COVER SHEET

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SEC Registration Number

DMCI HOLDINGS, INC.

(Company's Full Name)

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

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

HERBERT M. CONSUNJI
Contact Person

8888-3000
Company Telephone Number

1 2	3 1
Month	Day

Fiscal Year

SEC Form 17-Q
Second Quarter Interim Report 2024
FORM TYPE

0 5	2 1
Month	Day

Annual Meeting

N.A.
Secondary License Type, If Applicable

C F D
Dept Requiring this Doc

Amended Articles Number / Section

Total No. of Stockholders

Total Amount of Borrowings

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarter ended **June 30, 2024**

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

DMCI Holdings, Inc.

4. Exact name of issuer as specified in its charter

5. Philippines   6. [ ] (SEC Use Only)

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

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

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

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

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

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

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

    Yes [X]   No [ ]

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

    Philippine Stock Exchange   Class "A" Shares
    Preferred Shares

12. Indicate by check mark whether the registrant:

    (a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the

Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)

Yes [X] No [ ]

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

Yes [X] No [ ]

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

The Financial Statements as of and for the period ended **June 30, 2024** are contained herein.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF CONSOLIDATED OPERATIONS AND CONSOLIDATED FINANCIAL CONDITION AS OF AND FOR THE PERIODS ENDED June 30, 2024 AND 2023

June 30, 2024 (Unaudited) vs June 30, 2023 (Unaudited)

I. RESULTS OF OPERATIONS

The table below summarizes the performance of DMCI Holdings, Inc. (PSE: DMC), its subsidiaries and associate, also collectively referred to as "the DMCI Group", for the periods ended June 30, 2024 and 2023.

- 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. The company has also started to expand its portfolio into leisure and the high-end market.

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

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

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

- Maynilad Holdings Corporation, a 27%-owned associate, owns 93% of Maynilad Water Services, Inc. (Maynilad). The largest private water service provider in the Philippines,

Maynilad holds a 25-year franchise to establish, operate and maintain the waterworks system and sewerage and sanitation services in the West Zone service area of Metro Manila and the Province of Cavite.

CONSOLIDATED NET INCOME AFTER NON-CONTROLLING INTERESTS

in Php millions except EPS	**April to June (Q2)**			**January to June (H1)**		
	2024	**2023***	**Change**	**2024**	**2023***	**Change**
I. SMPC (56.65%)	3,419	5,765	-41%	7,110	10,879	-35%
II. DMCI Homes	737	1,255	-41%	1,421	2,248	-37%
III. Maynilad (25%)	732	474	54%	1,395	997	40%
IV. DMCI Power	355	231	54%	619	365	70%
V. D.M. Consunji Inc.	240	139	73%	338	412	-18%
VI. Parent and others	94	9	933%	124	9	1278%
VII. DMCI Mining	(43)	250	-117%	(65)	723	-109%
Core Net Income	**5,534**	**8,123**	**-32%**	**10,942**	**15,633**	**-30%**
Nonrecurring Items	2	(13)	117%	198	(17)	1200%
Reported Net Income	**5,536**	**8,110**	**-32%**	**11,140**	**15,616**	**-29%**
EPS (reported)	**0.42**	**0.61**	**-32%**	**0.84**	**1.18**	**-29%**

**Restated 2023 figures following DMCI Homes' implementation of PFRS* (paragraphs 60 to 65) *effective January 1, 2024*

Q2 2024 vs Q2 2023 Consolidated Highlights

- The DMCI Group reported a consolidated net income of Php 5.54 billion, a 32-percent decline from Php 8.11 billion, largely due to weaker contributions from its integrated energy and real estate subsidiaries, along with a net loss of Php 43 million from its nickel mining company. Improved performances from its water utility, off-grid power generation and construction businesses partially offset the downturn.

  As a result, earnings per share decreased from Php 0.61 to Php 0.42.

  Excluding non-recurring items, core net income declined by 32%, falling to Php 5.53 billion from Php 8.12 billion.

  Quarter-over-quarter, consolidated earnings remained stable, with a slight decrease of 1% from Php 5.60 billion. Compared to the pre-pandemic level of Php 3.74 billion in Q2 2019, the group's bottom line was 48% higher.

- Core EBITDA dropped by 33%, from Php 15.04 billion to Php 10.03 billion, due to a lower topline and a slower decline in total cash costs. Consequently, core EBITDA margin narrowed from 41% to 36%.

- Total revenues declined by 24%, from Php 36.96 billion to Php 28.09 billion, because of softer commodity and electricity prices, reduced construction accomplishments, increased reversals from real estate sales cancellations, and fewer ongoing and new real estate accounts qualifying for recognition. Increased sales volume of coal and electricity (both on-grid and off-grid) partially mitigated the impact of the weaker non-utilities markets.

  Total cash costs decreased by 18%, from Php 21.92 billion to Php 18.06 billion, on the combined effects of a lower government share, increased total coal production costs, lower fuel costs (on-grid and off-grid), reduced construction accomplishments (in construction and real estate), and higher shiploading costs (nickel).

  The government's share dropped by 48%, from Php 3.32 billion to Php 1.73 billion, primarily due to lower coal revenues and increased total production costs.
  Equity in net earnings rose by 57%, from Php 482 million to Php 759 million, mainly driven by improved results from Maynilad.

- Other income (net) slid by 3%, from Php 889 million to Php 865 billion, owing to the absence of net foreign exchange gain and lower income from fly ash sales under SMPC. Last year, SMPC recognized Php 165 million in net forex gain, which shifted to a net forex loss of Php 61 million this year.

  This impact was mitigated by higher forfeitures and rental income from DMCI Homes, which increased by 36%, from Php 592 million to Php 808 million.

- Depreciation and amortization decreased by 10% from Php 1.27 billion to Php 2.05 billion, mostly owing to lower SMPC direct costs following increased quarterly production, less nickel shipments and impact of fully depreciated assets.

- Net finance costs (net of finance income) decreased by 21%, from Php 214 million to Php 169 million, due to a lower contribution from SMPC and higher finance costs for DMCI Power. This decrease was cushioned by increased finance income from DMCI's cash placements and DMCI Homes' in-house financing activities.

  Starting in 2024, DMCI Homes has implemented changes in line with PFRS 15 (paragraphs 60 to 65) concerning the treatment of financing costs. Previously, finance costs associated with accounts pending recognition were capitalized. Under the new treatment, these finance costs are now expensed directly in the income statement. The 2023 figures (both consolidated and standalone) in this discussion have been restated to facilitate a direct comparison of the operating and financial results.

- Income tax provision slid by 9%, from Php 1.40 billion to Php 1.28 billion, on lower taxable income for DMCI Homes and DMCI Mining, partially offset by higher tax provisions in SMPC's power segment.

- 2024 nonrecurring items pertain to a Php 2 million forex gain by Maynilad, while nonrecurring items for 2023 comprised Maynilad donations and miscellaneous expenses totaling Php 13 million.

- SMPC, DMCI Homes and Maynilad contributed for 88% of core net income.

H1 2024 vs H1 2023 Consolidated Highlights

- Reported net income declined by 29%, from Php 15.62 billion to Php 11.14 billion, primarily due to reduced contributions from the on-grid power generation, real estate and construction businesses, as well as a Php 65 million net loss in the nickel mining business. However, stronger contributions from the water utility and off-grid power generation segments partially mitigated these impacts.

  Consequently, earnings per share decreased from Php 1.18 to Php 0.84, translating to a 10% return on common equity over the six-month period.

  Consolidated net income was 72% higher than the pre-pandemic level of Php 6.48 billion (H1 2019).

- Total revenues declined by 21%, from Php 69.99 billion to Php 55.52 billion, primarily due to anemic coal, nickel and power prices, lower construction accomplishments and reduced recognitions from real estate accounts. Record-high coal shipments and increased electricity sales volume (on-grid and off-grid) helped mitigate the decline.

- Total cash costs declined by 12%, a slower pace than the topline, decreasing from Php 40.85 billion to Php 35.87 billion. This reduction was driven by lower construction accomplishments and government share, combined with higher shipments of coal and nickel, increased coal production and materials handling costs, higher nickel shiploading expenses and elevated operating expenses. Improved coal blending and lower generation fuel costs (both on-grid and off-grid) helped temper the impact of higher cash cost of sales.

  Operating expenses increased by 8%, from Php 4.23 billion to Php 4.55 billion, primarily due to higher personnel costs, taxes and licenses (real estate and on-grid power), sales and marketing expenses (real estate), insurance and maintenance costs (on-grid power), and expenses for environmental and social development programs (DMCI Mining).

  Consequently, the core EBITDA margin narrowed but remained at a healthy level, declining from 42% to 35%.

- Depreciation and amortization saw a 3-percent uptick from Php 4.15 billion to Php 4.26 billion on higher coal shipments, recent acquisition of new mining equipment, increased amortization of the capitalized stripping asset for Narra mine (SMPC) and commercial operations of a 15MW thermal plant in Palawan (DMCI Power).

- Net finance costs nearly halved (-49%), from Php 508 million to Php 260 million, following a reduction in total debt payable from Php 51.46 billion (end-H1 2023) to Php 46.64 billion. Total debt payable declined due to the simultaneous debt pare-down of SMPC, DMCI

Homes, DMCI and DMCI Power, boosted by higher finance income from DMCI Homes' in-house financing.

Net income margin decreased to 30% from 34% last year, influenced by a 40-percent increase in equity in net earnings, primarily from Maynilad, which rose from Php 1.02 billion to Php 1.42 billion.

- 2024 nonrecurring items pertain to a gain from the sale of land by DMCI Homes (Php 195 million) and forex gain (Php 3 million) by Maynilad. 2023 nonrecurring items pertain to Maynilad donations and miscellaneous expenses (Php 17 million).

- SMPC, DMCI Homes and Maynilad accounted for 91% of core net income.

- As of June 30, 2024, the Group reported a stronger financial position compared to December 31, 2023:

    - Current and quick ratios improved to 298% and 105%, respectively, up from 277% and 99%, despite Php 9.56 billion in cash dividend payments last April.

    - Total debt decreased by 6%, from Php 49.47 billion to Php 46.64 billion, primarily due to regular loan amortizations by SMPC (Php 2.13 billion), DMCI Homes (Php 980 million) and DMCI Power (Php 71 million). Meanwhile, DMCI Mining secured an additional Php 300 million in long-term debt to fund the development of new mines.

    - The group's net debt to equity ratio slightly improved to 12.3%, down from 12.6%, as net debt declined by 2%, from Php 17.31 billion to Php 16.94 billion.

    - On April 4, the Board of Directors declared regular (Php 0.46/share) and special (Php 0.26/share) dividends, totaling Php 0.72/share or Php 9.56 billion in dividend payout. This translated to a cash dividend yield of 6.5% over the Q1 2024 volume weighted average price of Php 11.0308. The said dividends were paid out on May 3, 2024.

Q2 2024 vs Q2 2023 Subsidiaries and Associate Performance

I. Semirara Mining and Power Corporation (SMPC)

Net income contribution from the integrated energy business declined by 41% to Php 3.42 billion, from Php 5.77 billion last year, owing to normalizing energy markets. Higher coal and electricity sales volume cushioned the impact of softer selling prices.

At the standalone level, SMPC's reported net income decreased by 41%, from Php 10.19 billion to Php 6.05 billion. Core EBITDA dropped by 32%, from Php 12.41 billion to Php 8.43 billion, resulting in a reduction of the core EBITDA margin from 52% to 46%.

This decline was primarily driven by a weaker topline and increased cash costs, due to the combined effects of higher sales volumes, lower coal production costs, fuel costs, and replacement power purchases.

Additionally, the net income margin narrowed from 43% to 33% due to higher tax provisions and reduced other and net finance income, although this was partially cushioned by lower depreciation and amortization. No nonrecurring items were recorded during the period.

To further explain the company's results, below is a discussion of the financial and operating performance of its coal and power segments:

Coal

Standalone revenues decreased by 32%, from Php 18.82 billion to Php 12.81 billion, due to weaker selling prices, cushioned by higher sales volume. Meanwhile, core EBITDA decreased by 45%, from Php 8.93 billion to Php 4.90 billion, due to a slower decline in cash costs (-6%).

Reported net income posted a sharper decline (-53%), from Php 7.94 billion to Php 3.73 billion, largely the result of lower revenues, a slight reduction in direct costs (cash component of COS) and higher operating expenses.

Net of intercompany eliminations, net income decreased by 54%, from Php 6.89 billion to Php 3.14 billion. The power segment's efficient coal blending and reduced gross margin, driven by lower selling prices, led to a 43% decrease in eliminating entries, from Php 1.05 billion to Php 593 million.

Eliminating entries represent gross margins from intercompany transactions between the coal and power segments.

To further explain the segment's results:

- **Uptick in sales volume.** Total coal shipments rose by 2% from 4.5 million metric tons (MMT) to 4.6 MMT on stronger domestic demand.

  Domestic shipments accelerated by 16%, from 1.9 MMT to 2.2 MMT, largely due to higher internal consumption. Sales to own plants grew by 25%, from 0.8 MMT to 1.0 MMT, driven by improved average capacity and generation.

  External domestic sales increased by 7%, from 1.1 MMT to 1.2 MMT, boosted by sales to cement and industrial plants.

  Foreign shipments decreased by 8%, from 2.6 MMT to 2.4 MMT, mostly due to a 90% drop in deliveries to South Korea, from 1.0 MMT to 0.1 MMT, caused by high sulfur content in some commercial-grade coal. This decline was partially offset by a 64% increase in shipments to China, which rose from 1.4 MMT to 2.3 MMT.

  China accounted for 95% of total export sales, followed by South Korea (3%) and Brunei (2%).

  Year-to-date, total shipments reached 9.4 MMT, the highest ever for the first half (H1) period. This represents an 18% jump from 8.0 MMT last year, fueled by stronger exports and increased domestic demand.

- **Stabilizing prices.** The average selling price (ASP) of Semirara coal dropped by 33%, from Php 4,151 per metric ton (MT) to Php 2,780 per MT, due to stabilizing market indices and growing demand for non-commercial grade coal.

Market indices have converged due to the stabilization of global supply chains. Both the average Newcastle Index (NEWC) and Indonesian Coal Index 4 (ICI4) decreased by 16%.

Average NEWC declined from US$160.7 to US$135.6, while ICI4 dropped from US$65.1 to US$55.0. Quarter-over-quarter, NEWC rose by 8% from US$125.8, while ICI4 fell by 4% from US$57.2.

The ASP decline is largely due to a 167% increase in shipments of lower-priced non-commercial grade coal, which rose from 0.6 MMT to 1.6 MMT. This coal variant accounted for 13% of total quarterly sales volume in 2023 versus 35% in 2024.

Demand for non-commercial grade coal increased due to efficient coal blending in the power segment, along with robust demand from several Chinese power plants.

- **Slim but strong margins.** Core EBITDA margin decreased from 47% to 38%, and the standalone net income margin declined from 42% to 29%, primarily due to a weaker topline, increased operating expenses and net foreign exchange losses.

  Total cash costs decreased by 20%, from Php 9.89 billion to Php 7.91 billion, a slower rate than the 32% decline in topline revenue. This was due to a combination of a slight reduction in the cash component of the cost of sales (COS), higher operating expenses, and a reduced government share.

  The cash component of COS declined by 6%, from Php 6.45 billion to Php 6.04 billion, mainly due to increased coal production and higher coal production cost per MT in Q2 2023.

  Operating expenses increased by 17%, from P125 million to Php 146 million, driven by ICT-related expenses and office renovation costs. Meanwhile, government share dropped by 48%, from Php 3.32 billion to Php 1.73 billion, due to a weaker topline and increased total coal production costs.

- **Lower noncash costs.** Depreciation and amortization expenses contracted by 12%, from Php 1.26 billion to Php 1.11 billion, due to lower production cost on a per unit basis.

- **Net foreign exchange (forex) loss.** Net forex loss stood at Php 74 million, from Php 165 million net forex gain last year, due to lower export sales and higher import payments for refleeting activities.

- **Reduced net finance income.** Net finance income declined by 37%, from Php 139 million to Php 87 million, due to lower cash balances following dividend payments and reduced loans payable.

The coal segment also reported the following highlights:

- **Strong production recovery.** Coal production surged by 73%, from 3.0 MMT to 5.2 MMT, primarily due to lower rainfall levels (640.7 mm compared to 817.6 mm in 2023) and the near depletion of Molave mine last year, which created a low base effect.

For 2024, full-year strip ratio is expected to fall by 5%, from 13.2 to 12.3, as operations will only be in Narra mine.

From January to June, total production reached 10.2 MMT, 12% higher than the 9.1 MMT produced last year and the highest ever for this period.

- **Lower inventory.** Total coal inventory stood at 2.4 MMT, a 14% decline from 2.8 MMT last year. Meanwhile, commercial grade coal contracted by 25% from 1.6 MMT to 1.2 MMT.

  Amid record-setting first half production and sales, ending coal inventory decreased by 14%, from 2.8 MMT to 2.4 MMT. Of this, 1.2 MMT are commercial-grade coal, 24% lower than last year's 1.6 MMT.

Power

Standalone revenues from the power segment remained largely unchanged, increasing by 1% from Php 6.82 billion to Php 6.86 billion, as lower ASP offset improved generation and sales.

Total cash costs decreased by 3%, from Php 3.28 billion to Php 3.19 billion, due to lower generation costs and replacement power purchase, although this was tempered by higher operating expenses from increased taxes, insurance and maintenance costs.

As a result, core EBITDA margin slightly increased from 52% to 53%, while the standalone net income margin improved from 32% to 34%. This improvement was mainly due to the following:

In Php Millions	**2024**	**2023**	**Change**
Depreciation and Amortization	714	708	1%
Other Income	101	117	-14%
Net Finance Income	18	(28)	164%
Tax Expense Provisions	773	740	4%

Net of intercompany eliminations, reported net income decreased by 11%, from Php 3.28 billion to Php 2.91 billion, due to lower eliminating entries resulting from efficient coal blending, reduced fuel costs and narrower coal segment margins. No nonrecurring items were recorded during either period.

The segment's financial results are attributable to the following:

- **Higher average capacity.** Total average capacity during running days increased by 17%, from 685 MW to 801 MW, due to the restoration of SCPC Unit 2's dependable capacity to 300 MW on May 27, along with reduced deration in SLPGC plants.

- **Uptick in plant availability.** Overall plant availability slightly improved from 80% to 81% on fewer outage days (69 days vs 74 days).

  SCPC plant availability deteriorated from 84% to 71%, largely due to the commencement of Unit 2's 77-day planned maintenance activities on March 6. This led to an increase in SCPC's total outage days from 29 to 53.

Meanwhile, SLPGC plant availability dramatically improved from 75% to 91%, as outage days dropped from 45 to 16.

- **Better generation and sales.** The double-digit improvement in average capacity and the increase in average plant availability led to a 12% rise in gross generation, from 1,212 GWh to 1,352 GWh, largely driven by SLPGC.

  Correspondingly, total power sales expanded by 12%, from 1,097 GWh to 1,228 GWh. While majority (59%) of total power sales were directed to the spot market, bulk (94%) of the growth (131 GWh) came from BCQ sales due to higher contracted capacity.

- **Growth in BCQ sales.** Sales to the spot market rose by 1%, from 720 GWh to 728 GWh, as the segment secured more bilateral contracts (BCQ) for additional average capacity.

  Net of variable station service, initial exposure to the spot market declined by 12%, from 471.90 MW at the end of March 2023 to 413.1 MW at the end of March 2024.

  Conversely, BCQ sales jumped by 33%, from 377 GWh to 500 GWh, due to higher contracted capacity. The initial contracted capacity expanded by 26%, from 188.70 MW at the end of March 2023 to 238.2 MW at the end of March 2024.

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

- **Stabilizing prices.** Overall ASP decreased by 10%, from Php 6.22/kWh to Php 5.58/kWh, primarily due to a 12% decline in spot market ASP, which fell from Php 7.11/kWh to Php 6.25/kWh, and generally lower fuel costs for baseload plants.

  However, the higher BCQ ASP and increased proportion of BCQ sales (rising from 34% to 41%) provided some relief. The BCQ ASP increased by 2%, from Php 4.52/kWh to Php 4.62/kWh, following the negotiation of new contracts with more favorable terms over the past twelve months.

- **More contracted and dependable capacity.** As of June 30, 2024, over a third (33% or 274.4 MW) of total dependable capacity (840 MW) has been contracted, with approximately 9% of this contracted capacity including a fuel pass-through provision.

  Quarter-over-quarter, dependable capacity increased by 18%, from 710 MW to 840 MW, following the synchronization of SCPC Unit 2 after a 77-day planned maintenance, restoring its dependable capacity to 300 MW from 170 MW.

  Majority (62%) of the total contracted capacity is under SCPC, aligning with Management's guidance to contract approximately half of the dependable capacity. Additionally, 84% of the contracted capacity is set to expire within the year, with the remainder expiring from 2030 onwards.

  Excluding station service requirements (84 MW), which vary periodically, the segment has 481.60 MW available for spot sales.

- **Minimal spot purchases.** Total spot purchases plunged by 72%, from Php 47 million to Php 13 million, due to increased plant availability, average capacity and strategic contracting of capacity.

  The power segment was a net seller to the spot market by 726 GWh (vs 715 GWh in Q2 2023).

II. DMCI Project Developers Inc. (DMCI Homes)

Starting in 2024, DMCI Homes has implemented changes in line with PFRS 15 (paragraphs 60 to 65) concerning the treatment of financing costs. Previously, finance costs associated with accounts pending recognition were capitalized. Under the new treatment, these finance costs are now expensed directly in the income statement. The 2023 figures (both consolidated and standalone) in this discussion have been restated to facilitate a direct comparison of the operating and financial results.

The real estate business reported Php 737 million in net income contribution, down by 41% from Php 1.26 billion last year. This decline was largely attributed to lower real estate revenues and higher operating expenses, which were partially offset by increased contributions from construction revenues from joint venture projects, rentals and forfeitures.

At the standalone level, the company's net income declined by 38%, from Php 1.28 billion to Php 791 million, with the net income margin slightly increasing from 22% to 23%.

Meanwhile, core EBITDA contracted by 54%, falling from Php 1.49 billion to Php 681 million, resulting in a reduced EBITDA margin from 25% to 20%. No nonrecurring items were recorded during the period.

The following provides additional details on the financial performance of DMCI Homes:

- **Weaker revenues.** Total revenues declined by 41%, from Php 5.89 billion to Php 3.46 billion, owing to a significant drop in real estate revenue, which was partially offset by increased contract revenues from joint venture projects and steady contributions from property management, hotel operations and elevator maintenance.

  <u>Real estate revenues</u> decreased by 44%, from Php 5.73 billion to Php 3.19 billion. This decline resulted from lower recognition of ongoing projects, fewer new projects qualifying for revenue recognition, and increased reversals because of sales cancellations. These factors were primarily attributable to slower sales and a surge in cancellations during the pandemic (2020-2021), along with lower construction output following the completion of several projects.

  To further explain, revenues from ongoing projects (net of cancellations) fell to 50% of total revenues, compared to 64% last year. Newly recognized projects grew to 78% of total revenues (versus 48% last year), largely due to the overall decrease in total revenues.

  Reversals from sales cancellations increased by 40%, from Php 881 million to Php 1.24 billion, as more projects reached turnover stage this year. This reflects the reversal of previously recognized revenue, attributable to cancellations that occurred after units were

ready for delivery. These cancellations were mainly the result of changes in the buyers' financial circumstances and challenges in securing financing.

As a background, real estate revenues are recognized based on construction progress, provided the customer account meets the collection threshold. DMCI Homes has a 14.5% collection threshold (higher than the industry standard of 10%), which typically takes 4 to 5 years before revenue recognition begins. Additionally, extended down payment schemes resulted in fewer new projects qualifying for revenue recognition.

The top revenue contributors from ongoing projects include Allegra Garden Place (2019), Alder Residences (2020), Aston Residences (2018), Kai Garden Residences (2017) and Satori Residences (2018).

Newly recognized projects contributing the most revenue were Allegra Garden Place (2019), Alder Residences (2020), Satori Residences (2018), Kai Garden Residences (2017), and Cameron Residences (2019).

Contract revenues from joint venture projects more than doubled (162%), from Php 68 million to Php 178 million, on the back of increased construction progress.

Revenues from property management, hotel operations, and elevator maintenance remained at Php 92 million for both periods.

- **Thinner core EBITDA margins.** Core EBITDA declined by 54%, from Php 1.49 billion to Php 681 million, on topline weakness. This resulted in a narrower EBITDA margin, which contracted from 25% to 20%.

  Total cash costs decreased at a slower rate than revenue (37% vs. 41%), falling from Php 4.40 billion to Php 2.78 billion. The slower decline was due to a 20% increase in operating expenses, from Php 589 million to Php 709 million, because of higher business permit payments and personnel costs.

  Cost of sales (COS) decreased by 46%, from Php 3.81 billion to Php 2.07 billion, reflecting a decline in construction activity and fewer projects reaching the threshold for revenue recognition.

- **Better net margins.** Partially offsetting the weakness in EBITDA margin, net income margin slightly expanded from 22% to 23%, mostly the result of higher other income.

  Other income surged by 36%, from Php 592 million to Php 808 million, driven by income from forfeitures and rentals (mostly from the rent-to-own program).

  Net finance costs (net of finance income) decreased by 3%, from Php 327 million to Php 318 million, because of higher interest earnings from in-house financing and lower debt payable.

  Meanwhile, the provision for income taxes dropped by 21%, from Php 431 million to Php 342 million, owing to lower taxable income and the expensing of financing costs (in accordance with IFRS 15).

DMCI Homes also reported the following operational highlights:

- **Higher sales and reservations.** Total units sold (including residential units and parking slots) increased by 33%, from 1,289 to 1,718, owing to strong sales take-up of residential units in Moncello Crest (2024), Solmera Coast (2023) and The Valeron Tower (2024), as well as low-base effect given the absence of project launches during the same period last year.

  Sales of residential units expanded by 77%, from 711 to 1,260. In contrast, sales of parking units declined by 21%, from 578 to 458, largely due to the unavailability of parking slots in the Moncello Crest and Solmera Coast projects.

  The top projects with the most units sold during the period were Moncello Crest (MCC), The Oriana (ORI), The Valeron Tower (VAL), Solmera Coast (SLC) and Allegra Garden Place (2019). As of the end of June, 94% of the total launched units in SLC had already been sold.

- **Better selling prices**. Average selling price (ASP) per unit grew by 8%, from Php 6.92 million to Php 7.45 million, driven by strong sales take-up in SLC, VAL and ORI, which are being sold at higher prices. Additionally, ASP per square meter soared by 20%, from Php 130,000 to Php 156,000.

  This significant increase was due to the top projects being offered in different product formats and prime locations, including a mountain resort condotel in Benguet (MCC), beachfront condotel in San Juan, Batangas (SLC), a prime location in Pasig (VAL), and a transit-oriented development in Quezon City (ORI).

- **Sales value surge.** Total sales value rallied by 82%, from Php 5.37 billion to Php 9.76 billion, on combined effect of higher ASP and units sold.

- **Rising cancellations amid project turnovers.** Sales cancellations for residential units awaiting revenue recognition (those below the 14.5% threshold) increased to 21%, up slightly from 20% last year.

  Quarter-over-quarter, sales cancellations rose significantly from 13% to 21%, mainly due to less residential units sold in the previous quarters. Year-on-year, Q2 cancellation rate was roughly the same.

2023				2024	
Q1	Q2	Q3	Q4	Q1	Q2
11%	20%	11%	13%	13%	21%

  From January to June, units from seven projects were delivered to customers with full down payment, compared to five projects last year.

- **Increased unbooked revenues.** Unbooked revenues swelled by 18%, from Php 67.80 billion to Php 80.20 billion, on the back of robust sales over the past year. Trailing 12-months (Q3 2023 to Q2 2024) sales value reached Php 40.53 billion, higher by 17% year-on-year from Php 34.77 (Q3 2022 to Q2 2023).

Unbooked revenues, while still below pre-pandemic levels, reached their highest point since 2020.

- **Higher inventory.** Total inventory expanded by 20%, from Php 64.20 billion to Php 77.00 billion, buoyed by double-digit growths in pre-selling and ready-for-occupancy (RFO) units. Bulk (74%) of total inventory were pre-selling units, which include residential and parking.

  Pre-selling inventory surged by 22%, from Php 46.90 billion to Php 57.00 billion, following the launch of Mulberry Place 2, The Valeron Tower and Moncello Crest. Solmera Coast and Anissa Heights are nearing sellout, with only 6% and 3% of units remaining, respectively.

  RFO inventory grew by 16%, from Php 17.30 billion to Php 20.00 billion, with the completion of Alder Residences, The Atherton, Satori Residences, The Orabella, Fairlane Residences, Prisma Residences and Kai Garden.

- **Ample land bank.** Total land bank decreased by 13%, from 221.0 hectares to 192.1 hectares, over the past twelve months following the launch of Solmera Coast in Luzon, the transfer of a 4-hectare property for development in Luzon, the sale of undeveloped land in Metro Manila, and minor land acquisitions in Visayas.

  Metro Manila currently accounts for the majority of the land bank (58%), followed by Luzon (37%), Visayas (3%), and Mindanao (2%).

- **Lower CAPEX.** Quarterly capital expenditure (CAPEX) decreased by 6%, from Php 3.66 billion to Php 3.43 billion, on account of timing differences.

  For the first half of the year, CAPEX dipped by 2% to Php 7.71 billion, compared to Php 7.90 billion in the previous year. Majority (52%) of the full-year 2024 CAPEX budget (Php 16.11 billion) is projected to be spent in the second half of the year.

- **Healthy financial position.** Compared to December 2023, net debt improved by 9%, decreasing from Php 33.02 billion to Php 30.03 billion. This improvement is primarily attributed to a 46% increase in total cash (from Php 4.36 billion to Php 6.34 billion) following increased project turnovers (from seven to 5 projects) and a 3% reduction in loans payable on regular amortization and maturity of Php 1.3 billion corporate notes (from Php 37.37 billion to Php 36.39 billion).

  While improved operating cash flow contributed to this decrease, the impact was partially offset by cash investments in DMCI MC Property Ventures (Php 1.64 billion), capital expenditures (Php 7.59 billion), and dividend payments to the parent company (Php 500 million).

  As a result, the net debt-to-equity ratio improved from 1.15x to 1.03x. The interest coverage ratio, although slightly lower than before, remains healthy at 2.88x (compared to 4.24x previously).

III. Maynilad Water Services, Inc. (Maynilad)

Reported net income contribution from associate Maynilad surged by 59%, from Php 462 million to Php 735 million, on the back of increased billed volume, higher average effective tariff and slower growth in cash, noncash and finance costs.

Excluding nonrecurring items, core net income contribution swelled by 54%, from Php 474 million to Php 732 million. 2024 nonrecurring item pertains to net foreign exchange gain (Php 2 million), while 2023 nonrecurring loss (Php 13 million) was largely due to donations, net forex loss and other miscellaneous losses.

At the standalone level, reported net income jumped by 36%, from Php 2.18 billion to Php 2.96 billion. Excluding nonrecurring items, core net income expanded by 32%, from Php 2.23 billion to Php 2.95 billion.

To further explain the quarterly performance of Maynilad:

- **Higher revenues.** Total revenues increased by 19%, from Php 7.09 billion to Php. 8.41 billion, fueled by higher billed volume, adjusted tariffs, and re-opening fees for previously disconnected services.

- **Slower growth in costs.** Total cash costs increased by 10%, from Php 2.55 billion to Php 2.82 billion, due to higher expenses for light, power, chemicals and personnel, partially offset by reduced cross-border water purchases.

  Total noncash costs grew by 15% from Php 754 million to Php 864 million on the combined effect of additional capex projects completed during the year and increased amortization of the concession asset.

  Other income reversed from a Php150 million expense to a Php 5 million income, primarily attributable to the reversal of provisions in 2023 and the recovery of written-off accounts in 2024.

- **Improved margins.** Core EBITDA increased by 29% to Php 5.62 billion, driven by higher revenues and slower growth in cash costs. This resulted in improved EBITDA margins of 67% (up from 61%) and net income margins of 35% (up from 31%).

- **Lower finance costs.** Net finance cost (net of finance income) fell by 17%, from Php 643 million to Php 536 million, primarily due to the capitalization of finance costs amid increased capital expenditures and a 13% growth in loans payable from Php 61.80 billion (as of December 2023) to Php 70.07 billion.

- **Higher income tax provisions.** Higher taxable income resulted to a 75-percent surge in income tax provisions, from Php 724 million to Php 1.27 billion.

- **Increased billed volume.** Billed volume grew by 3%, from 137.5 million cubic meters (MCM) to 141.9 MCM, exceeding the pre-pandemic level of 139.2 MCM (Q2 2019) by 2%.

Higher demand from non-domestic customers and additional water service connections (+14,877) accounted for the growth.

In line with billed volume growth, consumption per connection increased by 3% from 0.96 cubic meter per day (cu.m.) to 0.99 cu.m.

- **Better customer mix.** Customer mix shifted slightly more towards non-domestic users, with their billed volume increasing from 18.2% to 18.3%. Conversely, the share of billed volume from domestic customers decreased from 81.8% to 81.7%.

- **Adjusted tariff.** Average effective tariff improved by 21%, from Php 48.55 to Php 58.55, following the staggered implementation (second tranche) of the Metropolitan Waterworks and Sewerage System (MWSS) – approved basic rate adjustment effective January 1, 2024.

The company also reported the following highlights:

- **Dip in water production.** Total water production decreased by 1%, from 194.8 million cubic meters (MCM) to 193.0 MCM, due to lower raw water supply from Angat Dam and reduced cross-border purchases.

  Operating the 150 MLD Poblacion Treatment Plant at full capacity, along with other aggressive water augmentation initiatives (i.e., increased extraction from deep wells and activation of Anabu and Laguna Lake Nanostone modular plants), helped mitigate the impact of the reduced raw water and cross-border supply.

- **Reduced water losses.** Average non-revenue water (NRW) improved by 10%, from 29.4% to 26.5%. Meanwhile, end-of-period NRW is likewise better by 14%, from 30.2% to 26.5%.

  The declines were largely due to increased water demand, reduced water production and the company's ongoing NRW-reduction initiatives.

- **Expanding coverage and availability.** Water service connections (WSCs) increased by 1%, from 1,528,269 to 1,542,045, driven by rising demand and population growth. Meanwhile, 24-hour water availability improved from 94.7% to 95.3%, due to reduced water losses.

  Water service coverage remained steady at 94.7% for both periods, while served population grew by 1%, from 10.3 million to 10.4 million.

  Sewer service coverage continued to expand, accelerating from 25.7% to 31.0%, marking an all-time high for the company. This rapid expansion is highlighted by a 22% increase in the served population, from 2.6 million to 3.2 million, as a result of the company's ongoing aggressive infrastructure investments.

IV. DMCI Power Corporation (DMCI Power)

Net income contribution from the off-grid energy business soared to Php 355 million, marking the highest for any given quarter, and representing a 54% increase from Php 231 million last year. The impressive growth is mainly attributable to double-digit increases in power dispatch and lower direct costs as some plants operated on more affordable fuel.

At the standalone level, net income rose by 54%, from Php 231 million to Php 354 million. Core EBITDA increased by 41%, from Php 385 million to Php 541 million, with margins improving from 19% to 25%. No nonrecurring items were recorded for either period.

The following details provide further explanation of DMCI Power's results:

- **Higher Revenues.** Total revenues increased by 5%, from Php 2.06 billion to Php 2.16 billion, because of higher generation and sales volume amid declining selling prices.

- **Increased Generation.** Overall gross generation increased by 13%, rising from 132.0 GWh to 149.7 GWh, driven by double-digit growth across all service areas.

  Palawan recorded the highest growth with an 18% increase, from 55.3 GWh to 65.3 GWh, while Masbate posted a 10% upturn, from 46.0 GWh to 50.8 GWh. Oriental Mindoro also improved by 10%, increasing from 30.6 GWh to 33.6 GWh.

- **More Sales.** Total energy sales volume increased by 10%, from 126.3 GWh to 138.8 GWh, on strong organic growth in all service areas, together with the execution of emergency power supply agreements (EPSAs) in Palawan and Oriental Mindoro. EPSAs accounted for 13% of total sales.

  Palawan remained the top market, accounting for 43% of total sales, followed by Masbate (34%) and Oriental Mindoro (23%).

  Sales in Masbate grew the fastest, increasing by 12% from 41.4 GWh to 46.6 GWh. Sales in Palawan rose by 8%, from 55.3 GWh to 59.8 GWh, and sales in Oriental Mindoro surged by 10%, from 29.5 GWh to 32.4 GWh, boosted by EPSA sales.

  In terms of fuel type, coal plants generated 41% of the total dispatch, while diesel and bunker fuels each accounted for 29%.

- **Stabilizing selling prices.** Average selling prices (ASP) decreased by 5%, from Php 16.3/KWh to Php 15.5/KWh, primarily due to lower fuel costs in the thermal plants. The activation of the 15MW Palawan thermal plant on August 15, which charges a lower tariff, also contributed to the ASP decline.

  Coal expenses dropped by 44%, from Php 8.4 per kg to Php 4.7 per kg, while diesel costs remained relatively stable, decreasing slightly by 1% from Php 53.6 to Php 53.3 per liter. In contrast, bunker costs increased by 12%, from Php 44.4 to Php 49.8 per liter, due to geopolitical tensions in the Red Sea.

- **Lower cash costs.** Despite increased energy sales, total cash costs decreased by 4%, from Php 1.68 billion to Php 1.60 billion, due to lower fuel costs as power sales predominantly came from thermal plants.

  Sales from thermal plants expanded by 2.5x, from 22.5 GWh to 57.4 GWh. Meanwhile, sales from diesel and bunker plants contracted by 27% and 16%, respectively, with diesel sales

decreasing from 55.5 GWh to 40.7 GWh and bunker sales declining from 48.3 GWh to 40.7 GWh.

- **Increased noncash items and finance costs.** Depreciation and amortization soared by 34%, from Php 84 million to Php 112 million, because of the August 15 activation of the 15MW Palawan thermal plant.

  Net finance costs (net of finance income) increased 2.3x, from Php 23 million to Php 53 million. This growth was driven by higher average finance cost (interest rate), which rose from 7.03% to 7.29%. However, this increase was partially offset by a reduction in loans payable, which decreased from Php 5.10 billion in June 2023 to Php 4.60 billion in June 2024.

- **Reduced tax provision.** Provision for income taxes more than halved (-55%) from Php 48 million to Php 21 million with the application of income tax holidays (ITH) for the Masbate thermal and hybrid diesel plants and the Palawan 15MW thermal plant.

  The ITH for the Masbate thermal plant will expire in September 2024 while the 8MW hybrid diesel plant's six-year ITH will last until January 2029. Meanwhile, the Palawan thermal plant has a four-year ITH that will expire in July 2027.

The company also reported the following highlights:

- **Flattish installed capacity.** Total installed capacity remained at 159.8 MW at the end of both periods. The 15 MW thermal plant in Palawan synchronized with the Palawan grid on June 26, 2023, and began supplying reliable electricity to the local community on August 15, 2023.

- **Reduced market share.** Palawan market share decreased from 55.1% to 52.0% due to constrained diesel plant operations. Similarly, Oriental Mindoro's market share narrowed from 27.2% to 23.8% due to higher availability of renewable and conventional plants in the area. The company continues to be the sole power provider in Masbate.

  Despite the reduced market shares, power sales increased across all areas due to overall growing demand.

- **Healthier financial position.** Net debt-to-equity ratio improved from 105% at the end of December 2023 to 90% at the end of June 2024, owing to lower total debt and a higher equity book value. Loans payable decreased slightly (-2%), from Php 4.67 billion to Php 4.60 billion, while cash levels remained relatively stable, rising by 1% from Php 214 million to Php 216 million.

  Total equity book value expanded by 14%, from Php 4.26 billion to Php 4.86 billion, due to growth in retained earnings following strong operating and financial performance.

- **Minimal capital expenditures.** Capital investments contracted by 12%, from Php 431 million to Php 381 million, as bulk of the expenditures for the Semirara wind project and expansionary plants in Palawan and Masbate, were deferred to the second semester.

Second quarter capex were mostly (60%) used for plaint maintenance activities, while the rest were spent on the Palawan bunker and Semirara wind plants.

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

Net income contribution from the construction business surged by 73%, from Php 139 million to Php 240 million, primarily due to lower cash and noncash costs, reduced tax provisions, and higher finance income.

At the standalone level, reported net income grew by 25%, from Php 216 million to Php 269 million, while core EBITDA decreased by 11%, from Php 439 million to Php 392 million.

Excluding nonrecurring items, core net income increased by 34%, from Php 201 million to Php 269 million. No nonrecurring items were recorded in 2024, while the company recognized a Php 15 million gain from equipment sales in 2023.

To provide a more detailed explanation of DMCI's results:

- **Lower topline.** Total revenues receded by 14%, from Php 4.21 billion to Php 3.62 billion, as project delays and fewer ongoing projects reduced construction activity.

  Majority (65%) of the revenues came from the Building unit, followed by Joint Ventures (JV) and billables (19%), the Infrastructure unit (9%), and Allied services (6%).

  Contribution from the Building unit, which includes buildings, energy, plant, and utilities projects, declined by 6%, from Php 2.51 billion to Php 2.35 billion, due to lower construction accomplishments amid project delays.

  Meanwhile, the Infrastructure unit's contribution fell by 54%, from Php 747 million to Php 343 million, due to fewer ongoing projects and the completion of key projects.

  Revenues from JV and billables advanced by 37%, from Php 509 million to Php 699 million, on account of higher recognitions from the North South Commuter Railway Project Contract Package 01 (with Taisei Corporation) and the commencement of recognitions from the Metro Manila Subway Project Contract Package 102 (with Nishimatsu Construction) and the South Commuter Railway Project Contract Package S02 (with Acciona Construction Philippines). Both JV projects were consolidated into the company's financial statements effective Q2 2023 and Q4 2023, respectively.

  Revenues from Allied Services decreased by 50%, from Php 447 million to Php 225 million, on fewer ongoing third-party projects.

- **Better margins.** Total cash costs declined by 15%, from Php 3.77 billion to Php 3.22 billion, due to the slowdown in construction activity and reduced operating expenses.

  The cash component of the cost of sales (COS) fell by 14%, from Php 3.64 billion to Php 3.12 billion, while operating expenses decreased by 17%, from Php 127 million to Php 105 million, mainly the result of lower repairs and maintenance and earlier payment of software subscriptions in Q1 2024

Noncash items dropped by 18%, from Php 170 million to Php 139 million, on reduced capital spending following fewer project requirements. Meanwhile, other income grew thirteenfold, from Php 3 million to Php 40 million, driven by increased management fees.

Net finance cost shifted from Php 6 million to a net finance gain of Php 33 million, with the absence of debt payable (reduced from Php 611 million to Php 0).

Provisions for income tax decreased by 13%, from Php 65 million to Php 57 million, due to lower taxable income.

Consequently, EBITDA and net income margins improved to 11% and 7%, respectively, up from 10% and 5%.

The company also reported the following operational and financial highlights for the periods ending June 30, 2024, and December 31, 2023:

- **Lighter order book.** Total order book edged lower (-2%), from Php 41.9 billion (December 2023) to Php 41.0 billion (June 2024), as construction demand remained sluggish. Newly awarded projects totaling Php 4.6 billion and change orders amounting to Php 0.9 billion partially offset the Php 6.4 billion in booked revenues.

  New projects awarded in H1 2024 include Segment 3B of the C5 Link Expressway Project for CAVITEX Infrastructure Corporation, the De La Salle Medical and Health Sciences Institute Academic Complex, the Design and Build of Long Point Causeway for Berong Nickel Corporation, and a 16MW bunker-fired power plant for DMCI Power.

- **Marginal capital expenditures.** Quarterly capex surged by 208%, from Php 10 million to Php 31 million, following the acquisition of a construction equipment for new projects.

- **Net cash position.** Total cash balance dropped by 26%, from Php 4.55 billion to Php 3.38 billion, following a Php 700 million cash dividend payment to the parent company. Despite the cash outflow, the company retained its net cash position and debt-free status (since December 31, 2023). Consequently, the net debt-to-equity ratio improved to 42%, down from 60% as of December 31, 2023.

  Meanwhile, equity book value (including share in joint venture projects) expanded by 6%, from Php 7.57 billion to Php 7.99 billion, on the back of higher retained earnings.

VI. DMCI Mining Corporation (DMCI Mining)

Net of eliminating entries, the nickel business swung to a Php 43 million net loss from Php 250 million in income last year, as a result of weak market prices, reduced shipments and costs incurred at the Palawan mine.

At the standalone level, net income plunged from Php 245 million to a net loss of Php 54 million. Core EBITDA fell by 93%, from Php 530 million to Php 38 million. No nonrecurring items were recorded in either period.

The following explains in detail the standalone performance of DMCI Mining:

- **Weaker revenues.** Total revenues plunged by 60%, from Php 1.08 billion to Php 437 million, due to cooling index prices, lower average nickel grade sold and reduced shipments.

- **Elevated cash costs.** Total cash costs dropped by 27% to Php 399 million from Php 550 million, lagging behind the topline decline. The reduction was largely due to a 35% decrease in the cost of sales, which fell from Php 317 million to Php 206 million, following a shift in the methodology for calculating ship loading costs from time-based to weight-based.

  Operating expenses fell by 17%, from Php 233 million to Php 193 million, because of lower excise taxes amid decreased shipments. However, expenses remained elevated due to commitments to the environmental, social development and management program (SDMP) and the costs associated with setting up new mines for Berong Nickel Corporation in Palawan.

  As a result, the core EBITDA margin narrowed significantly from 49% to 9%.

- **Reduced noncash costs.** Depreciation and amortization fell by 57%, from Php 220 million to Php 95 million, on the combined effect of lower shipments and increased depreciation from the acquisition of additional mining equipment.

The company also reported the following operational and financial highlights:

- **Reduced production.** Total production dropped by 37%, from 523,000 wet metric tons (WMT) to 323,000 WMT, as a result of permit delays and the near-depletion of its sole operating mine.

- **Lower shipments and stockpile.** Total ending inventory fell by 11%, from 131,000 WMT to 116,000 WMT, on lower production and a 14% reduction in ZDMC's stockpile to 95,000 WMT from 110,000 WMT. BNC's stockpile remained at 21,000 WMT.

  Meanwhile, total shipments dropped 34% to 322,000 WMT from 487,000 WMT, due to reduced demand from China for Philippine nickel ore amid global oversupply.

- **Anemic selling prices.** Average selling price (ASP) more than halved (-53%) from US$ 49/WMT to US$23/WMT on weak market indices and sale of lower-grade nickel.

  Average nickel grade sold slipped by 3%, from 1.35% to 1.31%, reflecting management's strategy to hold higher-grade nickel amid depressed global prices.

  Average LME Nickel price retreated by 18%, from US$ 22,393/ton to US$ 18,401/ton, while the Philippine FOB price for 1.30% grade corrected by 14%, from US$ 21/WMT to US$ 18/WMT.

  Quarter-over-quarter, both indices exhibited reduced volatility. The average LME nickel price rebounded by 10% to US$16,610/ton from Q1 2024, buoyed by a weakening US dollar and

supply disruption concerns in Europe. Conversely, Philippine FOB prices (1.30% grade) dropped 5% to US$19/WMT due to Indonesian oversupply.

- **Healthy financial position.** As of June 30, 2024, net debt-to-equity ratio remained healthy at 0.1% (versus -12.3% net cash as of December 31, 2023), as cash balance almost equaled loans payable (Php 646 million vs Php 650 million).

  Total cash balance dropped by 24%, from Php 853 million to Php 646 million, following a Php 550 million dividend payment to the parent company and Php 209 million in capital spending, partially offset by Php 300 million in new loans.

  Consequently, loans payable increased by 86%, from Php 350 million to Php 650 million, to fund capital expenditures for new mine development.

- **Increased capital expenditures.** Committed capital spending surged by 125%, from Php 83 million to Php 187 million, largely due to Palawan exploration activities, the expansion of the BNC and ZCMC fleets, and the construction of a Palawan port.

CAPEX

Total capital spending in the second quarter fell by 8%, from Php 10.6 billion to Php 9.8 billion, primarily due to the timing of Maynilad's infrastructure investments, which are concentrated in the second half of 2024.

Excluding Maynilad, DMCI group capex decreased by 2%, from Php 5.2 billion to Php 5.1 billion, as higher expenditures from SMPC and DMCI Mining offset reduced spending by DMCI Homes on ongoing project construction and equipment acquisition.

In the first half of the year, total capex slightly rose (3%) to Php 19.7 billion, with Maynilad (42%) and DMCI Homes (39%) accounting for most of the spending. Excluding Maynilad, DMCI group capex grew by 6% to Php 11.5 billion.

For the first semester, SMPC spent Php 3.2 billion for refleeting, ongoing exploration and plant maintenance activities. Meanwhile, 67% of DMCI Power's capex was dedicated to developing the 16MW Palawan bunker, Semirara wind, and 8MW Masbate bunker plants.

DMCI Mining's capex for the first half was focused entirely on fleet expansion, exploration, and site development activities at pipeline mines in Zambales and Palawan. DMCI also invested Php 41 million in procuring equipment for a new project.

In Php billions	**Q2 2024**	**Q2 2023**	**Change**		**H1 2024**	**H1 2023**	**Change**
DMCI	0.0	0.0	0%		0.0	0.2	-100%
DMCI Homes	3.4	3.7	-8%		7.7	7.9	-3%
SMPC	1.4	1.3	8%		3.2	2.1	52%
DMCI Power	0.1	0.1	0%		0.4	0.4	0%

DMCI Mining	0.2	0.1	100%		0.2	0.2	0%
Maynilad	4.7	5.4	-13%%		8.2	8.4	-2%
Total	**9.8**	**10.6**	**-8%**		**19.7**	**19.2**	**3%**

For the full year 2024, total capex was revised downwards from the May 2024 guidance of Php 59.4 billion to Php 56.5 billion. This adjustment reflects reductions from DMCI Homes (-9%), SMPC (-9%), DMCI Power (-24%) and DMCI Mining (-36%). DMCI's capex forecast was adjusted by Php 0.1 billion, while Maynilad's projection remained unchanged.

In Php billions	**2024F**	**2023**	**Change**
DMCI	0.3	0.4	-25%
DMCI Homes	16.1	15.9	1%
SMPC	6.4	4.0	60%
DMCI Power	1.6	0.9	78%
DMCI Mining	0.7	0.3	133%
Maynilad	31.4	26.0	21%
Total	**56.5**	**47.5**	**19%**

For the remainder of the year, total capital expenditures are expected to hit Php 56.5 billion, with the bulk allocated to Maynilad. The company plans to invest Php 31.4 billion to meet its water and wastewater service obligations. This expenditure represents the largest capital investment by the company since the privatization of Metro Manila's water services in 1997.

Excluding Maynilad, 2024F group capex is projected to grow by 17%, from Php 21.5 billion to Php 25.1 billion. Majority (64%) of which is allocated for DMCI Homes, followed by SMPC (25%), DMCI Power (6%), DMCI Mining (3%) and DMCI (1%).

DMCI Homes has earmarked 91% of its capex forecast for the construction of ongoing and planned project launches, with the company targeting two additional project launches this year. The remaining budget is allocated for land banking activities and the acquisition of new construction equipment.

SMPC has allocated 73% of its budget for the coal segment's refleeting and mine exploration activities, with the rest expected to be spent on the power segment's maintenance activities and acquisition of assurance spares.

DMCI Power has revised its 2024F capex downward from Php 2.1 billion to Php 1.6 billion, after deferring its spending for the 4MW Masbate solar plant to 2025, pending tariff approval from the Energy Regulatory Commission.

Outlook and Updates

The Philippines recorded moderate inflation in the first half of 2024, averaging 3.5% and falling comfortably within the Bangko Sentral ng Pilipinas' (BSP) target range of 2-4%. However, elevated electricity rates and food prices are projected to push July inflation between 4.0% and 4.8%.

This anticipated surge in inflation, compounded by the lagged effects and damages from Super Typhoon Carina on agricultural products, could delay the much-anticipated 25 bps rate cut by the BSP in August.

Adding to the complexity, the Philippine peso has weakened significantly against the US dollar, closing at Php 58.645 last July 30 compared to Php 55.37 at the end of 2023. This depreciation could increase the cost of imported goods, particularly operating equipment and construction materials.

These macroeconomic challenges present both risks and opportunities for the DMCI group:

DMCI is focusing on securing large-scale industrial and infrastructure projects to sustain its order book, while managing potential profit margin pressures through effective cost management and leveraging its strong cash position.

DMCI Homes plans to launch two projects in prime locations in the second half of the year to mitigate inflationary pressures. With interest rates set to taper soon, the company's high inventory is well-positioned to meet recovering residential demand.

SMPC's robust dollar earnings from coal exports and cost savings from fuel blending can help offset inflationary pressures. Strategic investments in coal exploration, plant reliability and brownfield power projects can also bolster its long-term growth prospects.

DMCI Power remains focused on the 17.7 MW Palawan Bunker plant (Q3 2024) and the 12 MW Semirara wind plant (Q1 2025), which will address growing energy demand from commercial and industrial customers in those areas.

DMCI Mining is securing permits for new mines in Zambales and Palawan to boost production and shipments. Despite global nickel oversupply, demand for mid-to-high-grade nickel ore is expected to recover, especially with notable demand from Indonesia.

Maynilad is prioritizing NRW reduction and meeting its 2024 service obligations, aided by the Poblacion facility and La Niña. While inflation and elevated interest rates pose a challenge, prudent spending and efficiency measures could mitigate their impacts.

Explanation of movement in consolidated income statement accounts:

Revenues

Consolidated revenues for the first half of 2024 declined by 21% from Php 70.0 billion to Php 55.5 billion due to lower commodity prices, coupled with fewer construction projects, lower percentage of completion (POC) and accounts qualifying for revenue recognition of real estate projects.

Cost of Sales and Services
Cost of sales and services during the period decline by 7% compared to the same period of last year primarily attributable to lower construction costs offset by higher production cost per unit sold of coal. This resulted to lower gross profit margin.

Operating Expenses
Government royalties for the period amounted to Php 3.8 billion, 42% lower from Php 6.5 billion last year as the coal business recorded lower profits. Excluding government royalties, operating expenses incurred during the first half of the year increased by 8% to Php 4.7 billion due mainly to higher repairs and maintenance, insurance, and advertising and marketing expenses.

Equity in Net Earnings
Equity in net earnings of associates increased by 40% as a result of higher income take up from Maynilad.

Finance Income
Consolidated finance income increased by 25% due mainly to higher amount of placements during the period with better interest rates.

Finance Cost
Consolidated finance costs slightly decreased by 2%, as net impact of loan payments and availment during the period.

Other Income-net
Other income increased by 74% due to the net forex gain as Philippine peso depreciated against the US dollar.

Provision for Income Tax
Income tax declined due to the lower taxable income by all the business units except the off-grid power business.

II. CONSOLIDATED FINANCIAL CONDITION

June 30, 2024 (Unaudited) vs December 31, 2023 (Audited)

The Company's total assets as of the period reached P243.0 billion, a 2% decrease from December 31, 2023. Meanwhile, consolidated total equity slightly is at par at Php 138.0 billion.

Consolidated cash decreased by 8% from Php 32.2 billion to Php 29.7 billion due to payment of dividend to shareholders.

Receivables slightly increased by 3% to Php 24.0 billion due mainly to the coal sales in the latter part of the period.

Contract assets (current and non-current) decreased by 11% to Php 26.7 billion due to lower construction accomplishments.

Consolidated inventories flat at Php 68.3 billion as higher project accomplishments of real estate segment is negated by lower coal inventory.

Other current assets decreased by 10% to Php 10.9 billion from Php 12.1 billion of last year due mainly to reclassification of deposits for investment to its appropriate investment account. Other current assets consist advances made to suppliers of fuel, spare parts and mining equipment and prepaid expenses.

Investments in associates and joint ventures increased to Php 21.9 billion from Php 19.1 billion of last year as a result of the net impact of the income take up and dividend received from Maynilad and additional investment to real estate joint ventures.

Property, plant and equipment stood at Php 52.4 billion from Php 53.7 billion as depreciation and depletion more than offset capital expenditures for the first half of the period.

Right-of-use assets decreased by 37% due to amortization.

Other noncurrent assets grew by 2% due mainly to higher refundable deposits and noncurrent prepayments.

Accounts and other payables decrease by 10% from Php 30.5 billion to Php 27.4 billion due to lower payable to government as a result of lower coal sales.

Contract liabilities (current and non-current) increased by 9% to Php 21.0 billion due to higher down payment from real estate customers.

From Php 49.5 billion, total debt (under short-term and long-term debt) stood at Php 46.6 billion on the back of the debt payment made by SMPC, DMCI Homes and DMCI Power and availment of DMCI Mining.

Liabilities for purchased land decreased by 13% as a result of payment of previously acquired land for development.

Deferred tax liabilities decreased by 9% on lower booked income compared to taxable income of real estate sales.

Consolidated retained earnings stood at Php 92.4 billion at the end of June 2024, 2% increase from the retained earnings of 2023 at Php 90.8 billion after generation of Php 11.1 billion net income and dividend declaration of Php 9.6 billion.

Non-controlling interest decrease by 4% 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

(in Php Millions)	For the Period		Variance	
	2024	**2023**	**Amount**	**%**
Semirara Mining and Power Corporation	36,594	44,573	(7,979)	-18%
D.M. Consunji, Inc.	7,342	8,354	(1,012)	-12%
DMCI Homes	6,518	10,736	(4,218)	-39%
DMCI Power	3,855	3,779	76	2%
DMCI Mining	1,029	2,394	(1,365)	-57%
Parent and Others	179	153	26	17%
Total Revenues	**55,517**	**69,989**	**(14,472)**	**-21%**

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

As shown above, consolidated revenues decreased by 21% as lower commodity prices offset the impact of higher commodity sales volume, coupled with softer real estate and construction sales.

CONSOLIDATED NET INCOME AFTER NON-CONTROLLING INTERESTS

(in Php Millions)	For the Period		Variance	
	2024	**2023 As Restated***	**Amount**	**%**
Semirara Mining and Power Corporation	7,110	10,879	(3,769)	-35%
DMCI Homes	1,421	2,248	(827)	-37%
Maynilad	1,395	997	398	40%
DMCI Power	619	365	254	70%
D.M. Consunji, Inc.	338	412	(74)	-18%
Parent and Others	124	10	114	1140%
DMCI Mining	(65)	723	(788)	-109%
Core Net Income	**10,942**	**15,634**	**(4,692)**	**-30%**
Non-recurring Items	198	(18)	216	-1200%
Reported Net Income	**11,140**	**15,616**	**(4,476)**	**-29%**

**Restated for comparative purposes to reflect the adoption of PFRS 15 provision on borrowing costs*

The decline in net income (after non-controlling interest) of the Group is attributed to the lower commodity prices, fewer construction projects and lower percentage-of-completion of the real estate segment. These are cushioned by higher off-grid power sales and better performance of its associate.

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 0.84/share for the first half of the period ended June 30, 2024, a 29% decline from Php 1.18/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 10% and 15% for the first half of 2024 and 2023, 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 46.6 billion, which resulted to a net debt to equity ratio of 0.12:1 and 0.13:1 as of June 30, 2024 and December 31, 2023, respectively.

FINANCIAL SOUNDNESS RATIOS

	June 30, 2024	December 31, 2023
Current Ratio	2.98 times	2.77 times
Net Debt to Equity Ratio	0.12 times	0.13 times
Asset to Equity Ratio	1.76 times	1.80 times
	June 30, 2024	**June 30, 2024 As Restated**
Return on Assets	7%	10%
Return on Common Equity	10%	15%
Interest Coverage Ratio	15 times	21 times
Gross Profit Margin	43%	51%
Net Profit Margin	30%	34%

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 April 4, 2024 the BOD of the Parent Company approved the declaration of regular cash dividends in the amount of Php 0.46 per common share or a total of Php 6.11 billion and special cash dividends of Php 0.26 per common share or a total of Php 3.45 billion, or a grand total of Php 9.56 billion in favor of the common stockholders of record as of April 22, 2024 and was paid on May 3, 2024.

4. On October 10, 2023, the BOD of the Parent Company approved the declaration of special cash dividends of Php 0.72 per common share or a total of Php 9.56 billion in favor of the common stockholders of record as of October 24, 2023, and was paid on November 9, 2023.
5. On March 29, 2023, the BOD of the Parent Company approved the declaration of (1) regular cash dividends in the amount of Php 0.61 per common share or a total of Php 8.10 billion; and (2) special cash dividends of Php 0.11 per common share or a total of Php 1.46 billion, or a grand total of Php 9.56 billion in favor of the common stockholders of record as of April 17, 2023, and was paid on April 28, 2023.
6. There are no undisclosed material subsequent events and transferring of assets not in the normal course of business that have not been disclosed for the period that the Company has knowledge of.
7. There are no material contingencies during the interim period; events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation has been disclosed in the notes to financial statements.
8. There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons created during the reporting period.
9. Except for interest payments on loans, which the Company can fully service, the only significant commitment that would have a material impact on liquidity are construction guarantees. These are usually required from contractors in case of any damage/ destruction to a completed project.
10. Any known trends or any known demands, commitments, events or uncertainties that will result in or that will have a material impact on the registrant's liquidity. - None
11. The Group does not have any offering of rights, granting of stock options and corresponding plans therefore.
12. All necessary disclosures were made under SEC Form 17-C.

SIGNATURES

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

Issuer DMCI Holdings, Inc.

Signature and Title **Herbert M. Consunji**
Executive Vice President and CFO

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

Date August 5, 2024

DMCI HOLDINGS, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Amounts in Thousands)

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents	**₱29,697,025**	₱32,158,078
Receivables - net (Note 9)	**23,982,805**	23,265,106
Current portion of contract assets	**19,087,396**	19,304,451
Inventories	**68,320,287**	67,902,205
Other current assets	**10,926,138**	12,088,585
	152,013,651	154,718,425
Asset held-for-sale	**–**	713,218
Total Current Assets	**152,013,651**	155,431,643
Noncurrent Assets		
Property, plant and equipment	**52,449,280**	53,673,801
Investments in associates and joint ventures (Note 6)	**21,933,511**	19,091,633
Contract asset - net of current portion	**7,598,357**	10,839,030
Pension assets - net	**906,208**	992,028
Deferred tax assets - net	**879,785**	922,891
Exploration and evaluation asset	**529,864**	505,513
Right-of-use assets	**87,907**	140,629
Investment properties	**190,169**	86,739
Other noncurrent assets	**6,431,308**	6,311,316
Total Noncurrent Assets	**91,006,389**	92,563,580
	₱243,020,040	₱247,995,223
LIABILITIES AND EQUITY		
Current Liabilities		
Short-term debt	**₱1,431,360**	₱1,547,386
Accounts and other payables	**27,413,206**	30,495,688
Income tax payable	**31,364**	488,465
Current portion of liabilities for purchased land	**573,669**	753,046
Current portion of long-term debt	**5,323,668**	6,660,721
Current portion of contract liabilities and other customers' advances and deposits	**16,312,402**	16,151,576
Total Current Liabilities	**51,085,669**	56,096,882

(Forward)

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Noncurrent Liabilities		
Long-term debt - net of current portion	**₱39,886,425**	₱41,261,215
Deferred tax liabilities - net	**5,881,138**	6,434,245
Contract liabilities - net of current portion	**4,693,823**	3,199,429
Liabilities for purchased land - net of current portion	**551,837**	538,221
Pension liabilities - net	**331,425**	334,982
Other noncurrent liabilities	**2,576,767**	2,693,099
Total Noncurrent Liabilities	**53,921,415**	54,461,191
Total Liabilities	**105,007,084**	110,558,073
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	**92,377,147**	90,797,032
Premium on acquisition of non-controlling interests	**(817,958)**	(817,958)
Remeasurements on retirement plans - net of tax	**897,971**	899,283
Net accumulated unrealized gains on equity investments designated at FVOCI	**174,698**	174,698
Share in other comprehensive income of associates	**25,385**	25,385
	110,600,042	109,021,239
Non-controlling interests	**27,412,914**	28,415,911
Total Equity	**138,012,956**	137,437,150
	₱243,020,040	₱247,995,223

DMCI HOLDINGS, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF INCOME

For the Period and Quarter Ended June 30, 2024 and 2023
(Amounts in Thousands, except for Earnings Per Share figures)

	For the period		For the quarter	
	Jan to Jun 2024	Jan to Jun 2023 As Restated*	**Apr to Jun 2024**	Apr to Jun 2023 As Restated*
REVENUE (Notes 4 and 8)				
Coal mining	**₱23,882,005**	₱29,939,792	**₱11,243,483**	₱16,956,685
Electricity sales	**16,567,091**	18,412,023	**9,080,994**	8,971,513
Real estate sales	**6,517,888**	10,736,010	**3,456,923**	5,887,485
Construction contracts	**7,342,151**	8,353,576	**3,771,031**	3,986,461
Nickel mining	**1,028,739**	2,393,716	**437,367**	1,079,874
Merchandise sales and others	**179,543**	153,893	**97,253**	74,725
	55,517,417	69,989,010	**28,087,051**	36,956,743
COSTS OF SALES AND SERVICES				
Coal mining	**12,447,923**	10,839,041	**6,164,144**	6,879,818
Electricity sales	**7,803,273**	7,901,364	**4,138,650**	3,957,870
Real estate sales	**3,886,213**	6,723,265	**2,066,427**	3,811,006
Construction contracts	**6,699,502**	7,617,925	**3,409,143**	3,652,107
Nickel mining	**711,735**	921,647	**294,681**	528,204
Merchandise sales and others	**136,357**	116,440	**75,592**	57,449
	31,685,003	34,119,682	**16,148,637**	18,886,454
GROSS PROFIT	**23,832,414**	35,869,328	**11,938,414**	18,070,289
OPERATING EXPENSES (Note 5)	**8,438,193**	10,881,668	**3,963,795**	5,304,264
	15,394,221	24,987,660	**7,974,619**	12,766,025
OTHER INCOME (EXPENSES)				
Equity in net earnings of associates (Note 6)	**1,422,989**	1,017,652	**758,587**	482,125
Finance income	**1,083,898**	865,890	**505,636**	482,939
Finance costs	**(1,344,460)**	(1,374,374)	**(675,697)**	(697,320)
Other income - net	**2,118,994**	1,217,188	**866,027**	887,759
INCOME BEFORE INCOME TAX	**18,675,642**	26,714,016	**9,429,172**	13,921,528
PROVISION FOR INCOME TAX	**2,089,276**	2,776,804	**1,277,885**	1,398,992
NET INCOME	**₱16,586,366**	₱23,937,212	**₱8,151,287**	₱12,522,536
NET INCOME ATTRIBUTABLE TO				
Equity holders of the Parent Company (Note 4)	**₱11,139,893**	₱15,615,999	**₱5,535,417**	₱8,109,689
Non-controlling interests	**5,446,473**	8,321,213	**2,615,870**	4,412,847
	₱16,586,366	₱23,937,212	**₱8,151,287**	₱12,522,536
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY-BASIC AND DILUTED (Note 7)	**₱0.84**	₱1.18	**₱0.42**	₱0.61

**Restated for comparative purposes*

DMCI HOLDINGS, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the Period and Quarter Ended June 30, 2024 and 2023
(Amounts in Thousands)

	For the period		For the quarter	
	Jan to Jun 2024	Jan to Jun 2023 As Restated	**Apr to Jun 2024**	Apr to Jun 2023 As Restated
NET INCOME	**₱16,586,366**	₱23,937,212	**₱8,151,287**	₱12,522,536
OTHER COMPREHENSIVE INCOME (LOSS)				
Items to be reclassified subsequently to profit or loss				
Changes in fair values of investments in equity instruments designated at FVOCI	**–**	2,048	**–**	2,048
	–	2,048	**–**	2,048
Items not to be reclassified to profit or loss in subsequent periods				
Remeasurement loss on retirement plans	**–**	–	**–**	–
Income tax effect	**(1,312)**	–	**(1,312)**	–
	(1,312)	–	**(1,312)**	–
OTHER COMPREHENSIVE INCOME	**–**	–	**–**	–
TOTAL COMPREHENSIVE INCOME	**₱16,585,054**	₱23,939,260	**₱8,149,975**	₱12,524,584
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Equity holders of the Parent Company (Note 4)	**₱11,138,581**	₱15,618,047	**₱5,534,105**	₱8,111,236
Non-controlling interests	**5,446,473**	8,321,213	**2,615,870**	4,413,348
	₱16,585,054	₱23,939,260	**₱8,149,975**	₱12,524,584

DMCI HOLDINGS, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Period Ended June 30, 2024 and 2023
(Amounts in Thousands)

	Attributable to Equity Holders of the Parent Company											
	Capital Stock (Note 3)	Additional Paid-in Capital (Note 3)	Total Paid-in Capital (Note 3)	Treasury Shares - Preferred (Note 3)	Unppropriated Retained Earnings (Note 3)	Premium on Acquisition of Non-controlling Interest	Remeasurements on Retirement Plans	Net Accumulated Unrealized Gain on equity investments designated at FVOCI	Other Equity	Parent Equity	Non controlling Interests	Total Equity
For the Period Ended June 30, 2024												
Balances as of January 1, 2024	**₱13,277,474**	**₱4,672,394**	**₱17,949,868**	**(₱7,069)**	**₱90,797,032**	**(₱817,958)**	**₱899,283**	**₱174,698**	**₱25,385**	**₱109,021,239**	**₱28,415,911**	**₱137,437,150**
Comprehensive income												
Net income	–	–	–	–	**11,139,893**	–	–	–	–	**11,139,893**	**5,446,473**	**16,586,366**
Other comprehensive income	–	–	–	–	–	–	**(1,312)**	–	–	**(1,312)**	–	**(1,312)**
Total comprehensive income	–	–	–	–	**11,139,893**	–	**(1,312)**	–	–	**11,138,581**	**5,446,473**	**16,585,054**
Cash dividends declared (Note 3)	–	–	–	–	**(9,559,778)**	–	–	–	–	**(9,559,778)**	**(6,449,470)**	**(16,009,248)**
Balances at June 30, 2024	**₱13,277,474**	**₱4,672,394**	**₱17,949,868**	**(₱7,069)**	**₱92,377,147**	**(₱817,958)**	**₱897,971**	**₱174,698**	**₱25,385**	**₱110,600,042**	**₱27,412,914**	**₱138,012,956**
For the Period Ended June 30, 2023												
Balances as of January 1, 2023	₱13,277,474	₱4,672,394	₱17,949,868	(₱7,069)	₱85,194,218	(₱817,958)	₱975,442	₱131,613	₱25,290	₱103,451,404	₱29,218,230	₱132,669,634
Comprehensive income												
Net income	–	–	–	–	15,615,999	–	–	–	–	15,615,999	8,321,213	23,937,212
Other comprehensive income	–	–	–	–	–	–	–	2,048	–	2,048	–	2,048
Total comprehensive income	–	–	–	–	15,615,999	–	–	2,048	–	15,618,047	8,321,213	23,939,260
Cash dividends declared (Note 3)	–	–	–	–	(9,559,778)	–	–	–	–	(9,559,778)	(6,449,143)	(16,008,921)
Balances at June 30, 2023	₱13,277,474	₱4,672,394	₱17,949,868	(₱7,069)	₱91,250,439	(₱817,958)	₱975,442	₱133,661	₱25,290	₱109,509,673	₱31,090,300	₱140,599,973

DMCI HOLDINGS, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Period Ended June 30, 2024 and 2023
(Amounts in Thousands)

	June 30	
	2024	2023 As Restated
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱18,675,642**	₱26,714,016
Adjustments for:		
Depreciation, depletion and amortization	**4,256,650**	4,153,141
Finance cost	**1,344,460**	1,374,374
Movement in net retirement liability	**82,263**	34,226
Equity in net earnings of associates and joint ventures	**(1,422,989)**	(1,017,652)
Finance income	**(1,083,898)**	(865,890)
Gain on sale of undeveloped land	**(194,560)**	(65,187)
Net unrealized foreign exchange loss (gain)	**(45,290)**	214,128
Operating income before changes in working capital	**21,612,278**	30,541,156
Decrease (increase) in:		
Receivables and contract assets	**2,740,030**	2,465,003
Other current assets	**1,875,664**	(178,706)
Inventories	**(2,048,443)**	(1,650,127)
Increase (decrease) in:		
Accounts and other payables	**(3,024,328)**	1,435,162
Contract liabilities and other customer advances and deposits	**1,655,220**	319,181
Liabilities for purchased land	**(165,760)**	(255,261)
Cash generated from operations	**22,644,661**	32,676,408
Income taxes paid	**(3,056,378)**	(2,885,110)
Interest received	**1,083,898**	865,890
Interest paid and capitalized as cost of inventory	**–**	(875,514)
Net cash provided by operating activities	**20,672,181**	29,781,674
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to : property, plant and equipment		
Property, plant and equipment	**(3,046,698)**	(2,241,893)
Investments in associates, joint ventures and others	**(2,624,467)**	–
Exploration and evaluation asset	(24,350)	(84,930)
Proceeds from disposal of :		
Undeveloped land	**1,820,500**	–
Property, plant and equipment	**–**	76,604
Dividends received	**1,146,113**	915,551
Increase in other noncurrent assets	**(151,710)**	(1,506,794)
Interest paid and capitalized as part of property, plant and equipment	**–**	(74,143)
Net cash used in investing activities	**(2,880,612)**	(2,915,605)

(Forward)

	June 30	
	2024	2023
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from:		
Long-term debt	**₱1,403,390**	₱3,288,496
Short-term debt	**–**	477,124
Payments of:		
Dividends paid to equity holders of parent company	**(9,559,778)**	(9,559,778)
Dividends to non-controlling interests	**(6,449,470)**	(6,449,143)
Long-term debt	**(4,123,798)**	(3,971,460)
Interest	**(1,335,896)**	(399,949)
Short-term debt	**(116,026)**	(995,390)
Increase (decrease) in other noncurrent liabilities	**(116,335)**	496,352
Net cash used in financing activities	**(20,297,913)**	(17,113,748)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**45,290**	(212,078)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**(2,461,054)**	9,540,243
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**32,158,079**	28,408,474
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**₱29,697,025**	₱37,948,717

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

1. **Corporate Information**

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

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

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

The accompanying consolidated financial statements were approved and authorized for issue by the Board of Directors (BOD) on August 5, 2024

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, 2023.

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

Statement of Compliance

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

Basis of Consolidation

The interim unaudited condensed consolidated financial statements comprise the financial statements of the Group as of June 30, 2024, and December 31, 2023.

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	**2024**			2023		
		Direct	**Indirect**	**Effective Interest**	Direct	Indirect	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
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) [2*]	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
Southeast Luzon Power Generation Corporation (SeLPGC) [3]	Non-operational	**–**	**56.65**	**56.65**	–	56.65	56.65
Semirara Materials and Resources Inc. (SMRI) [3]	Non-operational	**–**	**56.65**	**56.65**	–	56.65	56.65
St. Raphael Power Generation Corporation (SRPGC) [3]	Non-operational	**–**	**56.65**	**56.65**	–	56.65	56.65
Sem-Calaca Port Facilities, Inc. (SCPFI) [3 & 6]	Non-operational	**–**	**56.65**	**56.65**	–	56.65	56.65
Off-Grid Power:							
DMCI Power Corporation (DPC)	Power Generation	**100.00**	**–**	**100.00**	100.00	–	100.00
DMCI Masbate Power Corporation (DMCI Masbate) [4]	Power Generation	**–**	**100.00**	**100.00**	–	100.00	100.00

(Forward)

	Nature of Business	2024			2023		
		Direct	**Indirect**	**Effective Interest**	Direct	Indirect	Effective Interest
				(In percentage)			
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.
[2] PDI's subsidiaries.
[3] SMPC's subsidiaries. SMRI was formerly known as Semirara Claystone, Inc, (SCI)
[4] DPC's subsidiaries.
[5] DMC's subsidiaries.
[6] Wholly owned subsidiary of SCPC. Incorporated on December 20, 2022.

Noncontrolling Interests

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

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

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

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

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

Adoption of New and Amended Accounting Standards and Interpretations

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those of the previous financial year, except for the adoption of the following new accounting pronouncements starting January 1, 2023. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

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

- 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 have had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group's consolidated financial statements.

- 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.

- 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).

- Amendments to PAS 12, *International Tax Reform – Pillar Two Model Rules*

  The amendments introduce a mandatory exception in PAS 12 from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes.

  The amendments also clarify that PAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD), including tax law that implements qualified domestic minimum top-up taxes. Such tax legislation, and the income taxes arising from it, are referred to as 'Pillar Two legislation' and 'Pillar Two income taxes', respectively.

  The temporary exception from recognition and disclosure of information about deferred taxes and the requirement to disclose the application of the exception, apply immediately and retrospectively upon adoption of the amendments in June 2023.

  Meanwhile, the disclosure of the current tax expense related to Pillar Two income taxes and the disclosures in relation to periods before the legislation is effective are required for annual reporting periods beginning on or after January 1, 2023.

  The amendments had no impact on the Group's consolidated financial statements as the Group is not in scope of the Pillar Two model rules.

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

Effective beginning on or after January 1, 2024
- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

  The amendments clarify:
  - That only covenants with which an entity must comply on or before reporting date will affect a liability's classification as current or non-current.
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right.

- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

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

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

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

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

  This amendment has no impact to the Group's consolidated financial statements.

- Amendments to PAS 7 and PFRS 7*, Disclosures: Supplier Finance Arrangements*

  The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

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

  These amendments are not expected to have a material impact on the Group's consolidated financial statements.

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

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

  The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

  - A specific adaptation for contracts with direct participation features (the variable fee approach)
  - A simplified approach (the premium allocation approach) mainly for short-duration contracts

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

PFRS 17 is effective for reporting periods beginning on or after January 1, 2025, with comparative figures required. Early application is permitted.

This standard is not applicable to the Group.

- Amendments to PAS 21*, Lack of exchangeability*

  The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2025. Earlier adoption is permitted and that fact must be disclosed. When applying the amendments, an entity cannot restate comparative information.

  These amendments are not expected to have a material impact on the Group's consolidated financial statements

Deferred effectivity

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

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

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

  These amendments are not expected to have a material impact on the Group's consolidated financial statements.

3. **Equity**

Capital Stock

As of June 30, 2024 and December 31, 2023, 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 April 4, 2024 the BOD approved the declaration of (1) *regular cash dividends* in the amount of ₱0.46 per common share or a total of ₱6,107.64 million; and (2) *special cash dividends* of ₱0.26 per common share or a total of ₱3,452.14 million, or a grand total of ₱9,559.78 million out of the unrestricted retained earnings of the Parent Company as of March 31, 2024, in favor of the common stockholders of record as of April 22, 2024 and was paid on May 3, 2024.

On October 10, 2023, the BOD approved the declaration of special cash dividends of ₱ 0.72 per common share or a total of ₱9,559.77 million in favor of the common stockholders of record as of October 24, 2023, and was paid on November 9, 2023.

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

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

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

Capital Management

The primary objective of the Group's capital management strategy is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.
The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares. There were no changes made in the Group's capital management objectives, policies or processes. The Group considers total equity attributable to equity holders of the Parent Company less net accumulated unrealized gain or loss on equity investments designated at FVOCI as capital.

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

4. Business Segments

The following tables present the net income of the specific business segments for the period ended June 30, 2024 and 2023:

Segment Revenues

	For the period		Variance	
(in PHP Millions)	**June 2024**	June 2023	Amount	%
Semirara Mining and Power Corporation	**36,594**	44,573	(7,979)	-18%
D.M. Consunji, Inc.	**7,342**	8,354	(1,012)	-12%
DMCI Homes	**6,518**	10,736	(4,218)	-39%
DMCI Power	**3,855**	3,779	76	2%
DMCI Mining	**1,029**	2,394	(1,365)	-57%
Parent and Others	**179**	153	26	17%
Total Revenues	**55,517**	69,989	(14,472)	-21%

Net income after non-controlling interests

(in PHP Millions)	For the period		Variance	
	June 2024	June 2023 As Restated*	Amount	%
Semirara Mining and Power Corporation	**7,110**	10,879	(3,769)	-35%
DMCI Homes	**1,421**	2,248	(827)	-37%
Maynilad	**1,395**	997	398	40%
DMCI Power	**619**	365	254	70%
D.M. Consunji, Inc.	**338**	412	(74)	-18%
Parent and Others	**124**	10	114	1140%
DMCI Mining	**(65)**	723	(788)	-109%
Core Net Income	**10,942**	15,634	(4,692)	-30%
Non-recurring Items	**198**	(18)	216	-1200%
Reported Net Income	**11,140**	15,616	(4,476)	-29%

**Restated for comparative purposes*

5. **Operating Expenses**

The following tables present the consolidated operating expenses for the period ended June 30, 2024 and 2023:

	2024	2023
Government share	**₱3,759,182**	₱6,535,597
Salaries, wages and employee benefits	**1,201,132**	1,301,448
Taxes and licenses	**843,178**	840,705
Repairs and maintenance	**751,569**	596,522
Outside services	**444,917**	506,405
Insurance	**339,093**	241,338
Advertising and marketing	**218,253**	185,777
Supplies	**156,609**	105,717
Depreciation, depletion and amortization	**125,100**	116,222
Entertainment, amusement and recreation	**87,257**	73,269
Transportation and travel	**82,166**	77,145
Communication, light and water	**55,324**	49,257
Association dues	**50,790**	77,823
Rent	**38,060**	23,815
Miscellaneous expense	**285,563**	150,628
	₱8,438,193	₱10,881,668

6. Summarized Financial Information of Interests in Related Entities

Financial information as of and for the period ended June 30, 2024 and December 31, 2023 on the Group's subsidiary with material non-controlling interest (NCI) follows:

Semirara Mining and Power Corporation and Subsidiaries (SMPC)

(in millions)	**June 30, 2024**	December 31, 2023
Statements of Financial Position		
Current assets	**₱39,958**	₱46,135
Noncurrent assets	**38,092**	38,993
Current liabilities	**15,698**	19,396
Noncurrent liabilities	**2,261**	3,354
Equity	**60,091**	62,378

(in millions)	**June 30, 2024**	June 30, 2023
Statements of Comprehensive Income		
Revenue	**₱36,594**	₱44,573
Net income	**12,590**	19,215
Other comprehensive income	**–**	–
Total comprehensive income	**12,590**	19,215

Financial information as of and for the period ended June 30, 2024 and December 31, 2023 on the Group's material interest in associate follows:

Maynilad Water Holdings Company, Inc. and Subsidiaries

(in millions)	**June 30, 2024**	December 31, 2023
Statements of Financial Position		
Current assets	**₱13,260**	₱10,388
Noncurrent assets	**164,406**	153,315
Current liabilities	**29,876**	24,560
Noncurrent liabilities	**78,544**	70,973
Equity	**69,246**	68,170

(in millions)	**June 30, 2024**	June 30, 2023
Statements of Comprehensive Income		
Revenue	**₱16,441**	₱13,313
Net income	**5,243**	3,879
Other comprehensive income	**–**	–
Total comprehensive income	**5,243**	3,879

Investment in Maynilad Water Holdings Company, Inc. (MWHCI) is accounted for using the equity method. Equity in net earnings in the six months ended June 30 amounted to ₱1,398.27 million in 2024 and ₱979.82 million in 2023.

Financial information as of and for the period ended June 30, 2024 and December 31, 2023 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 ₱321.51 million and ₱276.02 million as of June 30, 2024 and December 31, 2023. The unaudited share in net earnings amounted to ₱45.49 million and ₱8.89 million for the period ended June 30, 2024 and 2023, 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 ₱533.87 million and ₱518.77 million as of June 30, 2024 and December 31, 2023, 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. In 2024, the Group infused additional capital of ₱1,225 million to the joint venture on top of its initial capitalization of ₱125 million.

DMCI MC Property Ventures Inc. (DMPVI)
In 2024, the Group and Marubeni Corporation (MC) entered into a joint venture agreement to purchase, acquire and develop parcels of land into condominium project for residential and commercial uses. The Group holds 60% ownership interst in the joint venture with initial capitalization of ₱1,641 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 (2024)	For the period (2023) As Restated	**For 2nd Quarter (2024)**	For 2nd Quarter (2023) As Restated
Net income attributable to equity holders of Parent Company	**₱11,139,894**	₱15,615,999	**₱5,535,417**	₱8,109,689
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	**₱0.84**	₱1.18	**₱0.42**	₱0.61

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 ₱1,880.13 million and ₱2,298.37 million for the period ended June 30, 2024 and 2023, respectively.

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

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

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

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

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

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

a. *Liquidity Risk*

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

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

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

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

b. *Market Risk*

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

The sensitivity analyses have been prepared on the following bases:

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

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

assets and financial liabilities held at June 30, 2024 and December 31, 2023.

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

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

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

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

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

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

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

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

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

	June 30, 2024	December 31, 2023
Domestic market	**30.35%**	33.59%
Export market	**69.65%**	66.41%

The following table shows the effect on income before income tax should the change in the prices of coal occur based on the inventory of the Group as of June 30, 2024 and December 31, 2023 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 2024 and 2023.

	Effect on income before income tax	
Change in coal price (in thousands)	**June 30, 2024**	December 31, 2023
Based on ending coal inventory		
Increase by 108% in 2024 and 29% in 2023	**₱1,612,198**	₱774,424
Decrease by 108% in 2024 and 29% in 2023	**(1,612,198)**	(774,424)
Based on coal sales volume		
Increase by 46% in 2024 and 33% in 2023	**7,055,887**	9,880,538
Decrease by 46% in 2024 and 33% in 2023	**(7,055,887)**	(9,880,538)

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

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

	Effect on income before income tax	
Basis points (in thousands)	**June 30, 2024**	December 31, 2023
+100	**(₱113,015)**	(₱108,537)
-100	**113,015**	108,537

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 2024 and 2023. The forecasted movements in percentages of interest rates used were derived based on the Group's historical changes in the market interest rates on unsecured bank loans.

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

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

The Group does not have any foreign currency hedging arrangements.

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

	June 30, 2024				
	U.S. Dollar	**Japanese Yen**	**UK Pounds**	**Euro**	**Equivalent in PHP**
Financial assets					
Cash and cash equivalents	**$55,229**	**¥922,296**	**£5**	**€726**	**₱3,626,890**
Receivables	**30,107**	**–**	**–**	**–**	**1,764,549**
	85,336	**922,296**	**5**	**726**	**5,391,439**
Financial liabilities					
Accounts payable and accrued expenses	**(89,370)**	**–**	**–**	**–**	**(5,238,001)**
	($4,034)	**¥922,296**	**£5**	**€726**	**₱153,438**

The following tables demonstrates the sensitivity to a reasonably possible change in foreign exchange rates, with all variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities) as of June 30, 2024 (amounts in thousands):

	Exchange rate movement	**Effect on profit before tax**
In Peso per US Dollar		
Increase	**1.16%**	**(₱2,758)**
Decrease	**(1.16%)**	**2,758**
In Peso per Japanese Yen		
Increase	**2.25%**	**7,755**
Decrease	**(2.25%)**	**(7,755)**
In Peso per UK Pound		
Increase	**5.34%**	**17**
Decrease	**(5.34%)**	**(17)**
In Peso per Euro		
Increase	**1.63%**	**711**
Decrease	**(1.63%)**	**(711)**

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

c. *Credit Risk*
Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Group's maximum exposure to credit risk for the components of the statement of financial position at June 30, 2024 and December 31, 2023 is the carrying amounts except for real estate receivables. The Group's exposure to credit risk arises from default of the counterparties which include certain financial institutions, real estate buyers, subcontractors, suppliers and various electric companies. Credit risk management involves dealing only with recognized, creditworthy third parties. It is the Group's policy that all counterparties who wish to trade on credit terms are subject to credit verification procedures. The

Treasury Department's policy sets a credit limit for each counterparty. In addition, receivable balances are monitored on an ongoing basis. The Group's financial assets are not subject to collateral and other credit enhancement except for real estate receivables. As of June 30, 2024 and December 31, 2023, receivables that are doubtful of collection had been provided with allowance.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Receivables
Included under Grade A are accounts considered to be of high value and are covered with coal supply, power supply, and construction contracts. The counterparties have a very remote likelihood of default and have consistently exhibited good paying habits. Grade B accounts are active accounts with minimal to regular instances of payment default, due to collection issues or due to government actions or regulations. These accounts are typically not impaired as the counterparties generally respond to credit actions and update their payments accordingly. The

Group determines financial assets as impaired when probability of recoverability is remote and in consideration of lapse in period which the asset is expected to be recovered.

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

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

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

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

As of June 30, 2024, the aging analysis of the Group's receivables presented per class follows:

	June 30, 2024							
	Neither past	Past due but not impaired					Impaired	
	nor impaired	<30 days	30-60 days	61-90 days	91-120 days	>120 days	assets	Total
Receivables								
Trade								
Real estate	**₱2,160,075**	**₱1,548,523**	**₱3,630**	**₱2,540**	**₱2,225**	**₱61,872**	**₱26,185**	**₱3,805,050**
General construction	**2,615,482**	**215,238**	**311,912**	**143,745**	**65,683**	**391,557**	**15,184**	**3,758,801**
Electricity sales	**5,218,130**	**1,383,852**	**141,749**	**90,410**	**611,942**	**950,422**	**1,584,616**	**9,981,121**
Coal mining	**3,547,116**	**410,500**	**38,247**	**6,182**	**62,121**	**–**	**36,113**	**4,100,279**
Nickel mining	**52,911**	**–**	**–**	**–**	**–**	**–**	**–**	**52,911**
Merchandising and others	**24,792**	**–**	**25,647**	**8,684**	**4,701**	**55,187**	**9,485**	**128,496**
Receivables from related parties	**2,181,398**	**–**	**–**	**–**	**–**	**–**	**–**	**2,181,398**
Other receivables	**958,913**	**28,393**	**91,612**	**4,514**	**5,756**	**557,144**	**122,109**	**1,768,441**
	₱16,758,817	**₱3,586,506**	**₱612,797**	**₱256,075**	**₱752,428**	**₱2,016,182**	**₱1,793,692**	**₱25,776,497**

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

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

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

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

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

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

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

There has been no reclassification from Level 1 to Level 2 or 3 category as of June 30, 2024 and December 31, 2023.