889,222	₱2,224,891	₱2,732,344	₱1,826,460	₱–	₱5,753,585	₱15,229,768
Receivables	3,557,835	1,447,368	360,557	7,999,503	2,480,966	–	5,138	15,851,367
Inventories	1,229,701	1,423,152	398,268	24,085,872	1,482,675	–	–	28,619,668
Investment in associates and joint venture	168,196	–	–	211,776	–	–	10,531,518	10,911,490
Property, plant and equipment	2,921,218	3,697,349	6,020,586	1,055,228	33,178,049	–	7,758	46,880,188
Others	6,028,717	2,990,795	3,087,997	2,802,374	4,622,587	–	131,954	19,664,424
	₱14,708,933	₱11,447,886	₱12,092,299	₱38,887,097	₱43,590,737	₱–	₱16,429,953	₱137,156,905
Segment Liabilities								
Customers' advances and deposits	₱116	₱200,437	₱3	₱5,406,472	₱–	₱–	₱–	₱5,607,028
Loans payable	1,406,907	5,152,486	–	16,197,736	14,668,877	–	–	37,426,006
Others	9,800,117	6,008,540	2,198,965	4,845,380	2,868,220	–	1,810,191	27,531,413
	₱11,207,140	₱11,361,463	₱2,198,968	₱26,449,588	₱17,537,097	₱–	₱1,810,191	₱70,564,447
Other disclosures								
Acquisition of land for future development (Note 9)	₱–	₱–	₱–	₱5,580,552	₱–	₱–	₱–	₱5,580,552
Property, plant and equipment additions (Note 13)	₱1,447,962	₱1,462,340	₱1,169,144	₱427,008	₱9,657,132	₱–	₱5,408	₱14,168,994

*Revenue from construction segment includes sales and service revenue from WRCP.

**Loss pertains to the share in the net loss of PIDC.



Year ended December 31, 2013, As Restated

	Construction and Others*	Coal Mining	Nickel Mining	Real Estate Development	Power	Water	Parent Company	Total
Revenue	₱14,359,502	₱12,573,569	₱264,897	₱12,165,988	₱16,606,674	₱—	₱—	₱55,970,630
Other income (expense) - net	1,877	(385,609)	416,216	606,300	(244,585)	1,914,601	9,168,830	11,477,630
	14,361,379	12,187,960	681,113	12,772,288	16,362,089	1,914,601	9,168,830	67,448,260
Cost of sales and services (before depreciation and amortization)	11,597,315	7,550,216	338,924	6,670,706	5,437,802	—	—	31,594,963
General and administrative expense (before depreciation and amortization)	450,590	1,672,319	93,190	2,237,856	2,473,961	—	107,359	7,035,275
	12,047,905	9,222,535	432,114	8,908,562	7,911,763	—	107,359	38,630,238
EBITDA	2,313,474	2,965,425	248,999	3,863,726	8,450,326	1,914,601	9,061,471	28,818,022
Other income (expenses)								
Finance income (cost) (Notes 26 and 27)	35,109	(150,739)	1,288	(145,369)	(219,481)	—	208,641	(270,551)
Depreciation and amortization (Notes 24 and 25)	(577,946)	(1,142,675)	(81,118)	(160,590)	(2,221,526)	—	(2,207)	(4,186,062)
Pretax income	1,770,637	1,672,011	169,169	3,557,767	6,009,319	1,914,601	9,267,905	24,361,409
Provision (benefit) for income tax (Note 29)	461,018	(131,452)	—	902,833	28,307	—	843,944	2,104,650
Net income	₱1,309,619	₱1,803,463	₱169,169	₱2,654,934	₱5,981,012	₱1,914,601	₱8,423,961	₱22,256,759
Net income attributable to non-controlling interest	₱34,822	₱781,215	₱—	₱—	₱2,503,342	₱—	₱—	₱3,319,379
Net income attributable to equity holders	₱1,274,797	₱1,022,248	₱169,169	₱2,654,934	₱3,477,670	₱1,914,601	₱8,423,961	₱18,937,380
Segment Assets								
Cash	₱3,315,307	₱1,709,481	₱352,028	₱6,727,312	₱3,179,089	₱—	₱9,491,278	₱24,774,495
Receivables	3,788,550	1,929,919	1,220,830	10,754,201	2,419,326	—	49,840	20,162,666
Inventories	530,789	3,603,821	55,790	17,872,724	1,108,709	—	—	23,171,833
Investment in associates and joint venture	107,226	—	805,196	235,634	—	—	10,516,807	11,664,863
Property, plant and equipment	2,296,659	3,446,655	63,686	820,516	24,639,566	—	4,164	31,271,246
Others	4,874,965	1,528,605	647,816	1,639,525	2,668,899	—	1,307,948	12,667,758
	₱14,913,496	₱12,218,481	₱3,145,346	₱38,049,912	₱34,015,589	₱—	₱21,370,037	₱123,712,861
Segment Liabilities								
Customers' advances and deposits	₱5	₱287,308	₱22,689	₱4,619,699	₱—	₱—	₱—	₱4,929,701
Loans payable	104,656	6,445,779	—	18,821,755	11,391,949	—	—	36,764,139
Others	10,927,570	3,281,752	185,118	3,762,901	3,558,960	—	173,307	21,889,608
	₱11,032,231	₱10,014,839	₱207,807	₱27,204,355	₱14,950,909	₱—	₱173,307	₱63,583,448
Other disclosures								
Acquisition of land for future development (Note 9)	₱—	₱—	₱—	₱2,484,872	₱—	₱—	₱—	₱2,484,872
Property, plant and equipment additions (Note 13)	₱1,216,842	₱8,547,904	₱13,945	₱227,445	₱404,050	₱—	₱634	₱10,410,820

*Revenue from construction segment includes sales and service revenue from WRCP.



Year ended December 31, 2012

	Construction and Others*	Coal Mining	Nickel Mining	Real Estate Development	Power	Water	Parent Company	Total
Revenue	₱15,067,559	₱14,450,155	₱1,923,045	₱9,219,331	₱11,079,789	₱—	₱—	₱51,739,879
Other income (expense) - net	62,653	565,466	(36,319)	373,416	(171,004)	2,339,717	(29,995)	3,103,934
	15,130,212	15,015,621	1,886,726	9,592,747	10,908,785	2,339,717	(29,995)	54,843,813
Cost of sales and services (before depreciation and amortization)	12,990,637	8,502,696	1,335,252	4,434,929	4,314,377	—	—	31,577,891
General and administrative expense (before depreciation and amortization)	277,008	1,967,757	13,854	1,791,977	1,508,413	—	61,199	5,620,208
	13,267,645	10,470,453	1,349,106	6,226,906	5,822,790	—	61,199	37,198,099
EBITDA	1,862,567	4,545,168	537,620	3,365,841	5,085,995	2,339,717	(91,194)	17,645,714
Other income (expenses)								
Finance income (cost) (Notes 26 and 27)	65,588	(109,492)	3,705	(163,293)	(321,509)	—	175,938	(349,063)
Depreciation and amortization (Notes 24 and 25)	(269,356)	(1,345,556)	(127,259)	(168,163)	(1,417,468)	—	(2,040)	(3,329,842)
Pretax income	1,658,799	3,090,120	414,066	3,034,385	3,347,018	2,339,717	82,704	13,966,809
Provision for income tax (Note 29)	382,456	1,439	73,268	928,998	39,589	—	48,804	1,474,554
Net income	₱1,276,343	₱3,088,681	₱340,798	₱2,105,387	₱3,307,429	₱2,339,717	₱33,900	₱12,492,255
Net income attributable to non-controlling interest	₱1,032	₱1,349,069	₱—	₱—	₱1,406,320	₱—	₱—	₱2,756,421
Net income attributable to equity holders	₱1,275,311	₱1,739,612	₱340,798	₱2,105,387	₱1,901,109	₱2,339,717	₱33,900	₱9,735,834
Segment Assets								
Cash	₱2,193,876	₱410,165	₱186,275	₱2,936,722	₱246,054	₱—	₱3,743,950	₱9,717,042
Receivables	4,995,432	1,271,154	184,131	7,444,717	2,630,486	—	152,164	16,678,084
Inventories	219,345	4,486,951	34,546	15,505,470	1,197,900	—	70,949	21,515,161
Investment in associates and joint venture	124,878	—	495,832	115,141	—	—	13,633,403	14,369,254
Property, plant and equipment	1,567,812	3,318,370	248,472	728,753	19,853,793	—	7,032	25,724,232
Others	2,983,482	1,760,785	649,969	2,238,549	1,224,942	—	122,586	8,980,313
	₱12,084,825	₱11,247,425	₱1,799,225	₱28,969,352	₱25,153,175	₱—	₱17,730,084	₱96,984,086
Segment Liabilities								
Customers' advances and deposits	₱—	₱17,645	₱22,685	₱3,315,565	₱—	₱—	₱—	₱3,355,895
Loans payable	25,601	4,913,558	131,360	12,522,481	7,811,362	—	61,724	25,466,086
Others	8,253,009	4,145,032	458,103	3,438,412	2,999,720	—	111,737	19,406,013
	₱8,278,610	₱9,076,235	₱612,148	₱19,276,458	₱10,811,082	₱—	₱173,461	₱48,227,994
Other disclosures								
Acquisition of land for future development (Note 9)	₱—	₱—	₱—	₱1,864,014	₱—	₱—	₱—	₱1,864,014
Property, plant and equipment additions (Note 13)	₱706,489	₱5,036,611	₱111,540	₱233,805	₱83,947	₱—	₱4,107	₱6,176,499

*Revenue from construction segment includes sales revenue from WRCP.



The Group's management reporting and controlling systems use accounting policies that are the same as those described in Note 2 in the summary of significant accounting policies under PFRS.

The Group measures the performance of its operating segments through a measure of segment profit or loss which is referred to as "EBITDA" in the management and reporting system.

EBITDA is the measure of segment profit (loss) used in segment reporting and comprises gross profit, selling and general administrative expenses, research and non-capitalized development costs, other operating income (expense), net, as well as other financial income (expense), net.

Segment assets principally comprise all assets. The industrial business segments' assets exclude income tax assets, assets from defined benefit plans and certain financial assets.

Segment liabilities principally comprise all liabilities. The industrial business segments' liabilities exclude income tax liabilities, liabilities from defined benefit plans and certain financial liabilities.

Geographic Information

Analysis of sales and revenue by geographical location

The financial information about the operations of the coal mining as of December 31, 2014, 2013 and 2012 reviewed by the management follows:

Customer Location	2014	2013	2012
Revenue			
Local	₱4,925,269	₱5,287,388	₱7,440,134
Export	11,351,661	7,286,181	7,010,021
	₱16,276,930	₱12,573,569	₱14,450,155

Substantially all revenue from external customers are from open cut mining and sales of thermal coal. Local and export classification above is based on the geographic location of the customer. Customers on the export sales are significantly from China.

36. 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.

The following table summarizes the maturity profile of the Group's financial assets and liabilities as of December 31, 2014 and 2013, based on contractual undiscounted cash flows. The table also analyses the maturity profile of the Group's financial assets in order to provide a complete view of the Group's contractual commitments.

	2014					Total
	On Demand	Within 1 year	1-2 years	2-3 years	Beyond 3 years	
Loans and Receivable						
Cash and cash equivalents	₱15,229,768	₱—	₱—	₱—	₱—	₱15,229,768
Receivables						
Trade:						
Real estate	4,575,190	521,494	447,633	401,011	1,455,903	7,401,231
General construction	2,815,888	126,190	—	—	—	2,942,078
Coal mining	1,482,927	—	—	—	—	1,482,927
Nickel mining	323,072	—	—	—	—	323,072
Electricity sales	2,517,348	—	—	—	—	2,517,348
Merchandising and others	95,059	—	—	—	—	95,059
Receivables from related parties	570,220	—	—	—	—	570,220
Other receivables	1,134,109	—	—	—	—	1,134,109
Security deposits	—	—	—	5,203	—	5,203
Refundable deposits	—	270,997	—	69,225	—	340,222
	28,743,581	918,681	447,633	475,439	1,455,903	32,041,237
AFS financial assets						
Quoted securities	—	65,809	—	—	—	65,809
Unquoted securities	—	28,742	—	—	—	28,742
	—	94,551	—	—	—	94,551
Financial assets at FVPL	—	70,630	—	—	—	70,630
Total undiscounted financial assets	28,743,581	1,083,862	447,633	475,439	1,455,903	32,206,418
Other Financial Liabilities						
Short-term debt	—	2,027,207	—	—	—	2,027,207
Accounts and other						
Payables	—	17,014,127	369,056	—	—	17,383,183
Payable to related parties	261,790	—	—	—	—	261,790
Liabilities for purchased land	1,565,352	48,542	242,022	241,180	82,090	2,179,186
Long-term debt	—	3,680,745	6,963,255	2,654,194	19,523,997	32,822,191
Total undiscounted financial liabilities	1,827,142	22,770,621	7,574,333	2,895,374	19,606,087	54,673,557
Liquidity gap	₱26,916,439	(₱21,686,759)	(₱7,126,700)	(₱2,419,935)	(₱18,150,184)	(₱22,467,139)



	2013					Total
	On Demand	Within 1 year	1-2 years	2-3 years	Beyond 3 years	
Loans and Receivable						
Cash and cash equivalents	₱24,774,495	₱—	₱—	₱—	₱—	₱24,774,495
Receivables						
Trade:						
Real estate	6,884,163	849,257	774,769	626,425	1,612,036	10,746,650
General construction	1,075,493	2,438,659	—	—	—	3,514,152
Coal mining	2,088,584	—	—	—	—	2,088,584
Nickel mining	215,578	—	—	—	—	215,578
Electricity sales	3,754,529	—	—	—	—	3,754,529
Merchandising and others	73,054	—	—	—	—	73,054
Receivables from related parties	131,596	—	—	—	—	131,596
Other receivables	184,340	—	—	—	—	184,340
Security deposits	—	407,519	—	—	—	407,519
Refundable deposits	—	252,353	—	52,126	—	304,479
	39,181,832	3,947,788	774,769	678,551	1,612,036	46,194,976
AFS financial assets						
Quoted securities	—	59,200	—	—	—	59,200
Unquoted securities	—	26,080	950	—	—	27,030
	—	85,280	950	—	—	86,230
Financial assets at FVPL	—	73,150	—	—	—	73,150
Total undiscounted financial assets	39,181,832	4,106,218	775,719	678,551	1,612,036	46,354,356
Other Financial Liabilities						
Short-term debt	—	2,119,296	—	—	—	2,119,296
Accounts and other						
Payables	—	13,799,829	1,496,710	—	—	15,296,539
Payable to related parties	33,992	—	—	—	—	33,992
Liabilities for purchased land	884,182	211,411	86,907	91,180	98,797	1,372,477
Long-term debt	—	3,386,257	3,274,282	5,225,224	19,322,823	31,208,586
Total undiscounted financial liabilities	918,174	19,516,793	4,857,899	5,316,404	19,421,620	50,030,890
Liquidity gap	₱38,263,658	(₱15,410,575)	(₱4,082,180)	(₱4,637,853)	(₱17,809,584)	(₱3,676,534)

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 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 December 31, 2014 and 2013.

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 AFS financial assets.



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

The analyses below are performed for reasonably possible movements in the Philippine Stock Exchange (PSE) index for quoted shares and other sources for golf and club shares with all other variables held constant, showing the impact on equity:

	Change in variable		Effect on equity (Other comprehensive income)	
	2014	2013	2014	2013
PSE	+20.83%	+0.49%	₱859	₱4,469
	-20.83%	-0.49%	(859)	(4,469)
Others	+9.72%	+23.82%	5,427	2,755
	-9.72%	-23.82%	(5,427)	(2,755)

The sensitivity analyses shown above are based on the assumption that the movement in PSE composite index and other quoted equity securities will be most likely be limited to an upward or downward fluctuation of 20.83% and 9.72% in 2014 and 0.49% and 23.82% in 2013, respectively.

The Group, used as basis of these assumptions, the annual percentage change in PSE composite index and annual percentage change of quoted prices as obtained from published quotes of golf and club shares.

The impact of sensitivity of equity prices on the Group's equity already excludes the impact on transactions affecting the Company's consolidated statements of income.

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 (i.e. domestic compared to local). 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):

	2014	2013
Domestic market	30.26%	42.05%
Export market	69.74%	57.95%

The following table shows the effect on income before income tax should the change in the prices of coal occur based on the inventory of the Group as of December 31, 2014 and 2013 with all other variables held constant. The change in coal prices used in the simulation assumes fluctuation from the lowest and highest price based on 1-year historical price movements in 2014 and 2013.

	Effect on income before income tax	
Change in coal price	2014	2013
<i>Based on ending coal inventory</i>		
Increase by 22% in 2014 and 42% in 2013	₱316,566	₱1,022,494
Decrease by 22% in 2014 and 42% in 2013	(316,566)	(1,022,494)
<i>Based on coal sales volume</i>		
Increase by 22% in 2014 and 42% in 2013	8,008,030	5,643,685
Decrease by 22% in 2014 and 42% in 2013	(8,008,030)	(5,643,685)

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 and equity to a reasonably possible change in interest rates, with all variables held constant, through the impact on floating rate borrowings.



2014			
	Change in basis points	Effect on income before income tax	Effect on equity
Dollar floating rate borrowings	+100 bps	₱1,760,391	₱1,232,274
	-100 bps	(1,760,391)	(1,232,274)
Peso floating rate borrowings	+100 bps	145,224	101,656
	-100 bps	(145,224)	(101,656)
2013			
	Change in basis points	Effect on income before income tax	Effect on equity
Dollar floating rate borrowings	+100 bps	(₱2,126,831)	(₱1,488,782)
	-100 bps	2,126,831	1,488,782
Peso floating rate borrowings	+100 bps	110,284	77,199
	-100 bps	110,284	77,199

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 2014 and 2013. 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.

Foreign Currency Risk

Foreign currency risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's currency risks arise mainly from cash and cash equivalents, receivables, accounts and other payable, short-term loans and long-term loans of the Group which are denominated in a currency other than the Group's functional currency. The effect on the Group's consolidated statements of income is computed based on the carrying value of the floating rate receivables as at December 31, 2014 and 2013.

The Group does not have any foreign currency hedging arrangements.

The following tables demonstrates the sensitivity to a reasonably possible change in foreign exchange rates, with all variables held constant, of the Company's profit before tax (due to changes in the fair value of monetary assets and liabilities).

	Increase (decrease) in foreign currency rate		Effect on income before income tax (in PHP)	
	2014	2013	2014	2013
US Dollar ¹	+0.27%	+2.02%	(₱12,868)	(₱108,362)
	-0.27%	-2.02%	12,868	108,362
Japanese Yen ²	+1.99%	+0.61%	(83)	(697)
	-1.99%	-0.61%	83	697
UK Pounds ³	+3.19%	+4.52%	259	386
	-3.19%	-4.52%	(259)	(386)

(Forward)



	Increase (decrease) in foreign currency rate		Effect on income before income tax (in PHP)	
	2014	2013	2014	2013
E.M.U. Euro ⁴	+18.13%	+10.58%	(P2,053)	(P5,426)
	-18.13%	-10.58%	(2,053)	5,426
SG Dollar ⁵	+4.78%	+1.88%	(57)	(391)
	-4.78%	-1.88%	57	391
CHF ⁶	+7.62%	—	(241)	—
	-7.62%	—	241	—
AUD ⁷	+2.38%	—	(46,734)	—
	-2.38%	—	46,734	—

1 The exchange rates used were P44.72 to \$1 and P44.40 to \$1 for the year ended December 31, 2014 and 2013, respectively.

2 The exchange rates used were P0.37 to ¥1 and P0.42 to ¥1 for the year ended December 31, 2014 and 2013, respectively.

3 The exchange rates used were P69.41 to £1 and P72.90 to £1 for the year ended December 31, 2014 and 2013, respectively.

4 The exchange rates used were P54.34 to €1 and P60.82 to €1 for the year ended December 31, 2014 and 2013, respectively.

5 The exchange rates used were P33.70 to \$1 and P35.00 to \$1 for the year ended December 31, 2014 and 2013, respectively.

6 The exchange rates used was P45.19 to CHF1 for the year ended December 31, 2014.

7 The exchange rates used was P41.23 to AUD1 for the year ended December 31, 2014

Information on the Group's foreign currency-denominated monetary assets and liabilities and their Philippine peso equivalents as of December 31, 2014 and 2013 follows:

	2014							Equivalent in PHP
	U.S. Dollar	Japanese Yen	UK Pounds	E.M.U Euro	SG Dollar	CHF	AUD	
Financial assets								
Cash and cash equivalents	\$39,991	¥2,740	£117	€662	\$—	£—	\$3	P1,833,564
Receivables	22,473	—	—	—	—	—	—	1,004,981
	62,464	¥2,740	117	662	—	—	3	2,838,545
Financial liabilities								
Accounts payable and accrued expenses	(44,773)	(14,100)	—	(871)	(35)	(70)	(47,724)	(2,055,980)
Short-term loans	(36,961)	—	—	—	—	—	—	(1,652,896)
Long-term loans	(87,964)	—	—	—	—	—	—	(3,933,732)
	(169,698)	(14,100)	—	(871)	(35)	(70)	(47,724)	(7,642,608)
	(\$107,234)	(¥11,360)	£117	(€209)	(\$35)	(£70)	(\$47,721)	(P4,804,063)

	2013						Equivalent in PHP
	U.S. Dollar	Japanese Yen	UK Pounds	E.M.U Euro	SG Dollar		
Financial assets							
Cash and cash equivalents	\$33,406	¥2,740	£117	€23	\$—		P1,494,161
Receivables	16,002	—	—	—	—		710,420
	49,408	2,740	117	23	—		2,204,581
Financial liabilities							
Accounts payable and accrued expenses	(31,443)	(273,932)	—	(866)	(595)		(1,585,534)
Short-term loans	(31,129)	—	—	—	—		(1,381,986)
Long-term loans	(107,911)	—	—	—	—		(4,790,698)
	(170,483)	(273,932)	—	(866)	(595)		(7,758,218)
	(\$121,075)	(¥271,192)	£117	(€843)	(\$595)		(P5,553,637)

The effect on the Group's income before tax is computed on the carrying value of the Group's foreign currency denominated financial assets and liabilities as at December 31, 2014 and 2013.



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 December 31, 2014 and 2013 is the carrying amounts except for real estate receivables. The Group's exposure to credit risk arises from default of the counterparties which include certain financial institutions, real estate buyers, subcontractors, suppliers and various electric companies. Credit risk management involves dealing only with recognized, creditworthy third parties. It is the Group's policy that all counterparties who wish to trade on credit terms are subject to credit verification procedures. The Treasury Department's policy sets a credit limit for each counterparty. In addition, receivable balances are monitored on an ongoing basis. The Group's financial assets are not subject to collateral and other credit enhancement except for real estate receivables. As of December 31, 2014 and 2013, the Group's exposure to bad debts is not significant.

Real estate contracts

Credit risk is managed primarily through credit reviews and an analysis of receivables on a continuous basis. The Group also undertakes supplemental credit review procedures for certain installment payment structures. The Group's stringent customer requirements and policies in place contributes to lower customer default. Customer payments are facilitated through various collection modes including the use of postdated checks. The credit risk for real estate receivable is also mitigated as the Group has the right to cancel the sales contract and takes possession of the subject house without need for any court action in case of default in payments by the buyer. This risk is further mitigated because the corresponding title to the subdivision units sold under this arrangement is transferred to the buyers only upon full payment of the contract price. The fair value of collateral for installment contracts receivables amounted to ₱9,960.95 million and ₱12,643.92 million in 2014 and 2013, respectively. This resulted to a net exposure of ₱20.60 million and ₱82.23 million in 2014 and 2013, respectively.

Electricity sales

The Group earns substantially all of its revenue from bilateral contracts and 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 not regulated but is determined in accordance with the WESM Price Determination Methodology (PDM) approved by the Energy Regulatory Commission (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.

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.

As of December 31, 2014 and 2013, the credit quality per class of financial assets that were neither past due nor impaired is as follows:

	2014				
	Neither past due nor impaired			Past due or Individually Impaired	Total
	Grade A	Grade B	Grade C		
Cash in bank and cash equivalents	₱15,215,172	₱—	₱—	₱—	₱15,215,172
Available-for-sale financial assets					
Quoted	65,809	—	—	—	65,809
Unquoted	28,742	—	—	—	28,742
Financial assets at FVPL	70,630	—	—	—	70,630
Receivables					
Trade					
Real estate	3,178,429	2,731,318	700,056	791,428	7,401,231
General construction	2,759,751	20,087	—	162,240	2,942,078
Coal mining	714,027	—	—	768,900	1,482,927
Nickel mining	252,139	—	—	70,933	323,072
Electricity sales	2,040,554	—	—	476,794	2,517,348
Merchandising	95,059	—	—	—	95,059
Receivable from related parties	570,220	—	—	—	570,220
Other receivables	1,128,971	5,138	—	—	1,134,109
Security deposits	5,203	—	—	—	5,203
Refundable deposits	340,222	—	—	—	340,222
Total	26,464,928	2,756,543	700,056	2,270,295	32,191,822
Allowance for:					
Real estate	—	—	—	537	537
General construction	—	—	—	30,855	30,855
Coal mining	—	—	—	35,558	35,558
Nickel mining	—	—	—	70,933	70,933
Electricity sales	—	—	—	476,794	476,794
Total allowance	—	—	—	614,677	614,677
Net amount	₱26,464,928	₱2,756,543	₱700,056	₱1,655,618	₱31,577,145



	2013				
	Neither past due nor impaired			Past due or Individually Impaired	Total
	Grade A	Grade B	Grade C		
Cash in bank and cash equivalents	₱24,747,312	₱—	₱—	₱—	₱24,747,312
Available-for-sale financial assets					
Quoted	59,200	—	—	—	59,200
Unquoted	26,251	—	—	—	26,251
Financial assets at FVPL	73,150	—	—	—	73,150
Receivables					
Trade					
Real estate	7,779,769	1,002,013	767,043	1,197,825	10,746,650
General construction	3,057,886	—	—	456,266	3,514,152
Coal mining	1,697,429	355,597	—	35,558	2,088,584
Nickel mining	215,578	—	—	—	215,578
Electricity sales	3,247,991	—	—	506,538	3,754,529
Merchandising	73,054	—	—	—	73,054
Receivable from related parties	131,596	—	—	—	131,596
Other receivables	127,019	27,804	—	29,517	184,340
Security deposits	407,519	—	—	—	407,519
Refundable deposits	302,840	1,639	—	—	304,479
Total	41,946,594	1,387,053	767,043	2,225,704	46,326,394
Allowance for:					
Real estate	—	—	—	537	537
General construction	—	—	—	32,928	32,928
Coal mining	—	—	—	35,558	35,558
Electricity sales	—	—	—	476,794	476,794
Total allowance	—	—	—	545,817	545,817
Net amount	₱41,946,594	₱1,387,053	₱767,043	₱1,679,887	₱45,780,577

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 ten (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.

AFS Financial Assets

The Group's AFS financial assets 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. 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, advances to officers and employees 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.

Receivables are aged and analyzed on a continuous basis to minimize credit risk associated with these receivables. Receivable balances are monitored on an ongoing basis to ensure timely execution of necessary intervention efforts, such as raising the case to the Group's legal department. Regular monitoring of receivables resulted to manageable exposure to bad debts.

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 December 31, 2014 and 2013, the aging analysis of the Group's financial assets presented per class follows:

		2014						
		Past due but not impaired					Impaired	
		<30 days	30-60 days	61-90 days	91-120 days	>120 days	Assets	Total
Receivables								
Trade								
Real estate		₱400,344	₱234,449	₱100,224	₱55,874	₱—	₱537	₱791,428
General								
construction		120,233	—	11,152	—	—	30,855	162,240
Electricity sales		292,106	—	—	—	—	476,794	768,900
Coal mining		35,375	—	—	—	—	35,558	70,933
Nickel mining		405,861	—	—	—	—	70,933	476,794
		₱1,253,919	₱234,449	₱111,376	₱55,874	₱—	₱614,677	₱2,270,295
		2013						
		Past due but not impaired					Impaired	
		<30 days	30-60 days	61-90 days	91-120 days	>120 days	Assets	Total
Receivables								
Trade								
Real estate		₱942,336	₱3,443	₱—	₱251,509	₱—	₱537	₱1,197,825
General								
construction		411,677	—	—	—	11,661	32,928	456,266
Electricity sales		29,744	—	—	—	—	476,794	506,538
Coal mining		—	—	—	—	—	35,558	35,558
Other receivables		29,517	—	—	—	—	—	29,517
		₱1,413,274	₱3,443	₱—	₱251,509	₱11,661	₱545,817	₱2,225,704

The repossessed lots and residential houses are transferred back to inventory under the account Real estate for sale and held for development and are held for sale in the ordinary course of business. The total of these inventories is ₱700.77 million and ₱204.57 million in 2014 and 2013, respectively. The Group performs certain repair activities on the said repossessed assets in order to put their condition at a marketable state. Costs incurred in bringing the repossessed assets to its marketable state are included in their carrying amounts.

The Group did not accrue any interest income on impaired financial assets.



Fair Value of Financial Instruments

The table below presents a comparison by category of carrying amounts and estimated fair values of all the Group's financial instruments as of December 31, 2014 and 2013:

	2014		2013	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Loans and Receivables				
Cash and cash equivalents				
Cash on hand and in banks	₱6,586,448	₱6,586,448	₱8,079,962	₱8,079,962
Cash equivalents	8,643,320	8,643,320	16,694,533	16,694,533
Receivables – net				
Trade				
Real estate	4,575,190	5,840,960	10,746,650	13,719,814
General construction	2,942,078	2,942,078	3,507,364	3,507,364
Coal mining	1,482,927	1,482,927	1,482,927	1,482,927
Nickel mining	323,072	323,072	323,072	323,072
Electricity sales	2,517,348	2,517,348	3,247,991	3,247,991
Merchandising and others	95,059	95,059	73,054	73,054
Receivable from related parties	570,220	570,220	131,596	131,596
Other receivables	1,134,108	1,134,108	181,592	181,592
Security deposits	5,367	5,367	407,519	407,519
Refundable deposits	270,997	270,997	252,353	252,353
	29,146,134	30,411,904	45,128,613	48,101,777
AFS investments				
Quoted securities	65,809	65,809	59,200	59,200
Unquoted securities	2,491	2,491	1,729	1,729
	68,300	68,300	60,929	60,929
Financial asset at FVPL	70,630	70,630	73,150	73,150
	₱29,285,064	₱30,550,834	₱45,262,692	₱48,235,856
Other Financial Liabilities				
Accounts and other payables	₱11,996,623	₱11,996,623	₱13,688,734	₱13,688,734
Liabilities for purchased land	1,553,328	1,456,425	1,372,477	1,286,856
Payable to related parties	261,790	261,790	33,992	33,992
Short-term and long-term debt - including current portion	37,426,007	37,426,007	36,764,139	36,764,139
Other noncurrent liabilities	744,912	744,912	1,693,214	1,693,214
	₱51,982,660	₱51,885,757	₱53,552,556	₱53,466,935

Financial assets

The fair values of cash and short-term receivables approximate their carrying amounts as of reporting dates due to the short-term nature of the transactions.

The fair values of installment contracts receivable are based on the discounted value of future cash flows using the applicable rates for similar types of loans and receivables. The discount rates used for installment contracts receivable range from 14.61% to 19.00% in 2014 and 9.51% to 14.65% in 2013.

The fair values of financial assets at FVPL are based on quoted market rates.

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.

Security deposits other than those pertaining to operating leases and unquoted AFS 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, these security deposits 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.

The discount rates used for short term debt range from 1.13% to 5.35% in 2014 and 1.17% to 5.50% in 2013. The discount rates used for long term debt range from 0.73% to 5.25% in 2014 and 2.76% to 5.25% in 2013. The discount rates used for liabilities to purchase land range from 2.02% to 2.03% in 2014 and 2.48% to 5.28% in 2013.

Fair Value Hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Fair values of real estate receivables, long-term debt, liabilities for purchased land and investment properties are based on level 3 inputs while that of available for sale financial assets and financial assets through profit or loss are from level 1 inputs.

Carrying values of financial instruments, except for long-term debt and liabilities for purchased land, approximate the fair values due to relatively short term nature of the transactions.

Financial asset at FVPL

The fair values are based on quoted market prices.

Long-term debt

The carrying values approximated the fair values because of recent and regular repricing of interest rates based on current market conditions. As of December 31, 2014 and 2013, interest rate ranges from 1% to 3% and 1.03% to 4%, respectively.

37. Contingencies and Commitments

Provision for probable legal claims

The Group is contingently liable for lawsuits or claims filed by third parties which are either pending decision by the courts or are under negotiation, the outcomes of which are not presently determinable. In the opinion of management and its legal counsel, the eventual liability under these lawsuits or claims, if any, will not have a material effect on the consolidated financial statements. The information usually required by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, is not disclosed on the grounds that it can be expected to prejudice the outcome of these lawsuits, claims and assessments.



Provision for billing disputes

On October 20, 2010, SCPC filed a Petition for dispute resolution ("Petition") before the Energy Regulatory Commission (ERC) against NPC and PSALM involving over-nominations made by NPC during the billing periods January to June 2010 beyond the 169,000 kW Manila Electric Company (MERALCO) allocation of SCPC, as provided under the Schedule W of the APA.

In its Petition, SCPC sought to recover the cost of energy (a) sourced by SCPC from WESM in order to meet NPC's nominations beyond the 169,000 kW MERALCO contracted demand, or (b) procured by NPC from the WESM representing energy nominated by NPC in excess of the 169,000 kW limit set in Schedule W, cost of which was charged by PSALM against SCPC. In relation to this, NPC withheld the payments of MERALCO and remitted to SCPC the collections, net of the cost of the outsourced energy.

SCPC has likewise sought to recover interest on the withheld MERALCO payments collected by PSALM that is unpaid to SCPC as of due date, to be charged at the rate of 6% computed from the date of the SCPC's extrajudicial demand until full payment by PSALM.

During the preliminary conference scheduled on November 25, 2010, the ERC's hearing officer directed the parties to explore the possibility of settling the dispute amicably. As the parties failed to arrive at a compromise during the prescribed period, hearings resumed with the conduct of preliminary conference on February 23, 2011, without prejudice to the result of any further discussions between the parties for amicable settlement. The ERC set the next hearing for the presentation of witnesses on March 22 and 23, 2011.

In 2010, SCPC made a provision for the total amount withheld by NPC, which amounted to ₱383.29 million. Though a provision has already been made, SCPC has not waived its right to collect the said amount in case the outcome of the dispute resolution would be a favorable settlement for SCPC. The provision will be reversed and an income would be recognized in the "Other income" account upon collection of the said receivable.

On July 6, 2011, the ERC rendered its Decision in favor of SCPC and directed the parties, among others to submit the reconciled computation of the over-nominations and other MERALCO payments withheld by PSALM during the periods January 2010 to June 2010, and for PSALM to return to SCPC the amount computed and reconciled, including the interests thereon a rate of 6% per annum. PSALM filed a Motion for Reconsideration on the Decision which is denied by ERC in an order dated February 13, 2012 due to the lack of merit.

On April 24, 2012, SCPC and PSALM each filed their Compliance submitting the reconciled computations of the over-nominations and other MERALCO payments withheld by PSALM, as agreed upon by the parties, in the principal amount of ₱476 million.

On December 4, 2013, SCPC filed a Motion for Issuance of Writ of Execution praying for the issuance of a Writ of Execution directing PSALM to remit the Principal Amount, including interest of 6% per annum computed from August 4, 2010 until the date of actual payment, as well as the value added tax collected by PSALM from Meralco, pursuant to the ERC's Decision dated July 6, 2011 and Order dated February 13, 2012.

On December 18, 2013, PSALM filed its Comment to SCPC's Motion for Issuance of Writ of Execution essentially arguing that the Commission on Audit must first verify and confirm, through the proper proceeding, the claim against PSALM before PSALM can remit the Principal Amount pursuant to the ERC's judgment.



PSALM's Petition for Review before the Court of Appeals and Supreme Court of the Philippines
Meanwhile, PSALM filed a Petition for Review with Prayer for Temporary Restraining Order and/or Preliminary Injunction with the Court of Appeals on March 30, 2012, questioning the ERC's decision dated July 6, 2011 and Order dated February 13, 2012. On September 4, 2012, the Court of Appeals rendered a Decision, denying PSALM's petition and affirming the related Decision and Order previously issued.

PSALM subsequently filed a Motion for Reconsideration dated September 26, 2012 and seeking the reconsideration of the Decision dated September 4, 2012. SCPC filed its Opposition to PSALM's Motion for Reconsideration on November 5, 2012. Subsequently, the Court of Appeals issued a Resolution denying the Motion for Reconsideration filed by PSALM on November 27, 2012.

On December 27, 2012, PSALM filed a Petition for Review on Certiorari with Prayer for Issuance of Temporary Restraining Order and/or Preliminary Injunction with the Supreme Court.

Subsequently the Supreme Court issued a Resolution dated January 21, 2013 requiring SCPC to file a Comment to PSALM's Petition. Thus, on March 25, 2013, SCPC filed its Comment.

PSALM filed a Motion for Extension to file reply on July 25, 2013, requesting for an additional period of ten (10) days from July 25, 2013, or until August 4, 2013, within which to file its Reply. PSALM subsequently filed its Reply on August 2, 2013.

In a Resolution dated September 30, 2013, the Supreme Court granted PSALM's Motion for Extension to File Reply and noted the filing of PSALM's Reply.

PSALM's Petition has not yet been resolved as of December 31, 2014.

Equipment Rental Agreement

On various dates in 2009 and 2008, SMPC entered into Equipment Rental Agreement (the Agreement) with Banco de Oro Rental, Inc. (the Lessor) for the rental of various equipment for a period of twenty (20) months starting on various dates. The Agreement requires for the payment of a fixed monthly rental. The Agreement also requires SMPC to pay security deposit which shall be held by the lessor as security for the faithful and timely performance by SMPC of all its obligations. Upon termination of the Agreement, the lessor shall return to SMPC the security deposit after deducting any unpaid rental and/or other amounts due to lessor. The equipment are, at all times, shall be and remain the sole and exclusive equipment of the lessor, and no title shall pass to SMPC.

As of December 31, 2013, the Agreement with the Lessor is terminated.

Lease Commitments

Operating Lease - As Lessor

The Group entered into lease agreements with third parties covering its investment property portfolio (Note 12). The lease agreements provide for a fixed monthly rental with an escalation of 3% to 7% annually and is renewable under the terms and condition agreed with the lessees.



As of December 31, 2014 and 2013, future minimum lease receivables under the aforementioned operating lease (in thousands) are as follows:

	2014	2013
Within one year	₱36,634	₱19,972
After one year but not more than five years	64,209	67,154
More than five years	–	79,986
	₱100,843	₱167,112

Operating Lease - As Lessee

The Group has a noncancellable lease agreement with a various lessors covering office premises, for seven (7) years with escalation rate ranging from 5.00% to 10.00%. The leases are renewable under such terms and conditions that are agreed upon by the contracting parties.

As of December 31, 2014 and 2013, future minimum lease payments under the above mentioned operating lease (in thousands) are as follows:

	2014	2013
Within one year	₱14,706	₱36,107
After one year but not more than five years	23,561	51,123
	₱38,267	₱87,230

Land Lease Agreement with PSALM

As discussed in Note 14, SCPC entered into a Land Lease Agreement with PSALM for the lease of land in which the plant is situated, for a period of 25 years, renewable for another 25 years with the mutual agreement of both parties. In 2009, SCPC paid US\$3.19 million or its peso equivalent ₱150.57 million as payment for the 25 years of rental.

Provisions of the LLA include that SCPC has the option to buy the Option Assets upon issuance of an Option Existence Notice (OEN) by the lessor. Optioned assets are parcels of land that form part of the leased premises which the lessor offers for the sale to the lease.

SCPC was also required to deliver and submit to the lessor a performance security amounting to ₱34.83 million in the form of Stand-by Letter of Credits. The Performance Security shall be maintained by SCPC in full force and effect continuously without any interruption until the Performance Security expiration date. The Performance Security initially must be effective for the period of one year from the date of issue, to be replaced prior to expiration every year thereafter and shall at all times remain valid.

In the event that the lessor issues an OEN and SCPC buys the option assets in consideration for the grant of the option, the land purchase price should be equivalent to the highest of the following and / or amounts: (i) assessment of the Provincial Assessors of Batangas Province; (ii) the assessment of the Municipal or City Assessor having jurisdiction over the particular portion of the leased premises; (iii) the zonal valuation of Bureau of Internal Revenue or, (iv) 21.00 per square meter (dollar). Valuation basis for 1 to 3 shall be based on the receipt of PSALM of the option to exercise notice. The exchange rate to be used should be the Philippine Dealing Exchange rate at the date of receipt of PSALM of the OEN.

The exchange rate to be used should be the Philippine Dealing Exchange rate at the date of receipt of PSALM of the option to exercise notice.



On July 12, 2010, PSALM issued an OEN and granted SCPC the “Option” to purchase the Optioned Assets that form part of the leased premises. SCPC availed of the “Option” and paid the Option Price amounting US\$0.32 million or a peso equivalent of ₱14.72 million exercisable within one year from the issuance of the OEN.

On April 28, 2011, SCPC sent a letter to PSALM requesting for the assignment of the option to purchase a lot with an area of 82,740 sqm in favor of SMPC. On May 5, 2011, PSALM approved the assignment. On June 1, 2011, SCPC exercised the land lease option at a purchase price of ₱292.62 million.

On June 1, 2011, SMPC and SCPC exercised its option to purchase the Option Asset and subsequently entered into a Deed of Absolute Sale with PSALM for the total consideration of ₱376.61 million.

On October 12, 2011, SCPC reiterated its proposal to purchase the remainder of the Leased Premises not identified as Optioned Assets. One of the salient features of the proposal included the execution of Contract to Sell (CTS) between SCPC and PSALM.

On February 13, 2012, PSALM held off the approval of the proposal to purchase the portion of Calaca Leased Premises not identified as Optioned Assets, subject to further studies. On the same date, PSALM Board has approved SCPC’s request to sub-lease a portion of the Calaca Leased Premises to SLPGC for the purpose of constructing and operating a power plant.

On February 24, 2012, SCPC sent a letter to PSALM for its proposal to handle the titling of Calaca Land.

As of the December 31, 2014, PSALM is pending for any response in connection therewith.

On February 5, 2014, DENR has ordered the transfer of Leasehold Rights of the National Power Corporation in favor of SCPC over the subsisting Lease Contract dated July 13, 2011.

Other Contingencies

The Group is currently involved in a legal proceeding against a third party. An injunction case was filed against A3 Una Mining Corporation for its unlawful intrusion into the Group’s mining claims. The court has ruled in favor of the Group. As at December 31, 2014, the court has not yet determined the amount of damages that the Group is entitled against A3 Una Mining Corporation.

Certain party has petitioned to seek the nullification of the MPSA No. 005-91-III granted in favor of the Group. The case is now submitted for Supreme Court decision.

The Group’s management and legal counsel are of the opinion that the claims, if any, with respect to these, will not have a material adverse effect on the financial position and performance of the Group as at December 31, 2014.

38. Note to Consolidated Statements of Cash Flows

On October 10, 2012, the subscription payable to DMWC amounting ₱379.71 million was cancelled as a result of reduction of DMWC’s authorized capital stock. On the same date, the Parent Company has fully settled its due to DMWC amounting ₱234.58 million. The amount from the return of capital amounting ₱150.91 million was applied against a portion of the liability (Note 11).



39. Other Matters

a. EPIRA

In June 2001, the Congress of the Philippines approved and passed into law R.A. No. 9136, otherwise known as the EPIRA, providing the mandate and the framework to introduce competition in the electricity market. EPIRA also provides for the privatization of the assets of NPC, including its generation and transmission assets, as well as its contract with Independent Power Producers (IPPs). EPIRA provides that competition in the retail supply of electricity and open access to the transmission and distribution systems would occur within three years from EPIRA's effective date. Prior to June 2002, concerned government agencies were to establish WESM, ensure the unbundling of transmission and distribution wheeling rates and remove existing cross subsidies provided by industrial and commercial users to residential customers. The WESM was officially launched on June 23, 2006 and began commercial operations for Luzon. The ERC has already implemented a cross subsidy removal scheme. The inter-regional grid cross subsidy was fully phased-out in June 2002. ERC has already approved unbundled rates for Transmission Company (TRANSCO) and majority of the distribution utilities.

Under EPIRA, NPC's generation assets are to be sold through transparent, competitive public bidding, while all transmission assets are to be transferred to TRANSCO, initially a government-owned entity that was eventually being privatized. The privatization of these NPC assets has been delayed and is considerably behind the schedule set by the DOE. EPIRA also created PSALM, which is to accept transfers of all assets and assume all outstanding obligations of NPC, including its obligations to IPPs. One of PSALM's responsibilities is to manage these contracts with IPPs after NPC's privatization. PSALM is also responsible for privatizing at least 70% of the transferred generating assets and IPP contracts within three years from the effective date of EPIRA.

In August 2005, the ERC issued a resolution reiterating the statutory mandate under the EPIRA law for the generation and distribution companies, which are not publicly listed, to make an initial public offering (IPO) of at least 15% of their common shares. Provided, however, that generation companies, distribution utilities or their respective holding companies that are already listed in the Philippine Stock Exchange (PSE) are deemed in compliance. SCPC was already compliant with this requirement given that SMPC is a publicly listed company.

WESM

With the objective of providing competitive price of electricity, the EPIRA authorized DOE to constitute an independent entity to be represented equitably by electric power industry participants and to administer and operate WESM. WESM will provide a mechanism for identifying and setting the price of actual variations from the quantities transacted under contracts between sellers and purchasers of electricity.

In addition, the DOE was tasked to formulate the detailed rules for WESM which include the determination of electricity price in the market. The price determination methodology will consider accepted economic principles and should provide a level playing field to all electric power industry participants. The price determination methodology was subject to the approval of the ERC.



In this regard, the DOE created Philippine Electricity Market Corporation (PEMC) to act as the market operator governing the operation of WESM. On June 26, 2006, WESM became operational in the Luzon grid and adopts the model of a “gross pool, net settlement” electricity market.

b. Power Supply Agreement with Manila Electric Company (MERALCO)

On December 20, 2011, SCPC entered into a new power supply agreement with MERALCO, a distributor of electric power, which took effect in December 26, 2011 and shall have a term of seven (7) years, which may be extended by the parties for another three (3) years.

SCPC will be providing MERALCO with an initial contracted capacity of 210 MW and will be increased to 420 MW upon the commercial operation of the plant’s Unit 1.

On March 12, 2012, MERALCO filed an application for the *Approval of the Power Supply Agreement (PSA) between MERALCO and SCPC, with a Prayer for Provisional Authority*, docketed as ERC Case No. 2011-037 RC.

In the said application, MERALCO alleged and presented on the following: a.) the salient provisions of the PSA; b.) payment structure under the PSA; c.) the impact of the approval of the proposed generation rates on MERALCO’s customers; and d.) the relevance and urgent need for the implementation of the PSA.

On December 17, 2012, the Commission (ERC) issued a Decision approving with modification of the ERC Case No. 2012-037 RC.

c. Clean Air Act

On November 25, 2000, the Implementing Rules and Regulations (IRR) of the Philippine Clean Air Act (PCAA) took effect. The IRR contains provisions that have an impact on the industry as a whole and on SCPC in particular, that need to be complied with within 44 months (or until July 2004) from the effectivity date, subject to the approval by DENR. The power plant of SCPC uses thermal coal and uses a facility to test and monitor gas emissions to conform with Ambient and Source Emissions Standards and other provisions of the Clean Air Act and its IRR. Based on SCPC’s initial assessment of its power plant’s existing facilities, SCPC believes that it is in full compliance with the applicable provisions of the IRR of the PCAA.

d. Contract for the Fly Ash of the Power Plant

On October 20, 1987, NPC and Pozzolanica Australia Pty, Ltd. (“Pozzolanica”) executed the Contract for the Purchase of Fly Ash of the Power Plant (the “Pozzolanica Contract”). Under the Pozzolanica Contract, Pozzolanica was given the right to sell, store, process, remove or otherwise dispose of all fly ash produced at the first unit of the Power Plant. It was also granted the first option to purchase fly ash, under similar terms and conditions, from the second unit of the Power Plant that NPC may construct. It may also exercise the exclusive right of first refusal to purchase fly ash from any new coal-fired power plants which will be put up by NPC.

The Pozzolanica Contract is effective for a period of five consecutive five-year terms from its signing, or a period of 25 years from October 20, 1987 or until 2012, subject to cancellation by NPC upon default or any breach of contract by Pozzolanica. At the end of each five-year



term, the parties will agree to assess and evaluate the Pozzolanic Contract, and if necessary, revise, alter, modify the same upon their mutual consent.

The Philippine Government has determined the provision of the Pozzolanic Contract which grants Pozzolanic the exclusive right of first refusal to purchase fly ash from the second unit of the Power Plant and from any coal-fired power plant put up by NPC after the execution of the Pozzolanic Contract as invalid. This is the subject of a case filed by Pozzolanic and pending before the regional trial court of Quezon City as of December 31, 2011.

On April 30, 2012, the Group and Pozzolanic sealed its new contract valid and effective for a period of fifteen (15) years beginning February 1, 2012. Pozzolanic, as agreed, shall purchase One Hundred (100 %) percent of fly ashes produced or generated by the Power Plant.

e. Temporary Restraining Order on MERALCO

On December 23, 2013, the Supreme Court (SC) issued a temporary restraining order (TRO) to MERALCO enjoining it from increasing the generation rates it charges to its consumers arising from the increased generation costs from its suppliers for the supply month of November 2013. The said TRO also enjoined the Energy Regulatory Commission (ERC) from implementing its December 9, 2013 Order authorizing MERALCO to stagger the collection of its increased generation costs for the supply month of November 2013. The TRO was for a period of 60 days from December 23, 2013 to February 21, 2014.

On January 10, 2014, the SC impleaded MERALCO's suppliers of generation costs, including PEMC, the operator of the wholesale electricity supply market (WESM), as parties-respondents in the cases.

On February 18, 2014, the SC extended the TRO for another 60 days up to April 22, 2014.

On April 24, 2014, the SC issued a resolution and corresponding TRO, extending indefinitely the TRO issued on December 23, 2013 and February 18, 2014.

As a result of the TRO, MERALCO has not been able to fully bill its consumers for the generation costs for the supply month of November 2013; and in turn, it has not been able to fully pay its suppliers of generation costs, including PEMC.

On March 11, 2014, the ERC released its ERC Order (Case No 2014-021MC, dated March 3, 2014) voiding the Luzon WESM prices during the November and December 2013 supply months and declaring the imposition of regulated prices in lieu thereof. PEMC was hereby directed within 7 days from receipt of the Order to calculate these regulated prices and implement the same in the revised WESM bills of the concerned distribution utilities in Luzon for the November and December 2013 supply months for their immediate settlement, except for MERALCO whose November 2013 WESM bill shall be maintained in compliance with the TRO issued by the SC.

Pending PEMC's actions and/or recalculation of the WESM prices for the November and December 2013 supply months in accordance with the ERC Order, and its effect on each generation company that trade in the WESM, SCPC estimated its exposure to the said ERC order. Please see judgments and estimates in Note 3.



f. Transfer of Rights

On December 4, 2007, the BOD of DMCI Masbate authorized the transfer to DMCI Masbate, all rights, interests, and obligations over applications, permits, registrations, certifications, endorsements and approvals which DMCI Masbate may have applied with and secured from the Department of Energy, BOI, Bureau of Customs, and other agencies of government, and those from private entities and financial institutions relative to the power project in Masbate, such as but not limited to the Coal Supply Agreement (CSA) executed with SMPC dated September 4, 2007, and BOI executed last September 17, 2007.

g. Power Supply Agreement with Masbate Electric Cooperative, Inc. (MASELCO)

On May 4, 2007, MASELCO and DMCI Masbate entered into a Power Supply Agreement (PSA) wherein DMCI Masbate shall deliver a guaranteed dependable capacity of 13,000 kW which MASELCO may dispatch for its load and ancillary services requirements.

The PSA has a term commencing on the date of its execution and expiring on the last day of the fifteenth (15th) year of the commercial operations period as provided therein, unless extended or earlier terminated. The commercial operations period shall commence not later than eighteen (18) months from effective date. MASELCO shall only pay for actual energy delivered, not on a take or pay basis, except in extraordinary circumstances as provided in the PSA. In exceptional circumstances, payments shall be based on a pre-defined net expected energy rate.

h. Subsidy Agreement between National Power Corporation (NPC), Masbate Electric Cooperative (MASELCO) and DMCI Masbate

In 2008, DMCI Masbate, National Power Corporation (NPC) and MASELCO have signed the Subsidy Agreement which governs the availment by DMCI Masbate of the Missionary Electrification Subsidy (ME Subsidy) as New Power Provider (NPP) in the province of Masbate.

The agreement shall take effect from the time of execution until expiration of the PSA or termination of the Subsidy Agreement, as provided under Section 8 of the Subsidy Agreement, whichever comes earlier.

The ME Subsidy shall be computed as the difference between the True Cost of Generation computed under the PSA and the Socially Acceptable Generation Rate (SAGR) paid by Maselco. The amount of the ME Subsidy shall be taken from the Universal Charge-Missionary Electrification (UC-ME) fund being maintained by NPC.

i. Transitory Agreement with MASELCO

On March 3, 2010, MASELCO and DMCI Masbate entered into a Transitory Agreement, which shall have a term of five (5) years commencing the date of the agreement, wherein MASELCO shall avail of the generating capacity of DMCI Masbate and shall pay for such energy output according to the approved Subsidized Approved Generation Rate of ₱5.1167/kWh.

Also, under the agreement, DMCI Masbate shall deliver the coal-fired power plant, barring any political and social situation preventing the construction and development thereof pursuant to the PSA, not later than the 5th year anniversary of the agreement. If it is



determined anytime during the term that the construction and commissioning prior to the lapse of the term, the parties may extend the term of the agreement, amend the existing PSA or terminate the agreement and negotiate for a new PSA.

On July 22, 2010, the Energy Regulatory Commission (ERC) issued an Order provisionally approving the Transitory Agreement and DMCI Masbate's availment of ME Subsidy from the UC-ME. The provisional authority triggered the commercial operation of the DMCI Masbate.

- j. Reinstated and Amended Subsidy Agreement between National Power Corporation, Masbate Electric Cooperative and DMCI Power Corporation

On October 27, 2010, in line with the Transitory Agreement with MASELCO, DMCI Masbate, NPC and MASELCO signed the Reinstated and Amended Subsidy Agreement. This agreement will entitle DMCI Masbate to avail of the ME Subsidy while the Transitory Agreement is effective. Moreover, this agreement includes an additional provision pertaining to Financing of Power Station and an amendment of a provision pertaining to Payment of Subsidy Fee and True-Up Adjustments.

- k. Amended Power Supply Agreement and Transitory Supply Agreement

In June 8, 2010, an Application was filed with ERC for the approval of the PSA, as amended by the Reinstated and Amendment to the Power Supply Agreement and Transitory Supply Agreement (TSA), and Supplement to the Transitory Agreement as well as the New Power Provider-True Cost Generation Rate ("NPP-TCGR"). The ERC, in its Order of July 12, 2010, provisionally approved the Application filed by MASELCO and DMCI Masbate, and subsequently, issued another Order on July 4, 2011, extending the provisional authority granted until revoked or made permanent.

Meanwhile, upon MASELCO's request, DMCI Masbate constructed two (2) satellite power plants: a 1 x 2MW diesel-fired gensets and 1 x 1 MW diesel-fired gensets in the Municipality of Aroroy and another 2 X 1 MW diesel-fired gensets and 1 x 2 diesel-fired gensets in the Municipality of Cataingan. The construction of such power plants significantly improved and stabilized the power supply in the province of Masbate.

In view of the aforementioned improvements and developments, the existing tariff rates as contained in the PSA and its Supplements as approved by the ERC no longer reflect the true and actual cost of power generation in the Province. Thus, realizing the need to adjust the existing tariff schedule to reflect the actual costs of the power generated during the remaining term of the PSA, MASELCO and DMCI Masbate entered into a Memorandum of Agreement ("MOA") on August 3, 2011, incorporating therein the revised rate formula computation and a provision for prompt payment discount.

On January 28, 2013, ERC issued a Decision for the approval with modification of the application for the Power Supply Agreement (PSA) and the supplemental Memorandum of Agreement (MOA) both filed by MASELCO and DMCI Masbate.

On June 3, 2013, ERC issued an Order authorizing DMCI Masbate to recover from the Universal Charge for Missionary Electrification (UC-ME) the amount of ₱75.16 million, representing the difference between the final and provisionally approved rates, in three (3) monthly payments of ₱25.05 million (plus the applicable VAT) starting its June 2013 billing period.



- l. ERC Approval of 3rd - 6th Deferred Accounting Adjustment (DAA) for Generation Rate Adjustment Mechanism (GRAM) and Incremental Currency Exchange Rate Adjustment (ICERA)

On January 31, 2011, ERC issued an Order authorizing the National Power Corporation-Small Power Utilities Group (NPC-SPUG) to recover the DAA for 3rd GRAM amounting to ₱0.9492/kWh starting the January 2011 billing period. Furthermore, the Commission thru its decision dated August 1, 2011 hereby authorized to recover the additional DAA for 4th to 6th GRAM and ICERA amounting to ₱1.4282/kWh for the billing period January 25, 2012 to June 25, 2012. The said decision on the DAA for the 3rd to 6th GRAM and ICERA was implemented effective January 2012 billing month as an addition to the existing SAGR of MASELCO. Subsequently, the ERC issued an order dated 30 July 2012 amending its earlier decision on the charging of the DAA for the 4th to 6th GRAM and ICERA that starting August 2012 billing, the said DAA will no longer be included in the SAGR of all distribution utilities located in the off-grid areas including MASELCO.

The approved recovery period for the third ICERA was already completed last November 2014 resulting a reduction of the existing SAGR of MASELCO amounting to ₱0.3907/kWh starting the November 26, 2014-December 25, 2014 billing period.

- m. Memorandum of Agreement between MASELCO and DMCI Masbate

On March 24, 2014, DMCI Masbate and MASELCO signed the Memorandum of Agreement (MOA) amending certain provision of the (1) PSA dated 4 May 2007, (2) Amended PSA dated 19 October 2009, (3) Reinstated and Amendment to the PSA dated 19 and 20 October 2009, (4) Transitory Agreement dated 3 March 2010, and (5) MOA dated 25 November 2010 amending the Transitory Agreement. The amendment includes the extension of the term of the Transitory Agreement until January 1, 2017. On January 2015, the MOA dated March 24, 2014 was filed before the ERC for its approval.

- n. Power Supply Agreement with Palawan Electric Cooperative, Inc.(PALECO)

On July 25, 2012, PALECO and DPC entered into a PSA wherein DPC shall deliver a guaranteed dependable capacity of up to 25 MW which PALECO may dispatch for its active power requirements, frequency regulation, contingency reserve, spinning reserve and voltage regulation control.

The PSA has a term commencing on the effective date of its execution and expiring on the last day of the fifteenth (15th) year of the commercial operations period counted from the commercial operations date as provided therein, unless extended or earlier terminated. The effective date shall be no later than one hundred eighty (180) days from issuance of Notice of Award. PALECO shall only pay for actual energy delivered, except otherwise expressly provided therein.

On April 15, 2013, the ERC issued an Order provisionally approving the Electricity Supply Agreement (ESA) or PSA between DPC and PALECO, and DPC's availment of ME subsidy from the UC-ME. Likewise, the said order triggered the early commercial operation date of the ESA/PSA.

On October 10, 2014, DPC and PALECO entered into an "Addendum to the PSA" whereby DPC shall deploy three (3) diesel generator sets to Roxas, Palawan and one (1) generator set to Quezon, Palawan.

In December 2014, the "Addendum to the PSA" has been filed with ERC.



o. Memorandum of Agreement (MOA) with PALECO

In October 2012, upon request of PALECO due to an impending power shortage at that time, PALECO entered into a MOA with DPC for the installation, operation and maintenance of at least 5MW GDC diesel-operated generators in Irawan, Puerto Princesa City.

On November 26, 2012, the ERC issued an Order provisionally approving the MOA between DPC and PALECO. The order further stated that DPC was entitled to avail the subsidy for the UC-ME fund. The MOA was fully enforceable and effective until August 31, 2013.

p. Subsidy Agreement with NPC and PALECO

The UCME Subsidy is computed as the difference between the True Cost of Generation (TCGR) computed under the PSA and the Subsidized-Approved Generation Rate (SAGR) paid by PALECO. The amount of the ME Subsidy is to be taken from the UC-ME fund being administered by NPC. The UC-ME settlement agreement has been signed by DPC, PALECO, and NPC on December 2013.

q. Rental Contract with NPC

On February 28, 2013, DPC won the NPC bidding for the 9-month lease of 1MW modular diesel generating sets for El Nido, Palawan. The lease started from date of commencement on March 25, 2013 after being given a Notice of Award on the 15th of the same month.

On June 14, 2013, DPC won another NPC bidding for the 6-month lease of 4MW modular diesel generating sets in San Jose, Occidental Mindoro starting December 2013 and ending May 2014. The lease term was extended up to December 2014.

r. Electricity Supply Agreement (ESA) with Oriental Mindoro Electric Cooperative (ORMECO) and UCME Subsidy Agreement with NPC-SPUG and ORMECO

On November 11, 2013, ORMECO and DPC entered into an ESA wherein DPC shall construct, install, operate and maintain a 15MW Bunker C-Fired Power Plant in Calapan Mindoro.

The ESA has a period of twenty years commencing on the Commercial Operation Date (COD) and ending on the 20th year, which may be extended pursuant to the provisions of the ESA. The COD shall be the day upon which ORMECO and DPC jointly certified that the project is capable of operating in accordance with the operating parameters, and has successfully completed all its tests in accordance with the schedules of the ESA.

On December 9, 2014, the ERC approved with modifications the ESA between ORMECO and DPC. As provided in the decision approving the ESA, DPC is allowed to recover the subsidy from the Commission-approved UCME and shall be entitled to the subsidy commencing from the date of its first delivery of energy to ORMECO. The subsidy is computed as the difference between the TCGR and SAGR if the TCGR is higher than the latter.

As of December 31, 2014, the UCME subsidy agreement is being reviewed by NPC-SPUG.

r. Definitive Agreement with a Third Party

On October 30, 2012, DMC entered into a definitive agreement with a third party for the assignment of shares and call options in the three holding companies. The assigned shares are held by an escrow agent and the ownership is subject to a condition that all pending cases



faced by the third party, the holding companies and the development companies are resolved in their favor.

The purchase price due to the third party for the total shares is \$13.20 million. In accordance with the agreement, DMC deposited a portion of the purchase price which was devoted primarily to paying the certain agreed upon expenses, including those relating to ongoing litigation of permitting issues faced by the third party, holding companies and development companies. The deposited amount is collectible from third party in case the outcomes of litigations are unfavorable. As of December 31, 2013 and 2012, DMC's deposited amount with the third party amounted to ₱136.67 million, which is presented under "Other Noncurrent Assets" of the statements of financial position (see Note 7).

The definitive agreement also sets a deadline, should the pending cases remain unresolved, allows the third party to recover the shares and DMC to recover whatever was advanced.

s. MOA with Benguet Corp Nickel Mines, Inc. (BNMI)

In March 2010, the DMC and BNMI, an affiliate of BC, agreed to establish and maintain a Mine Rehabilitation Fund as a reasonable environmental deposit to ensure the availability of funds for its satisfactory compliance with the commitments and performance of activities stipulated in its EPEP/AEPEP during a specific project phase. This remains in effect in 2013.

t. Recent Resources Limited (RRL)

DMC had three (3) sales contracts with RRL during 2014, which had specific ore grade and in varying tonnage. The price for nickel ore amounted to US\$41.50 per Wet Metric Ton (WMT) for the first two (2) contracts and shall be US\$50 for the third contract. Certain contract terms for DMC's sale of nickel ore allow for a price adjustment based on nickel grade and moisture content of the delivered ore as indicated in the final assay report made by an independent party.

Provisional payment covering 90% of the total amount as reflected in provisional invoice and final settlement can be made upon receipt of final invoice.

u. Minecore Resources Inc. (MRI)

ZDMC had a sales contract with MRI during 2014, which had specific ore grade and in varying tonnage. The price for nickel ore amounted to US\$50 per WMT. Certain contract terms for ZDMC's sale of nickel ore allow for a price adjustment based on nickel grade and moisture content of the delivered ore as indicated in the final assay report made by an independent party.

v. Zoom Resources Co., Ltd (ZRC)

ZDMC has three (3) sales contracts with ZRC during 2013, which has identical terms in specific ore grade and in varying tonnage. The selling price for nickel ore ranges from US\$ 26.50 to US\$27.00 per wet metric ton (WMT). Certain contract terms for ZDMC's sale of nickel ore allow for a price adjustment based on nickel grade and moisture content of the delivered ore as indicated in the final assay report made by an independent party.

Provisional payment covering 90% of the total amount as reflected in provisional invoice and final settlement can be made upon receipt of final invoice.



w. Marubeni Tetsugen Co., Ltd. (MTC)

ZDMC has sales contracts with MTC during 2013, which has specific ore grade and in varying tonnage. The price for nickel ore shall be computed based on the London Metal Exchange nickel price during the shipment and the nickel grade of ores shipped. Certain contract terms for ZDMC's sale of nickel ore allow for a price adjustment based on nickel grade, iron content and moisture content of the delivered ore as indicated in the final assay report made by an independent party.

Provisional payment covering 80% of the total amount as reflected in provisional invoice and final settlement can be made upon receipt of final invoice.

x. Management Agreement

On January 19, 2005, BNC entered into a management agreement with TMM wherein TMM will manage the operations of BNC with respect to the Mineral Properties and to any and all of the MPSA which shall be executed by BNC and the Government of the Republic of the Philippines. In consideration for such services, BNC will pay a monthly management fee of ₱200,000.

On July 1, 2008, BNC amended the management agreement wherein TMM shall be entitled to charge an additional monthly fee equivalent to up to five percent (5%) of the operating costs and expenses incurred at the end of each calendar month. Provided, further, that TMM may charge an additional fee for other special services outside the scope of the agreement at a rate to be agreed upon in advance by the parties. The rate will depend on the specialized nature of such services that BNC may require from TMM from time to time.

In 2014 and 2013, TMM charged the BNC management fees of ₱22,864,162 and ₱19,818,982, respectively, in consideration for the services rendered during the year (see Notes 15 and 19).

On July 11, 2014, TMC and ACDMC entered into an MOU, which includes a provision of restructuring the capital stock of BNC. The restructuring of BNC shall likewise involve the termination of management agreement and dissolution of TMM. While pending dissolution of the latter, BNC shall bear the cost of maintaining TMM.

y. Environmental Compliance Certificate (ECC)

On June 14, 2006, the DENR, through the Environmental Management Bureau, granted BNC, the ECC for the Berong Project. BNC, in compliance with the terms of the ECC, has set up an Environmental Trust Fund (ETF) on April 27, 2007, in the amount of ₱200,000 at the Land Bank of the Philippines (LBP) Makati Branch. The ETF is a readily replenishable fund for compensation or indemnification of damages to life and property that may be caused by the project. The fund is included under noncurrent assets' account in the statement of financial position. As at December 31, 2014 and 2013, the BNC has ETF amounting to ₱207,599 and ₱207,178, respectively.

z. MRF

Pursuant to Section 181 of the Implementing Rules and Regulations of the Republic Act (R.A.) No. 7492, better known as the Mining Act of 1995, BNC has opened a Rehabilitation Cash Fund (RCF) on November 22, 2007, amounting to ₱5,000,000 at the LBP Makati Branch. Such trust fund is set to ensure compliance with the approved rehabilitation activities



and schedules of the project. In addition to RCF, BNC has also set up a Monitoring Trust Fund (MTF) amounting to ₱100,000 at the LBP Makati Branch on April 27, 2007. Such fund shall be used to cover the maintenance and other operating budget of the MTF Committee and is subject to periodic replenishments. The fund is included under noncurrent assets" account in the statement of financial position. As at December 31, 2014 and 2013, BNC has RCF amounting to ₱5,169,115 and ₱5,158,647, respectively, and MTF amounting to ₱150,051 and ₱150,466, respectively.

Also, BNC set up the Final Mine Rehabilitation and Decommissioning Plan (FMRDP) fund to be used for the rehabilitation and decommissioning, submitted to MGB, of BNC mine at the end of its life. As at December 31, 2014 and 2013, the balance of the fund amounts to ₱1,254,907 and ₱1,252,366, respectively. Interest earned from MRF amounted to ₱19,901 and ₱24,726 as at December 31, 2014 and 2013, respectively.

aa. Memorandum of Agreement (MOA) with Tagbanua Indigenous Peoples (IP)/Indigenous Cultural Community (ICC)

In 2005, BNC, Tagbanua IPs/ICCs and National Commission on Indigenous Peoples entered into a MOA. The MOA relate exclusively to the areas applied for and disclosed to the Tagbanua IPs/ICCs of Berong Aramaywan, Quezon, Province of Palawan and shall cover and apply exclusively to all the activities, processes, operations and other related issues under the MPSA application of BNC.

Under the MOA, the Tagbanua IPs/ICCs has the right to receive from BNC a royalty payment equivalent to 1% of the gross revenues based on the provisions of the Mining Act subject to devaluation of the Philippine peso. The said royalty is paid to BATA, a formal organization created by the IPs upon signing of the MOA, who is responsible in determining the share of every individual member in accordance with their customary laws and practices.

Total royalty payments to BATA in 2014 and 2013 amounted to nil and ₱4.85 million, respectively. In 2014 and 2013, BNC has recognized royalty expense amounting to ₱21.33 million and ₱8.57 million, respectively (see Note 16).

As at December 31, 2014 and 2013, available indigenous people trust fund amounted to ₱2.91 million and ₱3.10 million, respectively.

ab. Ivy Michelle Trading & Construction (IMTC)

On May 10, 2011, a Service Agreement was entered into by BNC and IMTC, where the latter shall lease its equipment (e.g., dumptrucks, bulldozers compactor, excavator, wheel loader, water truck, etc.) for a fee. IMTC shall also undertake the loading and hauling activities in accordance with the production, shipping plans and procedures scheduled and prescribed by BNC. Further, IMTC shall also load and haul the waste or ore low grade nickel ore materials from the open pits to the designated stockpiles. The Service Agreement is valid for six months and renewable for another term, under the same conditions, or as may be agreed upon by both parties. As at December 31, 2014 and 2013, the agreement is still in effect and binding.



ac. Tugsystems Marine Corporation

BNC entered into a contract with Tugsystems Marine Corporation to hire the vessel M/T Rufina, for a period of nine (9) months, starting January 2013. The point of delivery of the vessels is at Berong, Palawan. The contract is renewable subject to agreement of both parties.

ad. ABL Shipping Corporation

BNC entered into a leasing agreement in 2013 with ABL Shipping Corporation for the lease of various vessels namely LCT Maria Dulce, LCT Zhia, LCT Maria Kriska for the lease period of both eight (8) months. The point of delivery of the vessels is at Port of Mauban, Quezon. All lease agreements are renewable subject to the approval of both parties.

ae. Full Speed Chartering and Shipping Agency, Inc.

In 2013, BNC entered into a contract with Full Speed Chartering and Shipping Agency, Inc. to hire the vessel LCT Marc Jason II, for a period of thirty(30) days, starting March 2013. The point of origin of the vessel is at Port of Mariveles, Bataan and shall be returned to the Port of Manila once contract is terminated. The contract is renewable subject to agreement of both parties.

af. Coastal Bay Marketing Services

BNC entered into a leasing agreement in 2013 with Coastal Bay Marketing Services for the lease of various vessels namely Barge Serenity Princess and M/Tug Grand Earl for the lease period of both eight (8) months starting February 2013.

ag. Intertek Testing Services

BNC entered into a contract with Intertek Testing Services to carry out draft survey weight determination, supervision of loading, sampling supervision, sample preparation supervision and moisture determination supervision. The agreed contract term is from May 16, 2011 to December 15, 2011 and January 2, 2013 to January 1, 2014.

ah. DMC Construction Equipment Resources, Inc.

In 2014, BNC entered into a contract with DMC Construction Equipment Resources, Inc. for the lease of various vessels namely MT Strong Nobility, MT Alexander Paul, MT Big Boss, for a minimum period of thirty (30) days. All lease agreements are renewable subject to the approval of both parties.

ai. Sales Agreement

BNC entered into various sales agreements with different customers to sell and deliver nickel laterite ores. The selling price of the nickel laterite ores depends on its ore grading. High grade (1.81% to 1.83%) and low grade (1.07% to 1.57%) are priced at US\$120 to US\$127 and US\$26 to US\$62, respectively. The sales agreements are subject to price adjustments depending on the final nickel and moisture content agreed by both parties. BNC exported a total of 1,004,296 WMT and 601,955 WMT of nickel laterite ores in 2014 and 2013, respectively.



The sales contracts also indicate charges related to demurrage. Demurrage is the amount charged by the shipowner or customer for the use of vessel during the period after the allowed laytime.

aj. Expiration of Exploration Permit of MRPC

MRPC's exploration permit expired on May 24, 2013. On March 25, 2014, MRPC was in the process of renewing their exploration permit, the application for renewal of the permit was already submitted to MGB. However, on October 17, 2014, such application for renewal was denied. In response to the denial, MRPC sought reconsideration through a letter sent to MGB on November 28, 2014. As at March 25, 2015, MGB is still in the process of evaluation of the MRPC's application for renewal.

ak. Significant Agreements of UNC

On November 3, 2004, ACMDC entered into a Heads of Agreement (the Agreement) with Multicrest to acquire 100% interest in the rights and interests attached to the Exploration Permit Application (EPA) that Multicrest has lodged with the Mines and Geosciences Bureau of Region IV. The EPA covers an area situated in the City of Puerto Princesa in the province of Palawan. The EPA, denominated as EPA IVB-011, is known as the Tagkawayan Project (the Project), with an approximate area of 16,130.4 hectares. Under the Agreement, ACMDC would pay ₱500,000 for the right to exercise the option to acquire 100% interest in the Project. As a consideration, ACMDC would be granted the exclusive right to explore or work in the Project for two (2) years from the issuance of the EP and its renewal, subject to extension. If by November 13, 2006, the second anniversary of the Effective Date, ACMDC has not exercised the option to purchase, ACMDC may continue to maintain its rights and interests in the Project and work for another two (2) years by payment to Multicrest the sum of ₱1,400,000 and ₱550,000 on every anniversary of the Effective Date until the start of Commercial Production under an MPSA or Financial or Technical Assistance Agreement that may be granted.

On July 13, 2007, ACMDC signed a valid Deed of Assignment to assign all its rights, interests and titles under the Agreement in favor of UNC and the latter agreed to assume all the obligations and responsibilities arising from the Agreement.

On July 19, 2007, UNC advanced the amount of ₱10,000,000 to Multicrest which was chargeable against the amount due under the Agreement and subject to the condition that the latter would assist UNC to secure all required endorsements and clearances for the approval of EP. In the event that no EP was issued or the option is not exercised, then Multicrest would repay the whole amount upon demand of UNC.

On November 29, 2012, UNC signed a "Memorandum of Understanding" (MOU) with Multicrest which supersede the Agreement entered into by ACMDC and Multicrest in 2004. The MOU states that Multicrest assigns/transfers to UNC all its rights, interest, obligations and responsibilities to the Project under EPA-IVB-011. The MOU also constitutes that UNC will:

- a. pay US\$450,000 payable upon signing of the Deed of Assignment;
- b. pay additional US\$300,000 within twelve (12) months after the signing thereafter;
- c. pay US\$750,000 payable as follows:
 - US\$500,000 upon official receipt of the approval of the EPA IVB-011. The US\$250,000 shall be paid in cash and UNC shall offset the ten (10) million pesos



advances paid on July 19, 2007 to the US\$250,000 remaining balance. Both parties agreed that the exchange rate shall be fixed at ₱40 per US dollar.

- US\$250,000 within twelve (12) months thereafter.

As at December 31, 2014, UNC has paid a total of \$750,000 to Multicrest which covers portion a and b of the MOU. As at December 31, 2014 and 2013, the EPA is not yet approved.



INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY SCHEDULES

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

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of DMCI Holdings, Inc. and Subsidiaries (the Group) as at December 31, 2014 and 2013 and for each of the three years in the period ended December 31, 2014, included in this Form 17-A, and have issued our report thereon dated April 20, 2015. Our audits were made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Securities Regulation Code Rule No. 68, As Amended (2011) and are not part of the consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, fairly state in all material respects, the information required to be set forth therein in relation to the consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Cyril Jasmin B. Valencia

Partner

CPA Certificate No. 90787

SEC Accreditation No. 1229-A (Group A),

May 31, 2012, valid until May 30, 2015

Tax Identification No. 162-410-623

BIR Accreditation No. 08-001998-74-2015,

February 27, 2015, valid until February 26, 2018

PTR No. 4751335, January 5, 2015, Makati City

April 20, 2015



DMCI HOLDINGS, INC. AND SUBSIDIARIES
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SUPPLEMENTARY SCHEDULES

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DMCI HOLDINGS, INC. AND SUBSIDIARIES**SUPPLEMENTARY INFORMATION AND DISCLOSURES REQUIRED ON SRC RULE 68 AS AMENDED
DECEMBER 31, 2014**

Philippine Securities and Exchange Commission (SEC) issued the amended Securities Regulation Code Rule SRC Rule 68 which consolidates the two separate rules and labeled in the amendment as “Part I” and “Part II”, respectively. It also prescribed the additional information and schedule requirements for issuers of securities to the public.

Below are the additional information and schedules required by SRC Rule 68, as Amended (2011), that are relevant to the Group. This information is presented for purposes of filing with the SEC and is not required part of the basic financial statements.

Schedule A. Financial Assets

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet	Value based on market quotation at end of reporting period	Income received and accrued
Manila Electric Company	38,553	₱9,672,290	₱9,672,290	
Manila Southwoods Golf-Academy	3	3,930,000	3,930,000	
Subic Bay Yatch Club	2	900,000	900,000	
Manila Golf and Country Club	1	30,000,000	30,000,000	
Capitol Hills Golf and Country Club	1	30,000	30,000	
Canlubang Golf and Country Club	1	1,000,000	1,000,000	
Mabuhay Vinyl Corp.	34,889	77,105	77,105	
Alabang Country Club Inc.	1	2,200,000	2,200,000	
Wack Wack Golf & Country Club	1	18,000,000	18,000,000	

(Forward)



Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet	Value based on market quotation at end of reporting period	Income received and accrued
DMC Conex Freight Services, Inc.	1	₱774,103	₱774,103	
Northwoods Development Corporation	1	1,000,000	1,000,000	
Bayantel	1	700,000	700,000	
Philippine Columbian Association	1	16,896	16,896	
Purefoods Preferred Shares	70,000	70,630,000	70,630,000	₱7,000,000

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (other than related parties)

Name and Designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Current	Not current	Balance at end of period

Not applicable. The Group's receivables from officers and employees pertain to ordinary purchases subject to usual terms, travel and expense advances and other transactions arising from the Group's ordinary course of business.



Schedule C. Amounts Receivable from/Payable to Related Parties which are Eliminated during the Consolidation of Financial Statements

The following is the schedule of receivables from related parties, which are eliminated in the consolidated financial statements as at December 31, 2014:

Entity with Receivable Balance	Name of Entity with Payable Balance	Due from related party	Due to related party
Semirara Mining and Power Corporation	Sem-Calaca Power Corporation	3,128,730,826	(3,128,730,827)
ENK PLC UK	Rusina Mining	1,576,923,111	(1,576,923,111)
Fil-Euro Asia Nickel Corporation	Zambales Diversified Metals Corporation	1,012,033,260	(1,012,033,260)
Rusina Mining	Fil-Asian Strategic Resources and Properties Corporation	975,858,479	(975,858,479)
D.M. Consunji, Inc.	Semirara Mining and Power Corporation	905,688,597	(905,688,597)
D.M. Consunji, Inc.	Southwest Luzon Power Generation Corporation	785,767,396	(785,767,396)
Rusina Mining	Fil-Euro Asia Nickel Corporation	763,420,712	(763,420,712)
ENK PLC UK	European Nickel PLC – ROHQ	697,670,171	(697,670,171)
DMCI Mining Corporation	Berong Nickel Corporation	621,058,872	(621,058,872)
Fil-Asian Strategic Resources and Properties Corporation	Zambales Diversified Metals Corporation	510,834,672	(510,834,672)
D.M. Consunji, Inc.	Project Developers, Inc.	501,311,705	(501,311,705)
European Nickel PLC – ROHQ	Fil-Euro Asia Nickel Corporation	326,996,149	(326,996,149)
Fil-Asian Strategic Resources and Properties Corporation	Montemina Resources Corporation	265,985,803	(265,985,803)
Project Developers, Inc.	DMCil Homes	215,482,545	(215,482,545)
Fil-Euro Asia Nickel Corporation	Fil-Asian Strategic Resources and Properties Corporation	152,065,587	(152,065,587)
Rusina Mining	European Nickel PLC – ROHQ	145,581,473	(145,581,473)
Montemina Resources Corporation	Zambales Diversified Metals Corporation	124,740,275	(124,740,275)
Riviera Land Corporation	Project Developers, Inc.	100,792,132	(100,792,132)
Semirara Mining and Power Corporation	Semirara Claystone	98,904,304	(98,904,304)
DMCI Mining Corporation	Zambales Diversified Metals Corporation	97,555,785	(97,555,785)
Fil-Asian Strategic Resources and Properties Corporation	European Nickel PLC – ROHQ	86,773,122	(86,773,122)
Hampstead Gardens	Project Developers, Inc.	75,819,180	(75,819,180)
Fil-Euro Asia Nickel Corporation	Zambales Chromite Mining Co., Inc.	56,976,172	(56,976,172)
Semirara Mining and Power Corporation	DMCI Power Corporation	56,138,357	(56,138,356)
Fil-Asian Strategic Resources and Properties Corporation	Montague Resources Philippines Corporation	41,562,635	(41,562,635)
Montemina Resources Corporation	Zambales Chromite Mining Co., Inc.	41,332,356	(41,332,356)
D.M. Consunji, Inc.	Sem-Calaca Power Corporation	41,012,120	(41,012,120)
Beta Electric Corporation	D.M. Consunji, Inc.	40,424,520	(40,424,520)
DMCI Power Corporation	Sem-Calaca Power Corporation	39,264,558	(39,264,558)
Project Developers, Inc.	DMCI Hotel Property Management, Inc	37,922,580	(37,922,580)
ENK PLC UK	Zambales Diversified Metals Corporation	36,786,672	(36,786,672)
Fil-Euro Asia Nickel Corporation	ZamNorth Holdings Corp.	35,003,159	(35,003,159)
ENK PLC UK	Fil-Euro Asia Nickel Corporation	34,532,726	(34,532,726)
Zambales Diversified Metals Corporation	Zambales Chromite Mining Co., Inc.	29,021,800	(29,021,800)
Berong Nickel Corporation	Ulugan Nickel Corporation	23,326,386	(23,326,386)
European Nickel PLC – ROHQ	Zambales Diversified Metals Corporation	23,023,047	(23,023,047)
DMCI Power Corporation	DMCI Masbate	22,370,449	(22,370,449)



Entity with Receivable Balance	Name of Entity with Payable Balance	Due from related party	Due to related party
DMCI Holdings, Inc.	DMCI Power Corporation	21,275,000	(21,275,000)
DMCI Mining Corporation	Ulugan Nickel Corporation	19,068,056	(19,068,056)
Montemina Resources Corporation	Fil-Euro Asia Nickel Corporation	16,649,775	(16,649,775)
ENK PLC UK	European Nickel Philland BV (Netherands)	14,148,706	(14,148,706)
D.M. Consunji, Inc.	DMCI Technical Training Center	14,002,141	(14,002,141)
DMCI Mining Corporation	D.M. Consunji, Inc.	12,115,095	(12,115,095)
Semirara Mining and Power Corporation	DMCI Mining Corporation	9,153,202	(9,153,202)
ENK PLC UK	European Nickel Holland BV (Netherands)	9,030,551	(9,030,551)
DMCI Mining Corporation	TMM Management Inc.	7,410,265	(7,410,265)
D.M. Consunji, Inc.	DMCI Power Corporation	7,293,876	(7,293,876)
Semirara Mining and Power Corporation	Southwest Luzon Power Generation Corporation	6,850,503	(6,850,503)
D.M. Consunji, Inc.	DMCI Masbate Power Corporation	5,694,464	(5,694,464)
Project Developers, Inc.	DMCI Mining Corporation	5,634,563	(5,634,563)
Fil-Euro Asia Nickel Corporation	DMCI Mining Corporation	3,900,000	(3,900,000)
DMCI Homes	Riviera Land Corporation	3,118,298	(3,118,298)
Montemina Resources Corporation	ZamNorth Holdings Corp.	2,753,502	(2,753,502)
ZamNorth Holdings Corp.	Zambales Chromite Mining Co., Inc.	2,738,271	(2,738,271)
Fil-Asian Strategic Resources and Properties Corporation	ZDMC Holdings Inc.	2,475,104	(2,475,104)
DMCI Homes	Hampstead Gardens	2,360,453	(2,360,453)
Fil-Asian Strategic Resources and Properties Corporation	Zambales Chromite Mining Co., Inc.	2,118,092	(2,118,092)
Zamnorth Holdings Corporation	DMCI Mining Corporation	2,100,000	(2,100,000)
Semirara Mining and Power Corporation	St, Raphael Power Generation Corporation	2,029,318	(2,029,318)
European Nickel PLC – ROHQ	Zambales Chromite Mining Co., Inc.	1,986,639	(1,986,639)
Sem-Calaca Power Corporation	Southwest Luzon Power Generation Corporation	1,578,567	(1,578,567)
Project Developers, Inc.	PDI Hotel	1,540,400	(1,540,400)
Berong Nickel Corporation	TMM Management Inc.	1,144,986	(1,144,986)
D.M. Consunji, Inc.	DMCI Homes	850,564	(850,564)
D.M. Consunji, Inc.	Oriken	800,000	(800,000)
Berong Nickel Corporation	Ulugan Resources Holdings Inc	730,763	(730,763)
Enickel Berhold	European Nickel PLC - ROHQ	617,140	(617,140)
EN Holdings Iberia	ENK PLC UK	467,083	(467,083)
European Nickel PLC – ROHQ	Heraan Holdings Inc.	425,084	(425,084)
DMCI Homes	PDI Hotel	408,339	(408,339)
Zambales Diversified Metals Corporation	Montague Resources Philippines Corporation	407,021	(407,021)
European Nickel PLC – ROHQ	Enickel Holdings	392,911	(392,911)
European Nickel Holland BV (Netherands)	European Nickel Philland BV (Netherands)	371,914	(371,914)
DMCI Mining Corporation	Ulugan Resources Holdings Inc.	358,492	(358,492)
ENK PLC UK	Enickel Berhold	307,441	(307,441)
Semirara Mining and Power Corporation	Semirara Energy Utilities, Inc.	210,663	(210,663)
Fil-Euro Asia Nickel Corporation	Zambales Nickel Processing Corporation	206,974	(206,974)
Semirara Mining and Power Corporation	Sem-Balayan Power Generation Corporation	201,837	(201,837)



Entity with Receivable Balance	Name of Entity with Payable Balance	Due from related party	Due to related party
Fil-Asian Strategic Resources and Properties Corporation	ZamNorth Holdings Corp.	194,746	(194,746)
Fil-Asian Strategic Resources and Properties Corporation	Mt. Lanat Metals Corporation	116,859	(116,859)
Montemina Resources Corporation	Zambales Nickel Processing Corporation	100,889	(100,889)
Semirara Mining and Power Corporation	Sem-Cal Industrial Park Developers, Inc.	90,180	(90,180)
Berong Nickel Corporation	ENK PLC UK	84,000	(84,000)
D.M. Consunji, Inc.	Zambales Diversified Metals Corporation	82,141	(82,141)
D.M. Consunji, Inc.	DMCI Hotel Property Management, Inc	39,478	(39,478)
TMM Management Inc.	Ulugan Nickel Corporation	30,000	(30,000)
Ulugan Nickel Corporation	Ulugan Resources Holdings Inc	26,196	(26,196)
DMii Mining Corporation	DMCI Masbate Power Corporation	24,000	(24,000)
ENK PLC UK	Heraan Holdings Inc.	5,500	(5,500)
Zambales Diversified Metals Corporation	Enickel Holdings	2,950	(2,950)
Zambales Diversified Metals Corporation	ZamNorth Holdings Corp.	2,250	(2,250)
Zambales Diversified Metals Corporation	Enickel Berhold	1,950	(1,950)
European Nickel PLC – ROHQ	ZDMC Holdings Inc.	1,683	(1,683)

As of December 31, 2013, the balances above of due from and due to related parties are expected to be realized and settled within twelve months from the reporting date and are classified under current assets and liabilities. There were no amounts written off during the year.

Schedule D. Intangible Asset

Description	Beginning balance	Additions at cost	Charged to costs and expenses	Charged to other accounts	Other changes	Ending balance
Software cost	₱33,597,734	₱82,719,842	(₱35,476,025)	₱—	₱—	₱80,841,551

See Note 14 of the Consolidated Financial Statements.



Schedule E. Long-term Debt

Below is the schedule of long-term debt of the Group:

Title of issue and type of obligation	Amount authorized by indenture	Interest rates	Maturity date	Number of periodic installments	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-term debt" in related balance sheet
Bank loans	₱1,462,344,000	F Floating rate, aggregate of the margin (1.20%) and LIBOR, to be repriced every 3 months to 6 months	2016	Interest payable in arrears for the relevant interest period and principal repayable in semi-annual installments commencing on the 12th month after the date of the Agreement until date of final maturity.	₱210,184,000	₱1,252,160,000
Bank loans	474,345,624	Floating rate to be repriced every 3 months	2016	Interest payable quarterly and in arrears, subject to quarterly setting and principal repayable in bullet at the end of three (3) years from drawdown date	—	474,345,624
Bank loans	1,924,860,779	Floating rate to be repriced every 90 days	2016	Interest payable every 3 months, principal to be paid on maturity date	—	1,924,860,779
Bank loans	72,181,972	Floating rate to be repriced every 3 months	2016	Interest and principal are payable on the date of maturity	—	72,181,972
Bank loans	10,446,069,009	PDST-F + Spread or BSP Overnight Rate, whichever is higher	Various quarterly maturities starting 2015 until 2022	The principal amount shall be paid in twenty-seven equal consecutive quarterly installments commencing on the fourteenth quarter from the initial borrowing date. Final repayment date is ten (10) years after initial borrowing.	378,652,287	10,067,416,722
Bank loan	3,822,808,402	PDST-F benchmark yield for 3-month treasury securities + 1.75%	May 20, 2017	Payable in twenty-five (25) equal consecutive quarterly installments commencing on May 20, 2011	1,525,049,063	2,297,759,339
Bank loans	259,467	15.16% to 17.00%	October 22, 2015 and July 7, 2016	Payable upon maturity of the loans.	—	259,467
Bank loans	3,193,801	8.68% to 10.89%	July 2015	Payable in equal monthly installments starting May 2007 up to July 2015,	1,232,328	1,961,473
Bank loans	995,000,000	December 2017	3.63%	Payable in eight equal quarterly amortization commencing at the end of the 5th Quarter from initial drawdown. Final repayment date is 3 years after initial borrowing	—	995,000,000



Title of issue and type of obligation	Amount authorized by indenture	Interest rates	Maturity date	Number of periodic installments	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-term debt" in related balance sheet
Bank loans	14,755,292,010	PDST-F Issue Date and ending three (3) months after such Issue Date, and every three (3) months thereafter	Various maturities from 2016 to 2020	Payments shall be made in each tranche is equal to 1% every year from the issue date and the balance payable at maturity		14,755,292,010
Bank loans	1,442,444,185	5%-8% p.a.	Various	Payable in equal and continuous monthly payments not exceeding 120 days commencing one (1) month from date of execution.	461,490,757	980,953,428
					₱2,576,608,435	₱32,822,190,814
					₱35,398,799,249	

See Note 19 of the Consolidated Financial Statements



Schedule F. Indebtedness to Related Parties (Long-term Loans from Related Companies)

Name of related party	Balance at beginning of period	Balance at end of period

NOT APPLICABLE

Schedule G. Guarantees of Securities of Other Issuers

Name of issuing entity of securities guaranteed by the company for which this statements is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount of owned by person for which statement is filed	Nature of guarantee

NOT APPLICABLE



Schedule H. Capital Stock

Title of issue	Number of shares authorized	Number of shares issued and outstanding at shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by		
				Related parties	Directors, officers and employees	Others
Preferred stock - ₱1 par value cumulative and convertible	100,000,000	3,780	—	—	—	3,780
Common stock - ₱1 par value	19,900,000,000	13,277,470,000	—	9,209,704,500	389,096,125	3,677,877,100
	20,000,000,000	13,277,473,780	—	9,209,704,500	389,096,125	3,677,880,880

See Note 22 of the Consolidated Financial Statements



DMCI HOLDINGS, INC. AND SUBSIDIARIES**SCHEDULE OF ALL EFFECTIVE STANDARDS AND INTERPRETATIONS
UNDER PHILIPPINE FINANCIAL REPORTING STANDARDS**

Philippine Securities and Exchange Commission (SEC) issued the amended Securities Regulation Code Rule SRC Rule 68 and 68.1 which consolidates the two separate rules and labeled in the amendment as “Part I” and “Part II”, respectively. It also prescribed the additional information and schedule requirements for issuers of securities to the public.

Below is the list of all effective Philippine Financial Reporting Standards (PFRS), Philippine Accounting Standards (PAS) and Philippine Interpretations of International Financial Reporting Interpretations Committee (IFRIC) as of December 31, 2014:

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2014		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics		✓		
PFRSs Practice Statement Management Commentary				✓
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards			✓
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate			✓
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✓
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✓
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✓
	Amendments to PFRS 1: Government Loans			✓
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share- based Payment Transactions			✓
PFRS 3 (Revised)	Business Combinations	✓		



PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2014		Adopted	Not Adopted	Not Applicable
PFRS 4	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources	✓		
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets	✓		
	Amendments to PFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities	✓		
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures		✓	
	Amendments to PFRS 9, PFRS 7 and PAS 39 (2013 version): Hedge Accounting		✓	
PFRS 8	Operating Segments	✓		
PFRS 9	Financial Instruments (2010 version)		✓	
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures		✓	
	Amendments to PFRS 9, PFRS 7 and PAS 39 (2013 version): Hedge Accounting		✓	
	Financial Instruments (2014 or final version)		✓	
PFRS 10	Consolidated Financial Statements	✓		
	Amendments to PFRS 10, PFRS 12 and PAS 27: Investment Entities	✓		
	Amendments to PFRS 10 and PAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture		✓	



PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2014		Adopted	Not Adopted	Not Applicable
PFRS 11	Joint Arrangements	✓		
	Amendments to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations		✓	
PFRS 12	Disclosure of Interests in Other Entities	✓		
	Amendments to PFRS 10, PFRS 12 and PAS 27: Investment Entities	✓		
PFRS 13	Fair Value Measurement	✓		
PFRS 14	Regulatory Deferral Accounts		✓	
PFRS 15	Revenue from Contracts with Customers		✓	
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendment to PAS 1: Capital Disclosures	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
PAS 2	Inventories	✓		
PAS 7	Statement of Cash Flows	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Reporting Period	✓		
PAS 11	Construction Contracts	✓		
PAS 12	Income Taxes	✓		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets	✓		
PAS 16	Property, Plant and Equipment	✓		
	Amendments to PAS 16 and PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization		✓	
	Amendments to PAS 16 and PAS 41: Bearer Plants		✓	
PAS 17	Leases	✓		
PAS 18	Revenue	✓		



PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2014		Adopted	Not Adopted	Not Applicable
PAS 19 (Amended)	Employee Benefits	✓		
	Amendments to PAS 19: Defined Benefit Plans: Employee Contributions		✓	
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
	Amendments to PAS 21: Net Investment in a Foreign Operation			✓
PAS 23 (Revised)	Borrowing Costs	✓		
PAS 24 (Revised)	Related Party Disclosures	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans	✓		
PAS 27	Separate Financial Statements	✓		
	Amendments to PFRS 10, PFRS 12 and PAS 27: Investment Entities	✓		
	Amendments to PAS 27: Equity Method in Separate Financial Statements		✓	
PAS 28 (Amended)	Investments in Associates and Joint Ventures	✓		
	Amendments to PFRS 10 and PAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture		✓	
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 32	Financial Instruments: Disclosure and Presentation	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendment to PAS 32: Classification of Rights Issues			✓
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	✓		
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting	✓		
PAS 36	Impairment of Assets	✓		
	Amendments to PAS 36: Recoverable Amount Disclosures for Non - Financial Assets		✓	



PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2014		Adopted	Not Adopted	Not Applicable
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets	✓		
	Amendments to PAS 16 and PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization		✓	
PAS 39	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	✓		
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			✓
	Amendments to PAS 39: The Fair Value Option			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments to Philippine Interpretation IFRIC 9 and PAS 39: Embedded Derivatives			✓
	Amendment to PAS 39: Eligible Hedged Items			✓
	Amendment to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting			✓
	Amendments to PFRS 9, PFRS 7 and PAS 39 (2013 version): Hedge Accounting		✓	
PAS 40	Investment Property	✓		
PAS 41	Agriculture			✓
	Amendments to PAS 16 and PAS 41: Bearer Plants		✓	
Philippine Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	✓		
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	<i>Determining Whether an Arrangement Contains a Lease</i>	✓		



PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2014		Adopted	Not Adopted	Not Applicable
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
IFRIC 6	<i>Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment</i>			✓
IFRIC 7	<i>Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies</i>			✓
IFRIC 8	<i>Scope of PFRS 2</i>			✓
IFRIC 9	Reassessment of Embedded Derivatives	✓		
	Amendments to Philippine Interpretation IFRIC 9 and PAS 39: Embedded Derivatives			✓
IFRIC 10	<i>Interim Financial Reporting and Impairment</i>	✓		
IFRIC 11	PFRS 2- Group and Treasury Share Transactions			✓
IFRIC 12	Service Concession Arrangements			✓
IFRIC 13	Customer Loyalty Programmes			✓
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	✓		
	Amendments to Philippine Interpretations IFRIC 14, Prepayments of a Minimum Funding Requirement			✓
IFRIC 15	Agreements for the Construction of Real Estate		✓	
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners	✓		
IFRIC 18	Transfers of Assets from Customers			✓
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✓
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	✓		
IFRIC 21	Levies	✓		
SIC-7	Introduction of the Euro		✓	
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-12	Consolidation - Special Purpose Entities			✓
	Amendment to SIC - 12: Scope of SIC 12			✓
SIC-13	Jointly Controlled Entities - Non-Monetary Contributions by Venturers	✓		
SIC-15	Operating Leases - Incentives	✓		



PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2014		Adopted	Not Adopted	Not Applicable
SIC-21	Income Taxes - Recovery of Revalued Non-Depreciable Assets	✓		
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✓
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	✓		
SIC-29	Service Concession Arrangements: Disclosures.			✓
SIC-31	Revenue - Barter Transactions Involving Advertising Services			✓
SIC-32	Intangible Assets - Web Site Costs			✓

Standards tagged as “Not applicable” have been adopted by the Company but have no significant covered transactions for the year ended December 31, 2014.

Standards tagged as “Not adopted” are standards issued but not yet effective as of December 31, 2014. The Company will adopt the Standards and Interpretations when these become effective.



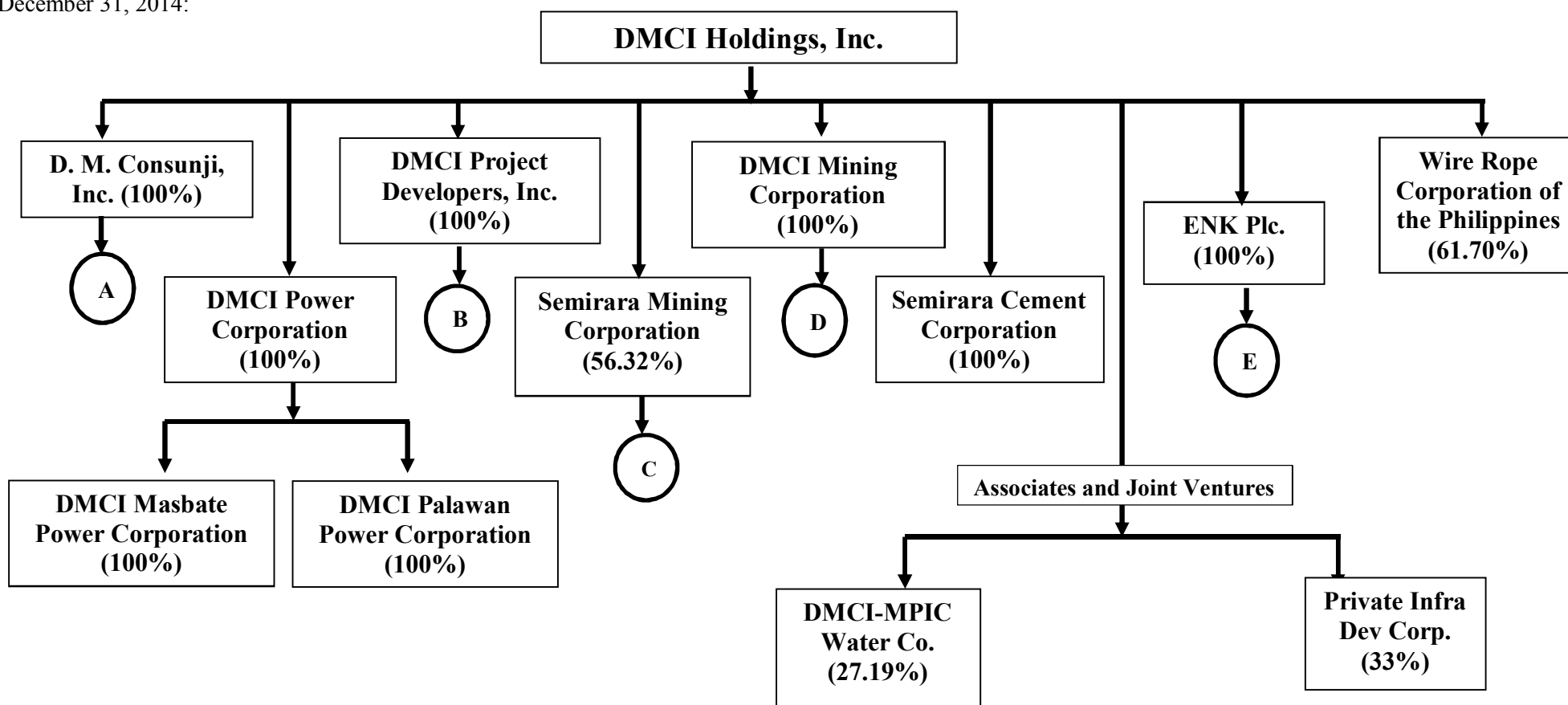
DMCI HOLDINGS, INC. AND SUBSIDIARIES**SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS AVAILABLE
FOR DIVIDENDS DECLARATION****FOR THE YEAR ENDED DECEMBER 31, 2014****(Amounts in thousands)**

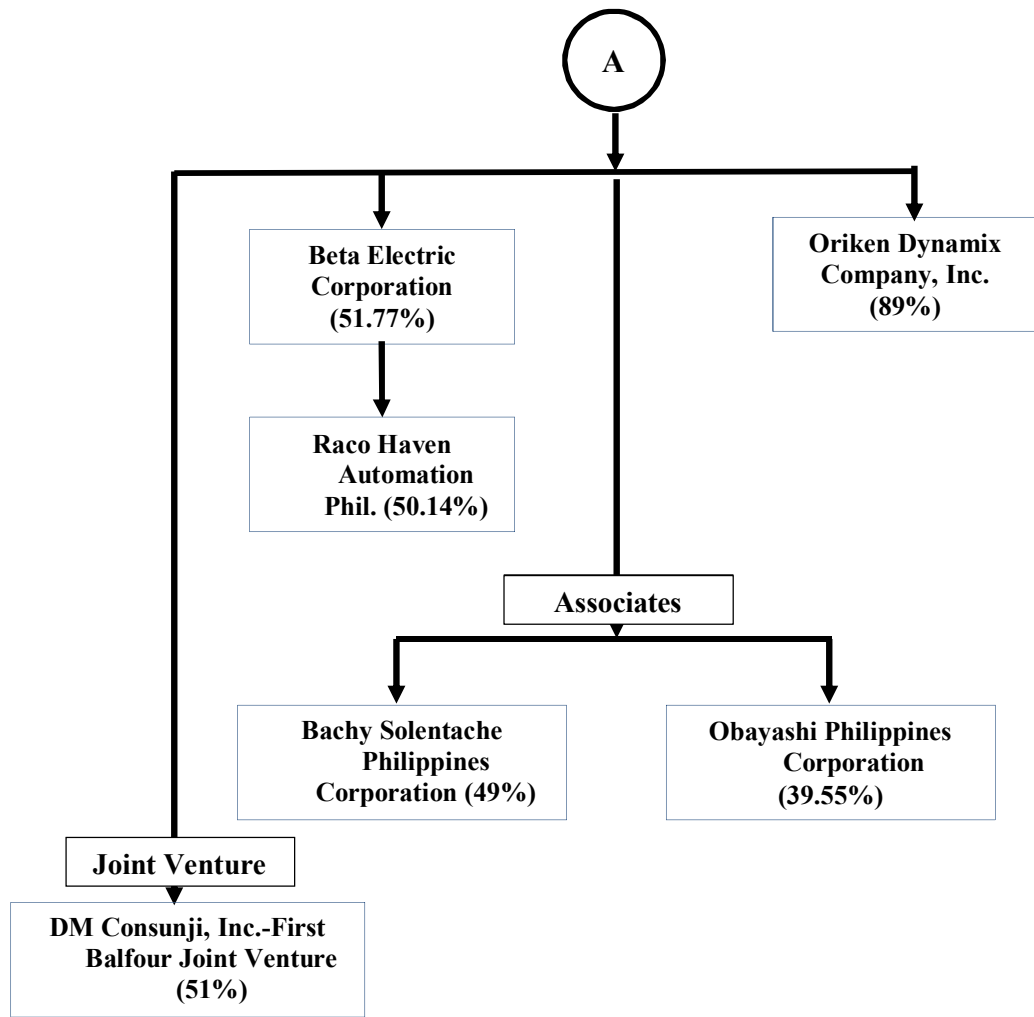
Unappropriated Retained Earnings, beginning	₱18,624,965
Net income actually earned/realized during the year	4,880,413
Net income during the year closed to Retained Earnings	
Less: Non-actual/unrealized income, net of tax	
Equity in net income of associate/joint venture	—
Unrealized foreign exchange gain - net	—
Unrealized actuarial gain	—
Fair value adjustment (M2M gains)	—
Fair value adjustment of Investment Property resulting to gain	—
Adjustment due to deviation from PFRS/GAAP - gain	—
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	—
Add: Non-actual losses	
Movements in deferred tax assets	—
Depreciation on revaluation increment (after tax)	—
Adjustment due to deviation from PFRS/GAAP - loss	—
Loss on fair value adjustment of investment property (after tax)	—
	4,880,413
Less: Dividend declarations during the year	
Cash dividends	6,373,186
Stock dividends	10,621,976
Appropriation for capital expenditures, investments and future dividend declaration	—
Reversal of Appropriation for capital expenditures, investments and future dividend declaration	2,100,000
Total Unappropriated Retained Earnings Available For Dividend Distribution, December 31, 2014	₱8,610,216

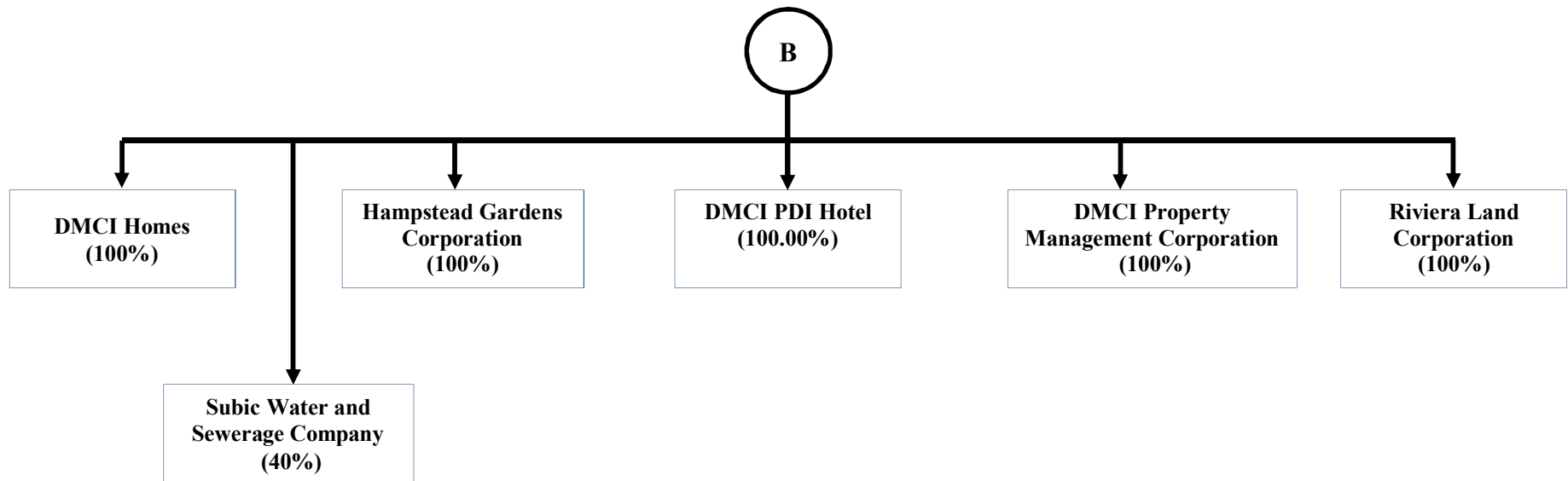


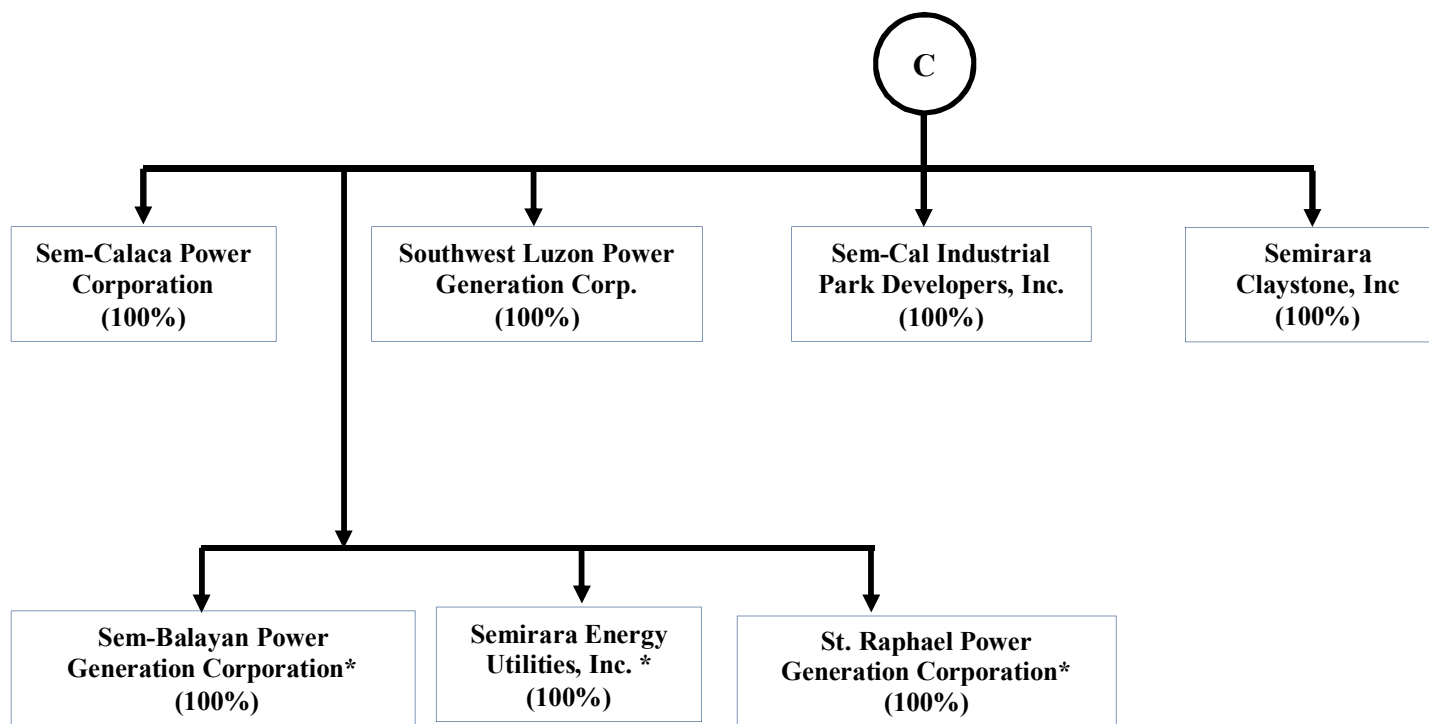
MAP OF RELATIONSHIPS OF THE COMPANIES WITHIN THE GROUP

Below is a map showing the relationship between and among the Group and its ultimate parent company, subsidiaries, and associates as of December 31, 2014:



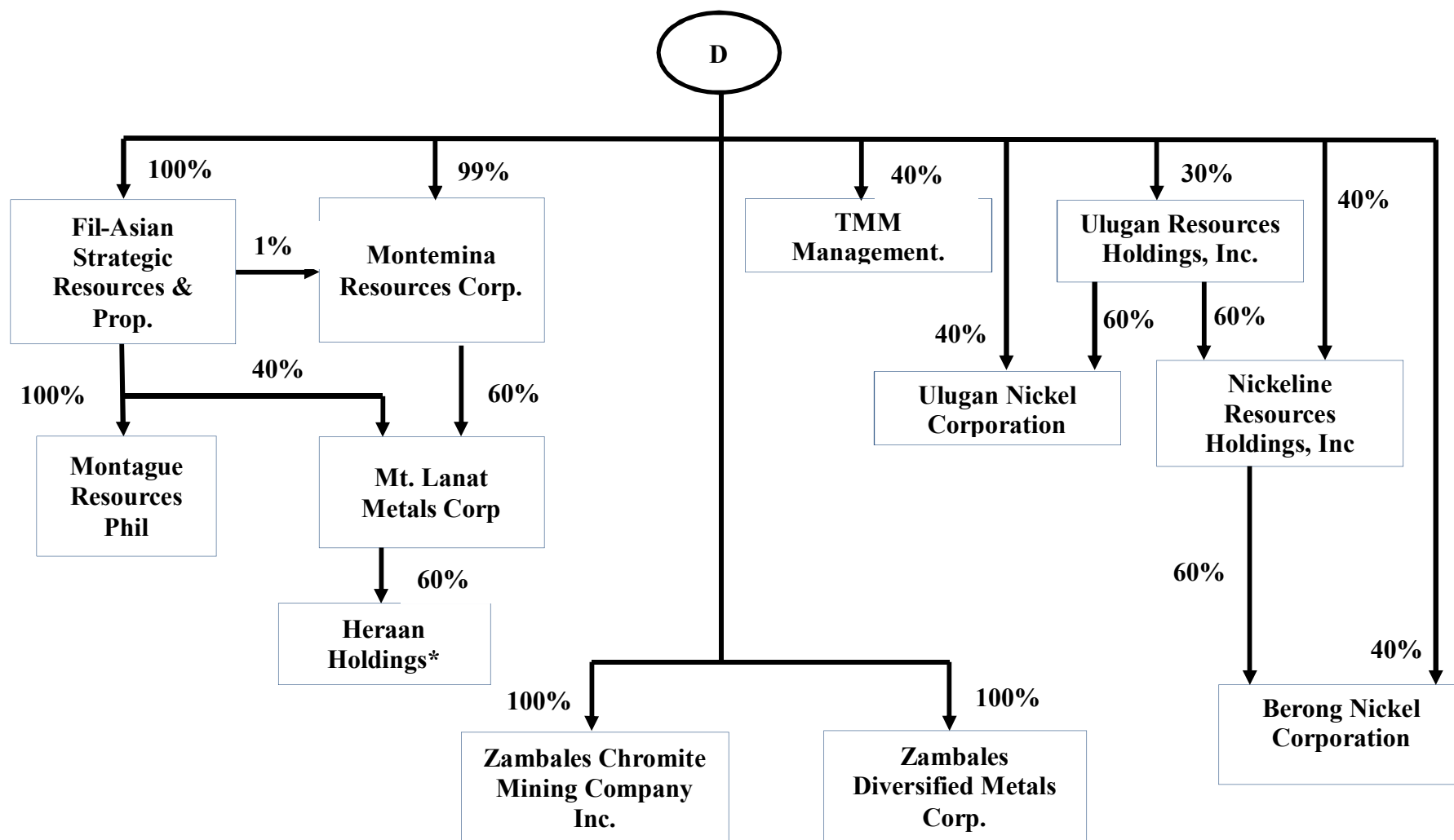






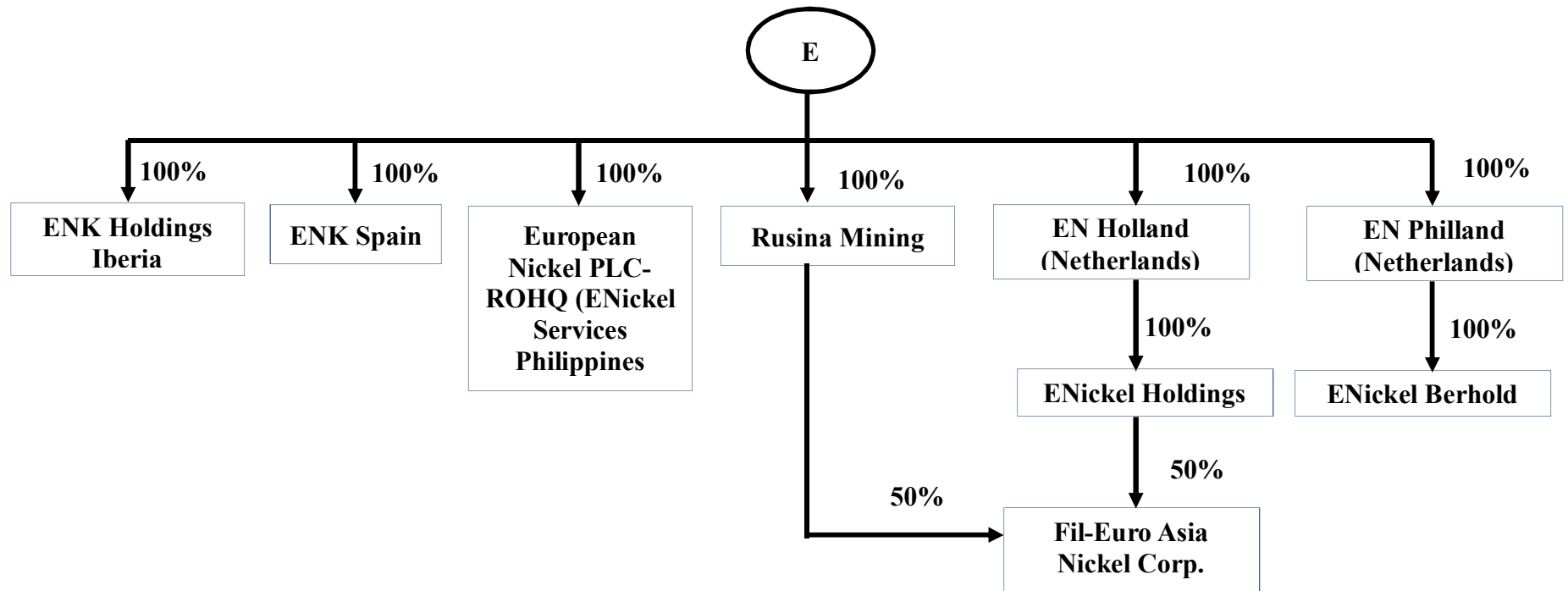
**newly incorporated entities*





*ENK holds the remaining 40%





DMCI HOLDINGS, INC. AND SUBSIDIARIES
SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
FOR THE YEAR ENDED DECEMBER 31, 2014 AND 2013

Financial Soundness Indicator	2014	2013
i. Liquidity ratios:		
Current ratio	212.49%	246.61%
Quick ratio	123.02%	166.13%
ii. Leverage ratios:		
Debt-to-equity ratio	56.20%	61.14%
Interest coverage ratio	871.93%	1,425.93%
iii. Management ratios:		
Inventory turnover ratio	146.73%	153.18%
Accounts receivable turnover ratio	403.99%	423.84%
Return on assets ratio	10.58%	20.10%
Return on equity ratio	21.78%	40.75%
iv. Asset-to-equity ratio	205.96%	205.74%
v. Profitability ratios:		
Gross margin ratio	32.82%	38.85%
Net profit margin ratio	24.40%	39.63%

**See attached reporting computation.*



DMCI HOLDINGS, INC. AND SUBSIDIARIES
SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
FOR THE YEAR ENDED DECEMBER 31, 2014 and 2013

	2014	2013
	(Amounts in thousands)	
Current assets	₱67,972,166	₱71,185,790
Current liabilities	31,988,041	28,901,110
Current ratio	212.49%	246.31%
Current assets	₱67,972,166	₱71,185,790
Inventories	28,619,668	23,171,833
Quick assets	39,352,498	48,013,957
Current liabilities	31,988,041	28,901,110
Quick ratio	123.02%	166.13%
Interest-bearing loans	₱37,426,006	₱36,764,139
Equity	66,592,458	60,129,413
Debt-to-equity ratio	56.20%	61.14%
Earnings before income tax	₱14,890,776	₱24,287,745
Interest expense	1,707,799	1,703,290
Interest coverage ratio	871.93%	1,425.93%
Cost of goods sold	₱37,997,967	₱34,224,968
Average inventory	25,895,751	22,343,497
Inventory turnover ratio	146.73%	153.18%
Net credit sales	₱56,560,954	₱55,970,630
Average accounts receivable	14,000,604	13,205,611
Accounts receivable turnover ratio	403.99%	423.84%
Net income	₱13,802,500	₱22,183,095
Average total assets	130,434,883	110,348,474
Return on assets ratio	10.58%	20.10%
Net income	₱13,802,500	₱22,183,095
Average total equity	63,360,936	54,442,753
Return on equity ratio	21.78%	40.75%
Total assets	₱137,156,905	₱123,712,861
Total equity	66,592,458	60,129,413
Asset-to-equity ratio	205.96%	205.74%
Gross profit	₱18,562,987	₱21,745,662
Sales	56,560,954	55,970,630
Gross profit margin	32.82%	38.85%
Net income	₱13,802,500	₱22,183,095
Sales	56,560,954	55,970,630
Net profit margin	24.40%	39.63%

