

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended
Mar 31, 2016
2. SEC Identification Number
AS095002283
3. BIR Tax Identification No.
004-703-376
4. Exact name of issuer as specified in its charter
DMCI Holdings, Inc.
5. Province, country or other jurisdiction of incorporation or organization
Philippines
6. Industry Classification Code(SEC Use Only)

7. Address of principal office
3/F Dacon Bldg. 2281 Chino Roces Avenue, Makati City
Postal Code
1231

8. Issuer's telephone number, including area code
(632) 888 3000
9. Former name or former address, and former fiscal year, if changed since last report
N/A
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

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

11. Are any or all of registrant's securities listed on a Stock Exchange?

Yes No

If yes, state the name of such stock exchange and the classes of securities listed therein:
Philippine Stock 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 SRC and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports)

Yes No

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

Yes No

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



DMCI Holdings, Inc. DMC

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

For the period ended	Mar 31, 2016
Currency (indicate units, if applicable)	In Php thousand

Balance Sheet

	Period Ended		Fiscal Year Ended (Audited)	
	Mar 31, 2016		Dec 31, 2015	
Current Assets	78,925,793		75,517,607	
Total Assets	151,761,020		148,557,175	
Current Liabilities	33,135,388		40,830,538	
Total Liabilities	72,691,359		73,781,995	
Retained Earnings/(Deficit)	46,746,353		43,709,847	
Stockholders' Equity	79,069,661		74,775,180	
Stockholders' Equity - Parent	65,541,219		62,504,713	
Book Value per Share	4.94		4.71	

Income Statement

	Current Year (3 Months)	Previous Year (3 Months)	Current Year-To-Date	Previous Year-To-Date
Operating Revenue	13,528,905	15,867,127	13,528,905	15,867,127
Other Revenue	1,753,456	894,009	1,753,456	894,009
Gross Revenue	15,282,361	16,761,136	15,282,361	16,761,136
Operating Expense	10,106,905	11,421,481	10,106,905	11,421,481

Other Expense	329,671	255,945	329,671	255,945
Gross Expense	10,436,576	11,677,426	10,436,576	11,677,426
Net Income/(Loss) Before Tax	4,845,785	5,083,710	4,845,785	5,083,710
Income Tax Expense	551,303	933,007	551,303	933,007
Net Income/(Loss) After Tax	4,294,482	4,150,703	4,294,482	4,150,703
Net Income Attributable to Parent Equity Holder	3,036,506	3,059,275	3,036,506	3,059,275
Earnings/(Loss) Per Share (Basic)	0.23	0.23	0.23	0.23
Earnings/(Loss) Per Share (Diluted)	0.23	0.23	0.23	0.23

Other Relevant Information

The financial summary above are in Php Thousands except Earnings per Share (EPS). Attached is full disclosure under SEC Form 17-Q.

Filed on behalf by:

Name	Herbert Consunji
Designation	Chief Finance Officer

COVER SHEET

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

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

(Company's Full Name)

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

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

HERBERT M. CONSUNJI
Contact Person

888-3000
Company Telephone Number

(Last Wednesday of July)

1 2 3 1
Month Day
Fiscal Year

SEC Form 17-Q
First Quarter Interim Report 2016
FORM TYPE

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Annual Meeting

N.A.
Secondary License Type, If Applicable

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Amended Articles Number / Section

Total No. of Stockholders

Total Amount of Borrowings
Domestic Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarter ended March 31, 2016
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) 888-3000 Fax (632) 816-7362

Issuer's telephone number, including area code

9. Not applicable

Former name, former address, and former fiscal year, if changed since last report.

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

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

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

Yes No

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

Philippine Stock Exchange

Class "A" Shares

Preferred Shares

12. Indicate by check mark whether the registrant:

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

Yes No

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

Yes No

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

The Financial Statements for the quarter and period ended **March 31, 2016** are contained herein.

MANAGEMENT DISCUSSION AND ANALYSIS OF RESULTS OF CONSOLIDATED OPERATIONS AND CONSOLIDATED FINANCIAL CONDITION FOR THE QUARTER AND PERIOD ENDED MARCH 31, 2016.

March 31, 2016 vs March 31, 2015

I. RESULTS OF OPERATIONS

Below is a table on the net income contributions of the Company's businesses for 2016 and 2015:

NET INCOME AFTER NON-CONTROLLING INTERESTS

<i>(in Php Millions)</i>	For the Period		Variance	
	2016	2015	Amount	%
SEMIRARA MINING AND POWER CORPORATION	P1,642	P1,421	P221	16%
DMCI HOMES	665	845	(180)	-21%
MAYNILAD	403	527	(124)	-24%
D.M. CONSUNJI, INC.	197	191	6	3%
DMCI POWER (SPUG)	98	74	24	32%
DMCI MINING	(100)	(24)	(76)	-321%
PARENT & OTHERS	20	25	(5)	20%
CORE NET INCOME	2,925	P3,059	(134)	-4%
ONE TIME GAIN	111	–	111	100%
TOTAL	P3,036	P3,059	(P23)	-1%

DMCI Holdings, Inc. (the "Company") reported flat earnings at P3 billion in the first three months of 2016. This includes the P111 million one-time gain on partial sale of its 10% share in Subic Water and Sewerage Company.

Excluding this non-recurring item, core net income stood at P2.93 billion, a 4% dip from P3.06 billion last year. Consolidated core EBITDA likewise dipped 4% to P6.01 billion from P6.25 billion the previous year.

Reduced profitability of its two major income contributors accounted for the flattish growth of the Company.

From P845 million, net income contributions from DMCI Homes dropped by 21% to P665 million due to higher costs on materials and labor, paid commissions and increase in finance costs and documentary stamps from its bond issuance.

Meanwhile, despite the improvement in operational performance, Maynilad posted a 24% drop from P527 million to P403 million, following the expiration of its income tax holiday in December 2015.

Seasonality in the shipping window and lower shipment volume due to depressed nickel ore prices led to a wider loss for DMCI Mining Corporation.

From a first quarter net loss of P24 million in 2015, the company's bottom line further receded by 321% to P100 million during the same period this year.

The power and construction businesses fared better during the first reporting period. Semirara Mining and Power Corporation (SMPC) contributed P1.6 billion, a 16% improvement from the P1.4 billion recorded in the first three months of 2015. On a stand-alone basis, coal and on-grid power contributed net income of P1.8 billion and P1.1 billion, respectively.

Off-grid supplier DMCI Power Corporation delivered P98 million, a 32% increase from P74 million last year. Higher electricity sales in Oriental Mindoro, Palawan and Masbate and the commercial operations of a 3x1.23 MW plant in Sultan Kudarat beginning January accounted for the income growth.

Despite a 12% drop in revenue, income contribution from D.M. Consunji, Inc. rose 3% from P191 million to P197 million, as total construction costs fell at a faster pace. From P3.1 billion the previous year, first quarter total construction costs declined by 14% to P2.7 billion.

SEMIRARA MINING AND POWER CORPORATION

Below is SMC's management discussion and analysis of results of operations and financial condition for the period ending and as of March 31, 2016 as lifted from its first quarter financial report with the SEC and PSE.

I. PRODUCTION – COMPARATIVE REPORT Q1 2016 vs Q1 2015

COAL

Continued dry weather condition in the current period benefited mining operations in the mine site. Total materials increased by 17% YoY to 30.79 million bank cubic meters (bcm) from 26.28 million in Q1 2015. With lower strip ratio at 8.27:1 compared to 10.59:1 last year, total product coal (clean coal) increased by 47% to 3.43 million metric tons (tons) from 2.33 million tons last year. Unwashed coal dropped by 29% YoY to 272 thousand tons from 382 thousand tons last year.

On 12 February 2016, the Department of Environment and Natural Resource (DENR) approved the Company's request to amend our Environmental Clearance Certificate (ECC) allowing us to increase our mining capacity from 8 million tons to 12 million tons.

In light with this positive development, the Company started construction of an additional conveyor system, parallel to the existing line, in anticipation of the increase in coal production.

Meanwhile, the Board of Investments (BOI) approved the registration of a new mine, Molave mine on 24 February 2016. Like the Narra Mine, as a BOI-registered project, revenues from Molave mine production will be entitled to full or 100% income tax holiday (ITH). Molave contains higher quality coal which can be sold to local plants that are designed to use coal fuel higher than our average 5,300 kcal coal.

Also in Q1, improvement of shipyard facilities were completed. One of the three shiploaders of the Company can now accommodate 70,000-ton Panamax vessels used in our export sales. Before dredging activities were completed, coal loading is done mid-stream with the aid of coal barges. Now that our port facilities can accommodate a Panamax vessel, the Company saves around \$2 barging cost for mid-stream loading. Loading efficiency also improved.

Coal sales volume increased by 21% YoY to 2.91 million tons record high from 2.40 million tons last year. Ending inventory closed at 1.80 million tons, more than five times Q1 2015 ending inventory level of 290 thousand tons.

The table below shows the comparative production data for Q1 2016 and Q1 2015.

	Q1 '16	Q1 '15	Inc (Dec)	% Inc (Dec)
PRODUCTION				
Total Materials ('000 bcm)	30,787	26,284	4,503	17%
Clean Coal ('000 MT)	3,426	2,325	1,101	47%
Unwashed Coal ('000 MT)	272	382	(110)	-29%
Strip Ratio	8.27:1	10.59:1	(2)	-22%
Saleable Coal ('000 MTs)	3,415	2,282	1,132	50%
Beg. Inventory ('000 MTs)	829	386	443	115%
End Inventory ('000 MTs)	1,805	290	1,515	522%

POWER

SEM-CALACA POWER GENERATION CORP (SCPC)

Unit 2 was down in Q1 2015 for scheduled maintenance which started in December 2015. This was originally scheduled for a 60-day maintenance shutdown but was extended to allow additional maintenance works to ensure power unit availability during the summer months. The scheduled regular maintenance for 2016 was moved earlier instead. Hence, there will be no more planned outage for Unit 2 for the rest of the year. As a result, generation, capacity, and capacity factor all dropped by 66%.

Without Unit 2, total plants' availability fell by 49% quarter-on-quarter.

Unit One

Unit 1 generated 346 GWh in the current period, 24% lower than last year's generation of 456 GWh. Average capacity dropped to 188 MW from 274 MW last year. Unlike last year, Semirara did not produce high grade coal in the current quarter, thus plant capacity and generation is lower. Capacity factor is recorded at 53%.

Notably, Unit 1's operating hours increased this year to 1,837 compared to Q1 2015's 1,662 hours.

Unit Two

Unit 2 did not generate any power in Q1 2016 while on maintenance. The maintenance shutdown which started on 19 November 2015 was originally scheduled for two months. However, it lasted until 12 April 2016.

The table below shows the comparative production data for Q1 2016 and Q1 2015.

COMPARATIVE PLANT PERFORMANCE DATA			
<i>AO Q1 '16 VS AO Q1 '15</i>			
	<u>Q1 '16</u>	<u>Q1 '15</u>	<u>% Inc (Dec)</u>
Gross Generation, Gwh			
Unit 1	346	456	-24%
Unit 2	-	558	-100%
Total Plant	346	1,014	-66%
% Availability			
Unit 1	84%	77%	9%
Unit 2	0%	91%	-100%
Total Plant	42%	84%	-50%
Capacity Factor			
Unit 1	53%	70%	-25%
Unit 2	0%	86%	-100%
Total Plant	26%	78%	-66%

SOUTHWEST LUZON POWER GENERATION CORP. (SLPGC)

The 2x150 MW power plants of SLPGC generated a total of 217 GWh while on testing and commissioning in the current quarter. The first unit ran at an average capacity of 71 MW, while the other unit averaged at 119 MW. Combined capacity factor of both plants stood at 33%.

Combined operating hours of both units was recorded at 2,184 hours during the quarter. Both plants are operating more reliably since February.

The table below shows the comparative production data for Q1 2016 and Q1 2015.

COMPARATIVE PLANT PERFORMANCE DATA		
<i>Q1 '16 VS Q1 '15</i>		
	Q1 2016	Q1 2015
Gross Generation, Gwh		
Unit 3	65	-
Unit 4	152	-
Total Plant	217	-
% Availability		
Unit 3	43%	-
Unit 4	59%	-
Total Plant	51%	-
Capacity Factor		
Unit 3	20%	-
Unit 4	47%	-
Total Plant	33%	-

II. MARKETING – COMPARATIVE REPORT Q1 2015 vs. Q1 2014

COAL

Coal sales volume increased by 21% YoY at 2.91 million tons from 2.40 million tons in Q1 last year.

Export sales accounted for 58% of total coal sales in the current period at 1.67 million tons, increasing by 59% from Q1 2015's volume of 1.05 million tons. Increase in coal production allowed the Company to service more demand from export markets.

On the contrary, local sales dropped by 8% YoY to 1.24 million tons from 1.35 million tons last year, inclusive of unwashed and/or waste coal of 437 thousand tons in the current quarter and none in Q1 2015. While power customers increased, primarily due to delivery of unwashed and/or waste coal to SLPGC whose 2 x 150 MW plants are already operating during the current quarter, off-take from cement plants and other industrial plants dropped.

Sales to cement plants decreased by 47% YoY to 147 thousand tons from 278 thousand tons last year.

Meanwhile, sales to other industrial plants also decreased by 26% YoY to 69 thousand tons from 93 thousand tons last year.

Some cement plants and customers with small boilers used alternative fuel in the current quarter, thus explaining the drop in off-take of cement and other industrial plants.

Composite average FOB price per ton dropped by 28% YoY to PHP1,593 from PHP2,204 due to lower price of washable and/or waste coal which is sold at an average price per ton of PHP655 and PHP491 in 2015 and 2016, respectively. Clean coal, on the other hand, is sold at an average price per ton of PHP2,221 and PHP1,808 in 2015 and 2016, respectively.

The table below shows the comparative sales volume data for Q1 2016 and Q1 2015.

CUSTOMER	Q1 '16	%	Q1 '15	%	Inc (Dec)	Inc (Dec)
Power Plants						
Calaca*	716	25%	666	28%	50	8%
Other PPs	307	11%	313	13%	(6)	-2%
TOTAL PPs	1,023	35%	980	41%	43	4%
Other Industries						
Cement	147	5%	278	12%	(131)	-47%
Others	69	2%	93	4%	(24)	-26%
Total Others	216	7%	371	15%	(155)	-42%
TOTAL LOCAL	1,239	43%	1,351	56%	(112)	-8%
EXPORT	1,674	57%	1,054	44%	620	59%
GRAND TOTAL	2,913	100%	2,404	100%	509	21%

POWER

SCPC

Total energy sold by SCPC decreased by 57% to 424 GWh from 982 GWh in Q1 2015. Composite average price per Kwh is however higher by 10% at PHP3.90 from PHP3.56 in Q1 2015 due to lower generation during the period.

Of the total energy sold, 99% or 422 GWh were sold to bilateral contracts, while the remaining 1% were sold to the spot market.

MERALCO remained to be the single biggest customer, accounting for 83% of the total energy sales of the bilateral contracts; BATELEC I and Trans-Asia comprised 8% and 6% of total sales, respectively.

Spot Market Sales dropped by 97% YoY to 2 GWh against 80 GWh last year.

Of the total energy sold, 93% was sourced from own generation, while 7% was purchased from the spot market. SCPC procured power from the spot market during hour intervals where power units were down, or when the plants were running at a de-rated capacity, in order to be able to supply committed capacity to some of its customers.

The table below shows the comparative marketing data for Q1 2016 and Q1 2015.

COMPARATIVE SALES DATA			
<i>(in GWh ; PHP)</i>			
CUSTOMER	<u>Q1 '16</u>	<u>Q1 '15</u>	%Inc (Dec)
Bilateral Contracts	422	902	-53%
Spot Sales	2	80	-97%
Grand Total	424	982	-57%
Composite Ave. Price	3.90	3.56	10%

SLPGC

SLPGC has a total contracted capacity of 222 MW. Starting end last year, two contracts totaling to 102 MW are already effective. Most of the plants' generated energy or 208 GWh served SLPGC's contracts and 41 GWh were sold to spot. Composite average price for the period is PHP4.22/KWh.

Distribution of energy sold while commissioning are 60%, 24% and 17% to contracted, replacement power to Sem-Calaca as allowable downtime was already consumed and to spot market, respectively.

The table below shows the comparative marketing data for Q1 2016 and Q1 2015.

COMPARATIVE SALES DATA <i>(in GWh ; PHP)</i>			
CUSTOMER	<u>Q1 '16</u>	<u>Q1 '15</u>	<u>%Inc (Dec)</u>
Bilateral Contracts	208	-	
Spot Sales	41	-	
Grand Total	250	-	
Composite Ave. Price	4.22	-	

III. FINANCE

A. Sales and Profitability

Consolidated Revenues, net of eliminating entries, decreased by 8% YoY to PHP6.64 billion from PHP7.25 billion in the previous year. Before elimination, Coal Revenues stood at PHP5.47 billion. Increase in sales volume by 509 thousand tons offset the 28% decline in composite average price from PHP2,204 to PHP1,593 (net effective average price inclusive of the unwashed/waste coal). Meanwhile, SCPC Revenues dropped by 52% YoY to PHP1.68 billion from PHP3.52 billion last year. Low generation due to outage of Unit 2 brought down sales. SLPGC on the other hand started to contribute during testing and commissioning. It generated PHP1.06 billion in Revenues before eliminations.

Consolidated Cost of Sales dropped 27% YoY to PH2.28 billion from PHP3.11 billion last year. Depreciation dropped by 17% YoY to PHP664.03 million from PHP565.27 million last year.

Coal Cost of Sales before elimination dropped by 35% YoY to PHP1.90 billion from PHP2.91 billion last year, due to increased mining efficiencies and valuation of low grade coal inventory. Lower strip ratio also contributed to lower cost of coal sold per ton at PHP651, almost half of last year's cost of PHP1,209/ ton. Coal depreciation increased by 28% YoY to PHP395.00 million from PHP308.17 million last year.

SCPC's Cost of Sales before elimination decreased by 57% YoY to PHP805 million from PHP1.87 billion; and 49% YoY after elimination to PHP490.43 million from PHP959.91 million last year. Generation more than halved YoY as Unit 2 was down for maintenance in Q1 this year. Cost of Sales per KWh however remained at the same level of PHP1.90 this year and last year.

SLPGC incurred PHP147.21 million costs representing spot purchases to fulfill its contractual obligation with VECO and GN Power.

The resulting consolidated Gross Profit increased 5% YoY to PHP4.36 billion, with the coal and power segments each contributing PHP2.30 billion and PHP2.06 billion, respectively. Last year's consolidated Gross Profit stood at PHP4.14 billion, PHP1.61 billion from coal and PHP2.53 billion from SCPC. Consolidated Gross profit margin rose to 66% from 57% last year.

Consolidated Operating Expenses (OPEX) remained flat YoY at PHP1.25 billion. Net of eliminating entries, the coal segment's OPEX dropped 6% YoY to PHP925.33 million from PHP980.76 million last year; this is mainly comprised of provision for government royalties which decreased by 21% YoY to PHP692.51 million from PHP880.71 million last year. Meanwhile, SCPC's General and Administrative Expense after elimination, accounted under OPEX, increased by 26% YoY to PHP318.97 million from PHP252.43 million last year. SLPGC incurred non-capitalizable expenses during the period of PHP8.37 million this quarter, 39% lower than last year's PHP13.76 million. Other pre-operating subsidiaries incurred combined OPEX of PHP102.43 thousand.

Consolidated Forex Gains stood at PHP36.46 million, 20% lower than Q1 2015's gains of PHP45.74 million. The peso is slightly stronger this year, closing at USD1: PHP46.07, as against USD1: PHP47.06 as at end of December 2015. Bulk of this year's Forex Gains, amounting to PHP35.91 million resulted from the valuation of the coal segment's USD denominated loans; last year the business segment accounted for Forex gains of PHP36.14 million. SCPC recorded gains of PHP 521.33 thousand in the current period and PHP9.61 million last year on its foreign currency denominated transactions. SLPGC recognized gains of 26.24 thousand this year.

Healthier cash balances during the period resulted to 133% increase YoY on consolidated Finance Income to PHP19.29 million from PHP8.26 million last year. Coal, SCPC, and SLPGC earned PHP8.28 million, PHP4.67 million, and PHP6.27 million Finance Income, respectively.

Consolidated Finance Costs rose by 14% YoY to PHP73.12 million from PHP63.95 million last year. Coal's interest-bearing loans increased 20% YoY to PHP5.79 billion from PHP4.81 billion last year, resulting to an 95% increase YoY in Finance Cost to PHP51.24 million from PHP26.21 million last year. Meanwhile, after servicing its long-term loan, SCPC's interest-bearing loans declined 79% YoY to PHP1.92 billion from PHP3.44 billion last year, resulting to a 43% drop in Finance Cost YoY

to PHP21.42 million from PHP37.37 million last year. Meanwhile SLPGC's loans slightly increased by 1% YoY to PHP10.69 billion from PHP10.49 billion last year. Finance Cost increased by 26% to PHP460.77 thousand from PHP365.83 thousand last year.

Consolidated Other Income dropped by 51% YoY to PHP21.98 million from PHP44.77 million last year. The coal segment's Other Income in the current period of PHP2.42 million accounted for insurance recoveries and gain on sale of miscellaneous assets. SCPC's Other Income decreased by 26% YoY to PHP19.57 million from PHP26.39 million last year. Since Unit 2 was down in Q1 this year, less fly ash that is sold as cement additive.

The resulting consolidated Net Income Before Tax (NIBT) increased by 6% YoY to PHP3.11 billion from PHP2.93 billion last year.

Consolidated Provision for Income Tax dropped by 52% to PHP197.76 million from PHP413.85 million last year. Coal continues to enjoy Income Tax Holiday (ITH) as a Board of Investments-registered company, while SCPC is now in a tax position. As a result, coal's tax provision remained minimal at PHP1.55 million, while SCPC recognized tax exposure of PHP162.54 million, as against PHP412.86 million last year. SCPC's drop in profitability due to the shutdown of Unit 2 correspondingly pulls down taxable income. SLPGC recorded final income tax of PHP33.66 million, mostly for trading income earned from buying power from the spot to fulfill its bilateral contracts.

The resulting consolidated Net Income After Tax (NIAT) increased by 16% YoY to PHP2.91 billion from PHP2.51 billion last year. Net of eliminations, coal generated net income of PHP1.37 billion, while SCPC and SLPGC generated PHP6.87.41 million and PHP856.21 million, respectively. Before eliminations, coal, SCPC, and SLPGC recorded NIAT of PHP1.81 billion, PHP376.39 million and PHP727.52 million, respectively. Earnings per Share (EPS) stood at PHP2.72, 16% more than same period last year's EPS of PHP2.35.

DMCI HOMES

Net income of wholly-owned subsidiary DMCI Project Developer's Inc. (PDI) declined by 21% from P845 million to P665 million in the first quarter of 2016, mainly due to higher costs on materials and labor, paid commissions, and increase in finance costs and documentary stamps from its bond issuance.

Unlike local industry practice of using percentage-of-completion accounting, the company adopts a more conservative approach to recognizing real estate revenues by realizing sales only when the unit is fully completed and at least 15% of contract price has been collected.

First quarter sales and reservations dropped 10% from P6.55 billion in 2015 to P6.01 billion the following year as no new projects were launched in the market during the first three months of 2016. Buying activity typically slows down when there are no new projects being launched. Last year, high-rise project Ivorywood boosted sales and reservations after its 965 units were offered to the market. Excluding the effect of that project in both periods, sales and reservations actually grew 14% from P5.06 billion in Q12015 to P5.77 billion in Q12016.

Capital expenditures dropped by 50% to P1.8 billion from P3.6 billion in 2015. Of the amount spent in 2016, 93% went to development cost and the rest to land and asset acquisition.

MAYNILAD

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

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

Operating efficiencies continued to improve in 2016, as Maynilad reported higher income from operations. From P2.74 billion, income from operations climbed 5% to P2.87 billion in first quarter of 2016.

Billed volume grew 4.9% despite an effective 0.5% reduction in water supply. Average non-revenue water for the year-to-date improved to 30.59% compared to last year's 34.11%.

Continued expansion into the southern areas of Muntinlupa, Las Piñas and Cavite brought connections up to a total of 1,275,902 billed services, a 5.3% growth from the end of the same period last year.

As a result, Maynilad's water service revenue for the year rose by 10.2% from P3.69 billion in 2015 to P4.07 billion in 2016. Total revenues from operations, including other fees and services such as sewer services, amounted to P4.89 billion, a 10.0% increase from P4.45 billion last year.

Reported net income, however, declined 25.9% to P1.64 billion due to the expiry of the company's income tax holiday in 2015.

After adjustments at the consortium company level, the Company's equity in net earnings reported a 24% decrease from P527 million last year to P403 million this year.

Rate Rebasing Update

On 5 January 2015, Maynilad officially received the Appeals Panel's award dated 29 December 2014 (the "Award") upholding Maynilad's alternative rebasing adjustment. Due to the integration of the P1.00 Currency Exchange Rate Adjustment (CERA) into the basic water charge, the net impact of the increase was effectively only P3.06. However, to date, the MWSS has refused to abide by this legally binding arbitration award. Acting in accordance with the provisions of its concession, Maynilad has therefore notified the Republic of the Philippines ("Republic") that it is calling on the Republic's undertaking to compensate Maynilad for losses arising from delayed implementation of the new tariff. As this has also not been acted upon, on March 27, 2015 Maynilad served a Notice of Arbitration and Statement of Claim upon the Republic, through the Department of Finance. As of 31 March 2016, Maynilad has submitted its updated Statement of Claim to the arbitral tribunal constituted October last year.

D.M. CONSUNJI, INC.

Despite a 12% drop in revenue, income contribution from D.M. Consunji, Inc. rose 3% from P191 million to P197 million, as total construction costs fell at a faster pace. From P3.1 billion the previous year, first quarter total construction costs declined 14% to P2.7 billion. The recognized cost in the first quarter of 2015 was adversely affected by the cost overruns in its engineering, procurement and construction (EPC) contract for a power plant. In addition, the reported revenue using percentage of completion was still affected by the delayed implementation of major public infrastructure projects due to right-of-way and utility relocation issues.

The company reported a total order book (balance of work) of P30.1 billion at the end of first quarter 2016, from P29.2 billion at the close of 2015. Awarded projects and contract adjustments in Q1 2016 totaled P3.7 billion. Among its newly-signed projects is City Gate, a mixed-use development of Ayala Land in the Makati Central Business District, a 50ML water reservoir in Quezon City and a 2X23MW gas turbine plant in Batangas.

Major ongoing projects in the orderbook include among others, the NAIA Expressway of Vertex Tollways Dev. Inc. (a unit of San Miguel Holdings Corporation), The Skyway Stage 3 of Citra Central Expressway Corp. (a unit of San Miguel Corporation), The Runway of Travellers International Hotel Group, The Viridian, The Royalton and The Imperium of Ortigas & Company, The Areté of the Ateneo de Manila University, Phase 2 office expansion of TV5 Network Inc., Second unit of 135MW coal-fired power plant of South Luzon Thermal Energy Corp., 2x150MW coal-fired power units of Southwest Luzon Power Generation Corp. and the Paranaque Sewer Network of Maynilad.

DMCI POWER (SPUG)

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

As of March 31, 2016, the total installed rated capacity is 74.38MW. Out of the total, 27.61MW (12.40MW bunker-fired and 15.21MW diesel) is at Masbate, 27.52MW (diesel) in Palawan, a 4x3.89 (15.56) MW bunker-fired plant which started commercial operations on February 2015 in Oriental Mindoro and a 3x1.23 (3.69) MW diesel-fired in Sultan Kudarat. On June 2015, Sultan Kudarat Electric Cooperative (SUKELCO) and DPC entered into an Electric Supply Agreement (ESA) covering a three-year period starting on the commercial operation date of January 2016.

Due to increase in energy dispatch of the electric cooperatives to our plants and full quarter operation of the 4x3.89MW bunker-fired plant in Oriental Mindoro, sales volume reported in Masbate (20.9 GW), Palawan (20.5 GW), Mindoro (11.0GW) and Sultan Kudarat (0.8GW) totaled 53.2GW, an increase of 32% from a total of 40.2GW last year. Average tariff or selling price/kWh in Masbate is P10.55/kWh, Palawan is P7.45/kWh, and Mindoro is P8.58/kWh. In Sultan Kudarat, average price of P18.47 is relatively high due to the fixed components of the tariff.

Consequently, the total off-grid generation revenue and net income went up by 11% and 32%, respectively. Revenue increased to P482 million in the first quarter of 2016 compared to P433 million in 2015. Meanwhile, net income went up to P98 million compared to last year's P74 million.

DMCI MINING

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

Seasonality in the shipping window and lower shipment volume due to depressed nickel ore prices led to a wider loss for DMCI Mining Corporation. From a first quarter net loss of P24 million in 2015, the company reported a P100 million net loss during the same period this year.

Revenues only amounted to P90 million in first quarter of 2016 compared to P423 million in 2015 as a result of fewer nickel ore shipments which totaled 110 thousand wet metric tons (WMT) compared to last year's 319 thousand WMT. The ore shipments came from Berong at a composite average price of P818 per WMT. The average ore grade remained at 1.30% year-on-year.

The segment's total depletion, depreciation and amortization amounted to P61 million in 2016 compared to P155 million in 2015 as a result of lower production using the output method of depletion accounting. Total company cash cost per WMT (under cost of sales and operating expenses) amounted to P1,341/WMT in 2016 compared to P940 in 2015.

Explanation of movement in consolidated income statement accounts:

Revenue

Consolidated revenue has declined by 15% to P13.5 billion during the period compared to P15.9 billion during the same period last year. The decrease came from the Company's on grid power, construction and nickel mining businesses which is due to lower sales volume or completion.

Cost of Sales and Services

Consolidated cost of sales and services also dropped by 15% period to period, which is in line with the decline in the Company's consolidated revenues.

Operating Expenses

It slightly increased by 2% primarily due to higher commission and documentary stamp tax paid during the period of the real estate segment.

Equity in Net Earnings

Equity in net earnings of associate dropped by 23% mainly due to lower income of Maynilad following the expiration of its income tax holiday in December 2015.

Finance Income

Consolidated finance income was down by 7% primarily due to lower real estate in-house financing income reported during the period as buyers have shifted more to bank financing.

Finance Costs

Consolidated finance costs increased by 29% mainly attributable to additional corporate notes issuances of the real estate segment.

Other Income-net

The upsurge in consolidated other income by 373% during the first quarter of the year was mainly attributed to the sale of generated power of Units 3 and 4 plant of Semirara.

Provision for Income Tax

Lower taxable profits during the period for the Company's real estate and on grid power businesses dragged down consolidated provision for income tax by 41% during the period.

II. CONSOLIDATED FINANCIAL CONDITION

March 31, 2016 (Unaudited) vs December 31, 2015 (Audited)

The Company's financial condition for the period improved as consolidated total assets and total equity amounted to P152 billion and P79 billion, respectively as of March 31, 2016. This is an improvement of 2% and 6%, respectively

Consolidated cash expanded by 4% from P19.2 billion in December 31, 2015 to P19.9 billion in March 31, 2016 due mainly coming from cash flows generated from operations despite repayment of loan obligations and capital expenditures on expansion.

Total receivables (current and non-current) increased by 5% from P16 billion to P16.8 billion mainly attributed to higher billed construction receivables particularly in the infrastructure projects.

Consolidated inventories slightly increased by 1% from P34.4 billion to P34.7 billion coming mainly from higher ending coal inventory due to increased production during the period. This was offset by lower inventory of the real estate segment during the period.

Other current assets grew by 12% mainly attributed to higher advances in the construction segment which are expected to be recouped during the construction of the projects.

Investments in associates and joint ventures slightly dropped by 1% mainly due to dividends received from Maynilad and the partial sale of Subic Water shares during the period. A gain on sale (net of taxes) amounting to P111 million was recognized in relation to the partial sale of Subic Water. The Company's remaining share in Subic Water is 30% as of the end of the period.

Property plant & equipment stood at P49.4 billion, the same balance as of last year. The Company incurred additional capital expenditures for expansion in the power segment which was somehow offset by the depreciation, depletion and amortization charges during the period.

Other noncurrent assets expanded by 15% mainly attributed to increase in the noncurrent portion of refundable deposits of the real estate segment.

Accounts & other payables decreased by 5% mainly attributed to payments of normal trade transactions with suppliers and subcontractors in the construction and nickel mining segments.

Customers' advances and deposits slightly increased by 2% due to payments received from real estate customers, the corresponding revenue of which has yet to be realized under full completion method of accounting.

Income tax payable dropped by 41% due to payments of income taxes due during the period

Liabilities for purchased land decreased by 24% mainly due to the payments made by the real estate segment.

The decrease in short-term debt by 8% from P3.7 billion to P3.4 billion mainly pertains to loan repayments of the coal segment.

Long term debt decreased by 2% from P37.1 billion to P36.4 billion attributed also to repayments made by coal, power and real estate segments net of additional loan availments made during the period.

Deferred tax liabilities increased by 5% mainly due to the excess of book over tax income in real estate sales.

Other noncurrent liabilities slightly increased by 2% mainly due to advances from contract owners which are not due to be settled within twelve months after the end of the reporting period.

After generating a net income of P3 billion, consolidated retained earnings increased by 7% from P43.7 billion in 2015 to P46.7 billion as of the end of the first quarter of 2016.

Non-controlling interest increased by 10% as a result of the non-controlling share in the consolidated net income of Semirara during the period.

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 Non-controlling Interests)
- c) Earnings Per Share
- d) Current Ratio
- e) Net Debt to Equity Ratio

SEGMENT REVENUES

<i>(in Php Millions)</i>	For the Period		Variance	
	2016	2015	Amount	%
SEMIRARA MINING AND POWER CORPORATION	P5,596	P7,245	(P1,649)	-23%
DMCI HOMES	4,349	4,330	19	0%
D.M. CONSUNJI, INC.	2,957	3,363	(406)	-12%
DMCI POWER (SPUG)	482	433	49	11%
DMCI MINING	90	423	(333)	-79%
PARENT & OTHERS	55	73	(18)	-25%
TOTAL	P13,529	P15,867	(P2,338)	-15%

NET INCOME AFTER NON-CONTROLLING INTERESTS

<i>(in Php Millions)</i>	For the Period		Variance	
	2016	2015	Amount	%
SEMIRARA MINING AND POWER CORPORATION	P1,642	P1,421	P221	16%
DMCI HOMES	665	845	(180)	-21%
MAYNILAD	403	527	(124)	-24%
D.M. CONSUNJI,INC.	197	191	6	3%
DMCI POWER (SPUG)	98	74	24	32%
DMCI MINING	(100)	(24)	(76)	-321%
PARENT & OTHERS	20	25	(5)	20%
CORE NET INCOME	2,925	P3,059	(134)	-4%
ONE TIME GAIN	111	–	111	100%
TOTAL	P3,036	P3,059	(P23)	-1%

The initial indicator of the Company's gross business results are seen in the movements in the different business segment revenues. As illustrated above, consolidated revenues dropped 15% period to period mainly coming from Company's on grid power, construction and nickel mining businesses. (See Part I. Results of Operations – different segments for a detailed discussion per business).

The net income (after non-controlling interest) or bottom line results from operations of the Company have multiple drivers for growth from different business segments. For the period ended, the Company reported flat earnings at P3 billion. The reduced profitability of its two major contributors, namely the real estate and water businesses, accounted for the flattish growth of the Company. (See Part I. Results of Operations – different segments for a detailed discussion per business).

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.

For the period ended, the Company reported the same consolidated basic and diluted EPS at P0.23/share. The flattish growth on the Company's EPS is attributed mainly to the reduced

profitability of its two major contributors for the period. (See Part I. Results of Operations – different segments for a detailed discussion per business).

CURRENT RATIO

Liquidity is an essential character of any organization, and the Company, including the Group as a whole, should indicate acceptable levels of liquidity. The initial test of liquidity is the current ratio, which will display a company's ability to satisfy current obligations with current resources.

Current ratio is arrived at by dividing the current assets over the current liabilities. The Company uses this test and compares it with industry balances to determine its ability to satisfy current obligations with respect to its competitors

Consolidated cash and cash equivalents amounted to P19.9 billion, resulting in a current ratio of 238% as of the first quarter of 2016. (See Part II. Financial Condition for a detailed discussion).

NET DEBT TO EQUITY RATIO

As a stockholder/investor, financial position and stability would be an important aspect. The Company tests its financial position through the net debt to equity ratio. This test indicates the Company's ownership of creditors vs. owners/investors. In addition, net debt to equity or debt to equity ratio maintenance is a requirement set by creditors as a standard for extending credit. 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 P39.8 billion from P40.8 billion last year, which resulted to a net debt to equity ratio of 25%. (See Part II. Financial Condition for a detailed discussion).

OTHER RELEVANT FINANCIAL SOUNDNESS RATIOS

	March 31, 2016	December 31, 2015
Current Ratio	238%	185%
Net Debt to Equity Ratio	25%	29%
Asset to Equity Ratio	192%	199%
	March 31, 2016	March 31, 2015
Return on Assets	3.1% 3.0%*	3.2%
Return on Parent Equity	4.7% 4.6%*	5.3%

Interest Coverage Ratio	14.5 times 14.2 times*	17.4 times
Gross Margin (%)	42.2%	42.1%
Net Profit Margin (%)	31.7% 30.9%*	26.2%

* Excluding one time gain of P111 million pertaining to partial sale of Subic Water share


PART II--OTHER INFORMATION

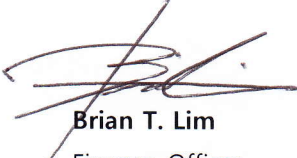
1. The Company's operation is a continuous process. It is not dependent on any cycle or season;
2. Economic and infrastructure developments in the country may affect construction business; Interest rate movements may affect the performance of the real estate industry; Mining activities are generally hinge on the commodities market. Businesses not affected by known cycle, trends or uncertainties are power and water.
3. On May 11, 2016, the BOD of the Parent Company has declared cash dividends amounting P0.24 regular dividends and P0.24 special cash dividends in favor of the stockholders of record as of May 27, 2016. This is due to be paid on June 10, 2016 with a total amount of P6,373 million.
4. There were no undisclosed material subsequent events and transferring of assets not in the normal course of business that have not been disclosed for the period that the company have knowledge of;
5. There are no material contingencies during the interim period; events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation has been disclosed in the notes to financial statements.
6. There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period
7. Except for interest payments on loans, which the Company can fully service, the only significant commitment that would have a material impact on liquidity are construction guarantees. These are usually required from contractors in case of any damage / destruction to a completed project.
8. Any known trends or any known demands, commitments, events or uncertainties that will result in or that will have a material impact on the registrant's liquidity. - None
9. The Group does not have any offering of rights, granting of stock options and corresponding plans therefore.
10. All necessary disclosures were made under SEC Form 17-C.


SIGNATURES

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

Issuer DMCI Holdings, Inc.

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

Signature and Title 
Brian T. Lim
Finance Officer

Signature and Title 
Ma. Luisa D. Austria
Accounting Officer

Date May 13, 2016

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

For the Period March 31, 2016 and December 31, 2015

(Amounts in Thousands)

	2016	2015 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents	₱19,926,647	₱19,150,603
Available-for-sale financial assets	76,900	76,900
Receivables - net	14,085,388	12,836,956
Costs and estimated earnings in excess of billings on uncompleted contracts	2,268,304	2,015,033
Inventories	34,709,701	34,407,763
Other current assets	7,858,853	7,030,352
Total Current Assets	78,925,793	75,517,607
Noncurrent Assets		
Noncurrent receivables	2,735,751	3,162,701
Investments in associates, joint ventures and others	11,291,919	11,457,732
Investment properties	288,580	288,542
Property, plant and equipment	49,413,128	49,440,223
Exploration and evaluation asset	3,238,442	3,238,442
Goodwill	1,637,430	1,637,430
Deferred tax assets - net	621,921	543,859
Pension assets – net	958,979	958,979
Other noncurrent assets	2,649,077	2,311,660
Total Noncurrent Assets	72,835,227	73,039,568
	₱151,761,020	₱148,557,175

LIABILITIES AND EQUITY**Current Liabilities**

Short-term debt	₱3,396,661	₱3,707,354
Current portion of liabilities for purchased land	1,335,455	2,201,291
Accounts and other payables	14,789,032	15,393,747
Billings in excess of costs and estimated earnings on uncompleted contracts	3,170,915	2,095,481
Customers' advances and deposits	5,793,799	5,692,271
Current portion of long-term debt	4,382,730	11,291,955
Income tax payable	266,796	448,439
Total Current Liabilities	33,135,388	40,830,538

(Forward)

	2016	2015 (Audited)
Noncurrent Liabilities		
Long-term debt - net of current portion	₱31,976,653	₱25,763,651
Liabilities for purchased land - net of current portion	966,549	816,135
Deferred tax liabilities - net	3,818,604	3,629,076
Pension liabilities - net	142,200	142,200
Other noncurrent liabilities	2,651,965	2,600,395
Total Noncurrent Liabilities	39,555,971	32,951,457
Total Liabilities	72,691,359	73,781,995
Equity		
Equity attributable to equity holders of the Parent Company:		
Paid-in capital	17,949,868	17,949,868
Retained earnings	46,746,353	43,709,847
Premium on acquisition of non-controlling interests	(161,033)	(161,033)
Remeasurements on retirement plans - net of tax	699,491	699,491
Net accumulated unrealized gains on AFS financial assets	21,435	21,435
Cumulative translation adjustment	285,105	285,105
	65,541,219	62,504,713
Non-controlling interests	13,528,442	12,270,467
Total Equity	79,069,661	74,775,180
	₱151,761,020	₱148,557,175

DMCI HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

For the Period Ended March 31, 2016 and 2015 and Quarter Ended March 31, 2016 and 2015
(Amounts in Thousands, except for Earnings Per Share figures)

	For the period		For the quarter	
	2016	2015	2016	2015
REVENUE				
Real estate sales	₱4,349,081	₱4,330,160	₱4,349,081	₱4,330,160
Coal mining	3,940,116	3,752,262	3,940,116	3,752,262
Construction contracts	2,956,727	3,362,615	2,956,727	3,362,615
Electricity sales	2,137,939	3,925,090	2,137,939	3,925,090
Nickel mining	89,783	423,277	89,783	423,277
Merchandise sales and others	55,259	73,723	55,259	73,723
	13,528,905	15,867,127	13,528,905	15,867,127
COSTS OF SALES AND SERVICES				
Real estate sales	2,631,385	2,447,011	2,631,385	2,447,011
Coal mining	1,641,870	2,145,346	1,641,870	2,145,346
Construction contracts	2,624,263	3,043,897	2,624,263	3,043,897
Electricity sales	815,735	1,271,556	815,735	1,271,556
Nickel mining	74,919	234,120	74,919	234,120
Merchandise sales and others	37,035	50,249	37,035	50,249
	7,825,207	9,192,179	7,825,207	9,192,179
GROSS PROFIT	5,703,698	6,674,948	5,703,698	6,674,948
OPERATING EXPENSES	2,281,698	2,229,302	2,281,698	2,229,302
	3,422,000	4,445,646	3,422,000	4,445,646
OTHER INCOME (EXPENSES)				
Equity in net earnings of associates	420,533	545,351	420,533	545,351
Finance income	108,712	117,506	108,712	117,506
Finance costs	(329,671)	(255,945)	(329,671)	(255,945)
Gain on sale of investment	131,409	–	131,409	–
Other income - net	1,092,802	231,152	1,092,802	231,152
INCOME BEFORE INCOME TAX	4,845,785	5,083,710	4,845,785	5,083,710
PROVISION FOR INCOME TAX	551,303	933,007	551,303	933,007
NET INCOME	₱4,294,482	₱4,150,703	₱4,294,482	₱4,150,703
NET INCOME ATTRIBUTABLE TO				
Equity holders of the Parent				
Company	₱3,036,506	₱3,059,275	₱3,036,506	₱3,059,275
Non-controlling interests	1,257,976	1,091,428	1,257,976	1,091,428
	₱4,294,482	₱4,150,703	₱4,294,482	₱4,150,703
EARNINGS PER SHARE				
ATTRIBUTABLE TO EQUITY				
HOLDERS OF THE PARENT				
COMPANY-BASIC AND				
DILUTED	₱0.23	₱0.23	₱0.23	₱0.23

DMCI HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the Period Ended March 31, 2016 and 2015 and Quarter Ended March 31, 2016 and 2015
(Amounts in Thousands)

	For the period		For the quarter	
	2016	2015	2016	2015
NET INCOME	₱4,294,482	₱4,150,703	₱4,294,482	₱4,150,703
OTHER COMPREHENSIVE INCOME (LOSS)				
Items to be reclassified subsequently to profit or loss				
Cumulative translation adjustment	—	—	—	—
Changes in fair values of AFS financial assets	—	—	—	—
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	₱4,294,482	₱4,150,703	₱4,294,482	₱4,150,703
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Equity holders of the Parent Company	₱3,036,506	₱3,059,275	₱3,036,506	₱3,059,275
Non-controlling interests	1,257,976	1,091,428	1,257,976	1,091,428
	₱4,294,482	₱4,150,703	₱4,294,482	₱4,150,703

DMCI HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the Period Ended March 31, 2016 and 2015
(Amounts in Thousands)

	March 31	
	2016	2015
TOTAL PAID-IN CAPITAL		
Preferred stock - ₱1 par value cumulative and convertible		
Authorized - 100,000,000 shares		
Issued and outstanding:		
Balance at beginning and end of period	₱4	₱4
Common stock - ₱1 par value		
Authorized - 19,900,000,000 shares as of September 2015 and 5,900,000,000 shares as of September 2014		
Issued and outstanding:		
Balance at beginning and end of period	13,277,470	13,277,470
Capital stock	13,277,474	13,277,474
Additional paid-in capital	4,672,394	4,672,394
	17,949,868	17,949,868
RETAINED EARNINGS		
Balance at beginning of the period	43,709,847	37,248,367
Net income attributable to equity holders of the Parent Company for the period	3,036,506	3,059,275
Dividends paid	-	-
	46,746,353	40,307,642
Premium on acquisition of non-controlling interest	(161,033)	(161,033)
Remeasurement gains (losses) on retirement plan	699,491	877,774
Net accumulated unrealized gains on AFS financial assets	21,435	13,057
Cumulative translation adjustment	285,105	260,252
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY		
	65,541,219	59,247,560
Non-controlling interests	13,528,442	11,366,557
TOTAL EQUITY	₱79,069,661	₱70,614,117

DMCI HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Period Ended March 31, 2016 and 2015
(Amounts in Thousands)

	March 31	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	₱4,845,785	₱5,083,710
Adjustments for:		
Equity in net losses (earnings) of affiliates, depreciation, depletion amortization and other non-cash items (net)	728,660	438,464
Finance cost	329,671	255,945
Finance income	(108,712)	(117,506)
Gain on sale of shares	(131,409)	–
Operating income before changes in working capital	5,663,995	5,660,613
Decrease (increase) in:		
Receivables	(811,387)	(751,250)
Cost and estimated earnings in excess of billings	(253,271)	(846,783)
Inventories	(263,022)	(1,494,147)
Other current assets	(828,500)	1,537,537
Increase (decrease) in:		
Accounts and other payables	(623,665)	2,110,361
Billings in excess of costs and estimated earnings	1,075,433	(482,355)
Customer advances and deposits	101,529	1,169,287
Liabilities for purchased land	(715,422)	(1,451,223)
Cash generated from operations	3,345,690	5,452,040
Interest received	108,712	117,506
Income taxes paid	(621,480)	(1,051,513)
Interest paid and capitalized as cost of inventory	(24,320)	(48,347)
Net cash provided by operating activities	2,808,602	4,469,686
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to:		
Property, plant and equipment	(1,093,754)	(678,513)
Investments in associates, joint ventures and others	(13,300)	–
Investment properties	(1,797)	(68,116)
Proceeds from disposals of:		
Property, plant and equipment	60,628	–
Investments in associates, joint ventures and others	210,583	–
Dividends received	510,417	526,422
Interest paid and capitalized as part of property, plant and equipment	2,648	2,345
Decrease (increase) in other noncurrent assets	(348,597)	18,971
Net cash used in investing activities	(673,172)	(198,891)

(Forward)

	March 31	
	2016	2015
CASH FLOWS FROM FINANCING ACTIVITIES		
Net availments (payments) of:		
Long-term debt	(P696,224)	(P179,889)
Short-term debt	(310,693)	(287,837)
Interest paid	(310,726)	(255,945)
Increase (decrease) in other noncurrent liabilities	51,570	(383,737)
Net cash used in investing activities	(1,266,073)	(1,107,408)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		
	(93,313)	41,835
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	776,044	3,205,222
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	19,150,603	15,229,768
CASH AND CASH EQUIVALENTS AT END OF YEAR	P19,926,647	P18,434,990

DMCI HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

DMCI Holdings, Inc. (the Parent Company) was incorporated on March 8, 1995 and is domiciled in the Philippines. The Parent Company's registered office address and principal place of business is at 3rd Floor, Dacon Building, 2281 Don Chino Roces Avenue, Makati City.

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

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

The accompanying consolidated financial statements were approved and authorized for issue by the Board of Directors (BOD) on May 11, 2016.

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, 2015.

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

Statement of Compliance

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

Basis of Consolidation

The unaudited condensed consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All significant intercompany balances and transactions, including income, expenses and dividends, are eliminated in full. Profits and losses resulting from intercompany transactions that are recognized in assets are eliminated in full.

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

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)

- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

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

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

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

Non-controlling interests (NCI) pertain to the equity in a subsidiary not attributable, directly or indirectly to the Parent Company. NCI represent the portion of profit or loss and net assets in subsidiaries not wholly owned by the Group and are presented separately in the consolidated statement of income, consolidated statement of comprehensive income and consolidated statement of changes in equity and within equity in the consolidated statement of financial position, separately from equity holders' of the Parent Company.

Any equity instruments issued by a subsidiary that are not owned by the Parent Company are non-controlling interests including preferred shares.

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

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

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any NCI
- Derecognizes the cumulative translation differences recorded in equity
- Recognizes the fair value of the consideration received
- Recognizes the fair value of any investment retained
- Recognizes any surplus or deficit in profit or loss
- Reclassifies the Parent Company's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

The consolidated financial statements include the financial statements of the Parent Company and the following subsidiaries (which are all incorporated in the Philippines, except for ENK Plc. and some of the related entities which are incorporated in England and Wales and Netherlands):

	March 31, 2016			December 31, 2015		
	Direct	Indirect	Effective Interest (In percentage)	Direct	Indirect	Effective Interest
<u>General Construction:</u>						
D.M. Consunji, Inc. (DMCI)	100.00	–	100.00	100.00	–	100.00
Beta Electric Corporation (Beta Electric) ¹	–	53.95	53.95	–	53.95	53.95
Raco Haven Automation Philippines, Inc. (Raco) ¹	–	50.14	50.14	–	50.14	50.14
<u>Manufacturing and others:</u>						
Oriken Dynamix Company, Inc. (Oriken) ^{1*}	–	89.00	89.00	–	89.00	89.00
DMCI Technical Training Center (DMCI Training) ¹	–	100.00	100.00	–	100.00	100.00
<u>Coal Mining</u>						
Semirara Mining and Power Corporation (SMPC)	56.32	–	56.32	56.32	–	56.32
<u>On-Grid Power</u>						
Sem-Calaca Power Corporation (SCPC) ³	–	56.32	56.32	–	56.32	56.32
Southwest Luzon Power Generation Corporation (SLPGC) ^{3*}	–	56.32	56.32	–	56.32	56.32
Sem-Calaca Res Corporation (SCRC) ^{3*}	–	56.32	56.32	–	56.32	56.32
SEM-Cal Industrial Park Developers, Inc. (SIPDI) ^{3*}	–	56.32	56.32	–	56.32	56.32
Semirara Energy Utilities, Inc. (SEUI) ^{3*}	–	56.32	56.32	–	56.32	56.32
St. Raphael Power Generation Corporation (SRPGC) ^{3*}	–	56.32	56.32	–	56.32	56.32
SEM-Balayan Power Generation Corporation (SBPGC) ^{3*}	–	56.32	56.32	–	56.32	56.32
<u>Manufacturing</u>						
Semirara Claystone, Inc. (SCI) ^{3*}	–	56.32	56.32	–	56.32	56.32
<u>Off-Grid Power</u>						
DMCI Power Corporation (DPC)	100.00	–	100.00	100.00	–	100.00
DMCI Masbate Power Corporation (DMCI Masbate) ⁴	–	100.00	100.00	–	100.00	100.00
DMCI Palawan Power Corporation (DMCI Palawan) ⁴	–	100.00	100.00	–	100.00	100.00
<u>Nickel Mining:</u>						
DMCI Mining Corporation (DMC)	100.00	–	100.00	100.00	–	100.00
Berong Nickel Corporation (BNC) ⁵	–	74.80	74.80	–	74.80	74.80
Ulugan Resources Holdings, Inc. (URHI) ⁵	–	30.00	30.00	–	30.00	30.00
Ulugan Nickel Corporation (UNC) ⁵	–	58.00	58.00	–	58.00	58.00
Nickeline Resources Holdings, Inc. (NRHI) ⁵	–	58.00	58.00	–	58.00	58.00
TMM Management, Inc. (TMM) ⁵	–	40.00	40.00	–	40.00	40.00
Zambales Diversified Metals Corporation (ZDMC) ⁵	–	100.00	100.00	–	100.00	100.00
Zambales Chromite Mining Company Inc. (ZCMC) ⁵	–	100.00	100.00	–	100.00	100.00
Fil-Asian Strategic Resources & Properties Corporation (FASRPC) ⁵	–	100.00	100.00	–	100.00	100.00
Montague Resources Philippines Corporation (MRPC) ⁵	–	100.00	100.00	–	100.00	100.00
Montemina Resources Corporation (MRC) ⁵	–	100.00	100.00	–	100.00	100.00
Mt. Lanat Metals Corporation (MLMC) ⁵	–	100.00	100.00	–	100.00	100.00
Fil-Euro Asia Nickel Corporation (FEANC) ⁵	–	100.00	100.00	–	100.00	100.00
Heraan Holdings, Inc. (HHI) ⁵	–	100.00	100.00	–	100.00	100.00
ENK Plc. (ENK)	100.00	–	100.00	100.00	–	100.00
European Nickel Iberia SL (EN Iberia) ⁶	–	100.00	100.00	–	100.00	100.00
European Nickel Spain SL (EN Spain) ⁶	–	100.00	100.00	–	100.00	100.00
Rusina Mining Ltd. (Rusina) ⁶	–	100.00	100.00	–	100.00	100.00
European Nickel Holland BV (EN Holland) ⁶	–	100.00	100.00	–	100.00	100.00
European Nickel Philland BV (EN Philland) ⁶	–	100.00	100.00	–	100.00	100.00

(Forward)

	March 31, 2016			December 31, 2015		
	Direct	Indirect	Effective Interest (In percentage)	Direct	Indirect	Effective Interest
European Nickel PLC - Regional Operating Headquarters (EN ROHQ) ⁶	–	100.00	100.00	–	100.00	100.00
Enickel Holdings, Inc. (EHI) ^{6*}	–	100.00	100.00	–	100.00	100.00
Enickel Berhold, Inc. (EBI) ⁶	–	100.00	100.00	–	100.00	100.00
Zambales Nickel Processing Corporation (ZNPC) ⁶	–	100.00	100.00	–	100.00	100.00
Zamnorth Holdings Corporation (ZHC) ⁶	–	100.00	100.00	–	100.00	100.00
ZDMC Holdings Corporation (ZDMCHC) ⁶	–	100.00	100.00	–	100.00	100.00
<u>Real Estate Development:</u>						
DMCI Project Developers, Inc. (PDI)	100.00	–	100.00	100.00	–	100.00
Hampstead Gardens Corporation (Hampstead) ²	–	100.00	100.00	–	100.00	100.00
Riviera Land Corporation (Riviera) ²	–	100.00	100.00	–	100.00	100.00
DMCI-PDI Hotels, Inc. (PDI Hotels) ²	–	100.00	100.00	–	100.00	100.00
DMCI Homes Property Management Corporation (DPMC) ²	–	100.00	100.00	–	100.00	100.00
Zenith Mobility Solutions Services, Inc.	–	51.00	51.00	–	51.00	51.00
<u>Marketing Arm:</u>						
DMCI Homes, Inc. (DMCI Homes) ²	–	100.00	100.00	–	100.00	100.00
<u>Manufacturing:</u>						
Semirara Cement Corporation (SemCem) *	100.00	–	100.00	100.00	–	100.00
Wire Rope Corporation of the Philippines (Wire Rope)	45.68	16.02	61.70	45.68	16.02	61.70

* Have not yet started commercial operations as of March 31, 2016 and December 31, 2015

¹ DMCI's subsidiaries

² PDI's subsidiaries

³ SMPC's subsidiaries

⁴ DPC's subsidiaries

⁵ DMC's subsidiaries

⁶ ENK's subsidiaries

General Construction

DMCI

DMCI was incorporated in the Philippines on December 24, 1954 primarily to engage in and carry on the trade and business of engineering, general building and contracting. DMCI's secondary purpose, among others, is to engage in the real estate business.

Beta Electric

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

Manufacturing and others

Oriken

Oriken Dynamix Company, Inc. (Oriken) was registered with the SEC on September 16, 2005. Oriken's primary purpose is to manufacture, buy and sell ready mix concrete of every class and description. As of December 31, 2015 and 2014, Oriken is non-operational.

DMCI Training

DMCI Training was registered with the SEC on August 15, 2006. The primary purpose of DMCI Training is to establish, promote, and operate training centers and or institutions in the field of science, technology, vocational and other apprenticeable trades and occupations in which qualified and deserving persons regardless of gender may be taught, developed and trained in a well-rounded theoretical and practical method.

Coal Mining

SMPC

SMPC was incorporated and domiciled in the Philippines on February 26, 1980 primarily to search for, prospect, explore, dig and drill, mine, exploit, extract, produce, mill, purchase or otherwise acquire, store, hold transport, use experiment with, market, distribute, exchange, sell and otherwise dispose of, import, export and handle, trade, and generally deal in, ship coal, coke, and other coal products of all grades, kinds, forms, descriptions and combinations and in general the products and by-products which may be derived, produced, prepared, developed, compounded, made or manufactured there; to acquire, own, maintain and exercise the rights and privileges under the coal operating contract within the purview of Presidential Decree No. 972, “*The Coal Development Act of 1976*”, and any amendments thereto. SMPC is a publicly listed entity in the Philippines. It has coal mining operations in Semirara Island in Caluya, Antique.

On August 18, 2014, the SEC approved the change in the corporate name of Semirara Mining Corporation to “Semirara Mining and Power Corporation”. This change was sought to reflect the forward integration of the SMPC’s business as a coal supplier or producer to power generation through its wholly-owned subsidiaries.

On-Grid Power

SCPC

SCPC, a wholly-owned subsidiary of SMPC, was registered with the SEC on November 19, 2009. It is primarily engaged to acquire, expand, rehabilitate and maintain power generating plants, develop fuel for generation of electricity and sell electricity to any person or entity through electricity markets among others. It currently operates 2 units of coal-fired power plants located in Calaca, Batangas with a combined operating capacity of 600 MW.

SLPGC

On August 31, 2011, SLPGC, a wholly-owned subsidiary of SMPC, was incorporated to operate electric power plants and to engage in business of a power generation company. Its 2x150 MW plant is located in Calaca, Batangas and is undergoing commissioning as of December 31, 2015.

SCRC

SCRC is a stock corporation registered with the SEC on September 14, 2009, primarily to sell electricity to any person or entity through electricity markets, by trading, or by contract, to administer, conserve and manage the electricity generated by power-generating plants, owned by its affiliates or by a third party, to invest in or acquire corporations or entities engaged in any of the foregoing activities.

SIPDI

On April 24, 2011, SIPDI was incorporated to acquire, develop, construct, invest in, operate and maintain an economic zone capable of providing infrastructures and other support facilities for export manufacturing enterprises, information technology enterprises, tourism economic zone enterprises, medical tourism economic zone enterprises, retirement economic zone enterprises and/or agro-industrial enterprises, inclusive of the required facilities and utilities, such as light and power system, water supply and distribution system, sewerage and drainage system, pollution control devices, communication facilities, paved road network, and administration building as well as amenities required by professionals and workers involved in such enterprises, in accordance with R.A. No. 7916, as amended by R.A. No. 8748, otherwise known as the Special Economic Zone Act of 1995.

SEUI

On February 18, 2013, SEUI was incorporated to perform Qualified Third Party (QTP) functions pursuant to Section 9 of Republic Act 9136, otherwise known as the Electric Power Industry Reform Act (EPIRA) and its "Implementing Rules & Regulations". DOE-Circular No. 2004-06-006 of the Department of Energy defines QTP as an alternative service provider authorized to serve remote and unviable areas pursuant to Section 59 of the EPIRA Law. SEUI intends to act as the QTP over Barangays of Semirara, Tinogboc and Alegria, all located at Semirara Island, Caluya, Antique.

SRPGC

On September 10, 2013, SRPGC was incorporated to acquire, construct, erect, assemble, rehabilitate, expand, commission, operate and maintain power-generating plants and related facilities for the generation of electricity, including facilities to purchase, manufacture, develop or process fuel for the generation of such electricity; to sell electricity to any person or entity through electricity markets, by trading, or by contract; to administer, conserve and manage the electricity generated by power-generating plants, owned by SRPGC or by a third party, to invest in or acquire corporations or entities engaged in any of the foregoing activities.

SBPGC

On September 9, 2013, SBPGC was incorporated to acquire, construct, erect, assemble, rehabilitate, expand, commission, operate and maintain power-generating plants and related facilities for the generation of electricity, including facilities to purchase, manufacture, develop or process fuel for the generation of such electricity, to sell electricity to any person or entity through electricity markets, by trading, or by contract, to administer, conserve and manage the electricity generated by power-generating plants, owned by SBPGC or by a third party, to invest in or acquire corporations or entities engaged in any of the foregoing activities.

Manufacturing

SCI

On November 29, 2012, SCI was incorporated to engage in, conduct, and carry on the business of manufacturing, buying, selling, distributing, marketing at wholesale and retail insofar as may be permitted by law, all kinds of goods, commodities, wares and merchandise of every kind and description including pottery earthenware, stoneware, bricks, tiles, roofs and other merchandise produce from clay; to enter into all contracts for export, import, purchase requisition, sale at wholesale or retail and other disposition for its own account as principal or in representative capacity as manufacturer's representative, merchandise broker, indenter, commission merchant, factors or agents, upon consignment of all goods, wares, merchandise or products natural or artificial.

Off-Grid Power

DPC

DPC was incorporated and registered with the SEC on October 16, 2006 to engage in acquiring, designing, constructing, investing in and operating electric power plants, and engaging in the business of a generation company in accordance with Republic Act (RA) No. 9136 otherwise known as the EPIRA of 2001. It currently has 25MW modular diesel generation sets in Palawan and 4x3.889MW bunker-fired power plant in Mindoro.

DMCI Masbate

DMCI Masbate was incorporated and registered with the SEC on November 13, 2007 primarily to acquire, design, develop, construct, invest in and operate power generating plants in the province of Masbate and engage in the business of a generation company in accordance with RA No. 9136 otherwise known as the EPIRA and its implementing rules and regulations, and to design, develop, assemble and operate other power related facilities, appliances and devices. It currently has 24.4MW diesel-powered power plant in Mobo, Masbate, 3MW diesel-powered generation sets in Aroroy, Masbate and 4MW diesel-powered generation sets in Cataingan, Masbate.

DMCI Palawan

DMCI Palawan was incorporated and registered with the SEC on September 12, 2012 primarily to acquire, design, develop, construct, invest in and operate power generating plants in the province of Palawan and engage in the business of a generation company in accordance with RA No. 9136, otherwise known as EPIRA and its implementing rules and regulations, and to design, develop, assemble and operate other power related facilities, appliances and devices. DMCI Palawan has not yet started commercial operations as of December 31, 2015.

Nickel Mining

DMC

DMC was incorporated on May 29, 2007 primarily to carry on the business of mining, developing, exploiting, extracting, milling, concentrating, preparing for market, manufacturing, buying, shipping and transporting, all kinds of ores, metals and minerals. It involves surface mining and direct shipping of nickel laterite ore and is conducted through simple benching operation using excavators and trucks in Sta. Cruz and Candelaria, Zambales.

Berong Nickel Corporation (BNC)

BNC was registered with the SEC on September 27, 2004, for the purpose of exploring, developing and mining the Berong Mineral Properties located in Barangay Berong, Quezon, province of Palawan. BNC shall have the exclusive privilege and right to explore, develop, mine, operate, produce, utilize, process and dispose of all the minerals and the products or by-products that may be produced, extracted, gathered, recovered, unearthed or found within the Mineral Properties, inclusive of Direct Shipping Project, under the MPSA with the Government of the Philippines or under any appropriate rights granted by law or the Government of the Philippines.

Ulugan Resources Holdings, Inc. (URHI)

URHI was registered with the SEC on June 23, 2005 for the purpose of generally dealing in and with personal properties and securities of every kind and description of any government, municipality, political subdivision or agency, corporation, association or entity; exercising any and all interest in respect of any of such securities; and promoting, managing, and participating in and act as agent for the purchase and sale of any securities as may be allowed by law.

Ulugan Nickel Corporation (UNC)

UNC was registered with the SEC on June 23, 2005 for the purpose of exploring, developing and mining Ulugan Mineral Properties and the exclusive privilege and right to explore, develop, mine, operate, produce, utilize, process and dispose of all the minerals and the products or by-products that may be produced, extracted, gathered, recovered, unearthed, or found within the mineral properties, inclusive of direct shipping project, under the MPSA with the Government of the Philippines or under any appropriate rights granted by law or the Government of the Philippines.

Nickeline Resources Holdings, Inc. (NRHI)

NRHI was registered with the SEC on August 15, 2005 primarily to subscribe for, receive, purchase or otherwise acquire, obtain an interest in, own, hold, pledge, hypothecate, mortgage, assign, deposit, create trusts with respect to, deal in, exchange, sell and otherwise dispose of, alone or insyndicates or otherwise in conjunction with others, and generally deal in and with any kind of shares and securities and to exercise all the rights, powers and privileges of ownership or interest in respect to them.

TMM Management Inc. (TMM)

TMM was registered with the SEC on September 28, 2004, primarily to act as managers or managing agents of persons, firms, associations, corporations, partnership and other entities, to provide management, investment and technical advice for commercial, industrial, manufacturing and other kinds of enterprises, and to undertake, carry on or participate in the promotion,

organization, management, liquidation or reorganization of operations, partnerships and other entities, except the management of funds, securities, portfolios and other similar assets of the managed entity.

ENK Plc. (ENK)

ENK (an entity incorporated in London, United Kingdom) was previously treated as a joint venture investment between the Parent Company and D&A Income Ltd (D&A). The Parent Company owns 60% of ENK as of December 31, 2013. ENK has the following 100% owned foreign and local subsidiaries:

The foreign wholly-owned subsidiaries include: (a) European Nickel Iberia SL; (b) European Nickel Spain SL; (c) Rusina Mining Ltd. (Rusina); (d) European Nickel Holland BV; and (e) European Nickel Philland BV.

The local wholly-owned subsidiaries include: (a) European Nickel PLC-Regional Operating Headquarters; (b) Enickel Holdings, Inc.; (c) Enickel Berhold, Inc.; (d) Heraan Holdings, Inc.; (e) Asian Nickel Research and Technology Corporation; (f) Zambales Nickel Processing Corporation; (g) Zamnorth Holdings Corporation; (h) ZDMC Holdings Corporation; (i) Fil-Euro Asia Nickel Corporation; (j) Fil-Asian Strategic Resources & Properties Corporation; (k) Montemina Resources Corporation; (l) Montague Resources Philippines Corporation; (m) Mt. Lanat Metals Corporation; (n) Zambales Chromite Mining Company, Inc.; and (o) Zambales Diversified Metals Corp.

On March 25, 2014, the Parent Company purchased from D&A the remaining 40% interest in ENK and its subsidiaries for approximately ₱3.12 billion, making ENK and its wholly-owned foreign and local subsidiaries, wholly-owned subsidiaries of the Parent Company. The business combination was completed on April 3, 2014 when the directors representing D&A resigned and the positions were occupied by the representatives of the Parent Company. Goodwill recognized from the business combination amounted to ₱1,637.43 million.

Below are the nature of operations of the subsidiaries:

Foreign Subsidiaries

The following entities were acquired in 2014 and were organized primarily to participate in, to cooperate with or manage finance other enterprises and to have an interest, in whatever way, in other enterprises, as well as guarantee the debts of third parties:

- (a) European Nickel Iberia SL
- (b) European Nickel Spain SL
- (c) Rusina Mining Ltd.
- (d) European Nickel Holland BV (Netherlands)
- (e) European Nickel Philland BV (Netherlands)

Local Subsidiaries

- (a) European Nickel PLC-ROHQ (EN ROHQ)

The EN ROHQ was established to engage in general administration and planning; business planning and coordination; sourcing/procurement of raw materials and components; corporate finance advisory services; marketing control and sales promotion; training and personnel management; logistic services; research and development services and product development; technical support and maintenance; data processing and communication; and business development, solely for its own affiliates, subsidiaries or branches in the Philippines and other foreign markets as declared in its registration with the SEC. The SEC registration does not allow the EN ROHQ to directly or indirectly engage in the sale and distribution of goods and services of its mother company, branches, affiliates, subsidiaries or any other company.

(b) Enickel Holdings, Inc. (EHI)

EHI was incorporated in the Philippines and registered with the SEC on April 28, 2008 in accordance with the Corporation Code of the Philippines and the Foreign Investment Act of 1991, as amended. Its primary purpose is to operate as a domestic market enterprise which produces goods for sale, or renders services or otherwise engages in any business in the Philippines. As at December 31, 2015, EHI has not yet started commercial operations.

(c) Enickel Berhold, Inc. (EBI)

EBI was registered with the SEC on October 14, 2008 in accordance with the Corporation Code of the Philippines and the Foreign Investments Act of 1991, primarily to invest in, purchase, or otherwise acquire and own, hold, sell, assign, transfer, mortgage, pledge, exchange, or otherwise dispose of properties of every kind and description, except land, including shares of stock, membership certificates, bonds, debentures, notes, evidences of indebtedness, and other securities of obligations of any domestic or foreign corporations, for whatever lawful purposes.

(d) Heraan Holdings, Inc.(HHI)

HHI was registered with the SEC on February 27, 2008 to invest in, purchase, or otherwise acquire and own, hold, sell, assign, transfer, mortgage, pledge, exchange, or otherwise dispose of real and personal property of every kind and description, including shares of stock, membership certificates, bonds, debentures, notes, evidences of indebtedness, and other securities, provided, that the corporation shall not engage in the business of a stock broker or dealer in securities.

(e) Asian Nickel Research and Technology Corporation (ANRTC)

ANRTC was incorporated and registered with the SEC on October 9, 2007 to operate a research laboratory and nickel and cobalt enrichment demonstration facility, to engage in the processing, milling, crushing, refining, smelting, concentrating, amalgamating, and beneficiating mineral resources, and the products or by-products thereof and to buy, sell at wholesale, and exchanging mineral resources and the products or by-products thereof, without engaging in mining.

(f) Zambales Nickel Processing Corporation (ZNPC)

ZNPC was incorporated in the Philippines and registered with the SEC on October 21, 2009 primarily to own, hold, sell, exchange, lease, mortgage or otherwise dispose of, deal in, and operate plants for processing, reducing, concentrating, smelting, converting, refining, preparing for market, or otherwise treating metals, minerals and mined products to be used in the production of nickel and cobalt products, and any and all ingredients, products and by-products of any thereof, and to produce, manufacture, process, refine, treat, sell, use, deal in, distribute, market and otherwise turn to account nickel and cobalt products and all ingredients, products and by-products of any thereof.

(g) Zamnorth Holdings Corporation (ZHC)

ZHC was incorporated in the Philippines and registered with the SEC on June 19, 2009 and started commercial operations on July 1, 2009. ZHC is primarily engaged in acquiring and disposing investments and exercise in respect thereof all the rights, powers and privileges of ownership. ZHC is also engaged in acquiring real properties and obtaining contracts, franchises and licenses from the government, corporation or person as may deemed conducive to the objects of the corporation.

(h) ZDMC Holdings Corporation (ZDMCHC)

ZDMCHC was incorporated and registered with the SEC on August 28, 2006. ZDMCHC is primarily engaged in acquiring and disposing investment and exercise in respect thereof all the rights, powers and privileges of ownership. ZDMCHC is also engaged in acquiring real properties and obtaining contracts, franchises and licenses from the government, corporation or person as may deemed conducive to the objects of the corporation.

(i) Fil-Euro Asia Nickel Corporation (FEANC)

FEANC was incorporated in the Philippines and registered with the SEC on November 7, 2008 and started operations immediately thereafter. FEANC is primarily engaged in exploring for and evaluation of mining resources. FEANC also renders financial assistance to individuals, partnerships, corporations and associations engaged in mining and to local mineral or exploration enterprises.

(j) Fil-Asian Strategic Resources & Properties Corporation (FASRPC)

FASRPC was incorporated and registered in the SEC on May 15, 2006 with the primary purpose of engaging in mining activities including the acquisition, exploration and evaluation of opportunities in gold, base metals, other minerals and diatomaceous earth.

(k) Montemina Resources Corporation (MRC)

MRC was incorporated in the Philippines and registered with the SEC on August 11, 2008 and started operations immediately thereafter. MRC is primarily engaged in exploring for and evaluation of mining resources in the Philippines. MRC also renders application of mineral production sharing agreements or financial assistance to individuals, partnerships, corporations and associations engaged in mining and to give financial assistance to local mineral or exploration enterprises.

(l) Montague Resources Phil. Corp. (MRPC)

MRPC was incorporated in the Philippines and registered with the SEC on April 9, 2002. Its primary purpose is to carry out the business of operating mines, and of prospecting, exploration and of mining, milling, concentrating, converting, smelting, treating, refining, preparing for market, manufacturing, buying, selling and exchanging ores and mineral resources and to enter into contracts with local mineral tenement owners, mineral exploration enterprises and mining enterprises in connection with the mining activities.

(j) Mt. Lanat Metals Corp. (MLMC)

MLMC was incorporated in the Philippines and registered with the SEC on November 4, 2008 and started operations immediately thereafter. MLMC is primarily engaged in exploring for and evaluation of mining resources here in the Philippines. MLMC also renders application of mineral production sharing agreements or financial assistance to individuals, partnerships, corporations and associations engaged in mining and to give financial assistance to local mineral or exploration enterprises.

(k) Zambales Chromite Mining Company, Inc. (ZCMC)

ZCMC was incorporated and registered in the Philippines with the Philippine Securities and Exchange Commission (SEC) on May 21, 1935 with its corporate life renewed in 1985. ZCMC is primarily engaged in exploring for and evaluation of mining resources in the Philippines.

(l) Zambales Diversified Metals Corp. (ZDMC)

ZDMC was incorporated and registered with the SEC on September 14, 2007. ZDMC is primarily engaged in rendering exploration work for the purpose of determining and evaluating the existence of mineral resources, development potential, extent, quality and quantity and the feasibility of mining them for profit or of applying for exploration permit, mineral processing permit, mineral production sharing agreements, and financial or technical assistance agreement, to individuals, partnerships, associations and corporations engaged in mining; or, in any manner, to engage in the acquisition, conveyance, storage, marketing, processing, refining and distribution of minerals; to give financial assistance to local mining enterprises or corporations; to extend financial assistance to local mineral exploration enterprises and mineral tenement owners through contracts without engaging in financing activity as defined in Republic Act No. 5980; and to acquire an interest in or shares of stocks of mining companies, to lease, option, locate or otherwise deal in mines, mining claims, and other property except lands to the extent allowed by law; to enter into contracts with local mineral tenement owners, mineral exploration enterprises, mining and mineral processing

enterprises in connection with the above activities; and to provide technical and/or financial assistance for the large-scale exploration, development and utilization of minerals, petroleum and other mineral oils under Mineral Production Sharing Agreements (MPSA) or Financial or Technical Assistance Agreements with the government of the Philippines; and to carry on, either solely or in co-venture with others, mining, milling, concentrating, converting, smelting, treating, refining, preparing for market, manufacturing, buying, selling, exchanging and otherwise producing and dealing in all kinds of ores, metals, minerals, hydrocarbons, acids and, chemicals, and in the products and by-products of every kind and description and by whatsoever process, the same can be or may hereafter be produced.

After the acquisition, the following re-organization was implemented in various dates in 2014 and 2015:

- a) In 2014, 100% of ZCMC was transferred from ZNHC and FEANC to DMC
- b) In 2014, 100% of ZDMC was transferred from ZDMCHC and FEANC to DMC
- c) In 2014, 100% of FASRPC was transferred from Rusina to DMC
- d) In 2014, 99% of MRC was transferred from third party sellers to DMC
- e) In 2015, 100% of FEANC was transferred from Rusina and EHI to DMC.

On August 18, 2014, ANRTC was sold to third parties resulting to a gain of ₱55.55 million which is presented net of the loss on sale of investments under Operating expenses in the consolidated statements of income (Note 25).

Real estate development

PDI

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

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

- a) Hampstead Gardens Corporation - real estate developer
- b) DMCI Homes, Inc. - real estate brokerage
- c) Riviera Land Corporation - real estate developer
- d) DMCI Homes Property Management Corporation - real estate developer
- e) DMCI-PDI Hotels, Inc. - hotel operator
- f) Zenith Mobility Solution Services, Inc. - mobility services provider of the Group incorporated in 2015

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following amended standards and improvements to PFRS which the Group has adopted starting January 1, 2015. Unless otherwise indicated, the adoption did not have any significant impact on the consolidated financial statements of the Group.

- Amendments to Philippine Accounting Standards (PAS) 19, *Defined Benefit Plans: Employee Contributions*
- Annual Improvements to PFRSs 2010 - 2012 Cycle
 - PFRS 2, *Share-based Payment - Definition of Vesting Condition*
 - PFRS 3, *Business Combinations - Accounting for Contingent Consideration in a Business Combination*
 - PFRS 8, *Operating Segments - Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets*
 - PAS 16, *Property, Plant and Equipment*, and PAS 38, *Intangible Assets - Revaluation Method - Proportionate Restatement of Accumulated Depreciation and Amortization*

- PAS 24, *Related Party Disclosures - Key Management Personnel*
- Annual Improvements to PFRSs 2011 - 2013 Cycle
 - PFRS 3, *Business Combinations - Scope Exceptions for Joint Arrangements*
 - PFRS 13, *Fair Value Measurement - Portfolio Exception*
 - PAS 40, *Investment Property*

Standards Issued But Not Yet Effective

The Group has not applied the following PFRS, PAS and Philippine Interpretations which are not yet effective as of December 31, 2015. This list consists of standards and interpretations issued, which the Group reasonably expects to be applicable at a future date. The Group intends to adopt these standards when they become effective. Unless otherwise indicated, adoption of these standards and interpretations are not expected to have any significant impact on the consolidated financial statements.

No definite adoption date prescribed by the SEC and Financial Reporting Standards Council (FRSC)

- Philippine Interpretation IFRIC 15, *Agreements for the Construction of Real Estate*

Effective January 1, 2016

- PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Investments in Associates and Joint Ventures - Investment Entities: Applying the Consolidation Exception (Amendments)*
- PFRS 11, *Joint Arrangements - Accounting for Acquisitions of Interests (Amendments)*
- PFRS 14, *Regulatory Deferral Accounts*
- PAS 1, *Presentation of Financial Statements - Disclosure Initiative (Amendments)*
- PAS 16, *Property, Plant and Equipment*, and PAS 41, *Agriculture - Bearer Plants*
- PAS 16, *Property, Plant and Equipment* and PAS 38, *Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortization (Amendments)*
- PAS 27, *Separate Financial Statements - Equity Method in Separate Financial Statements (Amendments)*
- Annual Improvements to PFRSs (2012-2014 cycle)
 - PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations - Changes in Methods of Disposal*
 - PFRS 7, *Financial Instruments: Disclosures - Servicing Contracts*
 - PFRS 7, *Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements*
 - PAS 19, *Employee Benefits - Regional Market Issue regarding Discount Rate*
 - PAS 34, *Interim Financial Reporting - Disclosure of Information 'Elsewhere in the Interim Financial Report'*

Effective January 1, 2018

- PFRS 9, *Financial Instruments*

In July 2014, the International Accounting Standards Board (IASB) issued the final version of International Financial Reporting Standards (IFRS) 9, *Financial Instruments*. The new standard (renamed as PFRS 9) reflects all phases of the financial instruments project and replaces PAS 39, *Financial Instruments: Recognition and Measurement*, and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. PFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. Early application of previous versions of PFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before February 1, 2015. The Group did not early adopt PFRS 9.

The adoption of PFRS 9 will have an effect on the classification and measurement of the Group's financial assets and impairment methodology for financial assets, but will have no impact on the classification and measurement of the Group's financial liabilities. The Group is currently assessing the impact of adopting this standard.

In addition, the IASB has issued the following new standards that have not yet been adopted locally by the SEC and FRSC. The Group is currently assessing the impact of these new standards and plans to adopt them on their required effective dates once adopted locally.

- *IFRS 15, Revenue from Contracts with Customers*
IFRS 15 was issued in May 2014 by the IASB and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principals in IFRS 15 provide a more structured approach to measuring and recognizing revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2018. Early adoption is permitted.

The Group is engaged in selling activities of real estate projects while construction is in progress or even before it has started. The standard is expected to impact the revenue recognition on these precompleted real estate sales whether revenue will be recognized at a point-in-time or over time. If there will be a change in revenue recognition, this will also impact the corresponding costs, and the related trade receivables, deferred tax liabilities and retained earnings account. The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date once adopted locally.

- *IFRS 16, Leases*
On January 13, 2016, the IASB issued its new standard, IFRS 16, *Leases*, which replaces IAS 17, the current leases standard, and the related Interpretations.

Under the new standard, lessees will no longer classify their leases as either operating or finance leases in accordance with IAS 17. Rather, lessees will apply the single-asset model. Under this model, lessees will recognize the assets and related liabilities for most leases on their statements of financial position, and subsequently, will depreciate the lease assets and recognize interest on the lease liabilities in their profit or loss. Leases with a term of 12 months or less or for which the underlying asset is of low value are exempted from these requirements.

The accounting by lessors is substantially unchanged as the new standard carries forward the principles of lessor accounting under IAS 17. Lessors, however, will be required to disclose more information in their financial statements, particularly on the risk exposure to residual value.

The new standard is effective for annual periods beginning on or after January 1, 2019. Entities may early adopt IFRS 16 but only if they have also adopted IFRS 15. When adopting IFRS 16, an entity is permitted to use either a full retrospective or a modified retrospective approach, with options to use certain transition reliefs. The Group is currently assessing the impact IFRS 16 and plans to adopt the new standard on the required effective date once adopted locally.

3. Equity

Capital Stock

As of March 31, 2016 and December 31, 2015, the Parent Company's capital stock consists of:

	2016	
	Shares	Amount
Preferred stock - ₱1 par value		
Authorized:	100,000	₱100,000
Issued and outstanding:		
Balance at beginning and end of year	4	₱4
Common stock - ₱1 par value		
Authorized:	19,900,000	₱19,900,000
Issued and outstanding:		
Balance at beginning and end of year	13,277,470	₱13,277,470

	2015	
	Shares	Amount
Preferred stock - ₱1 par value		
Authorized:	100,000	₱100,000
Issued and outstanding:		
Balance at beginning and end of year	4	₱4
Common stock - ₱1 par value		
Authorized:	19,900,000	₱19,900,000
Issued and outstanding:		
Balance at beginning and end of year	13,277,470	₱13,277,470

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

On December 18, 1995, the Parent Company launched its Initial Public Offering where a total of 1.13 billion common shares were offered at an offering price of ₱9.12 per share.

Increase in Authorized Capital Stock

On August 5, 2014, the SEC approved the increase in authorized capital stock of the Parent Company from ₱6,000.00 million divided into ₱5,900.00 million common shares and ₱100.00 million preferred shares both with par value of ₱1.00 per share, to ₱20,000.00 million divided into ₱19,900.00 million common shares and ₱100.00 million preferred shares both with a par value of ₱1.00 per share.

Retained Earnings

On May 14, 2015, the BOD approved the declaration of (1) *regular cash dividends* in the amount of ₱0.24 per common share or a total of ₱3,186.59 million; and (2) *special cash dividends* of ₱0.24 per common share or a total of ₱3,186.59 million, or a grand total of ₱6,373.19 million out of the unrestricted retained earnings of the Parent Company as of December 31, 2014, in favor of the common stockholders of record as of May 29, 2015, and was paid on June 10, 2015.

Capital Management

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares. There were no changes made in the Group's capital management objectives, policies or processes. The Group considers total stockholders' equity as capital. Equity, which the Group considers as capital, pertains to the equity attributable to equity holders of the Group less unrealized gain or loss on AFS financial assets.

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

4. Business Segments

The following tables present the net income of the specific business segments for the period ended March 31, 2016 and 2015:

Segment Revenues

(in PHP Millions)	For the period		Variance	%
	2016	2015		
Semirara Mining and Power Corporation	₱5,596	₱7,245	(₱1,649)	-23%
DMCI Homes	4,349	4,330	19	0%
D.M. Consunji, Inc.	2,957	3,363	(406)	-12%
DMCI Power (SPUG)	482	433	49	11%
DMCI Mining	90	423	(333)	-79%
Parent and others	55	73	(18)	-25%
	₱13,529	₱15,867	(₱2,338)	-15%

Net income after non-controlling interests

(in PHP Millions)	For the period		Variance	%
	2016	2015		
Semirara Mining and Power Corporation	₱1,642	₱1,421	₱221	16%
DMCI Homes	665	845	(180)	-21%
Maynilad	403	527	(124)	-24%
D.M. Consunji, Inc.	197	191	6	3%
DMCI Power (SPUG)	98	74	24	32%
DMCI Mining	(100)	(24)	(76)	-321%
Parent and others	20	25	(5)	20%
Core net income	2,925	3,059	(134)	-4%
One time gain on partial sale of Subic Water shares, net of tax	111	–	111	100%
	₱3,036	₱3,059	(₱23)	-1%

5. Operating Expenses

The following tables present the consolidated operating expenses for the period ended March 31, 2016 and 2015:

	2016	2015
Government share	₱692,512	₱880,706
Salaries, wages and employee benefits	283,057	245,176
Taxes and licenses	215,596	184,943
Outside services	191,875	182,050
Repairs and maintenance	181,075	69,654
Commission	172,418	154,067
Depreciation, depletion and amortization	133,923	161,716
Advertising and marketing	111,510	126,970
Supplies	43,648	33,987
Communication, light and water	30,187	22,951
Transportation and travel	26,342	27,413
Insurance	22,234	24,948
Entertainment, amusement and recreation	19,698	23,208
Rent	19,156	15,612
Association dues	15,249	13,670
Environment and community development	6,439	6,929
Excise taxes	1,796	8,353
Royalties	898	4,605
Miscellaneous expense	114,085	42,344
	₱2,281,698	₱2,229,302

6. Summarized Financial Information of Interests in Related Entities

Financial information as of and for the period ended March 31, 2016 and December 31, 2015 on the Group's subsidiary with material non-controlling interest (NCI) follows:

Semirara Mining and Power Corporation and Subsidiaries

	March 31, 2016	December 31, 2015
Statements of Financial Position		
Current assets	₱15,921,839	₱15,092,708
Noncurrent assets	41,859,928	42,064,329
Current liabilities	13,180,828	15,555,722
Noncurrent liabilities	14,757,937	14,700,233
Equity	29,843,002	26,901,082
	March 31, 2016	March 31, 2015
Statements of Comprehensive Income		
Revenue	₱5,596,128	₱7,244,561
Net income	2,910,302	2,511,198
Other comprehensive income	—	—
Total comprehensive income	2,910,302	2,511,198

Financial information as of and for the period ended September 30, 2015 and December 31, 2014 on the Group's material interest in associate follows:

Maynilad Water Holdings Company, Inc. and Subsidiaries

	March 31, 2016	December 31, 2015
Statements of Financial Position		
Current assets	₱12,289,187	₱14,869,002
Noncurrent assets	78,310,682	77,767,444
Current liabilities	13,954,406	14,726,877
Noncurrent liabilities	32,406,184	33,228,991
Equity	44,239,279	44,680,578
	March 31, 2016	March 31, 2015
Statements of Comprehensive Income		
Revenue	₱4,935,148	₱4,487,479
Net income	1,481,646	1,939,490
Other comprehensive income	—	—
Total comprehensive income	1,481,646	1,939,490

Investment in Maynilad Water Holdings Company, Inc. (MWHCI) is accounted for using the equity method. For the period ended March 31, 2016 and 2015, the Company received dividends from MWHCI amounting to ₱510.42 million and ₱505.73 million, respectively. Equity in net earnings in the three months ended amounted to ₱402.86 million in 2016 and ₱527.35 million in 2015.

Financial information as of and for the period ended March 31, 2016 and December 31, 2015 on the Group's immaterial interest in associate follows:

Subic Water

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

On March 23, 2016, the Group sold 915,580 shares in Subic Water to the City of Olongapo for a total consideration of ₱210.58 million resulting to a gain on partial sale of investment amounting to ₱131.41 million. The shares represent 10% of the outstanding capital stock of Subic Water. The Group still owns a total of 30% of Subic Water's outstanding capital stock after the sale.

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 ₱237.52 million and ₱299.02 million as of March 31, 2016 and December 31, 2015, respectively. The unaudited share in net earnings amounted to ₱17.67 million and ₱18.0 million for the period ended March 31, 2016 and 2015, respectively.

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 (2016)	For the period (2015)	For 1 st Quarter (2016)	For 1 st Quarter (2015)
Net income attributable to equity holders of Parent Company	₱3,036,506	₱3,059,275	₱3,036,506	₱3,059,275
Divided by weighted average number of common shares	13,277,470	13,277,470	13,277,470	13,277,470
Basic and diluted earnings per share	₱0.23	₱0.23	₱0.23	₱0.23

8. Related Party Transactions

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

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

- a. Comprehensive surety, corporate and letters of guarantee issued by the Group for various credit facilities granted to and for full performance of certain obligations by certain related parties.
- b. Certain assets of the Group, associates and other related parties were placed under accommodation mortgages to secure the indebtedness of the Group, its associates and other related parties.
- c. Engineering and construction works of the water business is contracted to the construction segment of the Group. These projects are bid out to various contractors and are awarded on arms length transactions. The interrelated contracts amounted to ₱2,928 million and ₱2,718 million as of March 31, 2016 and 2015 respectively, where ₱247 million and ₱216 million were booked for the period ended March 31, 2016 and 2015, respectively.
- d. An affiliate had transactions with the Group for services rendered relating to the Group's coal operations. These include services for the confirmatory drilling for coal reserve and evaluation of identified potential areas, exploratory drilling of other minerals within the Island, dewatering well drilling along cut-off wall of Panian mine and fresh water well drilling for industrial and domestic supply under an agreement.

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

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

9. Financial Risk Management Objectives and Policies

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

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

a. *Liquidity Risk*

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

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

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

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

b. *Market Risk*

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

The sensitivity analyses have been prepared on the following bases:

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

The assumption used in calculating the sensitivity analyses of the relevant income statement item is the effect of the assumed changes in respective market risks. This is based on the

financial assets and financial liabilities held at March 31, 2016 and December 31, 2015.

Equity Price Risk

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

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

The effect on equity as a result of a change in fair value of quoted equity instruments held as financial asset at FVPL as of March 31, 2016 due to a reasonably possible change in equity indices, with all other variables held constant, will have an increase on equity by ₱0.74 million if equity indices will increase by 1%. An equal change in the opposite direction would have decreased equity by the same amount.

The effect on equity as a result of a change in fair value of quoted equity instruments held as AFS investments as of March 31, 2016 due to a reasonably possible change in equity indices, with all other variables held constant, will have an increase on equity by ₱14.72 million if equity indices will increase by 15%. An equal change in the opposite direction would have decreased equity by the same amount.

Commodity Price Risk

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

Coal

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

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

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

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

policy to set minimum contracted volume for customers with long term supply contracts for each given period (within the duration of the contract) and pricing is negotiated on a monthly basis to even out the impact of any fluctuation in coal prices, thus, protecting its target margin. The excess volumes are allocated to spot sales which may command different price than those contracted already since the latter shall follow pricing formula per contract.

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

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

	March 31, 2016	December 31, 2015
Domestic market	42.54%	45.82%
Export market	57.46%	54.18%

The following table shows the effect on income before income tax should the change in the prices of coal occur based on the inventory of the Group as of March 31, 2016 and December 31, 2015 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 2016 and 2015.

	<u>Effect on income before income tax</u>	
	March 31, 2016	December 31, 2015
<u>Change in coal price</u>		
<i>Based on ending coal inventory</i>		
Increase by 25% in 2016 and 15% in 2015	₱2,343,470,260	₱416,498,009
Decrease by 25% in 2016 and 15% in 2015	(2,343,470,260)	(416,498,009)
<i>Based on coal sales volume</i>		
Increase by 25% in 2016 and 15% in 2015	2,507,318,150	2,452,398,481
Decrease by 25% in 2016 and 15% in 2015	(2,507,318,150)	(2,452,398,481)

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:

	<u>Effect on income before income tax</u>	
	March 31, 2016	December 31, 2015
<u>Basis points (in thousands)</u>		
+100	(₱183,351)	(₱194,214)
-100	183,351	194,214

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

2016 and 2015. The forecasted movements in percentages of interest rates used were derived based on the Group's historical changes in the market interest rates on unsecured bank loans.

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

Foreign Currency Risk

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

The Group does not have any foreign currency hedging arrangements.

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

	March 31, 2016				Equivalent in PHP
	U.S. Dollar	Japanese Yen	UK Pounds	E.M.U Euro	
Financial assets					
Cash and cash equivalents	\$38,120	¥2,368	£238	€33	P1,773,403
Receivables	1,110	-	-	-	49,620
	\$39,230	2,368	238	33	1,823,023
Financial liabilities					
Accounts payable and accrued expenses	(15,329)	-	-	-	(706,217)
Short-term loans	(11,854)	-	-	-	(546,107)
Long-term loans	(68,333)	-	-	-	(3,148,085)
	(95,516)	-	-	-	(4,400,409)
	(\$82,772)	¥2,368	£262	€235	(P3,918,486)

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) and equity as of March 31, 2016:

	Exchange rate movement	Effect on profit
In Peso per US Dollar		
Increase	P2	(P112,571)
Decrease	(2)	112,571
In Peso per Japanese Yen		
Increase	2	4,736
Decrease	(2)	(4,736)
In Peso per UK Pound		
Increase	2	476
Decrease	(2)	(476)
In Peso per Euro		
Increase	2	65
Decrease	(2)	(65)

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

c. *Credit Risk*

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Group's maximum exposure to credit risk for the components of the statement of financial position at March 31, 2016 and December 31, 2015 is the carrying amounts except for real estate receivables. The Group's

exposure to credit risk arises from default of the counterparties which include certain financial institutions, real estate buyers, subcontractors, suppliers and various electric companies. Credit risk management involves dealing only with recognized, creditworthy third parties. It is the Group's policy that all counterparties who wish to trade on credit terms are subject to credit verification procedures. The Treasury Department's policy sets a credit limit for each counterparty. In addition, receivable balances are monitored on an ongoing basis. The Group's financial assets are not subject to collateral and other credit enhancement except for real estate receivables. As of March 31, 2016 and December 31, 2015, the Group's exposure to bad debts is not significant.

Real estate contracts

Credit risk is managed primarily through credit reviews and an analysis of receivables on a continuous basis. The Group also undertakes supplemental credit review procedures for certain installment payment structures. The Group's stringent customer requirements and policies in place contribute to lower customer default. Customer payments are facilitated through various collection modes including the use of postdated checks. The credit risk for real estate receivable is also mitigated as the Group has the right to cancel the sales contract and take possession of the subject house without need for any court action in case of default in payments by the buyer. This risk is further mitigated because the corresponding title to the subdivision units sold under this arrangement is transferred to the buyers only upon full payment of the contract price.

Electricity sales

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

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

Mining

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

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

Construction contracts

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

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

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

Cash and Cash Equivalents

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

AFS Financial Assets

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

Receivables

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

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

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

Receivables are aged and analyzed on a continuous basis to minimize credit risk associated with these receivables. Receivable balances are monitored on an ongoing basis to ensure timely execution of necessary intervention efforts, such as raising the case to the Group's legal department. Regular monitoring of receivables resulted to manageable exposure to bad debts.

Security and Refundable Deposits

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

As of March 31, 2016, the aging analysis of the Group's receivables presented per class follows:

	March 31, 2016						Impaired assets	Total
	Neither past nor impaired	Past due but not impaired						
		<30 days	30-60 days	61-90 days	91-120 days	>120 days		
Receivables								
Trade								
Real estate	₱5,900,572	₱111,050	₱14,970	₱122,889	₱35,381	₱506,082	₱-	₱6,690,944
General								
construction	147,386	3,045,112	369,608	529,051	-	1,433,310	2,775	5,527,242
Electricity sales	1,587,466	38,873	76,807	73,360	19,943	546,006	1,371,941	3,714,396
Coal mining	860,916	-	170,656	-	-	112,802	56,329	1,200,703
Nickel mining	67,927	30,813	-	-	-	-	70,933	169,673
Merchandising								
and others	20,457	12,788	8,065	4,020	1,989	12,896	2,921	63,136
Receivables from								
related parties	121,375	-	-	-	-	-	-	121,375
Other receivables	831,879	-	3,345	3,345	-	-	5,815	844,384
	₱9,537,978	₱3,238,636	₱643,451	₱732,665	₱57,313	₱2,611,096	₱1,510,714	₱18,331,853

Fair Value of Financial Instruments

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

Financial assets

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

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

The fair values of financial assets at FVPL are based on quoted market rates.

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

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

Financial liabilities

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

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

Fair Value Hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

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