

COVER SHEET

ASO95002283
SEC Registration Number

DMCI HOLDINGS, INC.

(Company's Full Name)

3RD FLR. DACON BLDG. 2281
CHINO ROCES AVE. MAKATI CITY

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

HERBERT M. CONSUNJI
Contact Person

8888-3000
Company Telephone Number

(3rd Tuesday of May)

1 2 3 1
Month Day
Fiscal Year

SEC Form 17-Q
First Quarter Interim Report 2021
FORM TYPE

0 5 1 8
Month Day
Annual Meeting

N.A.
Secondary License Type, If Applicable

C F D
Dept Requiring this Doc

Amended Articles Number / Section

Total No. of Stockholders

Total Amount of Borrowings
Domestic Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-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, 2021

2. SEC Identification No. AS095-002283

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

DMCI Holdings, Inc.

4. Exact name of issuer as specified in its charter

5. Philippines

6. (SEC Use Only)

Province, Country or other jurisdiction of
incorporation or organization

Industry Classification Code:

7. 3rd Floor, Dacon Building, 2281 Pasong Tamo Ext., Makati city1231

Address of principal office

Postal Code

8. Tel. (632) 8888-3000 Fax : None

Issuer's telephone number, including area code

9. Not applicable

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

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

<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	960.00	960.00
TOTAL	Php13,277,470,960.00	Php13,277,470,960.00

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

Yes No

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

Philippine Stock Exchange

Class "A" Shares

Preferred Shares

12. Indicate by check mark whether the registrant:

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

Yes No

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

Yes No

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

The Financial Statements as of and for the period ended **March 31, 2021** are contained herein.

MANAGEMENT DISCUSSION AND ANALYSIS OF RESULTS OF CONSOLIDATED OPERATIONS AND CONSOLIDATED FINANCIAL CONDITION AS OF AND FOR THE PERIOD ENDED MARCH 31, 2021

I. RESULTS OF OPERATIONS

The table below summarizes the unaudited consolidated earnings of DMCI Holdings for the reporting period.

CONSOLIDATED NET INCOME AFTER NON-CONTROLLING INTERESTS

<i>(in Php Millions)</i>	For the Period		Variance	
	2021	2020	Amount	%
DMCI Homes	1,572	(197)	1,769	898%
Semirara Mining and Power Corporation	1,324	623	701	113%
DMCI Mining	415	26	389	1,496%
D.M. Consunji, Inc.	342	170	172	101%
Maynilad	287	379	(92)	-24%
DMCI Power	118	97	21	22%
Parent and Others	13	(68)	81	119%
Core Net Income	4,071	1,030	3,041	295%
Non-recurring Items	179	(414)	593	143%
Reported Net Income	4,250	616	3,634	590%

DMCI Holdings, Inc. (the "Company") recorded Php 4.3 billion in consolidated net income for the first three months of 2021, a 590-percent increase from Php 616 million primarily due to higher coal sales and construction accomplishments.

Excluding non-recurring items, core net income rose by 295% from Php 1.0 billion to Php 4.1 billion.

Non-recurring gains in 2021 pertain to the deferred tax remeasurement impact of CREATE Law on Maynilad and gain on sale of land of DMCI Homes. Meanwhile, non-recurring losses in 2020 mainly relate to cancelled sales transactions for a DMCI Homes project.

The following discussion summarizes the consolidated results of the Company, its subsidiaries and affiliate.

DMCI Project Developers Inc. (DMCI Homes)

From a net loss of Php 197 million, net income contributions from DMCI Homes recovered to Php 1.58 billion.

Excluding the non-recurring gain from the sale of land, the company posted Php 1.57 billion in core net income contributions, an 898-percent upswing from last year.

Revenues improved by 317% from Php 1.6 billion to Php 6.9 billion due to the following:

- absence of revenue reversal from a one-time Davao project sales cancellation, the bulk of which was booked in Q1 2020
- higher construction accomplishments
- increase in accounts that qualified for revenue recognition

Cost of sales grew at a slower pace (129%) from Php 2.1 billion to Php 4.7 billion on lower dress-up costs for ready-for-occupancy (RFO) units. Consequently, gross profit increased by 622% from a gross loss of Php 412 million to P2.2 billion gross profit.

Meanwhile, operating expenses declined by 28% owing to lower sales and marketing expenses.

Sales and reservations from January to March decelerated by 20% from 1,937 units to 1,546 units for a total sales value of Php 6.0 billion, 14% lower from the Php 7.0 billion recorded last year.

On the other hand, capex disbursements dropped by 48% from Php 6.2 billion to Php 3.2 billion. Of the amount spent, 91% went to project development while the rest was used for land and asset acquisitions.

Semirara Mining and Power Corporation (SMPC)

Core income contributions from SMPC expanded by 112% from Php 623 million to Php 1.3 billion on the strong performances of its coal business and subsidiary Southwest Luzon Power Generation Corporation (SLPGC).

Coal Highlights

- Total production rose by 42% from 3.2 MMT to 4.5 MMT while effective strip ratio declined by 23% from 12.2 to 9.3; reduced water seepages in Molave North Block 7 allowed higher production in 3 other active mining blocks, which had significantly lower strip ratios
- Sales volume grew by 21% from 3.2 MMT to 3.9 MMT; mainly driven by export sales
- Exports expanded by 31% from 1.6 MMT to 2.1 MMT
- Domestic sales increased by 11% from 1.6 MMT to 1.8 MMT
- Average selling price dipped by 4% from Php 1,121 to 1,045 /MT

Power Highlights

- Total gross generation increased by 8% to 860 MW on uneven performance of Sem-Calaca Power Corporation (-40%) and SLPGC (87%)
- Total power sales volume climbed by 15% to 796 GWh mostly coming from SLPGC
- Average selling prices recovered by 12% to Php 3.52/KWh
- Majority of the power sold (81%) was through bilateral contract quantities (BCQ)
- As of Q1 2021, nearly half (49%) of total dependable capacity (830MWh) had been contracted

DMCI Mining Corporation (DMCI Mining)

Net income contribution from DMCI Mining soared by 1,496% from Php 26 million to P415 million due to the combined effect of the following:

- Nickel ore production jumped by 39% from 399 thousand wet metric tons (WMT) to 555 thousand WMT as Zambales Diversified Metals Corporation (ZDMC) ramped up its operations
- Ore shipments grew by 15% from 430 thousand WMT to 494 thousand WMT, majority of which (52%) came from ZDMC
- Average selling price surged by 96% from Php 1,224 per WMT to Php 2,296 per WMT as average nickel grade sold by Berong Nickel Corporation (BNC) improved from 1.29% to 1.42%
- Total cash cost per WMT (under cost of sales and operating expenses) grew marginally (4%) from Php 360 per WMT to Php 373 per WMT due to higher taxes and royalty payments
- Total depletion, depreciation and amortization went up by 43% from Php 93 million to Php 133 million due mainly to the increase in depletion rate of BNC's mining asset, which is near the end of its mine life

D.M. Consunji, Inc. (DMCI)

Earnings from DMCI doubled from Php 170 million to Php 342 million on account of the following:

- Higher project accomplishments led faster revenue recognition (53%) from Php 3.7 billion to Php 5.7 billion; infrastructure and joint venture (JV) projects accounted for most of the revenues
- 74-percent improvement in gross profit from Php 347 million to Php 606 million
- Opex grew by 46% due to full, continuous operations and vaccine procurement

At the end of the first quarter, order book (balance of work) stood at Php 55.0 billion, 6% down from Php 58.7 billion at the close of 2020 owing to the recognition of construction revenues for the period.

Infrastructure (24%) and JV (39%) projects continued to dominate the DMCI order book, accounting for more than half of the total.

Newly awarded projects during the period include the AGS CP02B Extension Wall, AGS CP02A structural works and NSCR Depot building works.

Maynilad Water Services, Inc. (Maynilad)

Maynilad reported a net income of Php 1.3 billion, 17% lower than the P1.6 billion reported last year. The marked decline was due to the following:

- Revenues from water and sewer services slipped by 7% as quarantine restrictions continued to weaken billed volume (-5%) and average effective tariff (-3%); non-implementation of inflationary tariff adjustment further depressed the topline

- Increase in cash costs (3%) from Php 1.73 billion to Php 1.79 billion due to light and power utilization, outside services and water treatment chemicals
- Non-cash operating expenses rose by 10% mainly from higher depreciation and amortization owing to the company's continuing capital expenditure program
- Drop in income taxes for the period attributable to the effectivity of CREATE Law which lowered corporate income tax

After adjustments at the consortium company level, the Company's share in reported net earnings improved by 18% from Php 385 million to Php 454 million. Excluding the share in non-recurring items, net earnings share contracted by 24% from Php 379 million to Php 287 million.

DMCI Power Corporation (DMCI Power)

Net income contributions from DMCI Power jumped by 22% from Php 97 million to Php 118 million owing to the following:

- Installed capacity expanded by 16% from 117.3 MW to 136.4 MW
- Sales volume grew by 6% from 75.32 GWh to 80.14 GWh on higher dispatch across all markets
- Fuel costs dropped as diesel prices fell sharply and its 15MW Masbate thermal plant began commercial operations
- Lower income taxes due to the Income Tax Holiday for the 15MW Masbate facility
- Reduced corporate income tax rate under Create Law

Parent and Others

Parent and other investments booked a net income of Php 13 million compared to a net loss of Php 68 million last year because of lower expenses related to the COVID-19 pandemic.

Explanation of movement in consolidated income statement accounts:

Revenues

Consolidated revenues for the first three months of 2021 improved by 69% from Php 14.1 billion to Php 23.9 billion owing to strong revenue contributions from SMPC, DMCI Homes and DMCI.

Improved collection and higher construction accomplishments raised the sales revenues of DMCI Homes while higher coal sales and market prices boosted SMPC revenues. Meanwhile, DMCI revenues surged on higher project accomplishments.

Cost of Sales and Services

Cost of sales and services during the period increased by 46%, significantly slower than the recorded revenue growth. This resulted in higher gross profit margin, which was due mainly to improved global coal and nickel prices.

Operating Expenses

Government royalties for the period amounted to Php 885 million, 24% up from Php 715 million last year as the coal business recorded higher profits. Excluding government royalties, operating expenses incurred during the first three months slipped by 15% to Php 1.7 billion due mainly to lower selling and marketing expenses.

Equity in Net Earnings

Equity in net earnings of associates increased by 17% as a result of higher income take up from Maynilad.

Finance Income

Consolidated finance income decreased by 39% due mainly to lower interest income from placements.

Finance Cost

Consolidated finance costs fell by 9% due to loan payments and lower borrowing rates.

Other Income-net

Other income increased by 47% due to the higher sales forfeitures and cancellation during the period.

Provision for Income Tax

Higher taxable income resulted in a 589-percent jump in consolidated provision for income tax (both current and deferred) during the period.

II. CONSOLIDATED FINANCIAL CONDITION

March 31, 2021 (Unaudited) vs December 31, 2020 (Audited)

The Company's financial condition for the period improved as total assets reached P211 billion, a 3% increase from December 31, 2020. Meanwhile, consolidated total equity decreased by 3% to Php 98 billion following dividend declaration.

Consolidated cash decreased by 2% from Php 18.9 billion to Php 18.6 billion owing to loan repayment and disbursement to suppliers and vendors, which was mitigated by the availment of short-term loan.

Receivables rose by 9% from Php 20.4 billion to Php 22.3 billion due mainly to the increase in coal sales, the bulk of which was made in the latter part of the quarter.

Contract assets (current and non-current) increased by 26% as accomplishments in the real estate and construction businesses improved.

Consolidated inventories grew slightly (1%) from Php 53.9 billion to Php 54.4 billion on higher coal and nickel inventory of SMPC and DMCI Mining, respectively.

Other current assets jumped by 4% to Php 14.8 billion due mainly to prepayments and advances to suppliers.

Investments in associates and joint ventures grew by 3% due mainly to income take-up from Maynilad.

Property, plant and equipment stood at Php 61.6 billion from Php 62.4 billion as depreciation and depletion more than offset capital expenditures for the first three months of 2021.

Investment properties and right-of-use assets decreased by 7% and 100%, respectively, due to depreciation and amortization.

Other noncurrent assets grew by 9% due mainly to higher refundable deposits.

The 42-percent increase in accounts and other payables is mainly attributable to the Php 6.4 billion Parent dividends declared in March 2021 and later paid in April 2021.

Contract liabilities (current and non-current) rose by 4% to Php 656 million due mainly to excess of customer's deposit/billed accomplishments over progress of work.

From Php 51.9 billion, total debt (under short-term and long-term debt) declined by 2% to Php 50.7 billion following the net loan payment of SMPC.

Liabilities for purchased land decreased by 9% as a result of net payment of land previously acquired for real estate development.

Income tax payable jumped by 28% due to higher profitability during the period.

Deferred tax liabilities grew by 8% on higher booked income compared to taxable income of real estate sales.

Pension liabilities rose by 9% due to accrual of retirement benefits expense.

Other noncurrent liabilities decreased by 5% due mainly to recoupment of advances from contract owners.

Consolidated retained earnings stood at Php 62.3 billion at the end of March 2021, 3% down from Php 64.5 billion at the close of 2020 after generation of Php 4.3 billion net income and declaration of Php 6.4 billion Parent dividends.

Non-controlling interest slipped by 6% as a result of the non-controlling share in net income reduced by dividends to non-controlling interest of SMPC.

III. KEY PERFORMANCE INDICATORS

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

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

SEGMENT REVENUES

<i>(in Php Millions)</i>	For the Period		Variance	
	2021	2020	Amount	%
Semirara Mining and Power Corporation	9,271	7,272	1,999	27%
DMCI Homes	6,873	1,646	5,227	318%
D.M. Consunji, Inc.	5,679	3,701	1,842	53%
DMCI Mining	1,135	527	608	115%
DMCI Power	864	977	(113)	-12%
Parent and Others	74	0	74	100%
Total Revenues	23,895	14,123	9,637	69%

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

As shown above, consolidated revenues jumped by 69% due to higher coal sales volume and selling price. Higher accomplishments in real estate and construction, coupled with improved nickel sales, pushed revenues further.

CONSOLIDATED NET INCOME AFTER NON-CONTROLLING INTERESTS

<i>(in Php Millions)</i>	For the Period		Variance	
	2021	2020	Amount	%
DMCI Homes	1,572	(197)	1,769	898%
Semirara Mining and Power Corporation	1,324	623	701	113%
DMCI Mining	415	26	389	1,496%
D.M. Consunji, Inc.	342	170	172	101%
Maynilad	287	379	(92)	-24%
DMCI Power	118	97	21	22%
Parent and Others	13	(68)	81	119%
Core Net Income	4,071	1,030	3,041	295%
Non-recurring Items	179	(414)	593	143%
Reported Net Income	4,250	616	3,634	590%

The net income (after non-controlling interest) of the Company was driven by the improved results of all its subsidiaries. Topline improved on the solid recovery of coal and nickel prices, which resulted in better gross margin. Reduction in (a) dress up costs, (b) repairs and maintenance and (c) sales and marketing expenses also contributed to the 590-percent growth in net income.

EARNINGS PER SHARE

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

The Company's consolidated basic and diluted EPS was Php 0.32/share for the first three months ended March 31, 2021, a 589% growth from Php 0.05/share EPS year-on-year.

RETURN ON COMMON EQUITY

Return on common equity is defined as the amount of net income a company earns per amount of shareholders equity. It is one of the common metrics used by investor to determine how effectively their capital is being reinvested. It is arrived at by dividing the net income share of the parent company over the average parent equity. The Company's return on common equity stood at 5% and 1% for the first three months of 2021 and 2020, respectively.

NET DEBT TO EQUITY RATIO

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

Total borrowings stood at Php 50.7 billion from Php 51.9 billion last year, which resulted to a net debt to equity ratio of 0.33:1 as of March 31, 2021 and December 31, 2020.

FINANCIAL SOUNDNESS RATIOS

	March 31, 2021	December 31, 2020
Current Ratio	1.98 times	2.31 times
Net Debt to Equity Ratio	0.33 times	0.33 times
Asset to Equity Ratio	2.16 times	2.02 times
	March 31, 2021	March 31, 2020
Return on Assets	3%	1%
Return on Common Equity	5%	1%
Interest Coverage Ratio	8 times	2 times
Gross Profit Margin	33%	22%
Net Profit Margin	22%	8%

PART II--OTHER INFORMATION

1. The Company's operation is a continuous process. It is not dependent on any cycle or season;
2. Economic and infrastructure developments in the country may affect construction business; Interest rate movements may affect the performance of the real estate industry; Mining activities are generally hinged on the commodities market and affected by weather conditions. Businesses not affected by known cycle, trends or uncertainties are power and water.
3. On March 29, 2021, the BOD of the Parent Company declared cash dividends amounting Php 0.13 regular dividends per common share and Php 0.35 special dividends per common share for a total of Php 6.37 billion in favor of the stockholders of record as of April 15, 2021 and was paid on April 26, 2021.
4. On March 5, 2020, the BOD of the Parent Company declared cash dividends amounting Php 0.23 regular dividends per common share and Php 0.25 special dividends per common share for a total of Php 6.37 billion in favor of the stockholders of record as of March 23, 2020 and was paid on April 3, 2020.
5. There are no undisclosed material subsequent events and transferring of assets not in the normal course of business that have not been disclosed for the period that the Company has knowledge of;
6. 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.
7. 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.
8. 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.

9. 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
10. The Group does not have any offering of rights, granting of stock options and corresponding plans therefore.
11. All necessary disclosures were made under SEC Form 17-C.

SIGNATURES

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

Issuer DMCI Holdings, Inc.

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

Signature and Title 
Mary Grace M. Garcia
Finance Officer

Date May 11, 2021

DMCI HOLDINGS, INC. AND SUBSIDIARIES**UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION****(Amounts in Thousands)**

	March 31, 2021	December 31, 2020
	(Unaudited)	(Audited)
ASSETS		
Current Assets		
Cash and cash equivalents	₱18,567,577	₱18,918,450
Receivables - net (Note 9)	22,329,592	20,422,255
Current portion of contract assets	13,674,707	11,282,073
Inventories	54,422,117	53,895,389
Other current assets	8,048,250	7,902,971
Total Current Assets	117,042,243	112,421,138
Noncurrent Assets		
Contract asset - net of current portion	8,930,199	6,706,034
Investments in associates and joint ventures (Note 6)	17,042,769	16,590,561
Investment properties	123,595	132,663
Property, plant and equipment	61,198,096	62,023,797
Exploration and evaluation asset	229,060	229,060
Pension assets - net	708,040	708,040
Deferred tax assets - net	1,195,373	938,621
Right-of-use assets	–	183,094
Other noncurrent assets	4,862,777	4,460,531
Total Noncurrent Assets	94,289,909	91,972,401
	₱211,332,152	₱204,393,539

LIABILITIES AND EQUITY**Current Liabilities**

Short-term debt	₱3,933,108	₱5,800,060
Current portion of liabilities for purchased land	796,121	849,024
Accounts and other payables	35,345,180	24,813,775
Current portion of contract liabilities and other customers' advances and deposits	12,201,032	11,361,748
Current portion of long-term debt	6,446,237	5,425,745
Income tax payable	418,280	325,733
Total Current Liabilities	59,139,958	48,576,085

(Forward)

	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
Noncurrent Liabilities		
Contract liabilities - net of current portion	₱5,128,522	₱5,311,878
Long-term debt - net of current portion	40,344,545	40,663,165
Liabilities for purchased land - net of current portion	1,041,162	1,170,582
Deferred tax liabilities - net	5,327,147	4,952,056
Pension liabilities - net	850,085	782,884
Other noncurrent liabilities	1,653,740	1,734,118
Total Noncurrent Liabilities	54,345,201	54,614,683
Total Liabilities	113,485,159	103,190,768
Equity (Note 3)		
Equity attributable to equity holders of the Parent Company:		
Paid-in capital	17,949,868	17,949,868
Treasury shares - Preferred	(7,069)	(7,069)
Retained earnings	62,268,412	64,391,833
Premium on acquisition of non-controlling interests	(817,958)	(817,958)
Remeasurements on retirement plans - net of tax	149,316	149,316
Net accumulated unrealized gains on equity investments designated at FVOCI	99,131	99,131
Other equity	(118,800)	(118,800)
	79,522,900	81,646,321
Non-controlling interests	18,324,093	19,556,450
Total Equity	97,846,993	101,202,771
	₱211,332,152	₱204,393,539

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

For the Period and Quarter Ended March 31, 2021 and 2020

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

	For the period		For the quarter	
	Jan to Mar 2021	Jan to Mar 2020	Jan to Mar 2021	Jan to Mar 2020
REVENUE (Notes 4 and 8)				
Coal mining	₱6,472,347	₱5,071,738	₱6,472,347	₱5,071,738
Electricity sales	3,662,609	3,177,595	3,662,609	3,177,595
Construction contracts	5,678,906	3,701,240	5,678,906	3,701,240
Real estate sales	6,872,618	1,646,157	6,872,618	1,646,157
Nickel mining	1,134,794	526,549	1,134,794	526,549
Merchandise sales and others	74,052	–	74,052	–
	23,895,326	14,123,279	23,895,326	14,123,279
COSTS OF SALES AND SERVICES				
Coal mining	3,707,495	2,893,099	3,707,495	3,354,016
Electricity sales	2,237,900	2,456,180	2,237,900	2,893,099
Construction contracts	5,020,480	3,354,016	5,020,480	2,456,180
Real estate sales	4,718,475	2,058,526	4,718,475	2,058,526
Nickel mining	317,112	258,797	317,112	258,797
Merchandise sales and others	54,726	–	54,726	–
	16,056,188	11,020,618	16,056,188	11,020,618
GROSS PROFIT	7,839,138	3,102,661	7,839,138	3,102,661
OPERATING EXPENSES (Note 5)	2,605,639	2,728,791	2,605,639	2,728,791
	5,233,499	373,870	5,233,499	373,870
OTHER INCOME (EXPENSES)				
Equity in net earnings of associates (Note 6)	464,118	398,095	464,118	398,095
Finance income	104,529	172,601	104,528	172,601
Finance costs	(273,978)	(300,720)	(273,978)	(300,720)
Other income - net	529,459	359,279	529,459	359,279
INCOME BEFORE INCOME TAX	6,057,627	1,003,125	6,057,627	1,003,125
PROVISION FOR INCOME TAX	737,112	(150,803)	737,112	(150,803)
NET INCOME	₱5,320,515	₱1,153,928	₱5,320,515	₱1,153,928
NET INCOME ATTRIBUTABLE TO				
Equity holders of the Parent				
Company (Note 4)	₱4,249,764	₱616,450	₱4,249,764	₱616,450
Non-controlling interests	1,070,751	537,478	1,070,751	537,478
	₱5,320,515	₱1,153,928	₱5,320,515	₱1,153,928
EARNINGS PER SHARE				
ATTRIBUTABLE TO EQUITY				
HOLDERS OF THE PARENT				
COMPANY-BASIC AND DILUTED				
(Note 7)	₱0.32	₱0.05	₱0.32	₱0.05

DMCI HOLDINGS, INC. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF
COMPREHENSIVE INCOME
For the Period and Quarter Ended March 31, 2021 and 2020
(Amounts in Thousands)

	For the period		For the quarter	
	Jan to Mar 2021	Jan to Mar 2020	Jan to Mar 2021	Jan to Mar 2020
NET INCOME	₱5,320,515	₱1,153,928	₱5,320,515	₱1,153,928
OTHER COMPREHENSIVE INCOME (LOSS)				
Items to be reclassified subsequently to profit or loss				
Changes in fair values of investments in equity instruments designated at FVOCI	—	—	—	—
	—	—	—	—
Items not to be reclassified to profit or loss in subsequent periods				
Remeasurement gains on retirement plans	—	—	—	—
Income tax effect	—	—	—	—
	—	—	—	—
OTHER COMPREHENSIVE INCOME	—	—	—	—
TOTAL COMPREHENSIVE INCOME	₱5,320,515	₱1,153,928	₱5,320,515	₱1,153,928
TOTAL COMPREHENSIVE INCOME				
ATTRIBUTABLE TO:				
Equity holders of the Parent				
Company (Note 4)	₱4,249,764	₱616,450	₱4,249,764	₱616,450
Non-controlling interests	1,070,751	537,478	1,070,751	537,478
	₱5,320,515	₱1,153,928	₱5,320,515	₱1,153,928

DMCI HOLDINGS, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Period Ended March 31, 2021 and 2020

(Amounts in Thousands)

Attributable to Equity Holders of the Parent Company

	Capital Stock (Note 3)	Additional Paid-in Capital (Note 3)	Total Paid-in Capital (Note 3)	Treasury Shares - Preferred (Note 3)	Unappropriated Retained Earnings (Note 3)	Premium on Acquisition of Non-controlling Interest	Remeasurements on Retirement Plans	Net Accumulated Unrealized Gain on equity investments designated at FVOCI	Other Equity	Parent Equity	Non controlling Interests	Total Equity
For the Period Ended March 31, 2021												
Balances as of January 1, 2021	₱13,277,474	₱4,672,394	₱17,949,868	(₱7,069)	₱64,391,833	(₱817,958)	₱149,316	₱99,131	(₱118,800)	₱81,646,321	₱19,556,451	₱101,202,772
Comprehensive income												
Net income	-	-	-	-	4,249,764	-	-	-	-	4,249,764	1,070,751	5,320,515
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	4,249,764	-	-	-	-	4,249,764	1,070,751	5,320,515
Acquisition of noncontrolling interest	-	-	-	-	-	-	-	-	-	-	-	-
Cash dividends declared (Note 3)	-	-	-	-	(6,373,185)	-	-	-	-	(6,373,185)	(2,303,108)	(8,676,293)
Balances at March 31, 2021	₱13,277,474	₱4,672,394	₱17,949,868	(₱7,069)	₱62,268,412	(₱817,958)	₱149,316	₱99,131	(₱118,800)	₱79,522,900	₱18,324,093	₱97,846,993

For the Period Ended March 31, 2020

Balances as of January 1, 2020	₱13,277,474	₱4,672,394	₱17,949,868	(₱7,069)	₱64,906,070	(₱817,958)	₱344,568	₱91,459	(₱63,291)	₱82,403,647	₱20,434,427	₱102,838,074
Comprehensive income												
Net income	-	-	-	-	616,450	-	-	-	-	616,450	537,478	1,153,928
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	616,450	-	-	-	-	616,450	537,478	1,153,928
Cash dividends declared (Note 3)	-	-	-	-	(6,373,186)	-	-	-	-	(6,373,186)	(2,316,211)	(8,689,397)
Balances at March 31, 2020	₱13,277,474	₱4,672,394	₱17,949,868	(₱7,069)	₱59,149,334	(₱817,958)	₱344,568	₱91,459	(₱63,291)	₱76,646,911	₱18,655,694	₱95,302,605

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

For the Period Ended March 31, 2021 and 2020

(Amounts in Thousands)

	March 31	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	₱ 6,057,627	₱1,003,125
Adjustments for:		
Depreciation, depletion and amortization	2,155,666	2,038,390
Finance cost	273,978	300,720
Movement in net retirement liability	67,202	–
Equity in net earnings of associates and joint ventures	(464,118)	(398,095)
Finance income	(104,528)	(172,601)
Net unrealized foreign exchange loss (gain)	(48,232)	(25,336)
Gain on sale of undeveloped land	(12,432)	–
Operating income before changes in working capital	7,925,163	2,746,203
Decrease (increase) in:		
Receivables and contract assets	(6,524,136)	439,296
Inventories	(234,093)	(5,296,918)
Other current assets	(145,279)	(1,513,865)
Increase (decrease) in:		
Accounts and other payables	4,345,235	635,869
Contract liabilities and other customer advances and deposits	(2,791,455)	1,643,659
Liabilities for purchased land	(182,323)	647,618
Cash generated from operations	2,393,112	(698,138)
Interest received	104,528	172,601
Income taxes paid	(526,225)	(126,711)
Interest paid and capitalized as cost of inventory	(322,865)	(321,466)
Net cash provided by operating activities	1,648,550	(973,714)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to:		
Property, plant and equipment	(1,113,119)	(2,902,702)
Investments in associates and joint ventures	3,510	(69,572)
Proceeds from disposal of property, plant and equipment	1,597	–
Proceeds from sale of undeveloped land	28,458	–
Interest paid and capitalized as part of property, plant and equipment	(1,188)	(17,791)
Decrease (increase) in other noncurrent assets	(413,134)	110,709
Net cash used in investing activities	(1,493,876)	(2,879,356)

(Forward)

	March 31	
	2021	2020
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from:		
Long-term debt	₱5,772,909	₱4,540,330
Short-term debt	-	3,380,000
Payments of:		
Long-term debt	(5,078,293)	(1,892,801)
Dividends to non-controlling interests	(2,303,108)	(2,303,471)
Short-term debt	(1,866,952)	(231,876)
Interest	(445,337)	(350,952)
Increase/ (decrease) in other noncurrent liabilities	3,367,004	(231,876)
Net cash used in financing activities	(553,777)	3,114,929
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	48,230	25,336
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(350,873)	(712,805)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	18,918,450	21,597,823
CASH AND CASH EQUIVALENTS AT END OF PERIOD	₱18,567,577	₱20,885,018

DMCI HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

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

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

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

The accompanying consolidated financial statements were approved and authorized for issue by the Board of Directors (BOD) on May 11, 2021.

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, 2020.

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

Statement of Compliance

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

Basis of Consolidation

The interim unaudited condensed consolidated financial statements comprise the financial statements of the Group as of March 31, 2021 and December 31, 2020.

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

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

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

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

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

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

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

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

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

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

Nature of Business	2021			2020			
	Direct	Indirect	Effective Interest	Direct	Indirect	Effective Interest	
							(In percentage)
<u>General Construction:</u>							
D.M. Consunji, Inc. (DMCI)	General Construction	100.00	–	100.00	100.00	–	100.00
Beta Electromechanical Corporation (Beta Electric) ¹	General Construction	–	53.20	53.20	–	53.20	53.20
Raco Haven Automation Philippines, Inc. (Raco) ¹	Non-operating	–	50.14	50.14	–	50.14	50.14
Oriken Dynamix Company, Inc. (Oriken) ¹	Non-operating	–	89.00	89.00	–	89.00	89.00
DMCI Technical Training Center (DMCI Training) ¹	Services	–	100.00	100.00	–	100.00	100.00
Bulakan North Gateway Holdings Inc (Bulakan North) ¹	Non-operating	–	100.00	100.00	–	100.00	100.00
<u>Real Estate:</u>							
DMCI Project Developers, Inc. (PDI)	Real Estate Developer	100.00	–	100.00	100.00	–	100.00
DMCI-PDI Hotels, Inc. (PDI Hotels) ²	Hotel Operator	–	100.00	100.00	–	100.00	100.00
DMCI Homes Property Management Corporation (DPMC) ²	Property Management	–	100.00	100.00	–	100.00	100.00
Zenith Mobility Solutions Services, Inc. (ZMSSI) ²	Services	–	100.00	100.00	–	100.00	100.00
Riviera Land Corporation (Riviera) ²	Real Estate Developer	–	100.00	100.00	–	100.00	100.00
Hampstead Gardens Corporation (Hampstead) ^{2*}	Real Estate Developer	–	100.00	100.00	–	100.00	100.00
DMCI Homes, Inc. (DMCI Homes) ^{2*}	Marketing Arm	–	100.00	100.00	–	100.00	100.00
L & I Development Corporation (LIDC)	Real estate Developer	–	100.00	100.00	–	100.00	100.00
<u>Coal Mining:</u>							
Semirara Mining and Power Corporation (SMPC)	Mining	56.65	–	56.65	56.65	–	56.65
<u>On-Grid Power:</u>							
Sem-Calaca Power Corporation (SCPC) ³	Power Generation	–	56.65	56.65	–	56.65	56.65
Southwest Luzon Power Generation Corporation (SLPGC) ³	Power Generation	–	56.65	56.65	–	56.65	56.65
Sem-Calaca RES Corporation (SCRC) ³	Retail	–	56.65	56.65	–	56.65	56.65
SEM-Cal Industrial Park Developers, Inc. (SIPDI) ³	Non-operational	–	56.65	56.65	–	56.65	56.65
Semirara Energy Utilities, Inc. (SEUI) ³	Non-operational	–	56.65	56.65	–	56.65	56.65

(Forward)

	Nature of Business	2021			2020		
		Direct	Indirect	Effective Interest (In percentage)	Direct	Indirect	Effective Interest
Southeast Luzon Power Generation Corporation (SeLPGC) ³	Non-operational	–	56.65	56.65	–	56.65	56.65
Semirara Claystone, Inc. (SCI) ³	Non-operational	–	56.65	56.65	–	56.65	56.65
St. Raphael Power Generation Corporation (SRPGC) ³	Non-operational	–	56.65	56.65	–	56.65	56.65
<u>Off-Grid Power:</u>							
DMCI Power Corporation (DPC)	Power Generation	100.00	–	100.00	100.00	–	100.00
DMCI Masbate Power Corporation (DMCI Masbate) ⁴	Power Generation	–	100.00	100.00	–	100.00	100.00
<u>Nickel Mining:</u>							
DMCI Mining Corporation (DMC)	Holding Company	100.00	–	100.00	100.00	–	100.00
Berong Nickel Corporation (BNC) ⁵	Mining	–	74.80	74.80	–	74.80	74.80
Ulugan Resources Holdings, Inc. (URHI) ⁵	Holding Company	–	30.00	30.00	–	30.00	30.00
Ulugan Nickel Corporation (UNC) ⁵	Holding Company	–	58.00	58.00	–	58.00	58.00
Nickeline Resources Holdings, Inc. (NRHI) ⁵	Holding Company	–	58.00	58.00	–	58.00	58.00
TMM Management, Inc. (TMM) ⁵	Services	–	40.00	40.00	–	40.00	40.00
Zambales Diversified Metals Corporation (ZDMC) ⁵	Mining	–	100.00	100.00	–	100.00	100.00
Zambales Chromite Mining Company Inc. (ZCMC) ⁵	Non-operational	–	100.00	100.00	–	100.00	100.00
Fil-Asian Strategic Resources & Properties Corporation (FASRPC) ⁵	Non-operational	–	100.00	100.00	–	100.00	100.00
Montague Resources Philippines Corporation (MRPC) ⁵	Non-operational	–	100.00	100.00	–	100.00	100.00
Montemina Resources Corporation (MRC) ⁵	Non-operational	–	100.00	100.00	–	100.00	100.00
Mt. Lanat Metals Corporation (MLMC) ⁵	Non-operational	–	100.00	100.00	–	100.00	100.00
Fil-Euro Asia Nickel Corporation (FEANC) ⁵	Non-operational	–	100.00	100.00	–	100.00	100.00
Heraan Holdings, Inc. (HHI) ⁵	Holding Company	–	100.00	100.00	–	100.00	100.00
Zambales Nickel Processing Corporation (ZNPC) ⁵	Non-operational	–	100.00	100.00	–	100.00	100.00
Zamnorth Holdings Corporation (ZHC) ⁵	Holding Company	–	100.00	100.00	–	100.00	100.00
ZDMC Holdings Corporation (ZDMCHC) ⁵	Holding Company	–	100.00	100.00	–	100.00	100.00
<u>Manufacturing:</u>							
Semirara Cement Corporation (SemCem)	Non-operational	100.00	–	100.00	100.00	–	100.00
Wire Rope Corporation of the Philippines (Wire Rope)	Manufacturing	45.68	16.02	61.70	45.68	16.02	61.70

*Ongoing liquidation.

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

² PDI's subsidiaries. In 2020, ZMSSI became a wholly-owned subsidiary thru the acquisition of 49% noncontrolling-interests.

In addition, on October 1, 2020, PDI entered into a share purchase agreement to acquire 100% of the total outstanding shares of LIDC. The acquisition of LIDC was accounted for as an asset acquisition (see Note 3).

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

⁴ DPC's subsidiaries.

⁵ DMC's subsidiaries.

Noncontrolling Interests

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

Noncontrolling interests are presented separately in the consolidated statement of income, consolidated statement of comprehensive income, and within equity in the consolidated statement of financial position, separately from parent shareholder's equity. Any losses applicable to the noncontrolling interests are allocated against the interests of the noncontrolling interest even if this results to the noncontrolling interest having a deficit balance. The acquisition of an additional

ownership interest in a subsidiary without a change of control is accounted for as an equity transaction. Any excess or deficit of consideration paid over the carrying amount of the noncontrolling interest is recognized in equity of the parent in transactions where the noncontrolling interest are acquired or sold without loss of control.

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

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

In 2020, ZMSSI and SRPGC became wholly-owned subsidiaries of the Group. PDI acquired the remaining 49% noncontrolling-interest in ZMSSI during the year. Equity shareholdings of the joint venture partner in SRPGC of 50% was acquired by SMPC upon the termination of the joint venture arrangement between the parties.

Changes in Accounting Policies and Disclosures

The accounting policies adopted in the preparation of the Group's consolidated financial statements are consistent with those of the previous financial year, except for the adoption of the following new accounting pronouncements which became effective January 1, 2020.

Effective beginning on or after January 1, 2021

- Amendments to PFRS 9, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform – Phase 2*

The amendments provide the following temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR):

- Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform
- Relief from discontinuing hedging relationships
- Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

The Group shall also disclose information about:

- The nature and extent of risks to which the entity is exposed arising from financial instruments subject to IBOR reform, and how the entity manages those risks; and,
- Their progress in completing the transition to alternative benchmark rates, and how the entity is managing that transition.

The amendments are effective for annual reporting periods beginning on or after January 1, 2021 and apply retrospectively, however, the Group is not required to restate prior periods.

Effective beginning on or after January 1, 2022

- *Amendments to PFRS 3, Reference to the Conceptual Framework*
The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, *Business Combinations* to avoid the issue of potential ‘day 2’ gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or Philippine-IFRIC 21, *Levies*, if incurred separately.

At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and apply prospectively.

- *Amendments to PAS 16, Plant and Equipment: Proceeds before Intended Use*
The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

The amendments are not expected to have a material impact on the Group.

- *Amendments to PAS 37, Onerous Contracts – Costs of Fulfilling a Contract*
The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after January 1, 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

- *Annual Improvements to PFRSs 2018-2020 Cycle*

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

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

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

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

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

The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

Effective beginning on or after January 1, 2023

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

The amendments clarify paragraphs 69 to 76 of PAS 1, *Presentation of Financial Statements*, to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. The Group is currently assessing the impact

the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Deferred effectivity

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

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

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

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

3. Equity

Capital Stock

As of March 31, 2021 and December 31, 2020, the Parent Company's capital stock consists of:

Authorized capital stock

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

Outstanding capital stock

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

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

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

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

Retained Earnings

On March 29, 2021, the BOD approved the declaration of (1) *regular cash dividends* in the amount of ₱0.13 per common share or a total of ₱1,726.07 million; and (2) *special cash dividends* of ₱0.35 per common share or a total of ₱4,647.12 million, or a grand total of ₱6,373.19 million out of the unrestricted retained earnings of the Parent Company as of March 25, 2021, in favor of the common stockholders of record as of April 15, 2021, and was paid on April 26, 2021.

On March 5, 2020, the BOD approved the declaration of (1) *regular cash dividends* in the amount of ₱0.23 per common share or a total of ₱3,053.82 million; and (2) *special cash dividends* of ₱0.25 per common share or a total of ₱3,319.37 million, or a grand total of ₱6,373.19 million out of the unrestricted retained earnings of the Parent Company as of February 29, 2020, in favor of the common stockholders of record as of March 23, 2020, and was paid on April 3, 2020.

Capital Management

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

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

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

4. **Business Segments**

The following tables present the net income of the specific business segments for the period ended March 31, 2021 and 2020:

Segment Revenues

(in PHP Millions)	For the period		Variance	
	March 2021	March 2020	Amount	%
Semirara Mining and Power Corporation	₱9,271	₱7,272	₱1,999	27%
DMCI Homes	6,873	1,646	5,227	318%
D.M. Consunji, Inc.	5,679	3,701	1,842	53%
DMCI Mining	1,135	527	608	115%
DMCI Power (SPUG)	864	977	(113)	-12%
Parent and others	74	-	74	100%
	₱23,895	₱14,123	₱9,637	69%

Net income after non-controlling interests

(in PHP Millions)	For the period		Variance	
	March 2021	March 2020	Amount	%
DMCI Homes	₱1,572	(₱197)	₱1,769	898%
Semirara Mining and Power Corporation	1,324	623	701	113%
DMCI Mining	415	26	389	1496%
D.M. Consunji, Inc.	342	170	172	101%
Maynilad	287	379	(92)	-24%
DMCI Power (SPUG)	118	97	21	22%
Parent and others	13	(68)	81	119%
Core net income	4,071	1,030	3,041	295%
Non-recurring items	179	(414)	593	143%
	₱4,250	₱616	₱3,634	590%

5. Operating Expenses

The following tables present the consolidated operating expenses for the period ended March 31, 2021 and 2020:

	2021	2020
Government share	₱885,120	₱715,266
Salaries, wages and employee benefits	503,203	405,704
Taxes and licenses	477,951	458,272
Repairs and maintenance	120,956	357,601
Insurance	73,633	58,182
Outside services	73,263	178,647
Advertising and marketing	59,834	114,078
Depreciation, depletion and amortization	59,554	68,257
Supplies	54,179	24,383
Entertainment, amusement and recreation	28,202	24,231
Transportation and travel	28,920	29,082
Communication, light and water	22,714	30,582
Association dues	15,285	21,877
Rent	13,990	21,598
Miscellaneous expense	188,835	221,031
	₱2,605,639	₱2,728,791

6. Summarized Financial Information of Interests in Related Entities

Financial information as of and for the period ended March 31, 2021 and December 30, 2020 on the Group's subsidiary with material non-controlling interest (NCI) follows:

Semirara Mining and Power Corporation and Subsidiaries (SMPC)

(in millions)	March 31, 2021	December 31, 2020
Statements of Financial Position		
Current assets	₱27,112	₱23,299
Noncurrent assets	64,287	47,847
Current liabilities	23,364	16,521
Noncurrent liabilities	11,940	12,440
Equity	56,095	42,185

(in millions)	March 31, 2021	March 31, 2020
Statements of Comprehensive Income		
Revenue	₱9,271	₱7,272
Net income	2,305	1,192
Other comprehensive income	—	—
Total comprehensive income	2,305	1,192

Financial information as of and for the period ended March 31, 2021 and December 31, 2020 on the Group's material interest in associate follows:

Maynilad Water Holdings Company, Inc. and Subsidiaries

(in millions)	March 31, 2020	December 31, 2020
Statements of Financial Position		
Current assets	₱18,845	₱18,795
Noncurrent assets	120,196	118,454
Current liabilities	22,850	22,585
Noncurrent liabilities	49,165	49,831
Equity	67,026	64,833

(in millions)	March 31, 2021	March 30, 2020
Statements of Comprehensive Income		
Revenue	₱5,345	₱5,712
Net income	1,670	1,415
Other comprehensive income	—	—
Total comprehensive income	1,670	1,415

Investment in Maynilad Water Holdings Company, Inc. (MWHCI) is accounted for using the equity method. Equity in net earnings in the three months ended March 31 amounted to ₱454.69 million in 2021 and ₱378.36 million in 2020.

Financial information as of and for the period ended March 31, 2021 and December 31, 2020 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).

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

The investment in Subic Water is accounted for as an investment in an associate using the equity method. The carrying amount of the investment in associate amounted to ₱320.20 million and ₱309.95 million as of March 31, 2021 and December 31, 2020, respectively. The unaudited share in net earnings amounted to ₱10.25 million and ₱13.39 million for the period ended March 31, 2021 and 2020, respectively.

RLC DMCI Property Ventures Inc.

In March 2019, the RLC DMCI Property Ventures Inc., a joint venture agreement with Robinsons Land Corporation, was incorporated to purchase, acquire and develop into a residential condominium project a portion of the parcels of land situated in Las Pinas City with an area of fourteen thousand four hundred ninety-two (14,492) square meters or less. Initial capitalization to the joint venture from DMCI PDI amounted to ₱500 million. The carrying amount of the investment amounted to ₱479.39 million and ₱479.54 million as of March 31, 2021 and December 31, 2020, 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 (2021)	For the period (2020)	For 1st Quarter (2021)	For 1 st Quarter (2020)
Net income attributable to equity holders of Parent Company	₱4,249,764	₱616,450	₱4,249,764	₱616,450
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	₱0.32	₱0.05	₱0.32	₱0.05

8. Related Party Transactions

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

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

- a. Engineering and construction works of the water business is contracted to the construction segment of the Group. These projects are bid out to various contractors and are awarded on arm's length transactions. Booked revenues from these contracts amounted to ₱175 million and ₱114 million for the period ended March 31, 2021 and 2020, respectively.
- b. An affiliate had transactions with the Group for services rendered relating to the Group's coal operations. These include services for the confirmatory drilling for coal reserve and evaluation of identified potential areas, exploratory drilling of other minerals within the Island, dewatering well drilling along the mine and fresh water well drilling for industrial and domestic supply under an agreement.

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

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

9. Financial Risk Management Objectives and Policies

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

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

a. *Liquidity Risk*

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

A significant part of the Group's financial assets that are held to meet the cash outflows include cash equivalents and accounts receivables. Although accounts receivables are contractually collectible on a short-term basis, the Group expects continuous cash inflows. In addition,

although the Group's short-term deposits are collectible at a short notice, the deposit base is stable over the long term as deposit rollovers and new deposits can offset cash outflows.

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

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

b. Market Risk

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

The sensitivity analyses have been prepared on the following bases:

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

The assumption used in calculating the sensitivity analyses of the relevant income statement item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2021 and December 31, 2020.

Equity Price Risk

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

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

Commodity Price Risk

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

Coal

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

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

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

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

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

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

	March 31, 2021	December 31, 2020
Domestic market	46%	25%
Export market	54%	75%

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, 2021 and December 31, 2020 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 2021 and 2020.

Change in coal price (in thousands)	Effect on income before income tax	
	March 31, 2021	December 31, 2020
<i>Based on ending coal inventory</i>		
Increase by 65% in 2021 and 31% in 2020	₱2,823,844	₱2,426,159
Decrease by 65% in 2021 and 31% in 2020	(2,823,844)	(2,426,159)
<i>Based on coal sales volume</i>		
Increase by 65% in 2021 and 31% in 2020	4,349,302	4,652,333
Decrease by 65% in 2021 and 31% in 2020	(4,349,302)	(4,652,333)

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:

Basis points (in thousands)	Effect on income before income tax	
	March 31, 2020	December 31, 2020
+100	(₱200,609)	(₱88,797)
-100	200,609	88,797

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 2021 and 2020. 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, 2021				Equivalent in PHP
	U.S. Dollar	Japanese Yen	UK Pounds	Euro	
Financial assets					
Cash and cash equivalents	\$38,296	¥54,624	£16	€256	₱1,970,954
Receivables	45,790	–	–	–	2,222,181
	84,086	54,624	16	256	4,193,135
Financial liabilities					
Accounts payable and accrued expenses	(4,880)	–	–	–	(236,807)
	\$79,207	¥54,624	£16	€256	₱3,956,328

The following tables demonstrates the sensitivity to a reasonably possible change in foreign exchange rates, with all variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities) as of March 31, 2021 (amounts in thousands):

	Exchange rate movement	Effect on profit before tax
In Peso per US Dollar		
Increase	₱2	₱158,413
Decrease	(2)	(158,413)
In Peso per Japanese Yen		
Increase	2	109,248
Decrease	(2)	(109,248)
In Peso per UK Pound		
Increase	2	31
Decrease	(2)	(31)
In Peso per Euro		
Increase	2	512
Decrease	(2)	(512)

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, 2021 and December 31, 2020 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, 2021 and December 31, 2020, receivables that are doubtful of collection had been provided with allowance.

Real estate contracts

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

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses (using incurred loss model prior to adoption of PFRS 9). The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-

weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

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

Electricity sales

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

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

Mining

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

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

Construction contracts

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

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

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

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

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

Cash and Cash Equivalents

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

Equity investment designated at FVOCI

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

Receivables

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

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

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

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

Security and Refundable Deposits

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

As of March 31, 2021, the aging analysis of the Group's receivables presented per class follows:

	March 31, 2021						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	₱280,158	₱4,039,781	₱198,660	₱750,083	₱217,658	₱1,112,288	₱33,181	₱6,631,809
General								
construction	6,671,199	–	–	–	–	8,772	24,417	6,704,388
Electricity sales	1,275,574	693,194	–	66,035	22,443	841,328	842,361	3,740,934
Coal mining	3,171,303	–	–	1,114,917	–	32,968	36,113	4,355,301
Nickel mining	105,858	–	–	–	–	–	–	105,858
Merchandising and others	23,267	33,540	21,647	6,024	234	11,307	2,865	98,883
Receivables from related parties	272,431	–	–	–	–	–	–	272,431
Other receivables	1,358,923	–	–	–	–	–	316,092	1,675,017
	₱13,158,713	₱4,766,515	₱220,307	₱1,937,059	₱240,335	₱2,006,663	₱1,255,029	₱23,584,621

Financial assets

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

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

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

Financial assets

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

Financial liabilities

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

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

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

There has been no reclassification from Level 1 to Level 2 or 3 category as of March 31, 2021 and December 31, 2020.