COVER SHEET

A S O 9 5 0 0 2 2 8 3

SEC Registration Number

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

(Company's Full Name)

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

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

HERBERT M. CONSUNJI	8888-3000
Contact Person	Company Telephone Number

(3rd Tuesday of May)

1 2	3 1	**SEC Form 17-Q** **First Quarter Interim Report 2022**	0 5	1 7
Month	Day	FORM TYPE	Month	Day
Fiscal Year			Annual Meeting	

N.A.

Secondary License Type, If Applicable

C F D

Dept Requiring this Doc

Amended Articles Number / Section

Total Amount of Borrowings

Total No. of Stockholders	Domestic	Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarter ended **March 31, 2022**

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

DMCI Holdings, Inc.

4. Exact name of issuer as specified in its charter

5. Philippines   6. ______ (SEC Use Only)

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

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

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

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

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

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

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

Yes [X]   No [ ]

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

Philippine Stock Exchange	Class "A" Shares
	Preferred Shares

12. Indicate by check mark whether the registrant:

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

Yes [X]   No [ ]

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

Yes [X]   No [ ]

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

The Financial Statements as of and for the period ended **March 31, 2022** are contained herein.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF CONSOLIDATED OPERATIONS AND CONSOLIDATED FINANCIAL CONDITION AS OF AND FOR THE PERIOD ENDED MARCH 31, 2022 AND 2021

March 31, 2022 (Unaudited) vs March 31, 2021 (Unaudited)

I. RESULTS OF OPERATIONS

The table below summarizes the performance of DMCI Holdings, Inc. (PSE: DMC), its subsidiaries and associate for the period ended March 31, 2022 and 2021.

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

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

- Semirara Mining and Power Corporation (SMPC), a majority-owned subsidiary (56.65%), is the the largest coal producer in the Philippines. It is the only power generation company in the country that produces its own fuel (coal). Its two wholly owned operating subsidiaries—Sem-Calaca Power Corporation (SCPC) and Southwest Luzon Power Generation Corporation (SLPGC)—provide baseload power to the Luzon and Visayas grids.

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

- DMCI Mining Corporation (DMCI Mining), a wholly-owned subsidiary, extracts nickel ore through surface mining and ships these directly to China and other markets. Aside from one operating mine under Zambales Diversified Metals

Corporation, it has various nickel assets in Palawan and Zambales that are undergoing the permitting process.

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

CONSOLIDATED NET INCOME AFTER NON-CONTROLLING INTERESTS

in Php millions except EPS	January to March (Q1)		
	2022	**2021**	**Change**
I. SMPC (56%)	8,520	1,324	544%
II. DMCI Homes	1,414	1,521	-7%
III. DMCI Mining	499	415	20%
IV. D.M. Consunji Inc.	367	393	-7%
V. Maynilad (25%)	319	287	11%
VI. DMCI Power	132	118	12%
VII. Parent and others	8	13	-38%
Core Net Income	**11,259**	**4,071**	**177%**
Nonrecurring Items	1	179	-99%
Reported Net Income	**11,260**	**4,250**	**165%**
EPS (reported)	**0.85**	**0.32**	**165%**

Q1 2022 vs Q1 2021 Consolidated Highlights

- Reported net income surged by 165% from Php 4.25 billion to Php 11.26 billion—the highest quarterly profit ever for DMC, surpassing its previous peak of Php 10.21 billion in Q1 2013 when it sold some of its shares in Maynilad.

  In effect, DMC has an EPS of Php 0.85 and an ROE of 12.1% for the three-month period.

  Its record-setting performance is largely attributable to the stronger-than-expected operating results of its coal, nickel and power businesses amid booming commodities and spot electricity prices.

- Excluding nonrecurring items, core net income soared by 177% from Php 4.06 billion to Php 11.26 billion, another all-time high for DMC. Nonrecurring items (NRI) from last year pertain to a one-time gain of P179 million mainly from the deferred tax remeasurement impact of CREATE Act on Maynilad's service concession asset and a Php 12 million gain on sale of land of DMCI Homes.

- SMPC and DMCI Homes accounted for 88% of core net income.

- DMC declared total dividends of Php 6.37 billion or Php 0.48 per share on April 1, translating to a payout ratio of 37%, which is well above its dividend policy of 25% of the previous year's core net income.

Q1 2022 vs Q1 2021 Subsidiaries and Associate Performance

I. Semirara Mining and Power Corporation (SMPC)

Core income contribution from SMPC skyrocketed (6.4x or 544%) from Php 1.32 billion to Php 8.52 billion mainly due to the epic performance of its coal business, combined with the improved results of its power segment. To further explain:

<u>Coal Segment</u>

- **All-time high production.** Controlled water seepage levels in Molave mine and favorable weather conditions led to a 49-percent jump in coal production from 4.5 million metric tons (MMT) to 6.7 MMT, a new record for the company. Strip ratio also dropped by 40% from 9.3 to 5.6 as coal extraction reached the bottom of West Block 2 and the water seepages at Molave mine remained under control.
- **Best-ever sales.** Total shipments grew by 31% from 3.9 MMT to 5.1 MMT on record production and beginning high-grade inventory of 0.9 MMT. The double-digit rise was principally driven by exports, accelerating by 48% from 2.1 MMT to 3.1 MMT. China remained as the top buyer (71%), followed by Thailand (12%) and South Korea (10%). Meanwhile, domestic sales grew at a more modest pace (11%) from 1.8 MMT to 2.0 MMT as shipments to other power plants offset the lower sales to own plants, which resulted from the combined 64-day outage of SLPGC.
- **Record prices.** Semirara coal average selling prices (ASP) vaulted by 180% from Php 1,829 to Php 5,125 on soaring index prices and sale of more high-grade coal. Newcastle coal prices nearly tripled (197%) during the period on strengthening global demand, heavy rainfall in Australia and bans on Russian coal. Meanwhile, ICI4 rose by 99% owing to the coal export ban imposed by Indonesia.
- **Wider profit margins.** Standalone net profit margins expanded from 27% to 55% on stronger topline which muted the impact of higher (73%) fuel costs. Fuel costs accounted for 32% of COS (vs 24% in Q1 2021).

Power Segment

- **Better gross generation.** Overall gross generation climbed by 5% from 862 gigawatt hours (GWh) to 907 GWh on higher SCPC availability and dispatch.
- **Higher power sales.** Total power sales climbed by 14% from 796 GWh to 908 GWh, bulk (57%) of which was sold to the spot market.
- **Large uncontracted capacity.** At the beginning of 2022, 64% of the segment's running dependable capacity (540MW) was uncontracted, which translated to a total spot exposure of nearly 350MW.
- **Elevated spot prices.** Overall ASP rose by 50% from Php 3.52/KWh to Php 5.29/KWh, strongly driven by higher spot prices and sales. ASP of bilateral contract quantities (BCQ) fell by 11% from Php 3.58/KWh to Php 3.20/KWh, while spot ASP more than doubled (111%) from Php 3.24/KWh to Php 6.84/KWh. By the end of the quarter, contracted capacity stood at only 35% and none of the contracts have a fuel pass-through provision.

II. DMCI Project Developers Inc. (DMCI Homes)

Core net income contribution from DMCI Homes fell by 7% from Php 1.52 billion to Php 1.41 billion. Its first-quarter performance was mostly the result of the following:

- **Revenue slowdown.** Revenues declined by 13% from Php 6.87 billion to Php 5.95 billion due to lower down payment recognition from new qualified accounts and higher sales cancellations.
- **Improved gross margin.** Gross margins improved from 31% to 33% owing to tighter cost management and higher selling prices of projects that qualified for revenue recognition.
- **Rise in operating expenses.** Opex expanded by 25% from Php 516 million to Php 643 million due to higher taxes and licenses, sales incentives and software licenses and cloud storage expenses.
- **Increase in other income**. Other income climbed by 30% from Php 440 million to Php 570 million on higher forfeitures from unit cancellations and rental income.

The company also reported the following operational highlights:

- **Double-digit sales growth.** Total Units sold rebounded by 31% from 1,546 to 2,026. Sold parking units trended higher than residential units at 35% from 653 to 881 while residential-unit sales recovered by 28% from 893 to 1,145.
- **Higher selling price.** Average selling price (ASP) of units sold rose by 4% from Php 112,000 to Php 117,000 per square meter. On a per unit basis, it improved by 5% from Php 6.21 million to Php 6.52 million.
- **Near pre-pandemic sales value.** With recovering sales and rising ASP, sales value accelerated by 35% from Php 6.03 billion to Php 8.13 billion.
- **Substantial inventory.** Total Inventory expanded by 32% from Php 38.3 billion to Php 50.6 billion, driven by pre-selling units from the launch of The Oriana in April 2021 (Php 8.3 billion) and The Erin Heights (Php 3.3 billion) in March 2022.

- **Ample land bank.** Land bank effectively unchanged at 186.9 hectares, most (96%) of which is located in Metro Manila and Luzon.

III. DMCI Mining Corporation (DMCI Mining)

DMCI Mining contributed Php 499 million in core earnings, a 20-percent upswing from Php 415 million despite the nil production of Berong mine. The following facilitated its robust performance:

- **Higher Shipment.** Ample BNC beginning inventory of 332,510 wet metric tons (WMT) and higher ZDMC production translated to higher total shipments, which swelled by 26% from 494,000 WMT to 620,000 WMT. Majority (59%) of which came from ZDMC, as it recorded a 41-percent upsurge in shipments from 259,000 WMT to 365,000 WMT. BNC shipments grew by 9% from 235,000 WMT to 255,000 WMT.
- **Favorable forex rates.** The Philippine peso weakened by 6% versus the US dollar from Php 48/USD to Php 51/USD, resulting in higher revenues for Filipino exporters.
- **Improved mid-grade prices**. Global nickel supply shocks drove up the prices of mid-grade nickel sold, which rallied by 34% from USD 53/WMT to USD 72/WMT. Meanwhile, lower-grade nickel sold decreased by 10% from USD 39/WMT to USD 35/WMT. There were no sale of high-grade nickel (1.80% above) during the period.

The company also reported the following highlights:

- **Weak production.** Nickel ore production plunged by 43% from 555,000 WMT to 318,000 WMT due to the depletion of Berong mine in Q4 2021. ZDMC registered a 5-percent improvement in its production from 303,000 WMT to 318,000 WMT.
- **Lower ASP and nickel grade sold**. Average nickel grade sold fell by 5% from 1.37% to 1.30% due to the 13-percent drop in BNC's sold nickel grade from 1.42% to 1.24% following its mine depletion. ZDMC's sold nickel grade was unchanged at 1.33%. Consequently, average selling prices declined by 6% from USD 47/WMT to USD 44/WMT.
- **Slump in ending inventory.** At the end of the reporting period, total inventory fell by 72% from 543,000 WMT to 154,000 WMT owing to lower production and higher shipments.
- **Higher operating expenses and noncash items.** Opex growth outpaced revenues because of higher fuel costs, marketing expenses, excise taxes and royalties. The former spiked by 36% from Php 193 million to Php 263 million while the latter expanded by 25% from P1.14 billion to Php 1.42 billion. Noncash items escalated by 65% from Php 113 million to Php 186 million owing to higher shipments and depreciation from new equipment acquired last year.

- **Higher debt and cash levels.** The company availed additional debt of Php 300 million to refinance a previous loan with a lower interest rate. Consequently, debt level widened by 75% from Php 0.4 billion to Php 0.7 billion, while cash balances expanded by 70% from Php 0.8 billion to Php 1.4 billion.

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

At the standalone level, DMCI recognized a 4-percent profit upturn from Php 342 million to Php 355 million. Post-eliminating entries, core net income contribution fell by 7% from Php 393 million to Php 367 million mainly due to the absence of a one-time related party transaction for a joint venture infrastructure project.

To further explain its performance:

- **Slight revenue gain.** Construction revenues went up by 3% from Php 5.78 billion to Php 5.94 billion owing to higher recognition from an infrastructure project nearing completion and fewer new projects signed.
- **Lower gross profit margin.** Gross profit margin declined from 14.8% to 13.5% following higher cost of sales adjustments in certain infrastructure projects.
- **Decline in operating expenses.** Opex shrank by 38% from Php 184 million to Php 114 million with the absence of vaccine procurement and implementation of cost reduction measures.
- **Order book slowdown.** Order book dipped by 3% from Php 49.3 billion to Php 46.7 billion on the absence of new contracts.

V. Maynilad Water Services, Inc. (Maynilad)

Core net income contribution from associate Maynilad rose by 11% from Php 287 million to Php 319 million.

At the standalone level, its core net income grew by 10% from Php 1.23 billion to Php 1.35 billion while its reported net income slightly improved (2%) from Php 1.34 billion to Php 1.36 billion. The latter was due to higher base effect from 2021 nonrecurring gain (Php 109 million) chiefly from deferred tax remeasurement in relation to CREATE Act.

To summarize and explain its first-quarter performance:

- **Reduced water production.** Production dropped by 5% from 234.8 million cubic meters (MCM) to 222.1 MCM as poor raw water quality in Laguna Lake curbed water production in the Putatan water treatment plants starting December 2021. This resulted in protracted service interruptions in parts of the West Zone.

- **Anemic billed volume.** Billed volume declined by 2% from 126.2 MCM to 124.0 MCM on reduced water production and residential consumption.
- **Lower average effective tariff.** Average effective tariff slipped by 1% from Php 41.4 to Php 40.9 due to anemic billed volume, lower domestic consumption and unfavorable customer mix.
- **Unchanged customer mix.** The mix was basically unchanged with domestic customers accounting for 83.3% versus 83.5% last year.
- **Weak topline.** Revenues from water and wastewater services sagged by 3% on lower billed volume, cushioned by higher (167%) other fees collected which include government tax. .
- **Lower cash costs, higher noncash operating expenses.** Total cash expenses sank by 2% from Php 1.79 billion to Php 1.75 billion on lower personnel and utilities expenses; noncash opex marginally rose (1%) on higher amortization from continuing capex investments.

VI. DMCI Power Corporation (DMCI Power)

DMCI Power posted double-digit core net income contribution growth (12%) from Php 118 million to Php 132 million due to the following:

- **Improved energy sales**. Total energy dispatched strengthened by 18% from 80.1 GWh to 94.3 GWh, largely from higher energy sales to Palawan (40% of overall growth). Palawan contributed 46% of total dispatch, followed by Masbate (37%) and Oriental Mindoro (17%).
- **All-time high average selling prices.** ASP jumped by 36% from Php 10.8/KWh to Php 14.6 /KWh on soaring fuel prices; diesel soared by 51% from Php 29/liter to Php 44/liter while bunker rose by 28% from Php 32/liter to Php 41/liter.
- **Higher cost of sales growth.** COS shot up by 74%, outstripping revenue growth (59%) from Php 646 million to Php 1.13 billion. The latter was primarily due to the higher fuel prices and rental of a generator set during the maintenance outage of a Masbate plant in February.

VII. Parent and Others

Parent and other investments posted Php 8 million in net income, down by 38% from Php 13 million because of lower interest income from placements.

Outlook

DMC expects heightened market volatility and uncertainties from the escalating geopolitical crisis, global economic slowdown, China lockdowns, inflationary pressures, rising interest rates and Philippine election results.

While supply shocks are likely to raise commodity prices, demand could also cool down given the events in China and the West.

In the near to medium-term, we expect our cost of sales and finance costs to be negatively impacted by supply chain disruptions and policy shifts. Post-election changes in priority areas and regulation could also affect the growth trajectory of our businesses.

Explanation of movement in consolidated income statement accounts:

Revenues
Consolidated revenues for the first three months of 2022 improved by 83% from Php 23.9 billion to Php 43.8 billion owing to strong revenue contributions from SMPC and DMCI Power. Higher coal sales and electricity prices boosted SMPC and DMCI Power revenues.

Cost of Sales and Services
Cost of sales and services during the period increased by 12%, significantly slower than the recorded revenue growth. This resulted in higher gross profit margin, which was due mainly to improved global coal price.

Operating Expenses
Government royalties for the period amounted to Php 6.1 billion, 588% up from Php 885 million last year as the coal business recorded higher profits. Excluding government royalties, operating expenses incurred during the first three months increased by 9% to Php 1.9 billion due mainly to higher repairs and maintenance.

Equity in Net Earnings
Equity in net earnings of associates decreased by 26% as a result of lower income take up from Maynilad.

Finance Income
Consolidated finance income decreased by 9% due mainly to lower interest income from placements.

Finance Cost
Consolidated finance costs fell by 2% due to loan payments and lower borrowing rates.

Other Income-net
Other income increased by 51% due to the higher sales forfeitures and cancellation during the period.

Provision for Income Tax
Higher taxable income resulted in a 41-percent jump in consolidated provision for income tax (both current and deferred) during the period.

II. CONSOLIDATED FINANCIAL CONDITION

March 31, 2022 (Unaudited) vs December 31, 2021 (Audited)

The Company’s financial condition for the period improved as total assets reached P235 billion, a 9% increase from December 31, 2021. Meanwhile, consolidated total equity increased by 14% to Php 124 billion.

Consolidated cash increased by 60% from Php 18.3 billion to Php 29.3 billion owing to higher coal sales and dividend received by the Parent company. This is slightly offset by loan repayment and disbursement to suppliers and vendors.

Receivables rose by 18% from Php 23.5 billion to Php 27.8 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 14% as accomplishments in the real estate and construction businesses improved.

Consolidated inventories grew slightly (1%) from Php 54.2 billion to Php 54.8 billion on higher coal inventory of SMPC.

Other current assets decreased by 7% to Php 10.3 billion due mainly to amortization of prepayments and advances to suppliers.

Investments in associates and joint ventures slightly decreased by 2% as a result of the net impact of the income take up and dividend received from Maynilad.

Property, plant and equipment stood at Php 58.4 billion from Php 59.4 billion as depreciation and depletion more than offset capital expenditures for the first three months of 2022.

Right-of-use assets decreased by 7% due to amortization.

Other noncurrent assets grew by 56% due mainly to higher refundable deposits and noncurrent prepayments.

The 9-percent increase in accounts and other payables is mainly attributable to the government share payable and dividend payable by SMPC.

Contract liabilities (current and non-current) decreased by 8% to Php 15.0 billion due mainly to recoupment of customer's deposit.

From Php 53.0 billion, total debt (under short-term and long-term debt) grew by 1% to Php 53.8 billion following the net loan availment of DMCI Homes, cushioned by the net loan payment of SMPC.

Liabilities for purchased land increased by 17% as a result of new land acquisition for real estate development.

Income tax payable jumped by 80% due to higher profitability during the period.

Deferred tax liabilities grew by 6% 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 increased by 6% due mainly to advances from contract owners which will be recouped more than 12 months from the end of the reporting period.

Consolidated retained earnings stood at Php 81.3 billion at the end of March 2022, 16% uptick from Php 70.0 billion at the close of 2021 after generation of Php 11.3 billion net income.

Non-controlling interest grew by 18% as a result of the non-controlling share in net income reduced by dividends to non-controlling interest of SMPC.

III. KEY PERFORMANCE INDICATORS

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

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

SEGMENT REVENUES

	For the Period		Variance	
(in Php Millions)	2022	2021	Amount	%
Semirara Mining and Power Corporation	29,058	9,271	19,787	213%
DMCI Homes	5,949	6,873	(924)	-13%
D.M. Consunji, Inc.	5,884	5,679	205	4%
DMCI Mining	1,421	1,135	286	25%
DMCI Power	1,378	864	514	59%
Parent and Others	75	73	2	3%
Total Revenues	**43,765**	**23,895**	**19,870**	**83%**

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 83% due to higher coal sales volume and selling price coupled with improved nickel and electricity sales.

CONSOLIDATED NET INCOME AFTER NON-CONTROLLING INTERESTS

(in Php Millions)	For the Period		Variance	
	2022	2021	Amount	%
Semirara Mining and Power Corporation	8,520	1,324	7,196	544%
DMCI Homes	1,414	1,521	-107	-7%
DMCI Mining	499	415	84	20%
D.M. Consunji, Inc.	367	393	-26	-7%
Maynilad	319	287	32	11%
DMCI Power	132	118	14	12%
Parent and Others	8	13	-5	-38%
Core Net Income	11,259	4,071	7,188	177%
Non-recurring Items	1	179	-178	-99%
Reported Net Income	**11,260**	**4,250**	**7,010**	**165%**

The net income (after non-controlling interest) of the Company was driven by the improved results of most of its subsidiaries. Topline improved on the solid high coal and electricity prices, which resulted to better gross margin. This is slightly offset by higher (a) government share, (b) repairs and maintenance and (c) outside services which led to a total uptick in net income by 165%.

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 0.85/share for the first three months ended March 31, 2022, a 165% growth from Php 0.32/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 12% and 5% for the first three months of 2022 and 2021, 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 53.8 billion from Php 53.0 billion last year, which resulted to a net debt to equity ratio of 0.20:1 and 0.32:1 as of March 31, 2022 and December 31, 20201, respectively.

FINANCIAL SOUNDNESS RATIOS

	March 31, 2022	**December 31, 2021**
Current Ratio	2.52 times	2.25 times
Net Debt to Equity Ratio	0.20 times	0.32 times
Asset to Equity Ratio	1.89 times	1.98 times
	March 31, 2022	**March 31, 2021**
Return on Assets	8%	3%
Return on Common Equity	12%	5%
Interest Coverage Ratio	32 times	8 times
Gross Profit Margin	59%	33%
Net Profit Margin	41%	22%

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 October 12, 2021, the BOD of the Parent Company declared cash dividends amounting Php 0.48 special dividends per common share for a total of Php 6.37 billion in favor of the stockholders of record as of October 26, 2021 and was paid on November 10, 2021.
4. 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.

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 10, 2022

DMCI HOLDINGS, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Amounts in Thousands)

	March 31, 2022 (Unaudited)	December 31, 2021 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents	**₱29,292,408**	₱18,342,019
Receivables - net (Note 9)	**27,820,261**	23,537,419
Current portion of contract assets	**18,443,815**	14,063,912
Inventories	**54,791,949**	54,208,873
Other current assets	**10,288,991**	11,014,804
Total Current Assets	**140,637,424**	121,167,027
Noncurrent Assets		
Contract asset - net of current portion	**11,865,329**	12,455,643
Investments in associates and joint ventures (Note 6)	**17,106,586**	17,522,876
Investment properties	**113,433**	97,787
Property, plant and equipment	**58,424,517**	59,355,978
Exploration and evaluation asset	**236,050**	235,192
Pension assets - net	**804,846**	814,947
Deferred tax assets - net	**1,109,443**	598,948
Right-of-use assets	**135,429**	145,731
Other noncurrent assets	**4,295,479**	2,751,359
Total Noncurrent Assets	**94,091,112**	93,978,461
	₱234,728,536	₱215,145,488
LIABILITIES AND EQUITY		
Current Liabilities		
Short-term debt	**₱1,181,743**	₱1,039,363
Current portion of liabilities for purchased land	**894,344**	694,654
Accounts and other payables	**32,363,173**	28,122,229
Current portion of contract liabilities and other customers' advances and deposits	**11,510,979**	13,450,572
Current portion of long-term debt	**9,383,996**	10,396,191
Income tax payable	**452,074**	251,811
Total Current Liabilities	**55,786,309**	53,954,820

(Forward)

	March 31, 2021 (Unaudited)	December 31, 2020 (Audited)
Noncurrent Liabilities		
Contract liabilities - net of current portion	**₱3,532,718**	₱2,950,368
Long-term debt - net of current portion	**43,217,867**	41,613,047
Liabilities for purchased land - net of current portion	**951,611**	876,715
Deferred tax liabilities - net	**5,261,823**	4,961,965
Pension liabilities - net	**329,711**	301,256
Other noncurrent liabilities	**1,735,816**	1,640,705
Total Noncurrent Liabilities	**55,029,546**	52,344,056
Total Liabilities	**110,815,855**	106,298,876
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	**81,299,834**	70,039,693
Premium on acquisition of non-controlling interests	**(817,958)**	(817,958)
Remeasurements on retirement plans - net of tax	**513,860**	513,860
Net accumulated unrealized gains on equity investments designated at FVOCI	**100,319**	100,319
Other equity	**(21,611)**	(21,611)
	99,017,243	87,757,102
Non-controlling interests	**24,895,438**	21,089,510
Total Equity	**123,912,681**	108,846,612
	₱234,728,535	₱215,145,488

DMCI HOLDINGS, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF INCOME

For the Period and Quarter Ended March 31, 2022 and 2021
(Amounts in Thousands, except for Earnings Per Share figures)

	For the period		For the quarter	
	Jan to Mar 2022	Jan to Mar 2021	**Jan to Mar 2022**	Jan to Mar 2021
REVENUE (Notes 4 and 8)				
Coal mining	**₱24,205,185**	₱6,472,347	**₱24,205,185**	₱6,472,347
Electricity sales	**6,230,012**	3,662,609	**6,230,012**	3,662,609
Real estate sales	**5,948,631**	6,872,618	**5,948,631**	6,872,618
Construction contracts	**5,884,191**	5,678,906	**5,884,191**	5,678,906
Nickel mining	**1,421,274**	1,134,794	**1,421,274**	1,134,794
Merchandise sales and others	**75,545**	74,052	**75,545**	74,052
	43,764,838	23,895,326	**43,764,838**	23,895,326
COSTS OF SALES AND SERVICES				
Coal mining	**5,037,866**	3,707,495	**5,037,866**	3,707,495
Electricity sales	**3,120,897**	2,237,900	**3,120,897**	2,237,900
Real estate sales	**3,983,078**	4,718,475	**3,983,078**	4,718,475
Construction contracts	**5,272,501**	5,020,480	**5,272,501**	5,020,480
Nickel mining	**437,540**	317,112	**437,540**	317,112
Merchandise sales and others	**54,514**	54,726	**54,514**	54,726
	17,906,396	16,056,188	**17,906,396**	16,056,188
GROSS PROFIT	**25,858,442**	7,839,138	**25,858,442**	7,839,138
OPERATING EXPENSES (Note 5)	**7,958,148**	2,605,639	**7,958,148**	2,605,639
	17,900,294	5,233,499	**17,900,294**	5,233,499
OTHER INCOME (EXPENSES)				
Equity in net earnings of associates (Note 6)	**344,933**	464,118	**344,933**	464,118
Finance income	**94,965**	104,529	**94,965**	104,529
Finance costs	**(269,116)**	(273,978)	**(269,116)**	(273,978)
Other income - net	**801,065**	529,459	**801,065**	529,459
INCOME BEFORE INCOME TAX	**18,872,141**	6,057,627	**18,872,141**	6,057,627
PROVISION FOR INCOME TAX	**1,042,153**	737,112	**1,042,153**	737,112
NET INCOME	**₱17,829,988**	₱5,320,515	**₱17,829,988**	₱5,320,515
NET INCOME ATTRIBUTABLE TO				
Equity holders of the Parent Company (Note 4)	**₱11,260,141**	₱4,249,764	**₱11,260,141**	₱4,249,764
Non-controlling interests	**6,569,847**	1,070,751	**6,569,847**	1,070,751
	₱17,829,988	₱5,320,515	**₱17,829,988**	₱5,320,515
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY-BASIC AND DILUTED (Note 7)	**₱0.85**	₱0.32	**₱0.85**	₱0.32

DMCI HOLDINGS, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the Period and Quarter Ended March 31, 2022 and 2021
(Amounts in Thousands)

	For the period		For the quarter	
	Jan to Mar 2022	Jan to Mar 2021	**Jan to Mar 2022**	Jan to Mar 2021
NET INCOME	**₱17,829,988**	₱5,320,515	**₱17,829,988**	₱5,320,515
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	**₱17,829,988**	₱5,320,515	**₱17,829,988**	₱5,320,515
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Equity holders of the Parent Company (Note 4)	**₱11,260,141**	₱4,249,764	**₱11,260,141**	₱4,249,764
Non-controlling interests	**6,569,847**	1,070,751	**6,569,847**	1,070,751
	₱17,829,988	₱5,320,515	**₱17,829,988**	₱5,320,515

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)	Unppropriated Retained Earnings (Note 3)	Premium on Acquisition of Non-controlling Interest	Remeasurements on Retirement Plans	Net Accumulated Unrealized Gain on equity investments designated at FVOCI	Other Equity	Parent Equity	Non controlling Interests	Total Equity
	For the Period Ended March 31, 2022											
Balances as of January 1, 2022	**₱13,277,474**	**₱4,672,394**	**₱17,949,868**	**(₱7,069)**	**₱70,039,693**	**(₱817,958)**	**₱513,860**	**₱100,319**	**(₱21,611)**	**₱87,757,102**	**₱21,089,510**	**₱108,846,612**
Comprehensive income												
Net income	–	–	–	–	**11,260,141**	–	–	–	–	**11,260,141**	**6,569,847**	**17,829,988**
Other comprehensive income	–	–	–	–	–	–	–	–	–	–	–	–
Total comprehensive income	–	–	–	–	**11,260,141**	–	–	–	–	**11,260,141**	**6,569,847**	**17,829,988**
Cash dividends declared (Note 3)	–	–	–	–	–	–	–	–	–	–	**(2,763,919)**	**(2,763,919)**
Balances at March 31, 2022	**₱13,277,474**	**₱4,672,394**	**₱17,949,868**	**(₱7,069)**	**₱81,299,834**	**(₱817,958)**	**₱513,860**	**₱100,319**	**(₱21,611)**	**₱99,017,243**	**₱24,895,438**	**₱123,912,681**
	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
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

DMCI HOLDINGS, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Period Ended March 31, 2022 and 2021
(Amounts in Thousands)

	March 31	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱18,872,141**	₱ 6,057,627
Adjustments for:		
Depreciation, depletion and amortization	**2,075,468**	2,155,666
Finance cost	**269,116**	273,978
Movement in net retirement liability	**38,556**	67,202
Equity in net earnings of associates and joint ventures	**(344,933)**	(464,118)
Finance income	**(94,965)**	(104,528)
Net unrealized foreign exchange loss (gain)	**(7,731)**	(48,232)
Gain on sale of undeveloped land	**–**	(12,432)
Operating income before changes in working capital	**20,807,652**	7,925,163
Decrease (increase) in:		
Receivables and contract assets	**(8,072,431)**	(6,524,136)
Inventories	**312,908**	(234,093)
Other current assets	**725,813**	(145,279)
Increase (decrease) in:		
Accounts and other payables	**4,593,044**	4,345,235
Contract liabilities and other customer advances and deposits	**(1,387,818)**	(2,791,455)
Liabilities for purchased land	**274,586**	(182,323)
Cash generated from operations	**17,253,754**	2,393,112
Interest received	**94,964**	104,528
Income taxes paid	**(1,052,527)**	(526,225)
Interest paid and capitalized as cost of inventory	**(397,483)**	(322,865)
Net cash provided by operating activities	**15,898,708**	1,648,550
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to:		
Property, plant and equipment	**(2,049,322)**	(1,113,119)
Investments in associates and joint ventures	**–**	3,510
Proceeds from disposal of property, plant and equipment	**–**	1,597
Proceeds from sale of undeveloped land	**–**	28,458
Dividends received	**757,800**	
Interest paid and capitalized as part of property, plant and equipment	**(1,188)**	(1,188)
Decrease (increase) in other noncurrent assets	**(1,540,991)**	(413,134)
Net cash used in investing activities	**(2,833,701)**	(1,493,876)

(Forward)

	March 31	
	2022	2021
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from:		
Long-term debt	**₱4,373,315**	₱5,772,909
Short-term debt	**300,000**	–
Payments of:		
Long-term debt	**(3,790,644)**	(5,078,293)
Dividends to non-controlling interests	**(2,763,919)**	(2,303,108)
Short-term debt	**(157,620)**	(1,866,952)
Interest	**(209,169)**	(445,337)
Increase/ (decrease) in other noncurrent liabilities	**125,688**	3,367,004
Net cash used in financing activities	**(2,122,349)**	(553,777)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**7,731**	48,230
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**10,950,389**	(350,873)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**18,342,019**	18,918,450
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**₱29,292,408**	₱18,567,577

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

1. Corporate Information

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

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

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

The accompanying consolidated financial statements were approved and authorized for issue by the Board of Directors (BOD) on May 10, 2022.

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, 2022 and December 31, 2021.

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 inancial statements from the date the Group gains control or until the date the Group ceases to control the subsidiary.

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

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

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

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

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

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

	Nature of Business	2022 Direct	2022 Indirect	2022 Effective Interest	2021 Direct	2021 Indirect	2021 Effective Interest
				(In percentage)			
General Construction:							
D.M. Consunji, Inc. (DMCI)	General Construction	**100.00**	**–**	**100.00**	100.00	–	100.00
Beta Electromechanical Corporation (Beta Electric) [1]	General Construction	**–**	**53.20**	**53.20**	–	53.20	53.20
Raco Haven Automation Philippines, Inc. (Raco) [1]	Non-operating	**–**	**50.14**	**50.14**	–	50.14	50.14
Oriken Dynamix Company, Inc. (Oriken) [1]	Non-operating	**–**	**89.00**	**89.00**	–	89.00	89.00
DMCI Technical Training Center (DMCI Training) [1]	Services	**–**	**100.00**	**100.00**	–	100.00	100.00
Bulakan North Gateway Holdings Inc (Bulakan North)[1]	Non-operating	**–**	**100.00**	**100.00**	–	100.00	100.00
Real Estate:							
DMCI Project Developers, Inc. (PDI)	Real Estate Developer	**100.00**	**–**	**100.00**	100.00	–	100.00
DMCI-PDI Hotels, Inc. (PDI Hotels) [2]	Hotel Operator	**–**	**100.00**	**100.00**	–	100.00	100.00
DMCI Homes Property Management Corporation (DPMC) [2]	Property Management	**–**	**100.00**	**100.00**	–	100.00	100.00
Zenith Mobility Solutions Services, Inc. (ZMSSI)[2]	Services	**–**	**100.00**	**100.00**	–	100.00	100.00
Riviera Land Corporation (Riviera) [2]	Real Estate Developer	**–**	**100.00**	**100.00**	–	100.00	100.00
Hampstead Gardens Corporation (Hampstead) [2*]	Real Estate Developer	**–**	**100.00**	**100.00**	–	100.00	100.00
DMCI Homes, Inc. (DMCI Homes) [2*]	Marketing Arm	**–**	**100.00**	**100.00**	–	100.00	100.00
L & I Development Corporation (LIDC)	Real estate Developer	**–**	**100.00**	**100.00**	–	100.00	100.00
Coal Mining:							
Semirara Mining and Power Corporation (SMPC)	Mining	**56.65**	**–**	**56.65**	56.65	–	56.65
On-Grid Power:							
Sem-Calaca Power Corporation (SCPC) [3]	Power Generation	**–**	**56.65**	**56.65**	–	56.65	56.65
Southwest Luzon Power Generation Corporation (SLPGC) [3]	Power Generation	**–**	**56.65**	**56.65**	–	56.65	56.65
Sem-Calaca RES Corporation (SCRC) [3]	Retail	**–**	**56.65**	**56.65**	–	56.65	56.65
SEM-Cal Industrial Park Developers, Inc. (SIPDI) [3]	Non-operational	**–**	**56.65**	**56.65**	–	56.65	56.65
Semirara Energy Utilities, Inc. (SEUI) [3]	Non-operational	**–**	**56.65**	**56.65**	–	56.65	56.65

(Forward)

	Nature of Business	2022 Direct	2022 Indirect	2022 Effective Interest	2021 Direct	2021 Indirect	2021 Effective Interest
				(In percentage)			
Southeast Luzon Power Generation Corporation (SeLPGC) [3]	Non-operational	–	**56.65**	**56.65**	–	56.65	56.65
Semirara Claystone, Inc. (SCI) [3]	Non-operational	–	**56.65**	**56.65**	–	56.65	56.65
St. Raphael Power Generation Corporation (SRPGC) [3]	Non-operational	–	**56.65**	**56.65**	–	56.65	56.65
Off-Grid Power:							
DMCI Power Corporation (DPC)	Power Generation	**100.00**	**–**	**100.00**	100.00	–	100.00
DMCI Masbate Power Corporation (DMCI Masbate) [4]	Power Generation	–	**100.00**	**100.00**	–	100.00	100.00
Nickel Mining:							
DMCI Mining Corporation (DMC)	Holding Company	**100.00**	**–**	**100.00**	100.00	–	100.00
Berong Nickel Corporation (BNC) [5]	Mining	–	**74.80**	**74.80**	–	74.80	74.80
Ulugan Resouces Holdings, Inc. (URHI) [5]	Holding Company	–	**30.00**	**30.00**	–	30.00	30.00
Ulugan Nickel Corporation (UNC) [5]	Holding Company	–	**58.00**	**58.00**	–	58.00	58.00
Nickeline Resources Holdings, Inc. (NRHI) [5]	Holding Company	–	**58.00**	**58.00**	–	58.00	58.00
TMM Management, Inc. (TMM) [5]	Services	–	**40.00**	**40.00**	–	40.00	40.00
Zambales Diversified Metals Corporation (ZDMC) [5]	Mining	–	**100.00**	**100.00**	–	100.00	100.00
Zambales Chromite Mining Company Inc. (ZCMC) [5]	Non-operational	–	**100.00**	**100.00**	–	100.00	100.00
Fil-Asian Strategic Resources & Properties Corporation (FASRPC) [5]	Non-operational	–	**100.00**	**100.00**	–	100.00	100.00
Montague Resources Philippines Corporation (MRPC) [5]	Non-operational	–	**100.00**	**100.00**	–	100.00	100.00
Montemina Resources Corporation (MRC) [5]	Non-operational	–	**100.00**	**100.00**	–	100.00	100.00
Mt. Lanat Metals Corporation (MLMC) [5]	Non-operational	–	**100.00**	**100.00**	–	100.00	100.00
Fil-Euro Asia Nickel Corporation (FEANC) [5]	Non-operational	–	**100.00**	**100.00**	–	100.00	100.00
Heraan Holdings, Inc. (HHI) [5]	Holding Company	–	**100.00**	**100.00**	–	100.00	100.00
Zambales Nickel Processing Corporation (ZNPC) [5]	Non-operational	–	**100.00**	**100.00**	–	100.00	100.00
Zamnorth Holdings Corporation (ZHC) [5]	Holding Company	–	**100.00**	**100.00**	–	100.00	100.00
ZDMC Holdings Corporation (ZDMCHC) [5]	Holding Company	–	**100.00**	**100.00**	–	100.00	100.00
Manufacturing:							
Semirara Cement Corporation (SemCem)	Non-operational	**100.00**	**–**	**100.00**	100.00	–	100.00
Wire Rope Corporation of the Philippines (Wire Rope)	Manufacturing	**45.68**	**16.02**	**61.70**	45.68	16.02	61.70

*Ongoing liquidation.
[1] DMCI's subsidiaries. Bulakan North was incorporated on October 10, 2019 and has not yet started commercial operations.
[2] PDI's subsidiaries. In 2020, ZMSSI became a wholly-owned subsidiary thru the acquisition of 49% noncontrolling-interests. In addition, on October 1, 2020, PDI entered into a share purchase agreement to acquire 100% of the total outstanding shares of LIDC. The acquisition of LIDC was accounted for as an asset acquisition (see Note 3).
[3] SMPC's subsidiaries. During the year, SMPC entered into a deed of assignment for acquisition of remaining 50% ownership interest in SRPGC. The acquisition of SRPGC was accounted for as an asset acquisition (see Note 3).
[4] DPC's subsidiaries.
[5] DMC's subsidiaries.

Noncontrolling Interests

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

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

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

	(In Percentage)
Beta Electromechanical Corporation (Beta Electromechanical)	46.80
Raco Haven Automation Philippines, Inc. (Raco)	49.86
Oriken Dynamix Company, Inc. (Oriken)	11.00
Semirara Mining and Power Corporation (SMPC)	43.35
Sem-Calaca Power Corporation (SCPC)	43.35
Southwest Luzon Power Generation Corporation (SLPGC)	43.35
Sem-Calaca RES Corporation (SCRC)	43.35
SEM-Cal Industrial Park Developers, Inc. (SIPDI)	43.35
Semirara Energy Utilities, Inc. (SEUI)	43.35
Southeast Luzon Power Generation Corporation (SeLPGC)	43.35
Semirara Claystone, Inc. (SCI)	43.35
St. Raphael Power Generation Corporation (SRPGC)	43.35
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, 2022

- 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.

- 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.

Effective beginning on or after January 1, 2023

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
  The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

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

  An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented for annual reporting periods on or after January 1, 2023.

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

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

  An entity applies the amendments to changes in accounting policies and changes in accounting estimates that occur on or after January 1, 2023 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

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

  The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

  - Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and
  - Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

  The amendments to the Practice Statement provide non-mandatory guidance. Meanwhile, the amendments to PAS 1 are effective for annual periods beginning on or after January 1, 2023. Early application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on the Group.

Effective beginning on or after January 1, 2024

- 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. However, in November 2021, the International Accounting Standards Board (IASB) tentatively decided to defer the effective date to no earlier than January 1, 2024. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*
  PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This is not expected to apply to the Group.

Deferred effectivity

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

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

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

3. **Equity**

Capital Stock
As of March 31, 2022 and December 31, 2021, 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 October 12, 2021, the BOD approved the declaration of cash dividends amounting Php 0.48 special dividends per common share for a total of ₱6,373.19 million out of the unrestricted retained earnings of the Parent Company as of October 12, 2021, in favor of the stockholders of record as of October 26, 2021 and was paid on November 10, 2021.

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.

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, 2022 and 2021:

Segment Revenues

	For the period		Variance	
(in PHP Millions)	**March 2022**	March 2021	Amount	%
Semirara Mining and Power Corporation	**₱29,058**	₱9,271	₱19,787	213%
DMCI Homes	**5,949**	6,873	(924)	-13%
D.M. Consunji, Inc.	**5,884**	5,679	205	4%
DMCI Mining	**1,421**	1,135	286	25%
DMCI Power (SPUG)	**1,378**	864	513	59%
Parent and others	**75**	73	2	3%
	₱43,765	₱23,895	₱19,870	83%

Net income after non-controlling interests

	For the period		Variance	
(in PHP Millions)	**March 2021**	March 2020	Amount	%
Semirara Mining and Power Corporation	**₱8,520**	₱1,324	₱7,196	544%
DMCI Homes	**1,414**	1,521	(107)	-7%
DMCI Mining	**499**	415	84	20%
D.M. Consunji, Inc.	**367**	393	(26)	-7%
Maynilad	**319**	287	32	11%
DMCI Power (SPUG)	**132**	111	21	19%
Parent and others	**8**	13	(5)	-38%
Core net income	**11,259**	4,064	7,195	177%
Non-recurring items	**1**	186	(185)	-99%
	₱11,260	₱4,250	₱7,010	165%

5. Operating Expenses

The following tables present the consolidated operating expenses for the period ended March 31, 2022 and 2021:

	2022	2021
Government share	**₱6,085,985**	₱885,120
Salaries, wages and employee benefits	**544,178**	503,203
Taxes and licenses	**454,571**	477,951
Repairs and maintenance	**273,597**	120,956
Insurance	**94,401**	73,633
Outside services	**118,731**	73,263
Advertising and marketing	**66,631**	59,834
Depreciation, depletion and amortization	**23,874**	59,554
Supplies	**47,399**	54,179
Entertainment, amusement and recreation	**33,337**	28,202
Transportation and travel	**19,749**	28,920
Communication, light and water	**32,502**	22,714
Association dues	**22,126**	15,285
Rent	**7,479**	13,990
Miscellaneous expense	**133,588**	188,835
	₱7,958,148	₱2,605,639

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, 2022**	December 31, 2021
Statements of Financial Position		
Current assets	**₱45,097**	₱26,933
Noncurrent assets	**44,181**	44,712
Current liabilities	**24,173**	14,595
Noncurrent liabilities	**10,845**	11,440
Equity	**54,260**	45,610

(in millions)	**March 31, 2022**	March 31, 2021
Statements of Comprehensive Income		
Revenue	**₱29,058**	₱9,271
Net income	**15,027**	2,305
Other comprehensive income	**–**	–
Total comprehensive income	**15,027**	2,305

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, 2022**	December 31, 2021
Statements of Financial Position		
Current assets	**₱18,218**	₱14,084
Noncurrent assets	**125,746**	123,331
Current liabilities	**30,352**	21,995
Noncurrent liabilities	**47,293**	47,149
Equity	**66,319**	68,271

(in millions)	**March 31, 2022**	March 31 2021
Statements of Comprehensive Income		
Revenue	**₱5,292**	₱5,345
Net income	**1,266**	1,670
Other comprehensive income	**–**	–
Total comprehensive income	**1,266**	1,670

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 ₱319.69 million in 2022 and ₱454.69 million in 2021.

Financial information as of and for the period ended March 31, 2022 and December 31, 2021 on the Group's immaterial interest in associate and joint ventures follows:

Subic Water

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

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

The investment in Subic Water is accounted for as an investment in an associate using the equity method. The carrying amount of the investment in associate amounted to ₱310.86 million and ₱293.23 million as of March 31, 2022 and December 31, 2021, respectively. The unaudited share in net earnings amounted to ₱1 million and ₱10.25 million for the period ended March 31, 2022 and 2021, respectively.

RLC DMCI Property Ventures Inc (RDPVI).

In March 2019, the RLC DMCI Property Ventures Inc., a joint venture agreement with Robinsons Land Corporation, was incorporated to purchase, acquire and develop into a residential condominium project a portion of the parcels of land situated in Las Pinas City with an area of fourteen thousand four hundred ninety-two (14,492) square meters or less. Initial capitalization to the joint venture from DMCI PDI amounted to ₱500 million. The carrying amount of the investment amounted to ₱472.34 million and ₱474.41 million as of March 31, 2022 and December 31, 2021, respectively.

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

7. Earnings Per Share

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

Basic/diluted earnings per share

	For the period (2022)	For the period (2021)	**For 1st Quarter (2022)**	For 1st Quarter (2021)
Net income attributable to equity holders of Parent Company	**₱11,260,141**	₱4,249,764	**₱11,260,141**	₱4,249,764
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	**₱0.85**	₱0.32	**₱0.85**	₱0.32

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 ₱91.00 million and ₱44.15 million for the period ended March 31, 2022 and 2021, 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, 2022 and December 31, 2021.

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, 2022	December 31, 2021
Domestic market	**31%**	27%
Export market	**69%**	73%

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.

	Effect on income before income tax	
Change in coal price (in thousands)	**March 31, 2022**	December 31, 2021
Based on ending coal inventory		
Increase by 30% in 2022 and 83% in 2021	**₱640,834**	₱916,186
Decrease by 30% in 2022 and 83% in 2021	**(640,834)**	(916,186)
Based on coal sales volume		
Increase by 88% in 2022 and 155% in 2021	**1,403,222**	12,103,657
Decrease by 88% in 2022 and 155% in 2021	**(1,403,222)**	(12,103,657)

Interest Rate Risk

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

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

	Effect on income before income tax	
Basis points (in thousands)	**March 31, 2022**	December 31, 2021
+100	**(₱140,795)**	(₱185,760)
-100	**140,795**	185,760

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				
	U.S. Dollar	**Japanese Yen**	**UK Pounds**	**Euro**	**Equivalent in PHP**
Financial assets					
Cash and cash equivalents	**$108,275**	**¥199,155**	**£12**	**€1,020**	**₱7,159,269**
Receivables	**115,601**	**–**	**–**	**–**	**6,006,632**
	223,876	**199,155**	**12**	**1,020**	**13,165,901**
Financial liabilities					
Accounts payable and accrued expenses	**(5,445)**	**–**	**–**	**–**	**(282,899)**
	$218,431	**¥199,155**	**£12**	**€1,020**	**₱12,883,002**

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**	**₱436,863**
Decrease	**(2)**	**(436,863)**
In Peso per Japanese Yen		
Increase	**2**	**398,310**
Decrease	**(2)**	**(398,310)**
In Peso per UK Pound		
Increase	**2**	**24**
Decrease	**(2)**	**(24)**
In Peso per Euro		
Increase	**2**	**2,039**
Decrease	**(2)**	**(2,039)**

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

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

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

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

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

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

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

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

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

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

As of March 31, 2022, the aging analysis of the Group's receivables presented per class follows:

	March 31, 2022							
	Neither past nor impaired	Past due but not impaired <30 days	30-60 days	61-90 days	91-120 days	>120 days	Impaired assets	Total
Receivables								
Trade								
Real estate	**₱1,283,900**	**₱78,963**	**₱98,183**	**₱394,447**	**₱96,120**	**₱610,330**	**₱43,708**	**₱2,605,651**
General construction	**7,226,081**	**–**	**–**	**–**	**–**	**8,772**	**24,417**	**7,259,270**
Electricity sales	**3,367,610**	**37,957**	**173,737**	**54,655**	**48,467**	**1,090,381**	**1,340,990**	**6,113,797**
Coal mining	**9,175,826**	**610,418**	**322,512**	**12,349**	**80,811**	**–**	**36,113**	**10,238,029**
Nickel mining	**277,003**	**–**	**–**	**–**	**–**	**–**	**–**	**277,003**
Merchandising and others	**22,832**	**–**	**21,989**	**8,192**	**27,296**	**26,716**	**–**	**107,025**
Receivables from related parties	**1,268,183**	**–**	**–**	**–**	**–**	**–**	**201,907**	**1,470,090**
Other receivables	**1,396,532**	**–**	**–**	**–**	**–**	**–**	**95,255**	**1,491,787**
	₱24,017,967	**₱727,338**	**₱616,421**	**₱469,643**	**₱252,694**	**₱1,736,199**	**₱1,742,390**	**₱29,562,652**

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, 2022 and December 31, 2021.