



111142018002322

**SECURITIES AND EXCHANGE COMMISSION**

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Company Information

SEC Registration No. AS95002283

Company Name DMCI HOLDINGS INC.

Industry Classification

Company Type Stock Corporation

**Document Information**

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# SECURITIES AND EXCHANGE COMMISSION

## SEC FORM 17-Q

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

1. For the quarterly period ended  
Sep 30, 2018
2. SEC Identification Number  
AS095002283
3. BIR Tax Identification No.  
004-703-376-000
4. Exact name of issuer as specified in its charter  
DMCI Holdings, Inc.
5. Province, country or other jurisdiction of incorporation or organization  
Philippines
6. Industry Classification Code(SEC Use Only)
7. Address of principal office  
3/F Dacon Bldg. 2281 Chino Roces Avenue, Makati City  
Postal Code  
1231
8. Issuer's telephone number, including area code  
(632) 888 3000
9. Former name or former address, and former fiscal year, if changed since last report  
N/A
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding	
Common	13,277,470,000	
Preferred	3,780	

11. Are any or all of registrant's securities listed on a Stock Exchange?  
☒ Yes ☐ No  
If yes, state the name of such stock exchange and the classes of securities listed therein:  
Philippine Stock Exchnage / Common and Preferred Shares
12. Indicate by check mark whether the registrant:

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

☒ Yes ☐ No

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

☒ Yes ☐ No

*The Exchange does not warrant and holds no responsibility for the veracity of the facts and representations contained in all corporate disclosures, including financial reports. All data contained herein are prepared and submitted by the disclosing party to the Exchange, and are disseminated solely for purposes of information. Any questions on the data contained herein should be addressed directly to the Corporate Information Officer of the disclosing party.*



## DMCI Holdings, Inc. DMC

### PSE Disclosure Form 17-2 - Quarterly Report References: SRC Rule 17 and Sections 17.2 and 17.8 of the Revised Disclosure Rules

For the period ended	Sep 30, 2018
Currency (indicate units, if applicable)	Thousand Php

#### Balance Sheet

	Period Ended	Fiscal Year Ended (Audited)
	Sep 30, 2018	Dec 31, 2017
Current Assets	90,457,827	91,499,493
Total Assets	174,514,429	171,814,576
Current Liabilities	34,746,205	35,155,566
Total Liabilities	74,386,350	78,208,022
Retained Earnings/(Deficit)	63,421,354	58,308,942
Stockholders' Equity	100,128,079	93,606,554
Stockholders' Equity - Parent	81,255,946	76,362,410
Book Value per Share	6.12	5.75

#### Income Statement

	Current Year (3 Months)	Previous Year (3 Months)	Current Year-To-Date	Previous Year-To-Date
Gross Revenue	16,137,065	21,340,853	60,341,423	58,398,068
Gross Expense	13,504,003	15,477,577	44,895,864	40,560,213
Non-Operating Income	778,209	1,003,742	3,214,800	2,214,764
Non-Operating Expense	76,970	193,851	763,936	763,693

<b>Income/(Loss) Before Tax</b>	3,334,301	6,673,167	17,896,423	19,288,926
<b>Income Tax Expense</b>	726,147	1,009,586	2,431,423	2,543,130
<b>Net Income/(Loss) After Tax</b>	2,608,154	5,663,581	15,465,000	16,745,796
<b>Net Income Attributable to Parent Equity Holder</b>	2,269,784	4,067,602	11,485,598	11,715,115
<b>Earnings/(Loss) Per Share (Basic)</b>	0.17	0.31	0.87	0.88
<b>Earnings/(Loss) Per Share (Diluted)</b>	0.17	0.31	0.87	0.88

	<b>Current Year (Trailing 12 months)</b>	<b>Previous Year (Trailing 12 months)</b>
<b>Earnings/(Loss) Per Share (Basic)</b>	1.09	1.13
<b>Earnings/(Loss) Per Share (Diluted)</b>	1.09	1.13

**Other Relevant Information**

Attached is full disclosure under SEC Form 17-Q

**Filed on behalf by:**

<b>Name</b>	Brian Lim
<b>Designation</b>	Vice President & Senior Finance Officer

COVER SHEET

A S O 9 5 0 0 2 2 8 3  
SEC Registration Number

D M C I H O L D I N G S , I N C .  
  
(Company's Full Name)

3 R D F L R . D A C O N B L D G . 2 2 8 1  
C H I N O R O C E S A V E . M A K A T I C I T Y  
(Business Address: No., Street City / Town / Province)

HERBERT M. CONSUNJI  
Contact Person

888-3000  
Company Telephone Number

(Third Tuesday of May)

1 2  
Month

3 1  
Day

Fiscal Year

SEC Form 17-Q  
Third Quarter Interim Report 2018  
FORM TYPE

0 5  
Month

1 5  
Day

Annual Meeting

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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

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarter ended September 30, 2018

2. SEC Identification No. AS095-002283

3. BIR Tax Identification No. 004-703-376

DMCI Holdings, Inc.

4. Exact name of issuer as specified in its charter

5. Philippines

6.  (SEC Use Only)

Province, Country or other jurisdiction of  
incorporation or organization

Industry Classification Code:

7. 3<sup>rd</sup> Floor, Dacon Building, 2281 Pasong Tamo Ext., Makati city1231

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	Php13,277,470,000.00	Php13,277,470,000.00
Preferred Shares	3,780.00	3,780.00
TOTAL	Php13,277,473,780.00	Php13,277,473,780.00

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

Yes ☒ No ☐

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

Philippine Stock Exchange

Class "A" Shares  
Preferred Shares

12. Indicate by check mark whether the registrant:

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

Yes ☒ No ☐

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

Yes ☒ No ☐

## PART I--FINANCIAL INFORMATION

### Item 1. Financial Statements.

The Financial Statements as of and for the period ended **September 30, 2018** are contained herein.

## MANAGEMENT DISCUSSION AND ANALYSIS OF RESULTS OF CONSOLIDATED OPERATIONS AND CONSOLIDATED FINANCIAL CONDITION AS OF AND FOR THE PERIOD ENDED SEPTEMBER 30, 2018

### September 30, 2018 (Unaudited) vs September 30, 2017 (Unaudited)

#### I. RESULTS OF OPERATIONS

Below is a table on the net income contributions of the Company's businesses for 2018 and 2017:

#### CONSOLIDATED NET INCOME AFTER NON-CONTROLLING INTERESTS

<i>(in Php Millions)</i>	For the Period		Variance	
	2018	2017	Amount	%
SEMIRARA MINING AND POWER CORPORATION	P5,064	P6,491	(P1,427)	-22%
DMCI HOMES*	3,419	2,654	765	29%
MAYNILAD	1,410	1,228	182	15%
D.M. CONSUNJI, INC.	952	851	101	12%
DMCI POWER (SPUG)	337	324	13	4%
DMCI MINING	133	117	16	14%
PARENT & OTHERS	171	50	121	242%
<b>REPORTED NET INCOME</b>	<b>P11,486</b>	<b>P11,715</b>	<b>(P229)</b>	<b>-2%</b>

*\*includes P0.7 billion gain on sale of land*

DMCI Holdings, Inc. (the "Company") recorded P11.5 billion in consolidated net income for the first nine months of 2018, a 2% slip from P11.7 billion last year due to weak contributions from its coal energy business.

Excluding a P715 million one-time gain on sale of an undeveloped lot by DMCI Homes and P66 million refinancing and other one-time costs of Maynilad, core net income from January to September contracted 8% to P10.8 billion from P11.8 billion year-on-year.

Despite the challenges in Semirara Mining and Power Corporation (SMPC) during the period, DMCI Holdings posted a 3% improvement in consolidated revenues from P58.4 billion to P60.3 billion driven by strong performance of all its other businesses.

For the third quarter alone, the Company recorded a 44% decline in net income to P2.3 billion from P4.1 billion during the same period last year. Likewise, consolidated revenues dropped by 24% from P21.3 billion to P16.1 billion.

Net income contributions from SMPC dropped by 22% year-on-year from P6.5 billion to P5.1 billion due to the prolonged shutdown of Southwest Luzon Power Generation Corporation (Unit 3), reduced coal production in Semirara Island because of continuous rains in July and August and higher strip ratio.

DMCI Homes contributed P3.4 billion from January to September, a 29% improvement from P2.65 billion during the same period last year. The double-digit growth was attributable to a one-time gain on sale of an undeveloped lot, 2% growth in revenue and 7% upturn in reservation sales.

Net income contributions from affiliate Maynilad jumped by 15% from P1.2 billion to P1.4 billion primarily due to a 2.8% increase in billed volume, 2.8% inflationary tariff adjustment, and improved customer mix. Excluding one-time costs, net income contribution grew by 11% to 1.5 billion in 2018.

D.M. Consunji, Inc. delivered a 12% growth in net income share from P851 million to P952 million on the back of higher accomplishment in building projects and the realization of variation orders from projects nearing completion.

Off-grid energy business DMCI Power Corporation contributed P337 million, a 4% upturn from P324 million last year. The lower-than-expected provisional tariff for its Aborlan bunker plant in Palawan muted the effect of the 25% increase in electricity sales volume on the bottom line.

DMCI Mining Corporation recorded a 14% increase in net income contributions from P117 million to P133 million during the first nine months of the year, following the shipment of 482,762 wet metric tons (WMT) of higher-grade nickel ore from its old stockpile.

Other income during the first nine months more than doubled (242%) from P50 million to P171 million because of higher interest income.

#### **SEMIRARA MINING AND POWER CORPORATION**

Below is an excerpt of SMPC's management discussion and analysis of results of operations and financial condition for the period ending and as of September 30, 2018 as lifted from its third quarter financial report with the SEC and PSE.

#### **PRODUCTION – COMPARATIVE REPORT FOR THE FIRST THREE QUARTER OF 2018 AND 2017**

##### **COAL**

Production slowed by 10% to 8.9 million metric tons (MT) from 9.9 million MT registered in the same period last year. Production in the third quarter dropped by 35% to 1.7 million MT from 2.6 million MT in Q3 2017. Continuous heavy rains in July and August resulted slippery roads and made working area unsafe, hampering access to coal.

Materials moved increased by 15% year-on-year to 117 million bank cubic meter (BCM) in the current period from 102 million BCM against same period last year because of increase in excavating capacity.

Strip ratio – the amount of overburden materials over the amount of coal extracted – consequently fell to 12.4:1 bank cubic meters (BCM):1 MT, against last year's 9.5BCM:1 MT. Although Q3 strip ratio is very high, the YTD strip ratio is within the range of the company's target.

## **POWER**

### **SEM-CALACA POWER GENERATION CORPORATION (SCPC)**

#### **Unit 1**

##### **Gross Generation:**

##### ***Q3 '18 vs Q3 '17***

The Unit ran continuously in the current quarter at an average capacity of 205MW due to varying coal properties. After the unit's scheduled maintenance last year, it was operating more reliably in Q3 2017 at 260MW because of better coal quality.

##### ***YTD '18 vs YTD '17***

The Unit ran at an average capacity of 226MW as of September 2018 due to varying coal properties. The unit underwent scheduled maintenance shutdown in Q1 2017; the activity effectively increased its output capacity to up to 250MW using Semirara coal from 150MW previously.

##### **Availability:**

##### ***Q3 '18 vs Q3 '17***

The unit is 100% available registering 2,208 hours in Q3 2018 while only 1,863 hours in Q3 2017 due to forced outages.

##### ***YTD '18 vs YTD '17***

The unit ran without interruption from start of the year, except for a 15-day outage in March due to boiler slagging and a 4-day outage in June due to repair of boiler tube leaks. It was on extended shutdown last year to allow additional maintenance works; the activity effectively increased its output capacity to up to 250MW using Semirara coal from 150MW previously.

#### **Unit 2**

##### **Gross Generation:**

##### ***Q3 '18 vs Q3 '17***

The decrease is due to the 13 day forced outage related to electrostatic precipitator and control fluid pump.

##### ***YTD '18 vs YTD '17***

The Unit was down the whole of Q1 2018 for scheduled regular maintenance until second week of April 2018.

**Availability:**

**Q3 '18 vs Q3 '17** It operated for a total of 1,902 hours in Q3 2018 and 2,188 hours in Q3 2017.

**YTD '18 vs YTD '17** The decrease is due to extended shutdown of the unit. This was originally scheduled for a 90-day maintenance shutdown which started on 15 December 2017. This was extended to allow additional maintenance works and to ensure power availability during summer months. It operated for a total of 3,360 hours in YTD 2018 and 5,924 hours in YTD 2017.

**SOUTHWEST LUZON POWER GENERATION CORPORATION (SLPGC)****Unit 3****Gross Generation**

**Q3 '18 vs Q3 '17** Low plant generation due to HIP rotor repair

**Q3 '18 YTD vs Q3 '17 YTD** Lower plant performance (lower operating hours at 1,234 hrs vs 5,389 hrs last year and lower average capacity at 107MW vs 139MW last year ) contributed to the lower generation for the period mainly due to the long shutdown due to rotor repair

**Availability**

**Q3 '18 vs Q3 '17** Offline for more than 6 months to fix HIP rotor damage resulting from an accident on March 2018.

**Q3 '18 YTD vs Q3 '17 YTD** Offline for more than 6 months to fix HIP rotor damage resulting from an accident on March 2018. Back to normal operations last week of September 2018.

**Unit 4****Gross Generation**

**Q3 '18 vs Q3 '17** Higher due to continuous operation for the quarter except for two emergency outages totaling to 19.5 hours in September 2018. It has been generating at its rated capacity of 150 MW.

**Q3 '18 YTD vs Q3 '17 YTD** Higher due to continuous operation at a higher average capacity from 16 April 2018, except for an 11 hour disruption in June 2018 due to transmission line fault and two emergency outages totaling to 19.5 hours in September 2018. It has been generating at its rated capacity of 150 MW.

**Availability:**

**Q3 '18 vs Q3 '17** Operating at almost the same level as last year.

**Q3 '18 YTD vs Q3 '17 YTD** Operating at almost the same level as last year.

## FINANCE

### Sales and Profitability

#### Revenues (In million Php)

##### Before Eliminations

	Q3 2018	Q3 2017	Variance	Remarks	2018 YTD	2017 YTD	Variance	Remarks
Coal	4,121	7,568	-46%	Decreased in sales volume by 60% offset by 35% increase in ASP	22,752	21,022	8%	Decreased in sales volume 16% offset by 28% increase in ASP due higher NewCastle price index
SCPC	4,073	4,022	1%	Decreased in sales volume by 12% offset by 14% increase in ASP due higher NewCastle price index	9,763	9,386	4%	Decreased in sales volume 7% offset by 11% increase in ASP due higher NewCastle price index
SLPGC	1,001	2,184	-54%	Lower generation resulted to 46% decline in energy sales; drop is partially offset by 23% increase in ASP (due to fixed capacity fee)	3,431	5,526	-38%	Lower generation resulted to 41% decline in energy sales; drop is partially offset by 5% increase in ASP (due to fixed capacity fee)

##### After Eliminations

	Q3 2018	Q3 2017	Variance	Remarks	2018 YTD	2017 YTD	Variance	Remarks
Coal	1,836	5,901	-69%	Decreased in sales volume by 60% offset by 35% increase in ASP	17,674	17,021	4%	Decreased in sales volume 16% offset by 28% increase in ASP due higher NewCastle price index
SCPC	4,073	4,022	1%	Decreased in sales volume by 12% offset by 14% increase in ASP due higher NewCastle price index	9,763	9,386	4%	Decreased in sales volume 7% offset by 11% increase in ASP due higher NewCastle price index
SLPGC	1,001	2,184	-54%	Lower generation resulted to 46% decline in energy sales; drop is partially offset by 23% increase in ASP (due to fixed capacity fee)	3,431	5,526	-38%	Lower generation resulted to 38% decline in energy sales; drop is partially offset by 5% increase in ASP (due to fixed capacity fee)
<b>Total</b>	<b>6,910</b>	<b>12,106</b>	<b>-43%</b>		<b>30,868</b>	<b>31,933</b>	<b>-3%</b>	

#### Cost of Sales (In million Php)

##### Before Eliminations

	Q3 2018	Q3 2017	Variance	Remarks	2018 YTD	2017 YTD	Variance	Remarks
Coal	3,425	4,622	-26%	Decreased due to lower volume sold by 60% offset by increase in fuel and materials cost and higher strip ratio	11,215	10,351	8%	Higher strip ratio and increase in parts and fuel costs pushed COS/MT; despite lower volume sold
SCPC	2,797	2,217	26%	Higher fuel cost and spot purchases	6,591	5,255	25%	Higher fuel cost and spot purchases
SLPGC	683	830	-18%	Unit offline until 3rd week of September	2,122	2,291	-7%	Significant purchases of replacement power and higher coal consumption per generation

##### After Eliminations

	Q3 2018	Q3 2017	Variance	Remarks	2018 YTD	2017 YTD	Variance	Remarks
Coal	2,267	3,134	-28%	Decreased due to lower volume sold by 60% offset by increase in fuel and materials cost and higher strip ratio	8,863	7,616	16%	Higher strip ratio and increase in parts and fuel costs pushed COS/MT; despite lower volume sold
SCPC	1,880	2,089	-10%	Lower fuel cost and spot purchases	4,325	4,144	4%	Higher fuel cost and spot purchases
SLPGC	473	784	-40%	Unit 3 offline until 3rd week of September	1,548	2,136	-28%	Unit 3 offline from March 6, 2018
<b>Total</b>	<b>4,620</b>	<b>6,007</b>	<b>-23%</b>		<b>14,736</b>	<b>13,896</b>	<b>6%</b>	

**Consolidated Gross Profit (In million PhP)**

	Q3 2018	Q3 2017	Variance	Remarks	2018 YTD	2017 YTD	Variance	Remarks
Coal	(431)	2,766	-116%	Lower sales volume at higher cost due to unfavorable strip ratio and cost of fuel, parts and supplies offset by the increase in ASP	8,811	9,404	-6%	Lower sales volume at higher cost due to unfavorable strip ratio and cost of fuel, parts and supplies offset by the increase in ASP
SCPC	2,192	1,933	13%	Considerable decline in sales volume and the increase in fuel cost offset by higher ASP	5,439	5,242	4%	Considerable decline in sales volume and the increase in fuel cost offset by higher ASP
SLPGC	528	1,400	-62%	Considerable decline in sales volume and the increase in fuel cost	1,883	3,390	-44%	Considerable decline in sales volume and the increase in fuel cost offset
<b>Total</b>	<b>2,289</b>	<b>6,099</b>	<b>-62%</b>		<b>16,132</b>	<b>18,037</b>	<b>-11%</b>	
<b>GP %</b>	<b>33%</b>	<b>50%</b>	<b>-34%</b>		<b>52%</b>	<b>56%</b>	<b>-7%</b>	

**Consolidated OPEX (In million PhP)**

	Q3 2018	Q3 2017	Variance	Remarks	2018 YTD	2017 YTD	Variance	Remarks
Coal	217	1,327	-84%	Lower profitability drove government royalty down	3,418	3,495	-2%	Lower profitability drove government royalty down
SCPC	632	291	117%	Accelerated depreciation of Units 1 & 2 amounting to PhP315 million accounted for the increase	1,927	939	105%	Accelerated depreciation of Units 1 & 2 amounting to PhP945 million accounted for the increase
SLPGC	138	173	-20%	Difference in amortization of RPT, Consultancy and O&M Fees	506	522	-3%	Slight decrease mainly due to lower amortization of RPT and other costs
Others	4	17	100%	Pre-operating expenses of Southeast Luzon and Claystone Inc	26	17	100%	Pre-operating expenses of Southeast Luzon and Claystone Inc
<b>Total</b>	<b>992</b>	<b>1,809</b>	<b>-45%</b>		<b>5,877</b>	<b>4,973</b>	<b>18%</b>	

**Consolidated Finance Income (In million PhP)**

	Q3 2018	Q3 2017	Variance	Remarks	2018 YTD	2017 YTD	Variance	Remarks
Coal	11	10	4%	Higher temporary cash placements	60	40	51%	Higher temporary cash placements
SCPC	6	2	189%	Higher temporary cash placements	14	6	117%	Higher temporary cash placements
SLPGC	7	8	-11%	Lower temporary cash placements	29	28	2%	Higher temporary cash placements
<b>Total</b>	<b>25</b>	<b>21</b>	<b>17%</b>		<b>102</b>	<b>74</b>	<b>38%</b>	

**Consolidated Finance Charges (In million PhP)**

	Q3 2018	Q3 2017	Variance	Remarks	2018 YTD	2017 YTD	Variance	Remarks
Coal	59	81	-26%	Lower debt level; higher borrowing rates	247	209	18%	Higher debt level and higher borrowing rates
SCPC	45	17	170%	Higher debt level and higher borrowing rates	120	38	212%	Higher debt level and higher borrowing rates
SLPGC	89	76	17%	Higher applicable rate despite declining loan balance	244	225	8%	Higher applicable rate despite declining loan balance
<b>Total</b>	<b>194</b>	<b>173</b>	<b>12%</b>		<b>610</b>	<b>473</b>	<b>29%</b>	

**Consolidated Foreign Exchange Gain / (Loss) (In million PhP)**

	Q3 2018	Q3 2017	Variance	Remarks	2018 YTD	2017 YTD	Variance	Remarks
Coal	(194)	(98)	99%	Unrealized and realized Fx loss due to PhP depreciation; start of the quarter FX-PhP53.34:USD1, quarter-end 2018 FX-PhP54.02:USD1	(495)	(242)	105%	Unrealized and realized Fx loss due to PhP depreciation; year-end 2017 FX-PhP49.93:USD1, quarter-end 2018 FX-PhP54.02:USD1
SCPC	(34)	(22)	54%	Realized loss on its foreign currency denominated transactions	(77)	(90)	-14%	Realized loss on its foreign currency denominated transactions
SLPGC	(0)	(0)	-100%	Realized loss on its foreign currency denominated transactions	(1)	(0)	-100%	Realized loss on its foreign currency denominated transactions
<b>Total</b>	<b>(229)</b>	<b>(121)</b>	<b>90%</b>		<b>(574)</b>	<b>(332)</b>	<b>73%</b>	

**Consolidated Other Income (In million PhP)**

	Q3 2018	Q3 2017	Variance	Remarks	2018 YTD	2017 YTD	Variance	Remarks
Coal	9	73	-88%	Booked income from disposal of transportation equipment and insurance recoveries in 2017	9	80	-89%	Booked income from disposal of transportation equipment and insurance recoveries in 2017
SCPC	48	40	19%	Higher fly ash sold	91	96	-6%	Lower fly ash sold
SLPGC	27	16	70%	Higher fly ash sold and income on financial contract	36	44	-20%	Lower fly ash sold and loss on financial contract
<b>Total</b>	<b>84</b>	<b>130</b>	<b>-35%</b>		<b>136</b>	<b>220</b>	<b>-38%</b>	

**Consolidated NIBT (In million PhP)**

	Q3 2018	Q3 2017	Variance	Remarks	2018 YTD	2017 YTD	Variance	Remarks
Coal	(883)	1,344	-166%	Weaker performance offset by higher price	4,719	5,577	-15%	Weaker performance offset by higher price
SCPC	1,534	1,645	-7%	Lower average load of Unit 1	3,420	4,278	-20%	Lower average load of Unit 1
SLPGC	336	1,175	-71%	Unit 3 outage	1,197	2,715	-56%	Unit 3 outage
Others	(4)	(17)	100%	Pre-operating expenses of Southeast Luzon and Claystone Inc	(26)	(17)	100%	Pre-operating expenses of Southeast Luzon and Claystone Inc
<b>Total</b>	<b>984</b>	<b>4,147</b>	<b>-76%</b>		<b>9,309</b>	<b>12,553</b>	<b>-26%</b>	

**Consolidated Income Tax Provision (In million PhP)**

	Q3 2018	Q3 2017	Variance	Remarks	2018 YTD	2017 YTD	Variance	Remarks
Coal	2	2	18%	Final tax on interest income from placements; With Income Tax Holiday on BOI-registered activity	11	6	90%	Higher final tax on interest income from placements; With Income Tax Holiday on BOI-registered activity
SCPC	187	456	-59%	Lower profitability resulted to lower income taxes	349	952	-63%	Lower profitability resulted to lower income taxes
SLPGC	22	8	163%	Higher final tax on flyash sales; SLPGC has Income Tax Holiday as a BOI-registered enterprise	42	44	-5%	Lower final tax on interest income from placements and lower flyash sales YTD; SLPGC has Income Tax Holiday as a BOI-registered enterprise
<b>Total</b>	<b>211</b>	<b>466</b>	<b>-55%</b>		<b>402</b>	<b>1,002</b>	<b>-60%</b>	

**NIAT (In million PhP)****Before Eliminations (Core Income)**

	Q3 2018	Q3 2017	Variance	Remarks	2018 YTD	2017 YTD	Variance	Remarks
Coal	242	1,522	-84%	Lower production and volume sold; higher costs of sales due to higher strip ratio and production costs	7,434	6,837	9%	Lower production and volume sold; higher costs of sales due to higher strip ratio and production costs offset by higher ASP
SCPC	431	1,062	-59%	Weaker plants' performance and recognition of accelerated depreciation in 2018	804	2,216	-64%	Weaker plants' performance and recognition of accelerated depreciation in 2018
SLPGC	103	1,121	-91%	Weaker plants' performance in 2018	582	2,516	-77%	Weaker plants' performance in 2018
Others	(4)	(17)	-100%	Pre-operating expenses of Southeast Luzon and Claystone Inc	(26)	(17)	-100%	Pre-operating expenses of Southeast Luzon and Claystone Inc

**After Eliminations (Consolidated)**

	Q3 2018	Q3 2017	Variance	Remarks	2018 YTD	2017 YTD	Variance	Remarks
Coal	(885)	1,342	-166%	Lower production and volume sold; higher costs of sales due to higher strip ratio and production costs	4,708	5,571	-15%	Lower production and volume sold; higher costs of sales due to higher strip ratio and production costs offset by higher ASP
SCPC	1,348	1,190	13%	Higher energy prices offset by accelerated depreciation	3,071	3,327	-8%	Higher price offset by accelerated depreciation recognized starting Q4 2017
SLPGC	314	1,167	-73%	Unplanned outage of unit 3	1,155	2,671	-57%	Unplanned outage of unit 3
Others	(4)	(17)	-100%	Pre-operating expenses of Southeast Luzon and Claystone Inc	(26)	(17)	-100%	Pre-operating expenses of Southeast Luzon and Claystone Inc
<b>Total</b>	<b>773</b>	<b>3,682</b>	<b>-79%</b>		<b>8,908</b>	<b>11,552</b>	<b>-23%</b>	

For detailed information – refer to SMPC 17Q filed with SEC and PSE.

**DMCI HOMES**

Net income contribution of wholly owned subsidiary, DMCI Project Developer's Inc. (PDI) amounted to P3.4 billion for the first nine months of 2018. Excluding the gain on sale of undeveloped land of P0.7 billion, the Company contributed P2.7 billion net income, a 2% growth from P2.65 billion in 2017.

Realized revenues for the period jumped by 2% from P14.4 billion to P14.7 billion. Following the percentage of completion method, revenues are recognized based on the progress of its project development and at least 15 percent of the contract price has been collected from the buyer. Below 15 percent collection are recognized under "Customers' advances and deposit" account.

On the other hand, total costs (under cost of sales and operating expenses) grew at a faster pace from P11.2 billion to P11.6 billion in 2018. The 4% increase is attributed mainly to higher cost of construction materials, depreciation and repairs of construction equipment.

Sales and reservations during the first nine months of 2018 expanded by 7% from P31.3 billion in 2017 to P33.5 billion this year buoyed by strong demand for residential condominium coming from new launches as well as existing projects.

From January to September 2018, the Company has launched new projects located in various areas of Metro Manila with total estimated sales value of P21 billion.

On the other hand, capex disbursements grew by 36% to P10.3 billion from P7.5 billion last year. Of the amount spent in 2018, 74% went to development cost and the rest to land and asset acquisition.

## **MAYNILAD**

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

During the first nine months of 2018, billed volume grew by 2.8%, from 383.43 million cubic meters (mcm) to 394.36 mcm. The improvement in the billed volume was brought about by the increase in billed services through its continued expansion mostly in the southern areas of the concession, namely in Cavite, Muntinlupa, Las Piñas and Paranaque. Consequently, total billed services for the first nine months of 2018 stood at 1,395,958, a 3.6% growth from last year.

Water supply grew at 0.4% for the period but with higher billed volume growth, average non-revenue water at district metered area (DMA) level improved at 30.53% in the first nine months of 2018 compared to 32.21% in the same period last year.

Maynilad's water and sewer service revenue rose by 6.4% to P16.1 billion from P15.1 billion last year driven by higher billed volume coupled with a favorable customer mix and the 2.8% inflation rate adjustment on Maynilad's basic charge implemented last January 2018.

Cash operating expenses remained at the same level last year at P4.6 billion after savings in personnel cost. Meanwhile, noncash operating expenses rose by 9% primarily driven by increases in amortization of intangible assets which grew in line with Maynilad's continuing capital expenditure program.

Interest expense on loans jumped by 36.4% due to refinancing cost of P281 million during the period.

As a result, Maynilad reported a net income of P5.8 billion in the first nine months of 2018, a 15% improvement from P5.1 billion last year.

After adjustments at the consortium company level, the Company's equity in net earnings reported a 15% growth from P1.2 billion in 2017 to P1.4 billion in 2018. Excluding the share in one-time refinancing cost in 2018 and one-time cost of the right-sizing program in 2017, equity in net earnings rose by 11% from P1.3 billion to P1.5 billion.

### Rate Rebasing Update

On 14th September 2018, MWSS approved Maynilad's Rebasing adjustment for the Fifth Rate Rebasing Period (2018 to 2022) of P5.73 per cubic meter which will be implemented on a staggered basis over four years.

However, the matter of Maynilad's tariffs for the entire 2013-2017 five-year Business Plan period, together with the two related arbitration awards in its favor, remain unresolved. In summary:

- In 2015, Maynilad received an arbitration award in its favor against the Metropolitan Waterworks and Sewerage System ("MWSS"), which centered on treatment of Corporate Income Tax as an expense to be recovered through the tariff. The dispute on implementing this tariff is working its way through the Philippine Court System with MWSS now seeking recourse to the Supreme Court following awards in Maynilad's favor by lower courts.
- On 24th July 2017, Maynilad was notified by an arbitration panel in Singapore that it had ruled in Maynilad's favor on its claim to recover from the Republic of the Philippines ("RoP") revenues forgone because of the failure to increase tariff. On 4th October 2018, the Singapore High Court upheld the award in favor of Maynilad and dismissed RoP's Setting Aside Application in February 2018.

Maynilad is striving to meet its service obligations but financing these requires resolution of the remaining claim and tax recovery matter.

### **D.M. CONSUNJI, INC.**

Earnings from construction business expanded by 12% from P851 million to P952 million in the first nine months of 2018.

Construction revenue from January to September improved by 16% from P9.1 billion to P10.5 billion in 2018. Higher accomplishment from ongoing building projects mainly accounted for the revenue growth during the period.

With cost of sales increasing at a slower pace than revenues, gross profit for the period jumped by 21% to P1.7 billion in 2018 due to realization of variation orders for projects nearing completion.

On the other hand, operating expenses rose by 39% year-on-year, due mainly to increase in manpower and maintenance costs of business system.

Order book (balance of work) at the end of September 2018 stood at P28.5 billion, 15% up from P24.8 billion at the close of 2017. Awarded projects during the first nine months of the year totaled P10.6 billion which includes Civil Works for Plant Expansion Project of JG Summit Petrochemical Corp., Metro Manila Skyway Stage 3 Nagtahan Rampway of Citra Central Expressway Corp., Pasay Trenchless Pipelaying of Maynilad, and various building projects including SM Mall of Asia Block 4 of SM Prime Holdings, Connor of Ortigas & Co., STRC Apartment Ridge of ST 6747 Resources Corporation and De La Salle College of St. Benilde Academic, Sports and Dormitory Buildings.

## **DMCI POWER (SPUG)**

An added growth area of the power segment is under DMCI Power Corporation (DPC), a wholly-owned subsidiary of DMCI Holdings, Inc. DPC provides off-grid power to missionary areas through long-term power supply agreements with local electric cooperatives.

As of September 30, 2018, the total installed rated capacity is 106.18MW. Out of the total, 34.69MW (12.40MW bunker-fired and 22.29MW diesel) is in Masbate, 52.24MW (9.90MW bunker-fired and 42.34MW diesel) in Palawan, 15.56MW bunker-fired plant in Oriental Mindoro and 3.69MW diesel-fired in Sultan Kudarat.

Sales volume reported in Masbate (81.99 GWh), Palawan (96.35 GWh) and Mindoro (47.61 GWh) totaled 225.95 GWh, a 25% growth from last year due mainly to higher power demand and improved load across all operating segments. On the other hand, average selling prices for the period increased by 16% from P11.16/kWh to P12.89/kWh due to its higher pass-through fuel component brought about by increasing fuel prices. As a result, total off-grid generation revenue rose by 43% to P2.9 billion from P2 billion last year. On the other hand, total costs (under cost of sales and operating expenses) went up by 52% to P2.5 billion also driven by higher fuel prices.

Consequently, net income contribution of the off-grid power segment for the first nine months of 2018 grew by 4% from P324 million in 2017 to P337 million in 2018. The lower-than-expected provisional tariff for its Aborlan bunker plant in Palawan muted the effect of higher electricity sales volume on the bottom line. The company has a pending motion for recomputation with the Energy Regulatory Commission which is expected to be resolved soon.

## **DMCI MINING**

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

DMCI Mining Corporation delivered a 14% growth in net income contribution from P117 million to P133 million during the first nine months of 2018 following the shipments of higher-grade nickel from its old stockpile.

Revenues rose by 40% to P978 million in 2018 from P700 million in 2017 due to shipments of higher-grade nickel ore. Total shipments for the first nine months stood at 483 thousand wet metric tons (WMT), almost the same level as last year. Meanwhile, average ore grade improved from 1.52% in 2017 to 1.73% in 2018. As a result, composite average price for the first nine months of 2018 is at P2,025 per WMT compared to P1,471 per WMT in 2017. Nickel ore shipments came from the existing stockpiles in response with the order to remove such from the Department of Environment and Natural Resources (DENR).

The segment's total depletion, depreciation and amortization amounted to P44 million in 2018, a 58% drop from P104 million in 2017 due to suspended mining activity and using some fully depreciated equipment. Meanwhile, total company cash cost per WMT (under cost of sales and operating expenses) amounted to P1,235 per WMT in 2018 compared to P1,016 per WMT in 2017 due to higher cost of environmental activities as required by DENR.

Berong Nickel Corporation and Zambales Diversified Metals Corporation are currently dealing with the Suspension and Closure Order issued by the DENR, respectively. Both have pending appeals to reopen with the Office of the President. DENR is also conducting a review of the mining audits which recommended the suspension or closure of several mining companies.

**Explanation of movement in consolidated income statement accounts:**

**Revenue**

Consolidated revenue for the first nine months of 2018 amounted to P60.3 billion from P58.4 billion last year. The 3% growth was mainly driven by the higher accomplishments in the construction business, higher average prices of coal, the increasing demand in the off-grid power business and shipments of higher-grade ore in the nickel mining business.

**Cost of Sales and Services**

Higher coal stripping ratio and fuel prices for the first nine months of 2018 largely accounted for the rise in consolidated cost of sales and services. From P32.6 billion in 2017, it increased by 9% to P35.6 billion in 2018.

**Operating Expenses**

Government royalties for the period amounted to P2.8 billion, a 6% decline from P3 billion last year due to lower profitability of the coal business during the period. Excluding government royalties, operating expenses grew by 29% attributed to additional depreciation recorded by Sem-Calaca (Units 1 and 2) pertaining to the components of the power plant for replacement and higher personnel cost during the period.

**Equity in Net Earnings**

Equity in net earnings of associates improved by 15% as a result of higher income take up from Maynilad consortium.

**Finance Income**

Consolidated finance income expanded by 78% due to higher financing income from real estate business and higher interest income from placements during the period.

**Finance Cost**

Consolidated finance costs remained at the same level last year as higher capitalized interest cost in real estate business offset the impact of interest expense from new loans of SMPC.

**Other Income-net**

Other income rose by 90% due mainly to the gain on sale of undeveloped land of DMCI Homes during the period.

**Provision for Income Tax**

Lower taxable profits mainly from the Sem-Calaca (Units 1 and 2) accounted for the 4% drop in consolidated provision for income tax (both current and deferred) during the first nine months of 2018.

## II. CONSOLIDATED FINANCIAL CONDITION

### **September 30, 2018 (Unaudited) vs December 31, 2017 (Audited)**

The Company's financial condition for the period improved as consolidated total assets and total equity amounted to P175 billion and P100 billion as of September 30, 2018. This is an improvement of 2% and 7%, respectively.

Consolidated cash contracted by 25% from P25.3 billion in December 31, 2017 to P19 billion in September 30, 2018. Despite the P13.9 billion cash flows generated from operations, cash balance dropped due mainly to higher spare parts inventory, capital expenditures and loan repayments.

Total receivables (current and non-current) decreased by 3% from P28.4 billion to P27.6 billion in 2018 driven mainly by collections from real estate and construction businesses.

Cost and estimated earnings in excess of billings of D.M. Consunji, Inc. increased from P1.2 billion to P2.5 billion mainly coming from unbilled accomplishments in infrastructure projects for the period.

Consolidated inventories stood at P39.7 billion, 14% up from P34.7 billion last year due to higher spare parts inventory for maintenance, fuel and supplies of SMPC.

Other current assets rose by 6% to P8.8 billion due mainly to advances to suppliers for equipment and spare parts.

Investments in associates and joint ventures increased to P14.1 billion from P13.5 billion last year due mainly to the equity in net earnings from Maynilad.

Property, plant and equipment stood at P57.4 billion, a 3% growth from P55.7 billion last year. The increase was attributed to capital expenditures in the coal and power businesses which were offset by the depreciation and depletion during the period.

Investment properties slipped by 6% due to depreciation for the year.

Other noncurrent assets expanded by 54% due to additional deferred input vat from the on-grid power and construction businesses.

Accounts and other payables decreased by 7% mainly attributed to payments of normal trade transactions with suppliers and subcontractors of SMPC.

Customers' advances and deposits dropped by 11% due mainly to revenue realization in the real estate business.

Lower taxable profits in Sem-Calaca (Units 1 and 2) resulted to the drop in income tax payable by 30% from last year balance.

From P39.5 billion, total debt (under short-term and long-term debt) contracted by 3% to P38.3 billion following loan repayments during the period.

Deferred tax liabilities jumped by 11% due mainly to the excess of book over tax income in real estate sales.

Other noncurrent liabilities fell by 39% due to reversal of some provision for the actual costs incurred on the ongoing rehabilitation of Panian mine in Semirara during the period.

Consolidated retained earnings stood at P63.4 billion at the end of September 2018, 9% up from P58.3 billion at the close of 2017 after P11.5 billion of net income and payment of P6.4 billion Parent dividends.

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

### III. KEY PERFORMANCE INDICATORS

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

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

#### SEGMENT REVENUES

<i>(in Php Millions)</i>	For the Period		Variance	
	2018	2017	Amount	%
SEMIRARA MINING AND POWER CORPORATION	P30,869	P31,933	(P1,064)	-3%
DMCI HOMES	14,747	14,434	313	2%
D.M. CONSUNJI, INC.	10,491	9,052	1,439	16%
DMCI POWER (SPUG)	2,937	2,049	888	43%
DMCI MINING	978	700	278	40%
PARENT & OTHERS	320	230	90	39%
<b>TOTAL REVENUE</b>	<b>P60,342</b>	<b>P58,398</b>	<b>P1,944</b>	<b>3%</b>

The initial indicator of the Company’s gross business results is seen in the movements in the different business segment revenues. As illustrated above, revenue grew by 3% mainly driven by the higher accomplishments in the construction business, the increasing demand in the off-grid power business and shipments of higher-grade ore in the nickel mining business. The drop in Semirara’s revenue was mainly brought by lower energy generation and coal production for the period.

**CONSOLIDATED NET INCOME AFTER NON-CONTROLLING INTERESTS**

<i>(in Php Millions)</i>	For the Period		Variance	
	2018	2017	Amount	%
SEMIRARA MINING AND POWER CORPORATION	P5,064	P6,491	(P1,427)	-22%
DMCI HOMES*	3,419	2,654	765	29%
MAYNILAD	1,410	1,228	182	15%
D.M. CONSUNJI, INC.	952	851	101	12%
DMCI POWER (SPUG)	337	324	13	4%
DMCI MINING	133	117	16	14%
PARENT & OTHERS	171	50	121	242%
<b>REPORTED NET INCOME</b>	<b>P11,486</b>	<b>P11,715</b>	<b>(P229)</b>	<b>-2%</b>

*\*includes P0.7 billion gain on sale of land*

The net income (after non-controlling interest) of the Company have multiple drivers for growth from different business segments. For the first nine months of 2018, all businesses contributed a positive growth to the consolidated net income except for Semirara as prolonged shutdown of Unit 3 (SLPGC) and continuous rains hampered energy generation and coal production, respectively, for the period.

**EARNINGS PER SHARE**

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

The Company's consolidated basic and diluted EPS was P0.87/share for the nine months ended September 2018, a 2% drop from P0.88/share EPS year-on-year.

**RETURN ON COMMON EQUITY**

Return on common equity is defined as the amount of net income a company earns per amount of shareholders equity. It is one of the common metrics used by investor to determine how effectively their capital is being reinvested. It is arrived at by dividing the net income share of the parent company over the average parent equity. The Company's return on common equity stood at 15% and 17% for the first nine months of 2018 and 2017, respectively.

**NET DEBT TO EQUITY RATIO**

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

Total borrowings stood at P38.3 billion from P39.5 billion last year, which resulted to a net debt to equity ratio of 0.19:1 as of September 30, 2018 and 0.15:1 as of December 31, 2017.

**FINANCIAL SOUNDNESS RATIOS**

	<b>September 30, 2018</b>	<b>December 31, 2017</b>
Current Ratio	260%	260%
Net Debt to Equity Ratio	19%	15%
Asset to Equity Ratio	174%	184%
	<b>September 30, 2018</b>	<b>September 30, 2017</b>
Return on Assets	9.4% 9.0%*	10.9% 10.9 %*
Return on Common Equity	14.6% 13.8%*	16.5% 16.7%*
Interest Coverage Ratio	12.9 times 12.3 times*	14.3 times 14.4 times*
Gross Profit Margin (%)	40.9%	44.2%
Net Profit Margin (%)	25.6% 24.6%*	28.7% 28.9%*

*\*excluding non-recurring items during the period*

**PART II--OTHER INFORMATION**

1. The Company's operation is a continuous process. It is not dependent on any cycle or season;
2. Economic and infrastructure developments in the country may affect construction business; Interest rate movements may affect the performance of the real estate industry; Mining activities are generally hinge on the commodities market and affected by weather conditions. Businesses not affected by known cycle, trends or uncertainties are power and water.
3. On March 8, 2018, the BOD of the Parent Company has declared cash dividends amounting P0.28 regular dividends and P0.20 special cash dividends for a total of P6.37 billion in favor of the stockholders of record as of March 23, 2018 and was paid on April 6, 2018.
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 interim period; events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation has been disclosed in the notes to financial statements.
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.
10. All necessary disclosures were made under SEC Form 17-C.

## SIGNATURES

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

Issuer DMCI Holdings, Inc.

Signature and Title



**Herbert M. Consunji**

Executive Vice President & Chief Finance Officer

Signature and Title



**Brian T. Lim**

Vice President & Senior Finance Officer

Date

November 14, 2018

**DMCI HOLDINGS, INC. AND SUBSIDIARIES****UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

(Amounts in Thousands)

	September 30, 2018 (Unaudited)	December 31, 2017 (Audited)
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	<b>₱19,015,306</b>	₱25,323,774
Receivables - net (Note 9)	<b>20,442,209</b>	21,984,999
Costs and estimated earnings in excess of billings on uncompleted contracts	<b>2,455,502</b>	1,201,589
Inventories	<b>39,728,827</b>	34,698,636
Other current assets	<b>8,815,983</b>	8,290,495
Total Current Assets	<b>90,457,827</b>	91,499,493
<b>Noncurrent Assets</b>		
Noncurrent receivables (Note 9)	<b>7,206,214</b>	6,434,989
Investments in associates, joint ventures and others (Note 6)	<b>14,109,617</b>	13,460,601
Investment properties	<b>182,030</b>	194,241
Property, plant and equipment	<b>57,372,603</b>	55,701,022
Exploration and evaluation asset	<b>226,757</b>	225,535
Goodwill	<b>1,637,430</b>	1,637,430
Deferred tax assets - net	<b>427,961</b>	427,961
Pension assets – net	<b>1,019,687</b>	1,019,687
Other noncurrent assets	<b>1,874,303</b>	1,213,617
Total Noncurrent Assets	<b>84,056,602</b>	80,315,083
	<b>₱174,514,429</b>	₱171,814,576

**LIABILITIES AND EQUITY****Current Liabilities**

Short-term debt	<b>₱3,609,162</b>	₱1,071,101
Current portion of liabilities for purchased land	<b>597,398</b>	24,356
Accounts and other payables	<b>17,408,608</b>	18,757,346
Billings in excess of costs and estimated earnings on uncompleted contracts	<b>2,597,630</b>	2,604,954
Customers' advances and deposits	<b>7,061,103</b>	7,918,434
Current portion of long-term debt	<b>3,364,476</b>	4,626,407
Income tax payable	<b>107,828</b>	152,968
Total Current Liabilities	<b>34,746,205</b>	35,155,566

(Forward)

	September 30, 2018 (Unaudited)	December 31, 2017 (Audited)
<b>Noncurrent Liabilities</b>		
Long-term debt - net of current portion	<b>P31,366,614</b>	P33,811,174
Liabilities for purchased land - net of current portion	<b>1,605,493</b>	2,195,790
Deferred tax liabilities - net	<b>4,940,220</b>	4,444,307
Pension liabilities - net	<b>330,806</b>	315,561
Other noncurrent liabilities	<b>1,397,012</b>	2,285,624
Total Noncurrent Liabilities	<b>39,640,145</b>	43,052,456
Total Liabilities	<b>74,386,350</b>	78,208,022
<b>Equity (Note 3)</b>		
Equity attributable to equity holders of the Parent Company:		
Paid-in capital	<b>17,949,868</b>	17,949,868
Retained earnings	<b>63,421,354</b>	58,308,942
Premium on acquisition of non-controlling interests	<b>(817,958)</b>	(599,082)
Remeasurements on retirement plans - net of tax	<b>708,374</b>	708,374
Net accumulated unrealized gains on AFS financial assets	<b>35,699</b>	35,699
Other equity	<b>(41,391)</b>	(41,391)
	<b>81,255,946</b>	76,362,410
Non-controlling interests	<b>18,872,133</b>	17,244,144
Total Equity	<b>100,128,079</b>	93,606,554
	<b>P174,514,429</b>	P171,814,576

**DMCI HOLDINGS, INC. AND SUBSIDIARIES****UNAUDITED CONSOLIDATED STATEMENTS OF INCOME**

For the Period and Quarter Ended September 30, 2018 and 2017

(Amounts in Thousands, except for Earnings Per Share figures)

	For the period		For the quarter	
	Jan to Sep 2018	Jan to Sep 2017	Jul to Sep 2018	Jul to Sep 2017
<b>REVENUE</b> (Notes 4 and 8)				
Coal mining	<b>P17,673,777</b>	P17,020,563	<b>P1,836,126</b>	P5,900,551
Electricity sales	<b>16,131,935</b>	16,961,717	<b>6,221,434</b>	6,855,527
Real estate sales	<b>14,747,054</b>	14,434,320	<b>4,221,435</b>	5,077,011
Construction contracts	<b>10,491,036</b>	9,051,970	<b>3,732,287</b>	3,176,200
Nickel mining	<b>977,711</b>	700,307	–	241,845
Merchandise sales and others	<b>319,910</b>	229,191	<b>125,783</b>	89,719
	<b>60,341,423</b>	58,398,068	<b>16,137,065</b>	21,340,853
<b>COSTS OF SALES AND SERVICES</b>				
Coal mining	<b>8,863,072</b>	7,616,451	<b>2,267,431</b>	3,134,147
Electricity sales	<b>8,404,409</b>	8,033,865	<b>3,343,006</b>	3,508,288
Real estate sales	<b>9,054,632</b>	8,801,899	<b>2,469,277</b>	3,182,475
Construction contracts	<b>8,830,342</b>	7,676,791	<b>3,277,536</b>	2,615,120
Nickel mining	<b>250,154</b>	273,213	–	129,059
Merchandise sales and others	<b>237,135</b>	170,174	<b>90,018</b>	67,623
	<b>35,639,744</b>	32,572,393	<b>11,447,268</b>	12,636,712
<b>GROSS PROFIT</b>	<b>24,701,679</b>	25,825,675	<b>4,689,797</b>	8,704,141
<b>OPERATING EXPENSES</b> (Note 5)	<b>9,256,120</b>	7,987,820	<b>2,056,735</b>	2,840,865
	<b>15,445,559</b>	17,837,855	<b>2,633,062</b>	5,863,276
<b>OTHER INCOME (EXPENSES)</b>				
Equity in net earnings of associates (Note 6)	<b>1,452,879</b>	1,266,988	<b>472,706</b>	481,896
Finance income	<b>555,174</b>	312,389	<b>198,172</b>	92,359
Finance costs	<b>(763,936)</b>	(763,693)	<b>(76,970)</b>	(193,851)
Other income - net	<b>1,206,747</b>	635,387	<b>107,331</b>	429,487
<b>INCOME BEFORE INCOME TAX</b>	<b>17,896,423</b>	19,288,926	<b>3,334,301</b>	6,673,167
<b>PROVISION FOR INCOME TAX</b>	<b>2,431,423</b>	2,543,130	<b>726,147</b>	1,009,586
<b>NET INCOME</b>	<b>P15,465,000</b>	P16,745,796	<b>P2,608,154</b>	P5,663,581
<b>NET INCOME ATTRIBUTABLE TO</b>				
Equity holders of the Parent Company (Note 4)	<b>P11,485,598</b>	P11,715,115	<b>P2,269,784</b>	P4,067,602
Non-controlling interests	<b>3,979,402</b>	5,030,681	<b>338,370</b>	1,595,979
	<b>P15,465,000</b>	P16,745,796	<b>P2,608,154</b>	P5,663,581
<b>EARNINGS PER SHARE</b>				
<b>ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY-BASIC AND DILUTED</b> (Note 7)	<b>P0.87</b>	P0.88	<b>P0.17</b>	P0.31

**DMCI HOLDINGS, INC. AND SUBSIDIARIES**

**UNAUDITED CONSOLIDATED STATEMENTS OF**

**COMPREHENSIVE INCOME**

**For the Period and Quarter Ended September 30, 2018 and 2017**

**(Amounts in Thousands)**

	<b>For the period</b>		<b>For the quarter</b>	
	<b>Jan to Sep 2018</b>	<b>Jan to Sep 2017</b>	<b>Jul to Sep 2018</b>	<b>Jul to Sep 2017</b>
<b>NET INCOME</b>	<b>P15,465,000</b>	<b>P16,745,796</b>	<b>P2,608,154</b>	<b>P5,663,581</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>				
<b>Items to be reclassified subsequently to profit or loss</b>				
Cumulative translation adjustment	—	—	—	—
Changes in fair values of AFS financial assets	—	—	—	—
	—	—	—	—
<b>Items not to be reclassified to profit or loss in subsequent periods</b>				
Remeasurement gains on retirement plans	—	—	—	—
Income tax effect	—	—	—	—
	—	—	—	—
<b>OTHER COMPREHENSIVE INCOME</b>	—	—	—	—
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>P15,465,000</b>	<b>P16,745,796</b>	<b>P2,608,154</b>	<b>P5,663,581</b>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>				
Equity holders of the Parent				
Company (Note 4)	<b>P11,485,598</b>	<b>P11,715,115</b>	<b>P2,269,784</b>	<b>P4,067,602</b>
Non-controlling interests	<b>3,979,402</b>	<b>5,030,681</b>	<b>338,370</b>	<b>1,595,979</b>
	<b>P15,465,000</b>	<b>P16,745,796</b>	<b>P2,608,154</b>	<b>P5,663,581</b>

# DMCI HOLDINGS, INC. AND SUBSIDIARIES

## UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Period Ended September 30, 2018 and 2017

(Amounts in Thousands)

	Attributable to Equity Holders of the Parent Company										
	Capital Stock	Additional Paid-in Capital	Total Paid-in Capital	Unappropriated Retained Earnings	Premium on Acquisition of Non-controlling Interest	Remeasurements on Retirement Plans	Net Accumulated Gain (Loss) on Available-for-Sale Financial Assets	Other Equity	Total	Non-controlling Interests	Total Equity
For the Period Ended September 30, 2018											
Balances as of January 1, 2018,	P13,277,474	P4,672,394	P17,949,868	P58,308,942	(P599,082)	P708,374	P35,699	(P41,391)	P76,362,410	P17,244,144	P93,606,554
Comprehensive income											
Net income	–	–	–	11,485,598	–	–	–	–	11,485,598	3,979,402	15,465,000
Other comprehensive income	–	–	–	–	–	–	–	–	–	–	–
<b>Total comprehensive income</b>	–	–	–	<b>11,485,598</b>	–	–	–	–	<b>11,485,598</b>	<b>3,979,402</b>	<b>15,465,000</b>
Acquisition of noncontrolling interest	–	–	–	–	(218,876)	–	–	–	(218,876)	(32,731)	(251,607)
Cash dividends declared	–	–	–	(6,373,186)	–	–	–	–	(6,373,186)	(2,318,682)	(8,691,868)
<b>Balances at September 30, 2018</b>	<b>P13,277,474</b>	<b>P4,672,394</b>	<b>P17,949,868</b>	<b>P63,421,354</b>	<b>(P817,958)</b>	<b>P708,374</b>	<b>P35,699</b>	<b>(P41,391)</b>	<b>P81,255,946</b>	<b>P18,872,133</b>	<b>P100,128,079</b>
For the Period Ended September 30, 2017											
Balances as of January 1, 2017, as previously reported	P13,277,474	P4,672,394	P17,949,868	P49,521,603	(P522,903)	P624,130	P27,211	P–	P67,599,909	P15,748,721	P83,348,630
Effect of change in accounting policy	–	–	–	925,366	–	–	–	–	925,366	–	925,366
Balances as of January 1, 2017, as restated	13,277,474	4,672,394	17,949,868	50,446,969	(522,903)	624,130	27,211	–	68,525,275	15,748,721	84,273,996
Comprehensive income											
Net income	–	–	–	11,715,115	–	–	–	–	11,715,115	5,030,681	16,745,796
Other comprehensive income	–	–	–	–	–	–	–	–	–	–	–
<b>Total comprehensive income</b>	–	–	–	<b>11,715,115</b>	–	–	–	–	<b>11,715,115</b>	<b>5,030,681</b>	<b>16,745,796</b>
Cash dividends declared	–	–	–	(6,373,186)	–	–	–	–	(6,373,186)	(4,633,437)	(11,006,623)
<b>Balances at September 30, 2017</b>	<b>P13,277,474</b>	<b>P4,672,394</b>	<b>P17,949,868</b>	<b>P55,788,898</b>	<b>(P522,903)</b>	<b>P624,130</b>	<b>P27,211</b>	<b>P–</b>	<b>P73,867,204</b>	<b>P16,145,965</b>	<b>P90,013,169</b>

**DMCI HOLDINGS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
For the Period Ended September 30, 2018 and 2017  
(Amounts in Thousands)

	September 30	
	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	<b>₱17,896,423</b>	₱19,288,926
Adjustments for:		
Depreciation, depletion and amortization	<b>6,701,487</b>	5,556,873
Finance cost	<b>763,936</b>	763,693
Net unrealized foreign exchange loss	<b>225,676</b>	102,842
Movement in net retirement asset	<b>15,245</b>	1,425
Equity in net earnings of associates and joint ventures	<b>(1,452,879)</b>	(1,266,988)
Finance income	<b>(555,174)</b>	(312,389)
Gain on sale of property, plant and equipment	<b>(1,976)</b>	(9,456)
Operating income before changes in working capital	<b>23,592,738</b>	24,124,926
Decrease (increase) in:		
Receivables	<b>771,565</b>	(7,283,453)
Cost and estimated earnings in excess of billings	<b>(1,253,913)</b>	823,057
Inventories	<b>(4,351,455)</b>	(98,124)
Other current assets	<b>(525,488)</b>	(1,058,128)
Increase (decrease) in:		
Accounts and other payables	<b>(1,348,738)</b>	(1,390,831)
Billings in excess of costs and estimated earnings	<b>(7,324)</b>	(290,326)
Customer advances and deposits	<b>(857,331)</b>	1,566,910
Liabilities for purchased land	<b>(17,255)</b>	195,052
Cash generated from operations	<b>16,002,799</b>	16,589,083
Interest received	<b>555,174</b>	312,389
Income taxes paid	<b>(1,980,650)</b>	(2,139,002)
Interest paid and capitalized as cost of inventory	<b>(675,481)</b>	(638,289)
Net cash provided by operating activities	<b>13,901,842</b>	14,124,181
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to:		
Property, plant and equipment	<b>(8,326,494)</b>	(7,156,361)
Exploration and evaluation asset	<b>—</b>	(803)
Investment properties	<b>—</b>	(87)
Proceeds from disposal of property, plant and equipment	<b>17,931</b>	16,937
Dividends received	<b>773,472</b>	793,472
Interest paid and capitalized as part of property, plant and equipment	<b>(4,960)</b>	(2,399)
Increase in other noncurrent assets	<b>(680,130)</b>	(377,356)
Net cash used in investing activities	<b>(8,220,181)</b>	(6,726,597)

(Forward)

	<b>September 30</b>	
	<b>2018</b>	<b>2017</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from:		
Short-term debt	<b>₱4,845,553</b>	₱1,147,457
Long-term debt	<b>128,700</b>	5,188,635
Payments of:		
Short-term debt	<b>(2,307,492)</b>	(92,876)
Long-term debt	<b>(4,078,091)</b>	(3,108,717)
Interest	<b>(763,936)</b>	(763,693)
Dividends paid to equity holders of DMCI Holdings, Inc.	<b>(6,373,186)</b>	(6,373,186)
Dividends to non-controlling interests	<b>(2,318,682)</b>	(4,633,437)
Repurchase of noncontrolling shares of a subsidiary	<b>(251,607)</b>	–
Decrease in other noncurrent liabilities	<b>(888,612)</b>	–
Net cash used in financing activities	<b>(12,007,353)</b>	(8,635,817)
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>		
	<b>17,224</b>	17,511
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(6,308,468)</b>	(1,220,722)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>25,323,774</b>	18,738,106
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>₱19,015,306</b>	₱17,517,384

# **DMCI HOLDINGS, INC. AND SUBSIDIARIES**

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## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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

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

The accompanying consolidated financial statements were approved and authorized for issue by the Board of Directors (BOD) on November 12, 2018.

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### **2. Summary of Significant Accounting Policies**

#### Basis of Preparation

The interim unaudited condensed consolidated financial statements of the Group have been prepared in accordance with Philippine Accounting Standards (PAS) 34, *Interim Financial Reporting*. Accordingly, the unaudited condensed consolidated financial statements do not include all of the information and disclosures required in the annual audited financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at December 31, 2017.

The interim financial statements have been prepared using the historical cost basis, except for available-for-sale (AFS) financial assets that have been measured at fair value. The Group's functional and presentation currency is the Philippine Peso (₱). All amounts are rounded to the nearest thousand (₱000), unless otherwise indicated.

#### Statement of Compliance

The interim unaudited condensed consolidated financial statements of the Group have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs).

#### Basis of Consolidation

The interim unaudited condensed consolidated financial statements comprise the financial statements of the Group as of September 30, 2018 and December 31, 2017.

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

Specifically, the Group controls an investee if and only if the Group has:

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

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

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

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included or excluded in the consolidated financial statements from the date the Group gains control or until the date the Group ceases to control the subsidiary.

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

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

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

	2018			2017		
	Direct	Indirect	Effective Interest	Direct	Indirect	Effective Interest
	(In percentage)					
<u>General Construction:</u>						
<b>D.M. Consunji, Inc. (DMCI)</b>	<b>100.00</b>	–	<b>100.00</b>	100.00	–	100.00
Beta Electric Corporation (Beta Electric) <sup>1</sup>	–	<b>53.95</b>	<b>53.95</b>	–	53.95	53.95
Raco Haven Automation Philippines, Inc. (Raco) <sup>1</sup>	–	<b>50.14</b>	<b>50.14</b>	–	50.14	50.14
<u>Manufacturing and others:</u>						
Oriken Dynamix Company, Inc. (Oriken) <sup>1*</sup>	–	<b>89.00</b>	<b>89.00</b>	–	89.00	89.00
DMCI Technical Training Center (DMCI Training) <sup>1</sup>	–	<b>100.00</b>	<b>100.00</b>	–	100.00	100.00

(Forward)

	2018			2017		
	Direct	Indirect	Effective Interest (In percentage)	Direct	Indirect	Effective Interest
<u>Real Estate Development:</u>						
<b>DMCI Project Developers, Inc. (PDI)</b>	<b>100.00</b>	—	<b>100.00</b>	100.00	—	100.00
Hampstead Gardens Corporation (Hampstead) <sup>2</sup>	—	<b>100.00</b>	<b>100.00</b>	—	100.00	100.00
Riviera Land Corporation (Riviera) <sup>2</sup>	—	<b>100.00</b>	<b>100.00</b>	—	100.00	100.00
DMCI-PDI Hotels, Inc. (PDI Hotels) <sup>2</sup>	—	<b>100.00</b>	<b>100.00</b>	—	100.00	100.00
DMCI Homes Property Management Corporation (DPMC) <sup>2</sup>	—	<b>100.00</b>	<b>100.00</b>	—	100.00	100.00
Zenith Mobility Solutions Services, Inc. <sup>2</sup>	—	<b>51.00</b>	<b>51.00</b>	—	51.00	51.00
<u>Marketing Arm:</u>						
DMCI Homes, Inc. (DMCI Homes) <sup>2</sup>	—	<b>100.00</b>	<b>100.00</b>	—	100.00	100.00
<u>Coal Mining</u>						
<b>Semirara Mining and Power Corporation (SMPC)</b>	<b>56.65</b>	—	<b>56.65</b>	56.54	—	56.54
<u>On-Grid Power</u>						
Sem-Calaca Power Corporation (SCPC) <sup>3</sup>	—	<b>56.65</b>	<b>56.65</b>	—	56.54	56.54
Southwest Luzon Power Generation Corporation (SLPGC) <sup>3</sup>	—	<b>56.65</b>	<b>56.65</b>	—	56.54	56.54
Sem-Calaca RES Corporation (SCRC) <sup>3*</sup>	—	<b>56.65</b>	<b>56.65</b>	—	56.54	56.54
SEM-Cal Industrial Park Developers, Inc. (SIPDI) <sup>3*</sup>	—	<b>56.65</b>	<b>56.65</b>	—	56.54	56.54
Semirara Energy Utilities, Inc. (SEUI) <sup>3*</sup>	—	<b>56.65</b>	<b>56.65</b>	—	56.54	56.54
Southeast Luzon Power Generation Corporation (SeLPGC) <sup>3**</sup>	—	<b>56.65</b>	<b>56.65</b>	—	56.54	56.54
<u>Manufacturing</u>						
Semirara Claystone, Inc. (SCI) <sup>3*</sup>	—	<b>56.65</b>	<b>56.65</b>	—	56.54	56.54
<u>Off-Grid Power</u>						
<b>DMCI Power Corporation (DPC)</b>	<b>100.00</b>	—	<b>100.00</b>	100.00	—	100.00
DMCI Masbate Power Corporation (DMCI Masbate) <sup>4</sup>	—	<b>100.00</b>	<b>100.00</b>	—	100.00	100.00
<u>Nickel Mining:</u>						
<b>DMCI Mining Corporation (DMC)</b>	<b>100.00</b>	—	<b>100.00</b>	100.00	—	100.00
Berong Nickel Corporation (BNC) <sup>5</sup>	—	<b>74.80</b>	<b>74.80</b>	—	74.80	74.80
Ulugan Resources Holdings, Inc. (URHI) <sup>5</sup>	—	<b>30.00</b>	<b>30.00</b>	—	30.00	30.00
Ulugan Nickel Corporation (UNC) <sup>5</sup>	—	<b>58.00</b>	<b>58.00</b>	—	58.00	58.00
Nickeline Resources Holdings, Inc. (NRHI) <sup>5</sup>	—	<b>58.00</b>	<b>58.00</b>	—	58.00	58.00
TMM Management, Inc. (TMM) <sup>5</sup>	—	<b>40.00</b>	<b>40.00</b>	—	40.00	40.00
Zambales Diversified Metals Corporation (ZDMC) <sup>5</sup>	—	<b>100.00</b>	<b>100.00</b>	—	100.00	100.00
Zambales Chromite Mining Company Inc. (ZCMC) <sup>5</sup>	—	<b>100.00</b>	<b>100.00</b>	—	100.00	100.00
Fil-Asian Strategic Resources & Properties Corporation (FASRPC) <sup>5</sup>	—	<b>100.00</b>	<b>100.00</b>	—	100.00	100.00
Montague Resources Philippines Corporation (MRPC) <sup>5</sup>	—	<b>100.00</b>	<b>100.00</b>	—	100.00	100.00
Montemina Resources Corporation (MRC) <sup>5</sup>	—	<b>100.00</b>	<b>100.00</b>	—	100.00	100.00
Mt. Lanat Metals Corporation (MLMC) <sup>5</sup>	—	<b>100.00</b>	<b>100.00</b>	—	100.00	100.00
Fil-Euro Asia Nickel Corporation (FEANC) <sup>5</sup>	—	<b>100.00</b>	<b>100.00</b>	—	100.00	100.00
Heraan Holdings, Inc. (HHI) <sup>5</sup>	—	<b>100.00</b>	<b>100.00</b>	—	100.00	100.00
Zambales Nickel Processing Corporation (ZNPC) <sup>5</sup>	—	<b>100.00</b>	<b>100.00</b>	—	100.00	100.00
Zamnorth Holdings Corporation (ZHC) <sup>5</sup>	—	<b>100.00</b>	<b>100.00</b>	—	100.00	100.00
ZDMC Holdings Corporation (ZDMCHC) <sup>5</sup>	—	<b>100.00</b>	<b>100.00</b>	—	100.00	100.00
<u>Manufacturing:</u>						
<b>Semirara Cement Corporation (SemCem) *</b>	<b>100.00</b>	—	<b>100.00</b>	100.00	—	100.00
<b>Wire Rope Corporation of the Philippines (Wire Rope)</b>	<b>45.68</b>	<b>16.02</b>	<b>61.70</b>	45.68	16.02	61.70

\* Have not yet started commercial operations as of September 30, 2018 and December 31, 2017

\*\* Previously named SEM-Balayan Power Generation Corporation (SBPGC), was changed to Southeast Luzon Power Generation Corporation (SeLPGC) effective July 12, 2016

<sup>1</sup> DMCI's subsidiaries

<sup>2</sup> PDI's subsidiaries

<sup>3</sup> SMPC's subsidiaries

<sup>4</sup> DPC's subsidiaries

<sup>5</sup> DMC's subsidiaries

### Noncontrolling Interests

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

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

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

	<b>2018</b>	2017
Beta Electric Corporation (Beta Electric)	<b>46.05</b>	46.05
Raco Haven Automation Philippines, Inc. (Raco)	<b>49.86</b>	49.86
Oriken Dynamix Company, Inc. (Oriken)	<b>11.00</b>	11.00
Zenith Mobility Solutions Services, Inc.	<b>49.00</b>	49.00
Semirara Mining and Power Corporation (SMPC)	<b>43.35</b>	43.46
Sem-Calaca Power Corporation (SCPC)	<b>43.35</b>	43.46
Southwest Luzon Power Generation Corporation (SLPGC)	<b>43.35</b>	43.46
Sem-Calaca RES Corporation (SCRC)	<b>43.35</b>	43.46
SEM-Cal Industrial Park Developers, Inc. (SIPDI)	<b>43.35</b>	43.46
Semirara Energy Utilities, Inc. (SEUI)	<b>43.35</b>	43.46
Southeast Luzon Power Generation Corporation (SeLPGC)	<b>43.35</b>	43.46
Semirara Claystone, Inc. (SCI)	<b>43.35</b>	43.46
Berong Nickel Corporation (BNC)	<b>25.20</b>	25.20
Ulugan Resources Holdings, Inc. (URHI)	<b>70.00</b>	70.00
Ulugan Nickel Corporation (UNC)	<b>42.00</b>	42.00
Nickeline Resources Holdings, Inc. (NRHI)	<b>42.00</b>	42.00
TMM Management, Inc. (TMM)	<b>60.00</b>	60.00
Wire Rope Corporation of the Philippines (Wire Rope)	<b>38.30</b>	38.30

### 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. DMCI's secondary purpose, among others, is to engage in the real estate business.

#### *Beta Electric*

Beta Electric is a domestic corporation incorporated and registered with the Securities and Exchange Commission (SEC) on March 21, 1973. Beta Electric is primarily engaged in the installation of electrical backbone and related systems thereto for building construction. It is also engaged in the general business of trading, buying or selling of electrical equipment items and commodities related thereto.

### Manufacturing and others

#### *Oriken*

Oriken Dynamix Company, Inc. (Oriken) was registered with the SEC on September 16, 2005. Oriken's primary purpose is to manufacture, buy and sell ready mix concrete of every class and description. As of September 30, 2018 and December 31, 2017, Oriken is non-operational.

#### *DMCI Training*

DMCI Training was registered with the SEC on August 15, 2006. The primary purpose of DMCI Training 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 taught, developed and trained in a well-rounded theoretical and practical method.

### Real estate development

#### *PDI*

PDI was incorporated and registered with the SEC on April 27, 1995. PDI is organized to deal and engage in the development of residential subdivisions and construction of condominium and housing units. PDI offers range of products from middle-income to high-end housing and condominium projects.

Below are the subsidiaries of PDI and the nature of their operations:

- a) Hampstead Gardens Corporation – real estate developer
- b) DMCI Homes, Inc. – real estate brokerage
- c) Riviera Land Corporation – real estate developer
- d) DMCI Homes Property Management Corporation – property management
- e) DMCI-PDI Hotels, Inc. – hotel operator
- f) Zenith Mobility Solution Services, Inc. – mobility services provider of the Group.

As of September 30, 2018, HGC and DMCI Homes have ceased operations and are in the process of liquidation.

### Coal 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 and 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.

### On-Grid Power

#### *SCPC*

SCPC, a wholly owned subsidiary of SMPC, was registered with the SEC on November 19, 2009. It is 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. It currently operates 2 units of coal-fired power plants located in Calaca, Batangas with a combined operating capacity of 600 MW.

#### *SLPGC*

On August 31, 2011, SLPGC, a wholly owned subsidiary of SMPC, was incorporated to operate electric power plants and to engage in business of a power generation company. Its 2x150 MW plant is located in Calaca, Batangas and started commercial operations on April 1, 2016.

Below are the other subsidiaries of SMPC, which are still under pre-operating stage as of the reporting date and the nature of their principal activities:

- a) Sem-Calaca RES Corporation (SCRC) – retail electricity supplier
- b) Sem-Cal Industrial Park Developers Inc. (SIPDI) – economic zone developer
- c) Semirara Energy Utilities Inc. (SEUI) – electricity provider authorized to serve remote and unviable areas
- d) Southeast Luzon Power Generation Corporation (SeLPGC) – power generation
- e) Semirara Claystone Inc. (SCI) – manufacturing of commodities such as bricks, tiles and other merchandise produce from clay

#### Off-Grid Power

##### *DPC*

DPC was incorporated and 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 EPIRA of 2001.

##### *DMCI Masbate*

DMCI Masbate was incorporated and 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.

#### Nickel Mining

##### *DMC*

DMC was incorporated 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. Its operations is lodged under its two subsidiaries namely Berong Nickel Corporation and Zambales Diversified Metals Corporation.

##### *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 February 8, 2017, BNC received an order from DENR maintaining the indefinite suspension order of its mining operations issued on June 2016.

*Zambales Diversified Metals Corp. (ZDMC)*

ZDMC was incorporated and registered with the SEC on September 14, 2007. ZDMC 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.

On February 8, 2017, DENR issued an order cancelling the ZDMC's MPSA, based among others, on the suspension imposed on the ZDMC on July 7, 2016.

*Other nickel mining entities:*

The following are nickel mining entities under DMCI Mining Corporation which are non-operational or under exploration phases as of the reporting date:

- a. Ulugan Resources Holdings, Inc. (URHI) – holding company
- b. Ulugan Nickel Corporation (UNC) – nickel mining
- c. Nickeline Resources Holdings, Inc. (NRHI) – holding company
- d. TMM Management, Inc. (TMM) – provider of management, investment and technical services
- e. Zambales Chromite Mining Company, Inc. (ZCMC) – nickel mining
- f. Fil-Asian Strategic Resources & Properties Corporation (FASRPC) – nickel mining
- g. Montague Resources Philippines Corporation (MRPC) – nickel mining
- h. Montemina Resources Corporation (MRC) – nickel mining
- i. Mt. Lanat Metals Corporation (MLMC) – nickel mining
- j. Fil-Euro Asia Nickel Corporation (FEANC) – nickel mining
- k. Heraan Holdings, Inc. (HHI) – holding company
- l. Zambales Nickel Processing Corporation (ZNPC) – nickel processing
- m. Zamnorth Holdings Corporation (ZHC) – holding company
- n. ZDMC Holdings Corporation (ZDMCHC) – holding company

## Manufacturing

### *SemCem*

Semirara Cement Corporation was registered with the Philippine Securities and Exchange Commission (SEC) on January 29, 1998. SemCem is primarily engaged in the manufacturing, marketing, distribution and trading of cement and related products.

### *Wire Rope*

Wire Rope was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on September 22, 1960 to produce, manufacture, fabricate, sell, distribute or otherwise deal in, wires, wire ropes and cables of all kinds and descriptions.

## Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following amended standards and improvements to PFRS which the Group has adopted starting January 1, 2017.

- Amendments to PFRS 12, *Disclosure of Interests in Other Entities, Clarification of the Scope of the Standard* (Part of *Annual Improvements to PFRSs 2014 – 2016 Cycle*)

The amendments clarify that the disclosure requirements in PFRS 12, other than those relating to summarized financial information, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale.

Adoption of these amendments did not have any impact on the Group's consolidated financial statements.

- Amendments to PAS 7, *Statement of Cash Flows, Disclosure Initiative*

The amendments require entities to provide disclosure of changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses).

The Group has provided the required information in Note 39 to the consolidated financial statements. As allowed under the transition provisions of the standard, the Group did not present comparative information for the years ended December 31, 2017 and January 1, 2017.

- Amendments to PAS 12, *Income Taxes, Recognition of Deferred Tax Assets for Unrealized Losses*

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions upon the reversal of the deductible temporary difference related to unrealized losses. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

The Group applied the amendments retrospectively. However, their application has no effect on the Group's financial position and performance as the Group has no deductible temporary differences or assets that are in the scope of the amendments.

## Standards Issued But Not Yet Effective

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group does not expect that the future adoption of the said pronouncements will have a significant impact on

its consolidated financial statements. The Group intends to adopt the following pronouncements when they become effective.

*Effective beginning on or after January 1, 2018*

- *Amendments to PFRS 2, Share-based Payment, Classification and Measurement of Share-based Payment Transactions*

The amendments to PFRS 2 address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and the accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and if other criteria are met. Early application of the amendments is permitted.

This is not applicable to the Group because it does not have share-based payment arrangements.

- *PFRS 9, Financial Instruments*

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. Retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The Group plans to adopt the new standard on the mandatory effective date.

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 adoption is expected to impact the assessment of the Group's credit losses amount. The Group is currently assessing the impact of adopting this standard.

- *PFRS 15, Revenue from Contracts with Customers*

PFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under PFRS 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 PFRS 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 PFRSs. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after January 1, 2018. Early adoption is permitted. The Group plans to adopt the new standard on the required effective date using the modified retrospective method.

Based on its initial assessment, the requirements of PFRS 15 on the following may have significant impact on the Group's consolidated financial position, performance and disclosures:

- Measurement of transaction price for construction contracts particularly from variation orders
- Significant financing component in relation to advance payments received from customers or advance proportion of work performed for the customers of real estate and construction agreements
- Determination if existing documentation would meet the definition of contracts for real estate agreements
- Accounting for costs in obtaining the contract for real estate agreements
- Measurement of progress for real estate and construction contracts

The recognition and measurement requirements in PFRS 15 also apply to gains or losses on disposal of nonfinancial assets (such as items of property and equipment and intangible assets), when that disposal is not in the ordinary course of business.

- Amendments to PAS 28, *Measuring an Associate or Joint Venture at Fair Value* (Part of *Annual Improvements to PFRSs 2014 – 2016 Cycle*)  
The amendments clarify that an entity that is a venture capital organization, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss. They also clarify that if an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which (a) the investment entity associate or joint venture is initially recognized; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent. The amendments should be applied retrospectively, with earlier application permitted. The Group is currently assessing the impact of adopting this standard.
- Amendments to PAS 40, *Investment Property, Transfers of Investment Property*  
The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments should be applied prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. Retrospective application is only permitted if this is possible without the use of hindsight.
- Philippine Interpretation IFRIC 22, *Foreign Currency Transactions and Advance Consideration*  
The interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognizes the nonmonetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. Entities may apply the amendments on a fully retrospective basis. Alternatively, an entity may apply the interpretation prospectively to all assets, expenses and income in its scope that are initially recognized on or after the beginning of the reporting period in which the entity first applies the interpretation or the beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the interpretation.

*Effective beginning on or after January 1, 2019*

- *Amendments to PFRS 9, Prepayment Features with Negative Compensation*  
The amendments to PFRS 9 allow debt instruments with negative compensation prepayment features to be measured at amortized cost or fair value through other comprehensive income. An entity shall apply these amendments for annual reporting periods beginning on or after January 1, 2019. Earlier application is permitted.
- *PFRS 16, Leases*  
PFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under PAS 17, Leases. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset.  
  
Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.  
  
Lessor accounting under PFRS 16 is substantially unchanged from today's accounting under PAS 17. Lessors will continue to classify all leases using the same classification principle as in PAS 17 and distinguish between two types of leases: operating and finance leases.  
  
PFRS 16 also requires lessees and lessors to make more extensive disclosures than under PAS 17.  
  
Early application is permitted, but not before an entity applies PFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs. The Group expects the standard to impact its operating lease arrangements for land, buildings and mining and construction equipments which will require recognition of right of use asset in the books and its related lease liability. The Group does not expect significant impact of the standards to its arrangements as a lessor.
- *Amendments to PAS 28, Long-term Interests in Associates and Joint Ventures*  
The amendments to PAS 28 clarify that entities should account for long-term interests in an associate or joint venture to which the equity method is not applied using PFRS 9. An entity shall apply these amendments for annual reporting periods beginning on or after January 1, 2019. Earlier application is permitted.
- *Philippine Interpretation IFRIC 23, Uncertainty over Income Tax Treatments*  
The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of PAS 12 and does not apply to taxes or levies outside the scope of PAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

The interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates

An entity must determine whether to consider each uncertain tax treatment separately or together with one or more uncertain tax treatments. The approach that better predicts the resolution of uncertainty should be followed.

The Group is currently assessing the impact of adopting this interpretation.

#### *Deferred effectivity*

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

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

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

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### 3. Equity

#### Capital Stock

As of September 30, 2018 and December 31, 2017, the Parent Company's capital stock consists of:

In PHP thousands	2018	
	Shares	Amount
Preferred stock - ₱1 par value		
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 and end of year	13,277,470	₱13,277,470

In PHP thousands	2017	
	Shares	Amount
Preferred stock - ₱1 par value		
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 and end of year	13,277,470	₱13,277,470

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

On 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.

#### *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.

#### Retained Earnings

On March 8, 2018, the BOD approved the declaration of (1) *regular cash dividends* in the amount of ₱0.28 per common share or a total of ₱3,717.69 million; and (2) *special cash dividends* of ₱0.20 per common share or a total of ₱2,655.49 million, or a grand total of ₱6,373.19 million out of the unrestricted retained earnings of the Parent Company as of December 31, 2017, in favor of the common stockholders of record as of March 23, 2018, and was paid on April 6, 2018.

On April 5, 2017, the BOD approved the declaration of (1) *regular cash dividends* in the amount of ₱0.24 per common share or a total of ₱3,186.59 million; and (2) *special cash dividends* of ₱0.24 per common share or a total of ₱3,186.59 million, or a grand total of ₱6,373.19 million out of the unrestricted retained earnings of the Parent Company as of March 31, 2017, in favor of the common stockholders of record as of April 21, 2017, and was paid on May 5, 2017.

#### 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.

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

#### 4. Business Segments

The following tables present the net income of the specific business segments for the period ended September 30, 2018 and 2017:

##### Segment Revenues

(in PHP Millions)	For the period		Variance	
	September 2018	September 2017	Amount	%
Semirara Mining and Power Corporation	<b>P30,869</b>	P31,933	(P1,064)	-3%
DMCI Homes	<b>14,747</b>	14,434	313	2%
D.M. Consunji, Inc.	<b>10,491</b>	9,052	1,439	16%
DMCI Power (SPUG)	<b>2,937</b>	2,049	888	43%
DMCI Mining	<b>978</b>	700	278	40%
Parent and others	<b>320</b>	230	90	39%
	<b>P60,342</b>	P58,398	P1,944	3%

##### Net income after non-controlling interests

(in PHP Millions)	For the period		Variance	
	September 2018	September 2017	Amount	%
Semirara Mining and Power Corporation	<b>P5,064</b>	P6,491	(P1,427)	-22%
DMCI Homes*	<b>3,419</b>	2,654	765	29%
Maynilad	<b>1,410</b>	1,228	182	15%
D.M. Consunji, Inc.	<b>952</b>	851	101	12%
DMCI Power (SPUG)	<b>337</b>	324	13	4%
DMCI Mining	<b>133</b>	117	16	14%
Parent and others	<b>171</b>	50	121	242%
	<b>P11,486</b>	P11,715	(P229)	-2%

*\*Includes P0.7 billion gain on sale of land*

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## 5. Operating Expenses

The following tables present the consolidated operating expenses for the period ended September 30, 2018 and 2017:

	2018	2017
Government share	<b>P2,842,059</b>	P3,025,195
Depreciation, depletion and amortization	<b>1,352,903</b>	366,694
Salaries, wages and employee benefits	<b>1,038,439</b>	843,764
Taxes and licenses	<b>907,186</b>	874,927
Commission	<b>657,685</b>	708,054
Outside services	<b>596,160</b>	513,912
Repairs and maintenance	<b>515,832</b>	413,974
Advertising and marketing	<b>287,061</b>	396,685
Transportation and travel	<b>120,300</b>	77,828
Communication, light and water	<b>112,066</b>	104,904
Supplies	<b>111,009</b>	50,675
Insurance	<b>103,663</b>	121,325
Entertainment, amusement and recreation	<b>73,369</b>	60,448
Association dues	<b>58,906</b>	55,691
Rent	<b>22,937</b>	92,122
Miscellaneous expense	<b>456,545</b>	281,622
	<b>P9,256,120</b>	P7,987,820

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

Financial information as of and for the period ended September 30, 2018 and December 31, 2017 on the Group's subsidiary with material non-controlling interest (NCI) follows:

### Semirara Mining and Power Corporation and Subsidiaries (SMPC)

	September 30, 2018	December 31, 2017
<b>Statements of Financial Position</b>		
Current assets	<b>P21,652,794</b>	P24,333,646
Noncurrent assets	<b>45,573,185</b>	44,262,759
Current liabilities	<b>11,683,760</b>	14,407,272
Noncurrent liabilities	<b>14,526,928</b>	16,509,754
Equity	<b>41,015,291</b>	37,679,379
	<b>September 30, 2018</b>	September 30, 2017
<b>Statements of Comprehensive Income</b>		
Revenue	<b>P30,868,350</b>	P31,932,963
Net income	<b>8,907,681</b>	11,551,580
Other comprehensive income	—	—
Total comprehensive income	<b>8,907,681</b>	11,551,580

Financial information as of and for the period ended September 30, 2018 and December 31, 2017 on the Group's material interest in associate follows:

Maynilad Water Holdings Company, Inc. and Subsidiaries

	September 30, 2018	December 31, 2017
<b>Statements of Financial Position</b>		
Current assets	<b>P15,154,521</b>	P11,711,493
Noncurrent assets	<b>100,316,381</b>	93,030,619
Current liabilities	<b>16,974,625</b>	16,383,029
Noncurrent liabilities	<b>42,702,365</b>	35,136,744
Equity	<b>55,793,912</b>	53,222,339
	<b>September 30, 2018</b>	September 30, 2017
<b>Statements of Comprehensive Income</b>		
Revenue	<b>P16,553,257</b>	P15,578,199
Net income	<b>5,183,402</b>	4,518,481
Other comprehensive income	—	—
Total comprehensive income	<b>5,183,402</b>	4,518,481

Investment in Maynilad Water Holdings Company, Inc. (MWHCI) is accounted for using the equity method. For the period ended September 30, 2018 and 2017, the Company received dividends from MWHCI amounting to P758.47 million. Equity in net earnings in the nine months ended amounted to P1,409.37 million in 2018 and P1,228.57 million in 2017.

Financial information as of and for the period ended September 30, 2018 and December 31, 2017 on the Group's immaterial interest in associate follows:

Subic Water

On January 22, 1997, PDI subscribed to 3.26 million shares at the par value of P10 per share for an aggregate value of P32.62 million in Subic Water, a joint venture company among Subic Bay Metropolitan Authority (SBMA), a government-owned corporation, Olongapo City Water District, and Cascal Services Limited (a company organized under the laws of England).

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

The investment in Subic Water is accounted for as an investment in an associate using the equity method. The carrying amount of the investment in associate amounted to P285.42 million and P256.91 million as of September 30, 2018 and December 31, 2017, respectively. The unaudited share in net earnings amounted to P43.51 million and P38.41 million for the period ended September 30, 2018 and 2017, respectively.

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## 7. Earnings Per Share

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

Basic/diluted earnings per share

	<b>For the period (2018)</b>	For the period (2017)	<b>For 3<sup>rd</sup> Quarter (2018)</b>	For 3 <sup>rd</sup> Quarter (2017)
Net income attributable to equity holders of Parent Company	<b>₱11,485,598</b>	₱11,715,115	<b>₱2,269,784</b>	₱4,067,602
Divided by weighted average number of common shares	<b>13,277,470</b>	13,277,470	<b>13,277,470</b>	13,277,470
Basic and diluted earnings per share	<b>₱0.87</b>	₱0.88	<b>₱0.17</b>	₱0.31

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**8. Related Party Transactions**

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

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

- a. Comprehensive surety, corporate and letters of guarantee issued by the Group 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 Group. These projects are bid out to various contractors and are awarded on arm's length transactions. Booked revenues from these contracts amounted to ₱656 million and ₱1,284 million for the period ended September 30, 2018 and 2017, respectively.
- d. An affiliate had transactions with the Group for services rendered relating to the Group's coal operations. These include services for the confirmatory drilling for coal reserve and evaluation of identified potential areas, exploratory drilling of other minerals within the Island, dewatering well drilling along the mine and fresh water well drilling for industrial and domestic supply under an agreement.

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

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

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## 9. Financial Risk Management Objectives and Policies

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

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

### a. *Liquidity Risk*

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

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

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

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

### b. *Market Risk*

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

The sensitivity analyses have been prepared on the following bases:

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

The assumption used in calculating the sensitivity analyses of the relevant income statement item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at September 30, 2018 and December 31, 2017.

#### *Equity Price Risk*

The Group's equity price risk exposure 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.

#### *Commodity Price Risk*

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

#### *Coal*

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

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

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

To mitigate this risk, the Group continues to improve the quality of its coal and diversify its market from power industry, cement industry, other local industries and export market. This will allow flexibility in the distribution of coal to its target customers in such manner that minimum target average price of its coal sales across all its customers will still be achieved. Also, in order to mitigate any negative impact resulting from price changes, it is the Group's policy to set minimum contracted volume for customers with long term supply contracts for each given period

(within the duration of the contract) and pricing is negotiated on a monthly basis to even out the impact of any fluctuation in coal prices, thus, protecting its target margin. The excess volumes are allocated to spot sales which may command different price than those contracted already since the latter shall follow pricing formula per contract.

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

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

	<b>September 30, 2018</b>	December 31, 2017
Domestic market	<b>60.39%</b>	33.51%
Export market	<b>39.61%</b>	66.49%

The following table shows the effect on income before income tax should the change in the prices of coal occur based on the inventory of the Group as of September 30, 2018 and December 31, 2017 with all other variables held constant. The change in coal prices used in the simulation assumes fluctuation from the lowest and highest price based on one-year historical price movements in 2018 and 2017.

	<b>September 30, 2018</b>	December 31, 2017
<i>Change in coal price (in thousands)</i>		
<i>Based on ending coal inventory</i>		
Increase by 37% in 2018 and 19% in 2017	<b>P2,067,730</b>	P182,729
Decrease by 37% in 2018 and 19% in 2017	<b>(2,067,730)</b>	(182,729)
<i>Based on coal sales volume</i>		
Increase by 37% in 2018 and 19% in 2017	<b>8,248,023</b>	2,814,557
Decrease by 37% in 2018 and 19% in 2017	<b>(8,248,023)</b>	(2,814,557)

#### *Interest Rate Risk*

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

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

	<b>September 30, 2018</b>	December 31, 2017
<i>Basis points (in thousands)</i>		
+100	<b>(P172,066)</b>	(P180,245)
-100	<b>172,066</b>	180,245

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 2018 and 2017. The forecasted movements in percentages of interest rates used were derived based on the Group's historical changes in the market interest rates on unsecured bank loans.

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

#### *Foreign Currency Risk*

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

The Group does not have any foreign currency hedging arrangements.

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

	September 30, 2018				Equivalent in PHP
	U.S. Dollar	Japanese Yen	UK Pounds	Euro	
<b>Financial assets</b>					
Cash and cash equivalents	\$5,290	¥2,548	£111	€10	₱295,674
Receivables	566	—	—	—	30,560
	5,856	2,548	111	10	326,234
<b>Financial liabilities</b>					
Accounts payable and accrued expenses	(9,142)	—	—	—	(493,853)
Long-term loans	(44,221)	—	—	—	(2,388,816)
	(53,363)	—	—	—	(2,882,669)
	(\$47,507)	¥2,548	£111	€10	(₱2,556,435)

The following tables demonstrates the sensitivity to a reasonably possible change in foreign exchange rates, with all variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities) as of September 30, 2018 (amounts in thousands):

	Exchange rate movement	Effect on profit before tax
In Peso per US Dollar		
Increase	₱2	(₱95,014)
Decrease	(2)	95,014
In Peso per Japanese Yen		
Increase	2	5,095
Decrease	(2)	(5,095)
In Peso per UK Pound		
Increase	2	222
Decrease	(2)	(222)
In Peso per Euro		
Increase	2	19
Decrease	(2)	(19)

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

average exchange rates.

*c. Credit Risk*

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Group's maximum exposure to credit risk for the components of the statement of financial position at September 30, 2018 and December 31, 2017 is the carrying amounts except for real estate receivables. The Group's exposure to credit risk arises from default of the counterparties which include certain financial institutions, real estate buyers, subcontractors, suppliers and various electric companies. Credit risk management involves dealing only with recognized, creditworthy third parties. It is the Group's policy that all counterparties who wish to trade on credit terms are subject to credit verification procedures. The Treasury Department's policy sets a credit limit for each counterparty. In addition, receivable balances are monitored on an ongoing basis. The Group's financial assets are not subject to collateral and other credit enhancement except for real estate receivables. As of September 30, 2018 and December 31, 2017, 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.

*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.

#### *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 September 30, 2018, the aging analysis of the Group's receivables presented per class follows:

	Neither past nor impaired	September 30, 2018					Impaired assets	Total
		<30 days	30-60 days	61-90 days	91-120 days	>120 days		
Receivables								
Trade								
Real estate	P13,411,468	P176,399	P22,746	P64,066	P65,563	P327,663	P-	P14,067,905
Electricity sales	4,329,262	136,249	131,576	59,294	143,646	967,276	842,499	6,609,802
General								
construction	3,323,481	1,363,339	23,531	-	-	-	33,806	4,744,157
Coal mining	837,521	399,178	-	-	59,880	37,472	36,113	1,370,164
Merchandising and others	44,255	22,578	20,166	9,232	296	11,591	2,921	111,039
Receivables from related parties	230,352	-	-	-	-	-	-	230,352
Other receivables	1,385,395	22,366	386	-	-	22,196	679,819	2,110,162
	P23,561,734	P2,120,109	P198,405	P132,592	P269,385	P1,366,198	P1,595,158	P29,243,581

### Fair Value of Financial Instruments

The following methods and assumptions are used to estimate the fair value of each class of financial instruments for which it is practicable to estimate such fair value:

#### *Financial assets*

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

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

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.

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

#### *Financial liabilities*

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

Estimated fair value of long-term fixed rate loans and liabilities for purchased land are based on the discounted value of future cash flows using the applicable rates for similar types of loans with

maturities consistent with those remaining for the liability being valued. For floating rate loans, the carrying value approximates the fair value because of recent and regular repricing (quarterly) based on market conditions.

#### Fair 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) 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

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