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)

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

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

HERBERT M. CONSUNJI
Contact Person

8888-3000
Company Telephone Number

1 2	3 1	**SEC Form 17-Q** **Second Quarter Interim Report 2023**	0 5	1 7
Month	Day	FORM TYPE	Month	Day
Fiscal Year			Annual Meeting	

N.A.
Secondary License Type, If Applicable

C F D
Dept Requiring this Doc

Amended Articles Number / Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

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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 **June 30, 2023**

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

DMCI Holdings, Inc.

4. Exact name of issuer as specified in its charter

5. Philippines   6. (SEC Use Only)

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

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

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

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

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

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

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

Yes [X] No [ ]

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

Philippine Stock Exchange	Class "A" Shares
	Preferred Shares

12. Indicate by check mark whether the registrant:

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

Yes [X] No [ ]

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

Yes [X] No [ ]

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

The Financial Statements as of and for the period ended **June 30, 2023** are contained herein.

MANAGEMENT’S DISCUSSION AND ANALYSIS OF RESULTS OF CONSOLIDATED OPERATIONS AND CONSOLIDATED FINANCIAL CONDITION AS OF AND FOR THE PERIODS ENDED June 30, 2023 AND 2022

June 30, 2023 (Unaudited) vs June 30, 2022 (Unaudited)

I. RESULTS OF OPERATIONS

The table below summarizes the performance of DMCI Holdings, Inc. (PSE: DMC), its subsidiaries and associate, also collectively referred to as “the DMCI Group”, for the periods ended June 30, 2023 and 2022.

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

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

- Semirara Mining and Power Corporation (SMPC), a majority-owned subsidiary (56.65%), is the largest and most modern coal producer in the Philippines. It is the only vertically integrated power generation company in the country that runs on its own fuel (coal). Its two wholly-owned operating subsidiaries—Sem-Calaca Power Corporation (SCPC) and Southwest Luzon Power Generation Corporation (SLPGC)—provide baseload power to the Luzon and Visayas grids through bilateral contract quantity (BCQ) and the Wholesale Electricity Spot Market (WESM).

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

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

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

CONSOLIDATED NET INCOME AFTER NON-CONTROLLING INTERESTS

in Php millions except EPS	April to June (Q2)			January to June (H1)		
	2023	**2022**	**Change**	**2023**	**2022**	**Change**
I. SMPC (56.65%)	5,765	6,110	-6%	10,879	14,630	-26%
II. DMCI Homes	1,387	1,308	6%	2,491	2,722	-8%
III. Maynilad (25%)	474	393	21%	997	712	40%
IV. DMCI Mining	250	510	-51%	723	1,009	-28%
V. DMCI Power	231	205	13%	365	337	8%
VI. D.M. Consunji Inc.	139	516	-73%	412	883	-53%
VII. Parent and others	9	(49)	118%	10	(38)	126%
Core Net Income	**8,255**	**8,993**	**-8%**	**15,877**	**20,255**	**-22%**
Nonrecurring Items	(12)	37	-132%	(18)	36	-150%
Reported Net Income	**8,243**	**9,030**	**-9%**	**15,859**	**20,291**	**-22%**
EPS (reported)	**0.62**	**0.68**	**-9%**	**1.19**	**1.53**	**-22%**

Q2 2023 vs Q2 2022 Consolidated Highlights

- The DMCI Group (DMC) recorded a 9-percent drop in second-quarter net income from Php 9.03 billion to Php 8.24 billion pesos, its second highest in history. This translated to an earnings per share of Php 0.62 from Php 0.68.

  Weaker earnings contribution from the mining (coal and nickel) and construction businesses accounted for the downturn, which was partially offset by the increased profit contribution from the power (on and off-grid) and water businesses.

Quarter-over-quarter, net income picked up by 8% from Php 7.62 billion (Q1 2023), and accelerated by 58% from Q2 2021 (Php 5.23 billion).

Total revenues dipped by 2% from Php 37.70 billion to Php 36.96 billion as higher electricity sales (on- and off-grid) offset the impact of weaker commodity prices (coal and nickel) and lower construction accomplishments (real estate and construction).

Total cash costs were mostly flat (-1%) from Php 22.36 billion to Php 22.22 billion as lower royalty expense offset the effect of higher direct costs for coal and nickel.

Finance income (net of finance costs) rose to Php 260 million versus a Php 156 million expense last year, mainly due to efficient SMPC cash management and higher interests from in-house financing of DMCI Homes.

Other income contracted by 29% from Php 1.25 billion to Php 888 million largely due to lower SMPC net foreign exchange gain, which dropped 63% from Php 767 million to Php 282 million.

Depreciation and amortization rose by 8% from Php 2.11 billion to Php 2.27 billion on higher coal and nickel shipments and increased SMPC capital expenditures from H2 2022 to Q1 2023.

Income taxes surged by 44% from Php 999 million to Php 1.44 billion owing to significantly higher taxable income for SCPC and SLPGC.

- EBITDA margin modestly narrowed from 41% to 40%, while net income margin slipped from 36% to 34% due to lower topline and flat cash costs. Both margins at healthy levels.

- 2023 nonrecurring items mostly pertain to Maynilad donations and net foreign exchange losses, while 2022 nonrecurring items mainly pertain to DMCI gain from land sale.

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

- Paid out cash dividends of Php 9.56 billion or Php 0.72 per share last April 28.

H1 2023 vs H1 2022 Consolidated Highlights

- Reported net income dropped by 22% from Php 20.29 billion to Php 15.86 billion on lower contributions from the coal, nickel, real estate and construction businesses. Consequently, earnings per share fell from Php 1.53 to Php 1.19. Return on equity reached 14.9% over the semestral period.

- Total revenues retreated by 14% from Php 81.47 billion to Php 69.99 billion on lower coal and nickel selling prices and depressed construction accomplishments (DMCI and DMCI Homes), coupled with higher revenue reversals from real estate sales cancellations and fewer new real estate accounts that qualified for revenue recognition.

  These declines were partially offset by higher commodity (coal and nickel) shipments and electricity sales (on- and off-grid).

- Total cash costs fell by 10% from Php 46.14 billion to Php 41.40 billion on lower royalty expense and direct costs as a result of lower construction accomplishments.

- EBITDA margin narrowed from 43% to 41%, while net income margin decreased from 39% to 35% as total cash costs fell slower than revenues. Both margins still at healthy levels.

- 2023 nonrecurring items pertain to Maynilad donations and net foreign exchange loss, while 2022 nonrecurring items relate to DMCI gain from land sale, Maynilad severance pay, donations and net foreign exchange gain.

- SMPC, DMCI Homes and Maynilad contributed 90% of core net income.

- Consolidated cash level surged by 33% from Php 28.4 billion (December 31, 2023) to Php 37.9 billion on higher collection. Debt level decreased by 2% from Php 52.6 billion to Php 51.5 billion following SMPC and DMCI Power loan payment.

- Balance sheet remained very healthy as liquidity, leverage and book value per share all improved.

Q2 2023 vs Q2 2022 Subsidiaries and Associate Performance

I. Semirara Mining and Power Corporation (SMPC)

Net income contribution from SMPC slightly declined from its record-setting Php 6.11 billion to Php 5.77 billion mainly due to weaker coal selling prices, which was mitigated by higher coal shipments, total generation, electricity sales and average selling prices. To further elaborate:

<u>Coal</u>

- **More shipments.** Total shipments increased by 22% from 3.7 million metric tons (MMT) to 4.5 MMT on the back of recovering exports and robust beginning inventory (4.4 MMT). Foreign shipments surged by 44% from 1.8 MMT to 2.6 MMT amid flat domestic sales (1.9 MMT).

  China and South Korea were the leading foreign buyers, making up 55% and 39% of total exports, respectively. Shipments to China increased by 75% from 0.8 MMT to 1.4 MMT, while shipments to South Korea grew by 21% from 0.8 MMT to 1.0 MMT. The rest of the exports went to Vietnam (3%), Brunei (2%) and Japan (1%).

  Sale to own plants expanded by 14% from 0.7 MMT to 0.8 MMT on improved SCPC plant availability. External domestic sales decreased by 8% from 1.2 MMT to 1.1 MMT on lower demand from cement and industrial plants.

- **Stabilizing prices.** Semirara coal average selling prices (ASP) retreated by 23% from its all-time high of Php 5,399 per metric ton (MT) to Php 4,151 per MT, as market indices normalized from last year's record highs.

  Average Newcastle prices tumbled by 57% from US$376.8 to US$160.7, while average Indonesian Coal Index 4 (ICI4) receded by 27% from US$89.0 to US$65.1.

  Semirara coal ASP performed better than the ICI4 (its main index reference), boosted by higher-grade coal shipments, which rose by 26% from 3.1 MMT to 3.9 MMT.

- **Higher cash costs.** Total cash costs grew by 5% from Php 9.42 billion to Php 9.89 billion mainly due to increased cost of sales (COS), tempered by declines in operating expenses and royalty expense.

  Cash component of COS expanded by 22% from Php 5.28 billion to Php 6.45 billion because of higher shipments and lower production. Royalty expense dropped by 17% from Php 4.08 billion to Php 3.32 billion owing to lower selling prices and margins, while operating expenses fell by 10% from Php 139 million to Php 125 million mainly due to lower commission expenses billed for the period.

- **Higher noncash items.** Depreciation and amortization accelerated by 47% from Php 856 million to Php 1.26 billion mainly due to higher sales volume and capital expenditures from H2 2022 to Q2 2023. These expenses account for the noncash part of direct costs.

- **Reduced net forex gain.** Net forex gain plummeted by 77% from Php 710 million to Php 164 million on higher exports and stronger Philippine peso against the US dollar. As of end of Q2 2023, 24% of net foreign exchange gains remained unrealized.

- **Narrower margins.** Core EBITDA margin decreased from 52% to 47% on weaker topline and higher direct costs, cushioned by lower royalty expense. Consequently, standalone net income margin narrowed from 50% to 42% due to higher noncash expenses, lower other income and slightly higher taxes. Finance income from placements grew sixfold (563%) from Php 30 million to Php 199 million.

- **Higher net finance income.** Finance income (net of finance costs) increased to Php 139 million, up from a net finance cost of Php 61 million last year, as a result of better cash management.

The segment also reported the following operational highlights:

- **Reduced production.** Total production declined by 12% from 3.4 MMT to 3.0 MMT due to the onset of rains and ongoing stripping activities in Molave South Block 6 and Narra North Block 1.

  The simultaneous stripping activities in Molave and Narra mines led to a double-digit rise (30%) in total materials moved from 42.7 million bank cubic meters (MBCM) to 55.7 MBCM. Additionally, strip ratio spiked by 51% from 11.7 to 17.7.

  Molave mine accounted for 61% of total production, with a quarterly strip ratio of 17.0. Narra mine strip ratio stood at 19.0, an improvement from 24.51 the previous quarter (Q1 2023)

  Full-year average strip ratio guidance adjusted to 12.09 from 12.32 the previous quarter. Half of total annual production is expected to come from Molave mine.

- **Double-digit inventory growth.** Total coal inventory grew by 12% from 2.5 MMT to 2.8 MMT on stable production and flat domestic sales, while higher-grade coal inventory increased by 9% from 1.5 MMT to 1.6 MMT.

Year-to-date, total coal inventory rose by 40% from 2.0 MMT to 2.8 MMT, while higher-grade coal expanded by 45% from 1.1 MMT to 1.6 MMT.

Power

At the standalone level, power revenues climbed by 43% from Php 4.77 billion to Php 6.82 billion because of better operating and market conditions. Net income rallied by 82% from Php 1.2 billion to Php 2.19 billion, marking its highest second-quarter result ever. The segment's stellar results are attributable to the following:

- **Higher plant availability.** Overall plant availability surged by 25% from 64% to 80% on the improved availability of SCPC. With the commercial operation of Unit 2 last October 9, 2022, total average capacity expanded by 35% from 509 megawatt (MW) to 685 MW.

  SCPC availability nearly doubled from 43% to 84% on lower outage days (29 days vs 103 days in 2022) while SLPGC availability declined from 85% to 75% following increased outage days (44.5 days versus 26 days in 2022).

- **Improved gross generation and sales.** Total gross generation improved by 27% from 956 gigawatt hours (GWh) to 1,212 GWh, as the improved performance of SCPC offset the lower output of SLPGC.

  In turn, total power sales jumped by 22% from 900 GWh to 1,097 GWh, bulk (66%) of which was sold to the spot market.

  Spot sales accelerated by 42% from 507 GWh to 720 GWh on higher overall output and higher uncontracted capacity (471.90 MW as of March 2023 vs 302.85 MW as of March 2022). Declared uncontracted capacity is net of station service, which varies from time to time.

  Station service pertains to the electricity produced by the plant that is used within the facility to power the lights, motors, control systems and other auxiliary electrical loads that are necessary for plant operation.

  BCQ sales slipped by 4% from 393 GWh to 377 GWh after a slight drop (2%) in contracted capacity from 190.35 MW (March 2022) to 188.70 MW (March 2023).

- **Better selling prices.** Overall average selling prices (ASP) jumped by 17% from Php 5.30/ kilowatt hour (kWh) to Php 6.22/kWh due to higher spot sales and elevated prices (BCQ and spot).

  ASP from spot sales inched higher (3%) from Php 6.91/KWh to Php 7.11/KWh, while BCQ ASP accelerated by 40% from Php 3.22/KWh to Php 4.52/KWh on improved contract prices and inclusion of pass-through provisions in signed contracts in H2 2022.

- **Ample uncontracted capacity.** At the end of Q2 2023, only 27% (188.7 MW) of the 710MW dependable capacity are contracted, bulk of which is under SLPGC (76% or 143.7MW).

  Net of station service (58.7MW), which varies from time to time, the segment has 462.6MW available for sale to the spot market.

- **Minimal spot purchases.** Total spot purchases plunged by 81% from Php 245 million to Php 47 million owing to better plant availability, higher capacity and slightly lower contracted capacity (around 1.65 MW).

  Most of the purchased spot power were used by SCPC to deliver contracted capacity and for start-up services. On June 7, Units 1 and 2 tripped, which lasted less than a day.

  The segment was a net seller to the spot market by 715 GWh (vs 474 GWh in Q2 2022).

At the standalone level, SMPC registered a 5-percent decline in net income from Php 10.78 billion to Php 10.19 billion. Excluding net foreign exchange gains (Php 767 million in 2022 and Php 282 million in 2023), net income was largely unchanged (-1%) from Php 10.01 billion to Php 9.90 billion. No nonrecurring item was booked during both periods.

II. DMCI Project Developers Inc. (DMCI Homes)

DMCI Homes recorded a 6-percent increase in net income contribution from Php 1.31 billion to Php 1.39 billion. Higher finance and other income offset the impact of decelerating revenues. To elaborate:

- **Lower revenues.** Total revenues fell by 9% from Php 6.50 billion to Php 5.89 billion because of higher reversals from sales cancellations from accounts that reached the collection threshold of the company (14.5% versus industry practice of 10%).

  Tempering these movements were higher selling prices and the increase in newly-recognized accounts from prior-year sales that met the company threshold.

  Newly-recognized accounts rose by 4% from Php 2.70 billion to Php 2.79 billion driven by Allegra Garden Place (launched 2019), Satori Residences (2018) and Alder Residences (2018).

Revenue reversals from sales cancellations picked up by 79% from Php 473 million to Php 846 million, as bulk buyers from mainland China terminated their purchase of units in Prisma Residences.

Quarter-over-quarter, total revenues recovered by 26% from Php 4.54 billion owing to lower cancellations (from Php 1.14 billion) and more newly-recognized accounts (from Php 1.87 billion).

- **Reduced cash costs.** Total cash costs decelerated by 9% in line with revenues from Php 5.18 billion to Php 4.70 billion because of lower recognized COS and operating expenses.

  COS decreased slightly faster (10%) than topline (9%) from Php 4.55 billion to Php 4.11 billion on value engineering initiatives.

  Operating expenses declined by 6% from Php 628 million to Php 589 million on high base effect, as the company booked higher opex last year following tax assessment and association dues for unsold ready-for-occupancy (RFO) units.

- **Flat EBITDA and wider net income margins.** EBITDA margin was flat (20%) after lower cash costs offset topline weakness. Net income margin grew from 20% to 24% owing to higher other income and net finance income, tempered by slightly higher provision for income taxes.

  Other income surged by 41% from Php 421 million to Php 592 million on the back of higher forfeitures from sales cancellations and rental income.

  Net finance income grew 2.7x from Php 55 million to Php 146 million because of higher interests from in-house financing amid lower recognized finance costs.

The company also reported the following operational highlights:

- **Weaker sales.** Total units sold contracted by 15% from 1,512 to 1,289 as high interest rates and elevated inflation kept buyers cautious. Residential units sold fell by 15% from 834 to 711, while parking slots receded at the same rate (15%) from 678 to 578.

  Top selling projects include Allegra Garden Place, Sage Residences, Verdon Parc and The Erin Heights.

- **Better selling prices**. Average selling price (ASP) per unit jumped by 11% from Php 6.23 million to Php 6.92 million, while ASP per square meter rose by 13% from Php 115,000 to Php 131,000. The increase is mostly attributable to the launch of smaller-cut units in prime locations (Makati City and Mandaluyong City) over the past twelve months.

- **Lower sales value.** Total sales value slipped by 6% from Php 5.70 billion to Php 5.37 billion largely due to lower units sold, cushioned by better ASP.

- **Easing cancellations.** Sales cancellations for units still awaiting revenue recognition slightly dropped year-on-year from 16.5% to 16.2%. However, on a year-to-date basis, the decrease is more pronounced, from 19.1% to 11.7%.

- **Higher unbooked revenues.** Unbooked revenues grew by 6% from Php 61.5 billion to Php 65.2 billion mainly due to low base effect as the company ramped up its post-pandemic project launches in H2 2022.

- **More inventory.** Total inventory accelerated by 35% from Php 47.5 billion to Php 64.2 billion, bulk (73%) of which are pre-selling units.

  Pre-selling inventory surged by 42% from Php 33.0 billion to Php 46.9 billion following the launch of Fortis Residences (a joint venture project), Sage Residences, The Calinea Tower and Mulberry Place 2.

  RFO inventory jumped by 18% from Php 14.6 billion to Php 17.3 billion with the completion of The Orabella, Infina Towers, Brixton Place, Prisma Residences and Verdon Parc.

  Quarter-over-quarter, total inventory declined by 2% from Php 65.5 billion owing to the absence of project launches.

- **Additional land bank.** Total land bank grew by 2% from 217.4 hectares to 221.0 hectares, following the acquisition of a 2.3-hectare property in Mindanao.

  Bulk (51%) of the land bank is located in Metro Manila, followed by Luzon (44%), Visayas (3%) and Mindanao (2%).

- **Increased capital spending.** Capital expenditures (capex) reached Php 3.7 billion, a 2-percent uptick from Php 3.6 billion. 93% of capex was spent on construction activities. The rest was used to acquire new equipment and additional land.

At the standalone level, DMCI Homes generated Php 1.41 billion in net income, up by 6% from Php 1.32 billion last year. No nonrecurring item was booked during both periods.

III. Maynilad Water Services, Inc. (Maynilad)

Reported net income contribution from associate Maynilad improved by 16% from Php 399 million to Php 462 million due to the combined effect of improved billed volume, customer mix and average effective tariff, tempered by higher cash costs and other expenses.

Excluding nonrecurring items, core net income contribution accelerated by 21% from Php 393 million to Php 474 million.

To further explain:

- **Stronger topline.** Revenues improved by 20% from Php 5.91 billion to Php 7.09 billion on higher billed volume, better customer mix and increased average effective tariff.

- **Higher cash costs.** Cash costs grew faster (34%) than topline (20%) from Php 1.91 billion to Php 2.55 billion due to the franchise tax, cross-border water purchases, higher utilities spending, repairs and maintenance, and increased chemical costs for its Putatan water treatment plant.

- **More finance costs.** Net finance cost (less finance income) surged by 22% from Php 529 million to Php 643 million largely due to new borrowings to refinance a US Dollar denominated loan for the Metro Manila Waster Water Management Project (MWMP).

- **Better profit margin.** Standalone net income margin widened from 27% to 31% owing to better topline and lower depreciation, offsetting higher cash costs.

  Depreciation and amortization dropped by 39% from Php 1.24 billion to Php 754 million mainly attributable to the effectivity of the company's legislative franchise under Republic Act 11600, which extended its service concession assets by ten years (from 2037 to January 2047), beginning January 2022. The company adjusted the concession asset effective in Q4 2022 following acceptance of the franchise in March 2022.

- **Uptick in billed volume.** Billed volume grew 1% from 135.4 million cubic meters (MCM) to 137.5 MCM mainly due to improved supply in southern Metro Manila, reactivation and reconnection of delinquent accounts and easing COVID-19 restrictions.

  Even with the uptick, billed volume for the period is still 1% below the pre-pandemic level of 139.2 MCM (Q2 2019).

- **Improved customer mix.** Non-domestic customers accounted for 18.2% of billed volume (from 17.0%) indicating industrial demand recovery. Consequently, revenues attributable to domestic customers decreased from 83.0% to 81.8%,

- **Adjusted tariff.** Average effective tariff recovered by 15% from Php 42.38 to Php 48.55 because of better customer mix and the staggered implementation of the Metropolitan Waterworks and Sewerage System (MWSS) – approved basic rate adjustment last January 1, 2023.

The company also reported the following operational highlights:

- **Increased Production.** Total water production rose by 2% from 191.0 MCM to Php 194.8 MCM mainly due to cross-border water purchases and activation of the new water treatment plant, amid lower raw water releases from Angat dam.

- **Higher water losses.** Increased production led to higher average non-revenue water (NRW) from 29.1% to 29.4%, while end-of-period NRW rose from 28.5% to 30.2%.

- **Expanded coverage.** Water service coverage stood at 94.7% (from 94.4%), with served population growing by 3% from 10.0 million to 10.3 million. Sewer service coverage expanded from 24.1% to 25.7%, as served population surged by 10% from 2.4 million to 2.6 million because of accelerated wastewater infrastructure spending.

At the standalone level, reported net income grew by 34% from Php 1.63 billion to Php 2.18 billion. Excluding nonrecurring items, core net income soared by 35% from Php 1.66 billion to Php 2.23 billion.

Nonrecurring expense nearly doubled (92%) from Php 29 million to Php 56 million largely due to donations and foreign exchange losses. 2022 nonrecurring items pertain to severance pay and donations.

IV. DMCI Mining Corporation (DMCI Mining)

DMCI Mining reported a 51-percent drop in net income contribution from Php 510 million to Php 250 million mainly due to lower selling prices and higher costs, as outlined below:

- **Lower revenues.** Revenues fell by 11% from Php 1.22 billion to Php 1.08 billion because of lower selling prices and foreign exchange gain from the US$/Peso appreciation, cushioned by the increased in shipments of ore.

- **Increased cash costs.** Cash costs rose by 38% from Php 400 million to Php 550 million because of higher shiploading, fuel consumption and labor costs, following increased shipments.

- **Higher non-cash costs.** Depreciation and amortization accelerated by 69% from Php 130 million to Php 220 million due to increased ZDMC shipments being amortized against its available reserves.

- **Narrower margins.** EBITDA margin thinned from 67% to 49%, while net income margin narrowed from 45% to 23% because of higher cash costs and depreciation relative to selling price.

The company also reported the following operational and financial highlights:

- **More shipments.** Total shipments rebounded by 33% from 367,000 wet metric tons (WMT) to 487,000 WMT, mainly driven by the 87-percent increase in ZDMC shipments from 260,000 WMT to 487,000 WMT. BNC accounted for 29% of total shipments last year.

- **Weaker selling prices.** Average selling price (ASP) decreased by 22% from US$ 63/WMT to US$49/WMT on the absence of higher-grade nickel ore shipments, lower average nickel grade sold (from 1.39% to 1.35%) and retreating market indices.

  Average monthly Q2 LME Nickel price pulled back by 23% from US$ 29,029/ton to US$ 22,393/ton, while the Philippine FOB price for 1.50% grade plunged by 41% from $ 66/WMT from $ 39/WMT.

- **Doubled productions.** Total production more than doubled (111%) from 248,000 WMT to 523,000 WMT after ZDMC secured the necessary Environmental Compliance Certificate (ECC) to raise its annual production to two million metric tons (effective January 2023).

- **Higher stockpile.** Total ending inventory likewise doubled (101%) from 65,000 WMT to 131,000 MWT, driven by a 150-percent increase in ZDMC stockpile from 44,000 WMT to 110,000 WMT. BNC stockpile stood at 21,000 WMT, which is below the standard shipment size of 50,000 WMT.

- **Healthy cash position.** Ending cash balance slightly declined from Php 1.1 billion to Php 1.0 billion, while debt level stood at Php 350 million. The company also capitalized Php 118 million for its Palawan exploration activities over H1 2023, decreasing its cash balance.

- **Lower capital expenditures.** Committed capital spending declined by 8% from Php 90 million to Php 83 million on lower machinery spending in ZDMC, tempered by Palawan exploration activities.

At the standalone level, reported net income dropped by 35% from Php 1,085 million to Php 708 million. No nonrecurring item was recognized during both periods.

V. DMCI Power Corporation (DMCI Power)

Core net income contribution rose by 13% from Php 205 million to Php 231 million on higher revenues and lower fuel costs. To elaborate:

- **Better topline.** Total revenues went up by 4% from Php 1.98 billion to Php 2.06 billion on the combined effect of higher generation, increased dispatch, slightly offset by the weaker selling prices.

- **Higher generation.** Total gross generation improved by 10% from 119.6 GWh to 132.0 GWh due to the commercial operation of a hybrid plant in Masbate and the deployment of a rental diesel plant in Palawan.

- **Increased dispatch.** Total energy sales increased by 11% from 113.5 GWh to 126.3 GWh on higher gross generation and stronger demand across all service areas. Palawan accounted for 44% of total sales, followed by Masbate (33%) and Oriental Mindoro (23%).

  Palawan sales expanded by 23% from 44.9 GWh to 55.3 GWh with the addition of a 6MW rental diesel generator. Masbate dispatch rose by 5% from 39.7 GWh to 41.4 GWh, while Oriental Mindoro posted a 2% uptick from 29.0 GWh to 29.5 GWh.

- **Lower ASP.** Average selling prices (ASP) decreased by 6% from Php 17.4/KWh to Php 16.3/KWh on lower fuel costs.

  Bunker costs fell by 12% from Php 50.2 to Php 44.4 per liter, while diesel costs declined by 12% from Php 60.6 to Php 53.6 per liter.

- **Increased cash costs.** Total cash costs grew by 3% from Php 1.63 billion to Php 1.68 billion due to higher generation, tempered by lower fuel costs.

- **Higher finance costs.** Finance costs more than doubled from Php 10 million to Php 23 million following the commercial operation of the 2x4.17 MW hybrid diesel plant in Masbate and higher cost of borrowing.

- **Better margins.** With the slightly slower growth in cash costs, EBITDA margin expanded from 17% to 19%. Consequently, net income margin slightly widened from 10% to 11%.

The company also reported the following operational highlights:

- **Additional installed capacity.** Total installed capacity expanded by 17% from 136.4 MW to 159.8 MW following the synchronization of a 15 MW thermal plant in Palawan last June 26. Commercial operation is targeted for August 2023.

  With this, Palawan is now the biggest market of the company, accounting for 49% of installed capacity, followed by Masbate (39%) and Oriental Mindoro (12%).

- **Changes in market share.** Palawan market share widened from 51% to 55% on higher dispatch while market share in Oriental Mindoro declined from 29% to 27% on better availability of renewable plants in the area. The company remains the sole power provider in Masbate.

At the standalone level, reported net income soared by 12% from Php 205 million to Php 231 million. No nonrecurring item was recognized during both periods.

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

Core net income contribution from DMCI sank by 73% from Php 516 million to Php 139 million, mainly due to weaker topline and thin margins. To elaborate:

- **Lower revenues.** Total revenues dropped by 23% from Php 5.32 billion to Php 4.21 billion on slower construction accomplishments due to delay in key infrastructure projects, coupled with fewer projects.

  Bulk (78%) of the revenues came from building and infrastructure projects, while joint ventures and project support accounted for the rest.
- **Slower decline in cash costs.** Total cash costs fell by 14% from Php 4.39 billion to Php 3.77 billion on account of a higher revenue base due to the finalization of more accounts last year.

- **Thinner margins.** EBITDA margin narrowed from 18% to 10%, while net income margin dropped from 10% to 3% on topline weakness and higher cash costs.

The company also reported the following operational highlights:

- **Declining order book.** Year-on-year, order book fell by 12% from Php 43.7 billion to Php 38.4 billion on anemic construction demand, continued slowdown in project awarding and rescoping of North South Commuter Railway Project Contract Package 02.

Newly-awarded projects include DLSU Laguna University Hall, Dinapique causeway projects and part of South Commuter Rail Way Package CPS-02 (joint venture), which have a combined value of Php 11.3 billion.

At the standalone level, reported net income fell by 127% from Php 650 million to Php 216 million.

Outlook

Asynchronous global economic recovery, stickier inflation and geopolitical instability pose significant risks for the DMCI Group, as its profitability largely hinges on commodity prices, industrial activities and consumer income.

Management sees rough patches ahead for the construction and real estate businesses as demand continues to taper because of high interest rates, tight credit standards and excess supply. Both also face declining topline and rising costs.

To sustain margins and maintain profitability, DMCI and DMCI Homes will employ value engineering, capital discipline and cost reduction measures until market conditions show marked improvements.

Normalizing commodity prices and unfavorable weather conditions are expected to limit coal and nickel production in the second semester of 2023. SMPC and DMCI Mining are banking on their robust stockpile, competitive pricing and efficient operations to weather these headwinds.

The utility businesses (DMCI Power, SCPC, SLPGC and Maynilad) are likely to fare better this year owing to higher production and sales.

However, management expects a decline in electricity spot prices for the remainder of the year because of easing demand-supply margins. Off-grid rates should slow down on lower fuel costs while dispatch could contract on higher availability of renewable energy plants.

Overall, the DMCI Group expects a sluggish FY2023 because of high base effect and multiple headwinds. But it remains confident in its ability to deliver shareholder value and capital returns given its existing synergies and strong balance sheet.

###

Explanation of movement in consolidated income statement accounts:

Revenues

Consolidated revenues for the first half of 2023 declined by 14% from Php 81.5 billion to Php 70.0 billion due to lower coal sales volume and prices, coupled with fewer construction projects and real estate accounts qualifying for revenue recognition.

Cost of Sales and Services

Cost of sales and services during the period decline in a much slower pace by 5% compared to the same period of last year corresponding to the decline in real estate and construction revenue.

Operating Expenses

Government royalties for the period amounted to Php 6.5 billion, 35% lower from Php 10.1 billion last year as the coal business recorded lower profits. Excluding government royalties, operating expenses incurred during the first half of the year increased by 14% to Php 4.3 billion due mainly to higher outside services, salaries and wages and advertising and marketing expenses.

Equity in Net Earnings

Equity in net earnings of associates increased by 35% as a result of higher income take up from Maynilad.

Finance Income

Consolidated finance income increased by 260% due mainly to higher amount of placements during the period with better interest rates.

Finance Cost

Consolidated finance costs slightly decreased by 13%, as a result of the loan payment of the Group.

Other Income-net

Other income decreased by 41% due to the net forex loss as Philippine peso appreciated against the US dollar. This is mitigated by higher sales forfeitures and cancellation, and sale of fly ash during the period.

Provision for Income Tax

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

II. CONSOLIDATED FINANCIAL CONDITION

June 30, 2023 (Unaudited) vs December 31, 2022 (Audited)

The Company's financial condition for the period improved as total assets reached P249.9 billion, a 4% increase from December 31, 2022. Likewise, consolidated total equity rose by 6% to Php 140.8 billion.

Consolidated cash increased by 34% from Php 28.4 billion to Php 37.9 billion owing to collection of coal, construction and real estate sales.

Receivables decreased by 17% from Php 26.7 billion to Php 22.3 billion on the back of lower coal prices and collection from customers.

Contract assets (current and non-current) slightly increased by 7% to Php 31.4 billion due to higher construction of real estate projects.

Consolidated inventories grew by 3% from Php 61.5 billion to Php 63.6 billion mainly due to higher coal inventory and power plant spare parts of SMPC and higher development costs incurred for ongoing projects.

Other current assets slightly increased by 2% to Php 10.4 billion due mainly to advances made to suppliers of fuel, spare parts and mining equipment.

Investments in associates and joint ventures is almost at par at Php 18.3 billion as a result of the net impact of the income take up and dividend received from Maynilad.

Property, plant and equipment stood at Php 55.9 billion from Php 57.6 billion as depreciation and depletion more than offset capital expenditures for the first half of the year.

Right-of-use assets decreased by 3% due to amortization.

Other noncurrent assets grew by 24% due mainly to higher refundable deposits, advances to suppliers and costs to obtain real estate contracts.

The increase in accounts and other payables is mainly attributable to payable to government and suppliers of machine and spare parts.

Contract liabilities (current and non-current) grew by 7% to Php 17.1 billion as the construction segment received down payment from customers.

From Php 52.6 billion, total debt (under short-term and long-term debt) stood at Php 51.5 billion on the back of the debt payment made by SMPC and DMCI Power, additional loan of the construction and real estate segment.

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

Pension liabilities rose by 46% due to accrual of retirement benefits expense.

Other noncurrent liabilities decreased by 12% due mainly to recoupments of advances from contract owners.

Consolidated retained earnings stood at Php 91.5 billion at the end of June 2023, 7% growth from Php 85.2 billion at the close of 2022 after generation of Php 15.9 billion net income and declaration of Php 9.6 billion dividend.

Non-controlling interest decrease by 26% as a result of the non-controlling share in net income reduced by dividends to non-controlling interest of SMPC.

III. KEY PERFORMANCE INDICATORS

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

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

SEGMENT REVENUES

	For the Period		Variance	
(in Php Millions)	2023	2022	Amount	%
Semirara Mining and Power Corporation	44,573	52,009	(7,436)	-14%
DMCI Homes	10,736	12,447	(1,711)	-14%
D.M. Consunji, Inc.	8,354	10,832	(2,478)	-23%
DMCI Power	3,779	3,357	422	13%
DMCI Mining	2,394	2,637	(243)	-9%
Parent and Others	153	184	(31)	-17%
Total Revenues	**69,989**	**81,466**	**(11,477)**	**-14%**

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

As shown above, consolidated revenues decreased by 14% due to lower coal and nickel sales prices, coupled with softer real estate and construction sales.

CONSOLIDATED NET INCOME AFTER NON-CONTROLLING INTERESTS

	For the Period		Variance	
(in Php Millions)	2023	2022	Amount	%
Semirara Mining and Power Corporation	10,879	14,630	(3,751)	-26%
DMCI Homes	2,491	2,722	(231)	-8%
Maynilad	997	712	285	40%
DMCI Mining	723	1,009	(286)	-28%
D.M. Consunji, Inc.	412	883	(471)	-53%
DMCI Power	365	337	28	8%
Parent and Others	10	(38)	48	126%
Core Net Income	**15,877**	**20,255**	**(4,378)**	**-22%**
Non-recurring Items	(18)	36	(54)	-150%
Reported Net Income	**15,859**	**20,291**	**(4,432)**	**-22%**

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

EARNINGS PER SHARE

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

The Company's consolidated basic and diluted EPS was Php 1.19/share for the first half ended June 30, 2023, a 22% decline from Php 1.53/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 21% for the first half of 2023 and 2022, respectively.

NET DEBT TO EQUITY RATIO

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

Total borrowings stood at Php 51.5 billion, which resulted to a net debt to equity ratio of 0.10:1 and 0.18:1 as of June 30, 2023 and December 31, 2022, respectively.

FINANCIAL SOUNDNESS RATIOS

	June 30, 2023	December 31, 2022
Current Ratio	2.97 times	2.90 times
Net Debt to Equity Ratio	0.10 times	0.18 times
Asset to Equity Ratio	1.77 times	1.81 times
	June 30, 2023	**June 30, 2022**
Return on Assets	10%	14%
Return on Common Equity	15%	21%
Interest Coverage Ratio	29 times	26 times
Gross Profit Margin	51%	55%
Net Profit Margin	35%	39%

PART II--OTHER INFORMATION

1. The Company's operation is a continuous process. It is not dependent on any cycle or season;
2. Economic and infrastructure developments in the country may affect construction business; Interest rate movements may affect the performance of the real estate industry; Mining activities are generally hinged on the commodities market and affected by weather conditions. Businesses not affected by known cycle, trends or uncertainties are power and water.
3. On March 29, 2023, the BOD approved the declaration of (1) regular cash dividends in the amount of P0.61 per common share or a total of P8,099.27 million; and (2) special cash dividends of P0.11 per common share or a total of P1,460.52 million, or a grand total of P9,559.78 million out of the unrestricted retained earnings of the Parent Company as of March 28, 2023, in favor of the common stockholders of record as of April 17, 2023, and was paid on April 28, 2023.
4. On October 18, 2022, the BOD approved the declaration of special cash dividends in the amount of P0.72 per common share or a total of P9,559.77 million out of the unrestricted retained earnings of the Parent Company as of October 17, 2022, in favor of the common stockholders of record as of November 2, 2022, and was paid on November 16, 2022
5. On April 1, 2022, the BOD approved the declaration of (1) regular cash dividends in the amount of P0.34 per common share or a total of P4,514.34 million; and (2) special cash dividends of P0.14 per common share or a total of P1,858.85 million, or a grand total of P6,373.19 million out of the unrestricted retained earnings of the Parent Company as of March 31, 2022, in favor of the common stockholders of record as of April 19, 2022, and was paid on April 29, 2022
6. There are no undisclosed material subsequent events and transferring of assets not in the normal course of business that have not been disclosed for the period that the Company has knowledge of.

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

SIGNATURES

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

Issuer DMCI Holdings, Inc.

Signature and Title **Herbert M. Consunji**
Executive Vice President & Chief Finance Officer

Signature and Title **Joseph Adelbert V. Legasto**
Deputy Chief Financial Officer

Date August 8, 2023

DMCI HOLDINGS, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Amounts in Thousands)

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents	**₱37,948,717**	₱28,408,474
Receivables - net (Note 9)	**22,261,938**	26,738,903
Current portion of contract assets	**16,835,634**	16,643,258
Inventories	**63,570,462**	61,524,534
Other current assets	**10,368,348**	10,189,642
	150,985,099	143,504,811
Asset held-for-sale (Note 9)	**789,313**	789,313
Total Current Assets	**151,774,412**	144,294,124
Noncurrent Assets		
Contract asset - net of current portion	**14,585,303**	12,765,717
Investments in associates and joint ventures (Note 6)	**18,297,427**	18,195,324
Investment properties	**94,317**	101,894
Property, plant and equipment	**55,894,578**	57,638,317
Exploration and evaluation asset	**475,314**	390,384
Pension assets - net	**1,047,373**	1,012,667
Deferred tax assets - net	**589,078**	554,597
Right-of-use assets	**113,491**	116,945
Other noncurrent assets	**7,027,533**	5,690,015
Total Noncurrent Assets	**98,124,414**	96,465,860
	₱249,898,826	₱240,759,984
LIABILITIES AND EQUITY		
Current Liabilities		
Short-term debt	**₱611,152**	₱1,129,418
Current portion of long-term debt	**7,235,939**	6,758,448
Current portion of liabilities for purchased land	**747,736**	960,623
Accounts and other payables	**29,811,897**	28,376,732
Current portion of contract liabilities and other customers' advances and deposits	**12,481,960**	12,322,699
Income tax payable	**184,379**	174,227
Total Current Liabilities	**51,073,063**	49,722,147

(Forward)

	June 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Noncurrent Liabilities		
Long-term debt - net of current portion	**₱43,608,391**	₱44,669,935
Contract liabilities - net of current portion	**4,597,960**	3,596,710
Liabilities for purchased land - net of current portion	**801,705**	844,078
Deferred tax liabilities - net	**6,238,997**	6,245,576
Pension liabilities - net	**217,782**	148,850
Other noncurrent liabilities	**2,518,077**	2,863,054
Total Noncurrent Liabilities	**57,982,912**	58,368,203
Total Liabilities	**109,055,975**	108,090,350
Equity (Note 3)		
Equity attributable to equity holders of the Parent Company:		
Paid-in capital	**17,949,868**	17,949,868
Treasury shares - Preferred	**(7,069)**	(7,069)
Retained earnings	**91,493,317**	85,194,218
Premium on acquisition of non-controlling interests	**(817,958)**	(817,958)
Remeasurements on retirement plans - net of tax	**975,442**	975,442
Net accumulated unrealized gains on equity investments designated at FVOCI	**133,661**	131,613
Other equity	**25,290**	25,290
	109,752,551	103,451,404
Non-controlling interests	**31,090,300**	29,218,230
Total Equity	**140,842,851**	132,669,634
	₱249,898,826	₱240,759,984

DMCI HOLDINGS, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF INCOME

For the Period and Quarter Ended June 30, 2023 and 2022
(Amounts in Thousands, except for Earnings Per Share figures)

	For the period		For the quarter	
	Jan to Jun 2023	Jan to Jun 2022	**Apr to Jun 2023**	Apr to Jun 2022
REVENUE (Notes 4 and 8)				
Coal mining	**₱29,939,792**	₱42,338,322	**₱16,956,685**	₱18,133,137
Electricity sales	**18,412,023**	13,027,110	**8,971,513**	6,797,098
Real estate sales	**10,736,010**	12,447,005	**5,887,485**	6,498,374
Construction contracts	**8,353,576**	10,832,311	**3,986,461**	4,948,120
Nickel mining	**2,393,716**	2,637,427	**1,079,874**	1,216,152
Merchandise sales and others	**153,893**	184,161	**74,725**	108,616
	69,989,010	81,466,336	**36,956,743**	37,701,497
COSTS OF SALES AND SERVICES				
Coal mining	**10,839,041**	10,681,644	**6,879,818**	5,643,779
Electricity sales	**7,901,364**	6,880,936	**3,957,870**	3,760,039
Real estate sales	**7,278,503**	8,530,606	**4,110,453**	4,547,528
Construction contracts	**7,617,925**	9,437,439	**3,652,107**	4,164,938
Nickel mining	**921,647**	742,353	**528,204**	304,813
Merchandise sales and others	**116,440**	132,795	**57,449**	78,280
	34,674,920	36,405,773	**19,185,901**	18,499,377
GROSS PROFIT	**35,314,090**	45,060,563	**17,770,842**	19,202,120
OPERATING EXPENSES (Note 5)	**10,881,668**	13,922,494	**5,304,264**	5,964,346
	24,432,422	31,138,069	**12,466,578**	13,237,774
OTHER INCOME (EXPENSES)				
Equity in net earnings of associates (Note 6)	**1,017,652**	752,504	**482,125**	407,571
Finance income	**865,890**	240,560	**482,939**	145,595
Finance costs	**(498,860)**	(571,184)	**(223,641)**	(302,068)
Other income - net	**1,217,188**	2,048,819	**887,759**	1,247,755
INCOME BEFORE INCOME TAX	**27,034,292**	33,608,768	**14,095,760**	14,736,627
PROVISION FOR INCOME TAX	**2,854,202**	2,041,641	**1,439,880**	999,488
NET INCOME	**₱24,180,090**	₱31,567,127	**₱12,655,880**	₱13,737,139
NET INCOME ATTRIBUTABLE TO				
Equity holders of the Parent Company (Note 4)	**₱15,858,877**	₱20,290,548	**₱8,242,532**	₱9,030,407
Non-controlling interests	**8,321,213**	11,276,579	**4,413,348**	4,706,732
	₱24,180,090	₱31,567,127	**₱12,655,880**	₱13,737,139
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY-BASIC AND DILUTED (Note 7)	**₱1.19**	₱1.53	**₱ 0.62**	₱0.68

DMCI HOLDINGS, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the Period and Quarter Ended June 30, 2023 and 2022
(Amounts in Thousands)

	For the period		For the quarter	
	Jan to Jun 2023	Jan to Jun 2022	**Apr to Jun 2023**	Apr to Jun 2022
NET INCOME	**₱24,180,090**	₱31,567,127	**₱12,655,880**	₱13,737,139
OTHER COMPREHENSIVE INCOME (LOSS)				
Items to be reclassified subsequently to profit or loss				
Changes in fair values of investments in equity instruments designated at FVOCI	**2,048**	–	**2,048**	–
	2,048	–	**2,048**	–
Items not to be reclassified to profit or loss in subsequent periods				
Remeasurement gains on retirement plans	**–**	–	**–**	–
Income tax effect	**–**	–	**–**	–
	–	–	**–**	–
OTHER COMPREHENSIVE INCOME	**–**	–	**–**	–
TOTAL COMPREHENSIVE INCOME	**₱24,182,138**	₱31,567,127	**₱12,657,928**	₱13,737,139
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Equity holders of the Parent Company (Note 4)	**₱15,860,925**	₱20,290,548	**₱8,244,580**	₱9,030,407
Non-controlling interests	**8,321,213**	11,276,579	**4,413,348**	4,706,732
	₱24,182,138	₱31,567,127	**₱12,657,928**	₱13,737,139

DMCI HOLDINGS, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Period Ended June 30, 2023 and 2022

(Amounts in Thousands)

	Attributable to Equity Holders of the Parent Company											
	Capital Stock (Note 3)	**Additional Paid-in Capital** (Note 3)	**Total Paid-in Capital** (Note 3)	**Treasury Shares - Preferred** (Note 3)	**Unppropriated Retained Earnings** (Note 3)	**Premium on Acquisition of Non-controlling Interest**	**Remeasurements on Retirement Plans**	**Net Accumulated Unrealized Gain on equity investments designated at FVOCI**	**Other Equity**	**Parent Equity**	**Non controlling Interests**	**Total Equity**
					For the Period Ended June 30, 2023							
Balances as of January 1, 2023	**₱13,277,474**	**₱4,672,394**	**₱17,949,868**	**(₱7,069)**	**₱85,194,218**	**(₱817,958)**	**₱975,442**	**₱131,613**	**₱25,290**	**₱103,451,404**	**₱29,218,230**	**₱132,669,634**
Comprehensive income												
Net income	–	–	–	–	**15,858,877**	–	–	–	–	**15,858,877**	**8,321,213**	**24,180,090**
Other comprehensive income	–	–	–	–	–	–	–	**2,048**	–	**2,048**	–	**2,048**
Total comprehensive income	–	–	–	–	**15,858,877**	–	–	**2,048**	–	**15,860,925**	**8,321,213**	**24,182,138**
Cash dividends declared (Note 3)	–	–	–	–	**(9,559,778)**	–	–	–	–	**(9,559,778)**	**(6,449,143)**	**(16,008,921)**
Balances at June 30, 2023	**₱13,277,474**	**₱4,672,394**	**₱17,949,868**	**(₱7,069)**	**₱91,493,317**	**(₱817,958)**	**₱975,442**	**₱133,661**	**₱25,290**	**₱109,752,551**	**₱31,090,300**	**₱140,842,851**
					For the Period Ended June 30, 2022							
Balances as of January 1, 2022	₱13,277,474	₱4,672,394	₱17,949,868	(₱7,069)	₱70,039,693	(₱817,958)	₱513,860	₱100,319	(₱21,611)	₱87,757,102	₱21,089,510	₱108,846,612
Comprehensive income												
Net income	–	–	–	–	20,290,548	–	–	–	–	20,290,548	11,276,580	31,567,128
Other comprehensive income	–	–	–	–	–	–	0	–	–	–	–	0
Total comprehensive income	–	–	–	–	20,290,548	–	0	–	–	20,290,548	11,276,580	31,567,128
Cash dividends declared (Note 3)	–	–	–	–	(6,373,186)	–	–	–	–	(6,373,186)	(2,763,730)	(9,136,916)
Balances at June 30, 2022	₱13,277,474	₱4,672,394	₱17,949,868	(₱7,069)	₱83,957,055	(₱817,958)	₱513,860	₱100,319	(₱21,611)	₱101,674,464	₱29,602,360	₱131,276,824

DMCI HOLDINGS, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Period Ended June 30, 2023 and 2022
(Amounts in Thousands)

	June 30	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱27,034,292**	₱33,608,769
Adjustments for:		
Depreciation, depletion and amortization	**4,153,141**	4,183,966
Finance cost	**498,860**	571,184
Movement in net retirement asset	**34,226**	67,039
Net unrealized foreign exchange loss (gain)	**214,128**	(930,386)
Equity in net earnings of associates and joint ventures	**(1,017,652)**	(752,504)
Finance income	**(865,890)**	(240,560)
Gain or loss on sale property, plant and equipment	**(65,187)**	(46,873)
Movement in net retirement liability	**–**	–
Gain on sale of undeveloped land	**–**	–
Operating income before changes in working capital	**29,985,918**	36,460,635
Decrease (increase) in:		
Receivables and contract assets	**2,465,003**	(4,487,970)
Inventories	**(1,094,890)**	(1,087,184)
Other current assets	**(178,706)**	1,312,298
Increase (decrease) in:		
Accounts and other payables	**1,435,162**	1,036,804
Contract liabilities and other customer advances and deposits	**319,181**	(1,496,473)
Liabilities for purchased land	**(255,261)**	311,208
Cash generated from operations	**32,676,407**	32,049,318
Interest received	**865,890**	240,560
Income taxes paid	**(2,885,110)**	(2,015,798)
Interest paid and capitalized as cost of inventory	**(875,514)**	(753,217)
Net cash provided by operating activities	**29,781,673**	29,520,863
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to:		
Property, plant and equipment	**(2,241,893)**	(2,075,432)
Investment properties	**–**	(169,728)
Exploration and evaluation asset	**(84,930)**	(40,738)
Proceeds from disposal of property, plant and equipment	**76,604**	93,413
Proceeds from sale of undeveloped land	**–**	–
Dividends received	**915,551**	759,831
Interest paid and capitalized as part of property, plant and equipment	**(74,143)**	–
Decrease (increase) in other noncurrent assets	**(1,506,794)**	(1,224,996)
Net cash used in investing activities	**(2,915,605)**	(2,657,650)

(Forward)

	June 30	
	2023	2022
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from:		
Long-term debt	**₱3,288,496**	₱9,056,626
Short-term debt	**477,124**	500,000
Payments of:		
Long-term debt	**(3,971,460)**	(6,835,227)
Dividends paid to equity holders of parent company	**(9,559,778)**	(6,373,186)
Dividends to non-controlling interests	**(6,449,143)**	(2,763,730)
Short-term debt	**(995,390)**	(683,418)
Interest	**(399,949)**	(555,759)
Increase/ (decrease) in other noncurrent liabilities	**496,352**	166,316
Net cash used in financing activities	**(17,113,748)**	(7,488,378)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**(212,077)**	930,386
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**9,540,243**	20,305,221
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**28,408,474**	18,342,019
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**₱37,948,717**	₱38,647,240

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

1. Corporate Information

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

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

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

The accompanying consolidated financial statements were approved and authorized for issue by the Board of Directors (BOD) on August 8, 2023.

2. Summary of Significant Accounting Policies

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

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

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

Basis of Consolidation
The interim unaudited condensed consolidated financial statements comprise the financial statements of the Group as of June 30, 2023 and December 31, 2022.

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

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:
- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

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

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

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:
- Derecognizes the assets (including goodwill) and liabilities of the subsidiary, the carrying amount of any noncontrolling-interests and the cumulative translation differences recorded in equity.
- Recognizes the fair value of the consideration received, the fair value of any investment retained and any surplus or deficit in profit or loss.
- Reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss or retained earnigns, as appropriate.

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

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

(Forward)

	Nature of Business	2023 Direct	2023 Indirect	2023 Effective Interest	2022 Direct	2022 Indirect	2022 Effective Interest
				(In percentage)			
Southeast Luzon Power Generation Corporation (SeLPGC) [3]	Non-operational	–	**56.65**	**56.65**	–	56.65	56.65
Semirara Claystone, Inc. (SCI) [3]	Non-operational	–	**56.65**	**56.65**	–	56.65	56.65
St. Raphael Power Generation Corporation (SRPGC) [3]	Non-operational	–	**56.65**	**56.65**	–	56.65	56.65
Sem-Calaca Port Facilities, Inc. (SCPFI) [3 & 6]	Non-operational	–	**56.65**	**56.65**	–	56.65	56.65
Off-Grid Power:							
DMCI Power Corporation (DPC)	Power Generation	**100.00**	**–**	**100.00**	100.00	–	100.00
DMCI Masbate Power Corporation (DMCI Masbate) [4]	Power Generation	–	**100.00**	**100.00**	–	100.00	100.00
Nickel Mining:							
DMCI Mining Corporation (DMC)	Holding Company	**100.00**	**–**	**100.00**	100.00	–	100.00
Berong Nickel Corporation (BNC) [5]	Mining	–	**74.80**	**74.80**	–	74.80	74.80
Ulugan Resouces Holdings, Inc. (URHI) [5]	Holding Company	–	**30.00**	**30.00**	–	30.00	30.00
Ulugan Nickel Corporation (UNC) [5]	Holding Company	–	**58.00**	**58.00**	–	58.00	58.00
Nickeline Resources Holdings, Inc. (NRHI) [5]	Holding Company	–	**58.00**	**58.00**	–	58.00	58.00
TMM Management, Inc. (TMM) [5]	Services	–	**40.00**	**40.00**	–	40.00	40.00
Zambales Diversified Metals Corporation (ZDMC) [5]	Mining	–	**100.00**	**100.00**	–	100.00	100.00
Zambales Chromite Mining Company Inc. (ZCMC) [5]	Non-operational	–	**100.00**	**100.00**	–	100.00	100.00
Fil-Asian Strategic Resources & Properties Corporation (FASRPC) [5]	Non-operational	–	**100.00**	**100.00**	–	100.00	100.00
Montague Resources Philippines Corporation (MRPC) [5]	Non-operational	–	**100.00**	**100.00**	–	100.00	100.00
Montemina Resources Corporation (MRC) [5]	Non-operational	–	**100.00**	**100.00**	–	100.00	100.00
Mt. Lanat Metals Corporation (MLMC) [5]	Non-operational	–	**100.00**	**100.00**	–	100.00	100.00
Fil-Euro Asia Nickel Corporation (FEANC) [5]	Non-operational	–	**100.00**	**100.00**	–	100.00	100.00
Heraan Holdings, Inc. (HHI) [5]	Holding Company	–	**100.00**	**100.00**	–	100.00	100.00
Zambales Nickel Processing Corporation (ZNPC) [5]	Non-operational	–	**100.00**	**100.00**	–	100.00	100.00
Zamnorth Holdings Corporation (ZHC) [5]	Holding Company	–	**100.00**	**100.00**	–	100.00	100.00
ZDMC Holdings Corporation (ZDMCHC) [5]	Holding Company	–	**100.00**	**100.00**	–	100.00	100.00
Manufacturing:							
Semirara Cement Corporation (SemCem)	Non-operational	**100.00**	**–**	**100.00**	100.00	–	100.00
Wire Rope Corporation of the Philippines (Wire Rope)	Manufacturing	**45.68**	**16.02**	**61.70**	45.68	16.02	61.70

*Ongoing liquidation.

[1] DMCI's subsidiaries. Bulakan North was incorporated on October 10, 2019 and has not yet started commercial operations.

[2] PDI's subsidiaries. In 2020, ZMSSI became a wholly-owned subsidiary thru the acquisition of 49% noncontrolling-interests. In addition, on October 1, 2020, PDI entered into a share purchase agreement to acquire 100% of the total outstanding shares of LIDC. The acquisition of LIDC was accounted for as an asset acquisition (see Note 3).

[3] SMPC's subsidiaries. During the year, SMPC entered into a deed of assignment for acquisition of remaining 50% ownership interest in SRPGC. The acquisition of SRPGC was accounted for as an asset acquisition (see Note 3).

[4] DPC's subsidiaries.

[5] DMC's subsidiaries.

[6] Wholly owned subsidiary of SCPC. Incorporated on December 20, 2022.

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

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

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

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

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

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

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

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

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

- *Annual Improvements to PFRSs* 2018-2020 Cycle

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

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

    This amendment has no material impact to the Group.

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

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

    This amendment has no material impact to the Group.

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

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

    This amendment is not applicable to the Group.

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

Effective beginning on or after January 1, 2023

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

  The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:
  - Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and
  - Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

  The amendments to the Practice Statement provide non-mandatory guidance. Meanwhile, the amendments to PAS 1 are effective for annual periods beginning on or after January 1, 2023. Early application is permitted as long as this fact is disclosed.

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

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

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

  An entity applies the amendments to changes in accounting policies and changes in accounting estimates that occur on or after January 1, 2023 with earlier adoption permitted.

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

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

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

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

  An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented for annual reporting periods on or after January 1, 2023. This amendment has no material impact to the Group.

Effective beginning on or after January 1, 2024

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

  The amendments clarify:
  - That only covenants with which an entity must comply on or before reporting date will affect a liability's classification as current or noncurrent.
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right.
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

  The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively. The Group is currently assessing the impact of adopting these amendments.

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

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

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

  This amendment has no material impact to the Group.

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

  PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

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

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

  PFRS 17 is effective for reporting periods beginning on or after January 1, 2025, with comparative figures required. Early application is permitted. This standard is not applicable to the Group.

Deferred effectivity

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

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

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

3. Equity

Capital Stock

As of June 30, 2023 and December 31, 2022, the Parent Company's capital stock consists of:

Authorized capital stock

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

Outstanding capital stock

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

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

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

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

Retained Earnings

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

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

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

Capital Management

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

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

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

4. **Business Segments**

The following tables present the net income of the specific business segments for the period ended June 30, 2023 and 2022:

Segment Revenues

	For the period		Variance	
(in PHP Millions)	**June 2023**	June 2022	Amount	%
Semirara Mining and Power Corporation	**₱44,573**	₱52,009	(₱7,436)	-14%
DMCI Homes	**10,736**	12,447	(1,711)	-14%
D.M. Consunji, Inc.	**8,354**	10,832	(2,478)	-23%
DMCI Power (SPUG)	**3,779**	3,357	422	13%
DMCI Mining	**2,394**	2,637	(243)	-9%
Parent and others	**153**	184	(31)	-17%
	₱69,989	₱81,466	₱27,806	-14%

Net income after non-controlling interests

(in PHP Millions)	For the period June 2023	June 2022	Variance Amount	%
Semirara Mining and Power Corporation	**₱10,879**	₱14,630	(₱3,751)	-26%
DMCI Homes	**2,491**	2,722	(231)	-8%
Maynilad	**997**	712	285	40%
DMCI Mining	**723**	1,009	(286)	-28%
D.M. Consunji, Inc.	**412**	883	(471)	-53%
DMCI Power (SPUG)	**365**	337	28	8%
Parent and others	**10**	(38)	48	126%
Core net income	**15,877**	20,255	(4,378)	-22%
Non-recurring items	**(18)**	36	(54)	-150%
	₱15,859	₱20,291	(₱4,432)	-22%

5. **Operating Expenses**

The following tables present the consolidated operating expenses for the period ended June 30, 2023 and 2022:

	2023	2022
Government share	**₱6,535,597**	₱10,093,918
Salaries, wages and employee benefits	**1,301,448**	1,138,494
Taxes and licenses	**840,705**	805,509
Repairs and maintenance	**596,522**	583,966
Outside services	**506,405**	272,940
Insurance	**241,338**	192,777
Advertising and marketing	**185,777**	125,605
Depreciation, depletion and amortization	**116,222**	111,284
Supplies	**105,717**	103,130
Association dues	**77,823**	123,957
Transportation and travel	**77,145**	47,822
Entertainment, amusement and recreation	**73,269**	60,631
Communication, light and water	**49,257**	53,330
Rent	**23,815**	24,070
Miscellaneous expense	**150,628**	185,061
	₱10,881,668	₱13,922,494

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

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

Semirara Mining and Power Corporation and Subsidiaries (SMPC)

(in millions)	**June 30, 2023**	December 31, 2022
Statements of Financial Position		
Current assets	**₱50,811**	₱44,900
Noncurrent assets	**40,942**	42,203
Current liabilities	**17,831**	15,449
Noncurrent liabilities	**5,331**	7,402
Equity	**68,591**	64,252

(in millions)	**June 30, 2023**	June 30, 2022
Statements of Comprehensive Income		
Revenue	**₱44,573**	₱52,009
Net income	**19,215**	25,804
Other comprehensive income	**–**	–
Total comprehensive income	**19,215**	25,804

Financial information as of and for the period ended June 30, 2023 and December 31, 2022 on the Group's material interest in associate follows:

Maynilad Water Holdings Company, Inc. and Subsidiaries

(in millions)	**June 30, 2023**	December 31, 2022
Statements of Financial Position		
Current assets	**₱14,679**	₱16,158
Noncurrent assets	**144,990**	136,735
Current liabilities	**26,632**	27,467
Noncurrent liabilities	**61,550**	54,472
Equity	**71,487**	70,954

(in millions)	**June 30, 2023**	June 30 2022
Statements of Comprehensive Income		
Revenue	**₱13,313**	₱11,204
Net income	**3,879**	2,593
Other comprehensive income	**–**	–
Total comprehensive income	**3,879**	2,593

Investment in Maynilad Water Holdings Company, Inc. (MWHCI) is accounted for using the equity method. Equity in net earnings in the six months ended June 30 amounted to ₱979.82 million in 2023 and ₱705.11 million in 2022.

Financial information as of and for the period ended June 30, 2023 and December 31, 2022 on the Group's immaterial interest in associate and joint ventures follows:

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

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

The investment in Subic Water is accounted for as an investment in an associate using the equity method. The carrying amount of the investment in associate amounted to ₱284.91 million and ₱276.02 million as of June 30, 2023 and December 31, 2022, respectively. The unaudited share in net earnings amounted to ₱8.89 million and ₱17.65 million for the period ended June 30, 2023 and 2022, respectively.

RLC DMCI Property Ventures Inc (RDPVI).
In March 2019, the RLC DMCI Property Ventures Inc., a joint venture agreement with Robinsons Land Corporation, was incorporated to purchase, acquire and develop into a residential condominium project a portion of the parcels of land situated in Las Pinas City with an area of fourteen thousand four hundred ninety-two (14,492) square meters or less. Initial capitalization to the joint venture from DMCI PDI amounted to ₱500 million. The carrying amount of the investment amounted to ₱520.98 million and ₱538.35 million as of June 30, 2023 and December 31, 2022, respectively.

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

7. **Earnings Per Share**

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

Basic/diluted earnings per share

	For the period (2023)	For the period (2022)	**For 2nd Quarter (2023)**	For 2nd Quarter (2022)
Net income attributable to equity holders of Parent Company	**₱15,858,877**	₱20,290,548	**₱8,242,532**	₱9,030,407
Divided by weighted average number of common shares	**13,277,470**	13,277,470	**13,277,470**	13,277,470
Basic and diluted earnings per share	**₱1.19**	₱1.53	**₱0.62**	₱0.68

8. **Related Party Transactions**

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

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

a. Engineering and construction works of the water business is contracted to the construction segment of the Group. These projects are bid out to various contractors and are awarded on arm's length transactions. Booked revenues from these contracts amounted to ₱575.34 million and ₱374.16 million for the period ended June 30, 2023 and 2022, respectively.

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

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

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

9. **Financial Risk Management Objectives and Policies**

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

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

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

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

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

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

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

The sensitivity analyses have been prepared on the following bases:

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

The assumption used in calculating the sensitivity analyses of the relevant income statement item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at June 30, 2023 and December 31, 2022.

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

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

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

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

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

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

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

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

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

	June 30, 2023	December 31, 2022
Domestic market	**35.00%**	41.76%
Export market	**65.00%**	58.24%

The following table shows the effect on income before income tax should the change in the prices of coal occur based on the inventory of the Group as of June 30, 2023 and December 31, 2022 with all other variables held constant. The change in coal prices used in the simulation assumes fluctuation from the lowest and highest price based on one-year historical price movements in 2023 and 2022.

	Effect on income before income tax	
Change in coal price (in thousands)	**June 30, 2023**	December 31, 2022
Based on ending coal inventory		
Increase by 29% in 2023 and 19% in 2022	**₱1,407,810**	₱1,088,407
Decrease by 29% in 2023 and 19% in 2022	**(1,407,810)**	(1,088,407)
Based on coal sales volume		
Increase by 51% in 2023 and 18% in 2022	**4,844,821**	9,880,538
Decrease by 51% in 2023 and 18% in 2022	**(4,844,821)**	(9,880,538)

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

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

	Effect on income before income tax	
Basis points (in thousands)	**June 30, 2023**	December 31, 2022
+100	**(₱184,297)**	₱227,669
-100	**184,297**	(227,669)

The sensitivity analyses shown above are based on the assumption that the interest movements will be more likely be limited to hundred basis points upward or downward fluctuation in both 2023 and 2022. The forecasted movements in percentages of interest rates used were derived based on the Group's historical changes in the market interest rates on unsecured bank loans.

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

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

The Group does not have any foreign currency hedging arrangements.

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

	June 30, 2023				
	U.S. Dollar	**Japanese Yen**	**UK Pounds**	**Euro**	**Equivalent in PHP**
Financial assets					
Cash and cash equivalents	**$401,703**	**¥526,179**	**£7**	**€713**	**₱13,192,126**
Receivables	**20,386**	**–**	**–**	**–**	**1,128,582**
	422,089	**526,179**	**7**	**713**	**14,320,708**
Financial liabilities					
Accounts payable and accrued expenses	**2,094**	**–**	**–**	**–**	**115,944**
	$419,995	**¥526,179**	**£7**	**€713**	**₱14,204,764**

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 June 30, 2023 (amounts in thousands):

	Exchange rate movement	**Effect on profit before tax**
In Peso per US Dollar		
Increase	**1.41%**	**₱327,081**
Decrease	**(1.41%)**	**(327,081)**
In Peso per Japanese Yen		
Increase	**2.39%**	**4,821**
Decrease	**(2.39%)**	**(4,821)**
In Peso per UK Pound		
Increase	**1.19%**	**6**
Decrease	**(1.19%)**	**(6)**
In Peso per Euro		
Increase	**1.50%**	**645**
Decrease	**(1.50%)**	**(645)**

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 June 30, 2023 and December 31, 2022 is the carrying amounts except for real estate receivables. The Group's exposure to credit risk arises from default of the counterparties which include certain financial institutions, real estate buyers, subcontractors, suppliers and various electric companies. Credit risk management involves dealing only with recognized, creditworthy third parties. It is the Group's policy that all counterparties who wish to trade on credit terms are subject to credit verification procedures. The Treasury Department's policy sets a credit limit for each counterparty. In addition, receivable balances are monitored on an ongoing basis. The Group's financial assets are not subject to collateral and other credit enhancement except for real estate receivables. As of June 30, 2023 and December 31, 2022, receivables that are doubtful of collection had been provided with allowance.

Real estate contracts

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

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

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

Electricity sales

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

As of June 30, 2023, the aging analysis of the Group's receivables presented per class follows:

	June 30, 2023							
	Neither past	Past due but not impaired					Impaired	
	nor impaired	<30 days	30-60 days	61-90 days	91-120 days	>120 days	assets	Total
Receivables								
Trade								
Real estate	**₱3,058,006**	**₱156,646**	**₱509,570**	**₱54,655**	**₱189,637**	**₱608,106**	**₱45,989**	**₱4,622,609**
General construction	**4,548,397**	**245,074**	**161,053**	**193,892**	**3,109**	**184,330**	**24,417**	**5,360,272**
Electricity sales	**4,102,474**	**461,281**	**196,042**	**329,951**	**773,799**	**587,359**	**1,572,615**	**8,023,521**
Coal mining	**2,801,785**	**355,445**	**116,556**	**–**	**103,639**	**–**	**36,113**	**3,413,538**
Nickel mining	**126,194**	**–**	**–**	**–**	**–**	**–**	**–**	**126,194**
Merchandising and others	**19,897**	**–**	**20,057**	**4,669**	**9,944**	**17,944**	**9,072**	**81,583**
Receivables from related parties	**702,371**	**–**	**–**	**–**	**–**	**–**	**–**	**702,371**
Other receivables	**1,070,102**	**46,427**	**35,534**	**32,673**	**18,678**	**416,642**	**97,224**	**1,717,280**
	₱16,429,226	**₱1,264,873**	**₱1,038,812**	**₱615,840**	**₱1,098,806**	**₱1,814,381**	**₱1,785,430**	**₱24,047,368**

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

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

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

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

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

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

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

There has been no reclassification from Level 1 to Level 2 or 3 category as of June 30, 2023 and December 31, 2022.