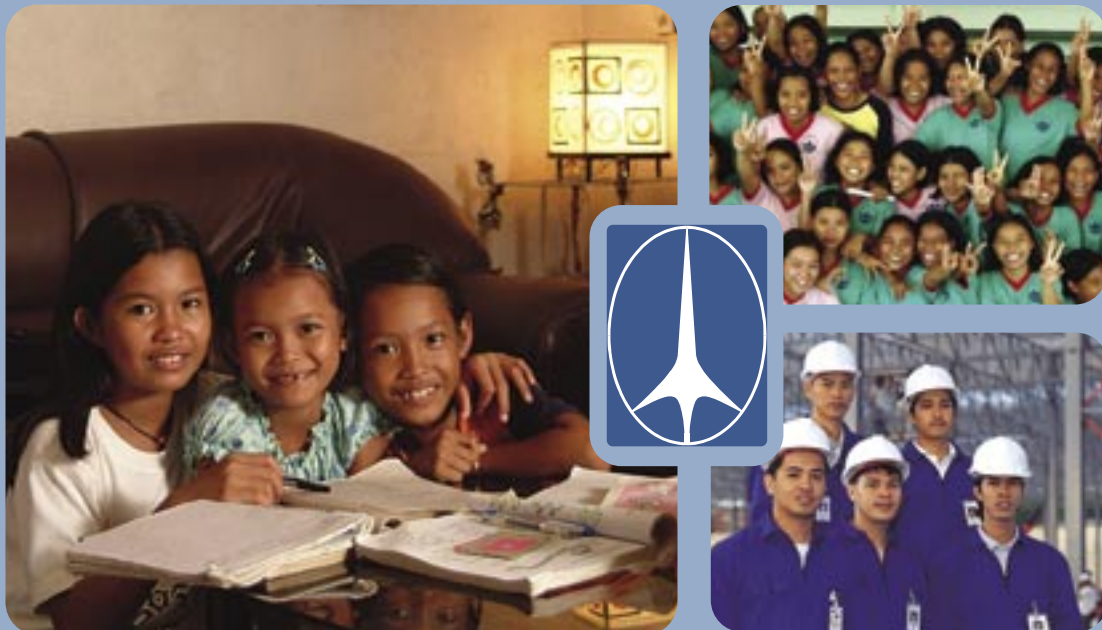


a commitment  
beyond an edifice



DMCI HOLDINGS, INCORPORATED | 2002 ANNUAL REPORT



OUR VISION  
OUR VISION  
OUR VISION

To be an institution in the construction industry committed to the economic and social development of the country

To be the leading integrated Philippine construction company

To be a well-managed professional company with strong technical and commercial performance adhering to the highest ethical standards

To provide opportunity for employees to develop talents, skills and personality, rewarding merit and hard work with fair compensation to live in dignity

To be the most innovative and cost-efficient provider of comprehensive construction services.

The year 2002 saw the country's GDP grow by 4.6%, the strongest recorded so far since the Asian financial crisis of 1997. During this period, the construction sector registered a zero growth as the increased activity in private construction was negated by the fall off in public construction. Nonetheless, coming from a decline of 3.6% in 2001, the sector's performance is seen by the industry as a sign towards a recovery. With an expanding economy coupled with low inflation rate and borrowing cost, and the government's effort to boost housing development, prospects in the construction industry in the medium term are encouraging.

During the year, your company incurred a consolidated net loss of Php 214 million from the previous year's net income of Php 17 million. Our major subsidiary, D.M. Consunji, Inc. (DMCI), posted a net loss of Php 239 million, a substantial decline from last year's net profit of Php 36 million. Several reasons has brought about this loss, foremost of which is the decrease in construction revenue by 49% as most of the works undertaken were at their completion stage. DMCI's Orderbook, however, stood practically the same as that of the previous year, as several new projects came in the latter part of the year. Likewise, construction margins were sacrificed, resulting to the decrease in General, Selling, and Administrative Expenses excluding non-cash provisions, percentage to revenue remained the same due to said reduction of revenue.

In order to address the present situation and enhance its market competitiveness, DMCI has reorganized itself into business units, namely; Construction, Housing, Equipment, Formworks, and Ready-Mixed Concrete. Such move is aimed to empower personnel to partake extensively in the decision-making process within their units, to enhance accountability, and to maximize the use of assigned resources to generate desired financial returns.

“WITH AN EXPANDING ECONOMY COUPLED WITH LOW INFLATION RATE AND BORROWING COST, AND THE GOVERNMENT'S EFFORT TO BOOST HOUSING DEVELOPMENT, PROSPECTS IN THE CONSTRUCTION INDUSTRY IN THE MEDIUM TERM ARE ENCOURAGING.”

On the other hand, our coal mining company, Semirara Mining Corporation (SMC) recorded a net income of Php 6 million, an improvement over 2001's net loss of Php 22 million. Coal sales reached 1,296,000 metric tons, a 7.4% increase over 2001 despite the decline in National Power Corporation Calaca Power Plant purchases in 2002 by 23,000 metric tons compared to 2001 due to the unscheduled shutdowns in early 2002 of its two power units. The increase in total sales for the year was achieved through SMC's effort to expand its customer base and reduce its dependence on a single market, NPC Calaca. In 2002, sales to other customers

reached 161,000 metric tons (12% of total sales) from 2001's 48,000 metric tons (4% of total sales). At the same time, SMC continued to pursue its community development and environmental enhancement programs. These include the construction of school buildings and facilities, electrification projects, and the development of mangrove plantations around Semirara Island. With a diversified market base and upgraded coal quality, SMC's sales tonnage and profitability are expected to further improve as the economy grows and demand for electricity increases.

DMCI Homes' implementation of its five housing projects has been a success. It has optimized the employment of our construction capabilities and has enabled us to liquefy our land holdings in a cost efficient manner. At the same time, the undertaking has enhanced DMCI's image as a builder not only of condominiums but of "communities" as well.

Thus, in 2003, the development of three new residential communities in Cainta and Taguig areas will be pursued. Guided by the tagline "Beyond Houses, Lasting Homes", DMCI Homes remains committed to provide middle-income families with quality homes at affordable prices.

Of the 2,400,000 Convertible Preferred Shares which matured in April 2002, we are pleased to report that to date, we have redeemed a total of 2,090,610 shares. We will continue with our efforts to redeem the remaining shares in the months ahead.

The Company is committed to maintaining its corporate reputation through enhanced management and communication strategies in accordance with the principles of corporate governance. In September 2002, we submitted our Manual on Corporate Governance to the Securities and

Exchange Commission. We have elected the chairmen and members of the committees who shall oversee the Company's performance in compliance with the Manual.

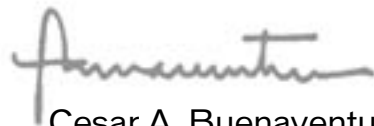
Through the years of adversity and prosperity, your Company has remained steadfast in delivering what it has committed. The loyalty of our clients has inspired us to further improve our business processes as well as the products and services we deliver, to better serve our community and our nation as a whole. We are here to stand firm with what we have committed, created, and built. In all our undertakings, our success stems from the commitment of a team of men and women whose dedication and professional capability have given us the confidence to grow and move ahead along our corporate vision.

"THROUGH THE YEARS OF ADVERSITY AND PROSPERITY, YOUR COMPANY REMAINED STEADFAST IN DELIVERING WHAT IT HAS COMMITTED."

To our dear shareholders, we thank you for your unwavering support in the pursuit of our goals and in moving forward towards our shared vision of progress.



David M. Consunji  
Chairman



Cesar A. Buenaventura  
Vice Chairman



Isidro A. Consunji  
President

# A COMMITMENT BEYOND AN EDIFICE



We Design.



We Build.



We Commit.

We design our policies and products in compliance with the highest principles of corporate governance and in response to social and environmental needs. We see the Company as an organic member of society.

We build structures of excellent quality and customer satisfaction. Beyond the delivery of services, our corporate guarantee goes with it. A fitting tagline for our housing projects, “DMCI Homes - Beyond Houses, Lasting Homes” is our vision to provide quality homes at affordable prices.

We recognize that the greatest contributor in the development of our culture and endeavors are our people. We believe that our people’s work ethics and commitment made us what we are today. We will continue our quest to provide rewards for labor and capital.

YOUR HOME  
YOUR HOME  
YOUR HOME





Focused on “Beyond Houses, Lasting Homes”, DMCI Homes is the Builder of Homes, responding to the needs of the Filipino family.

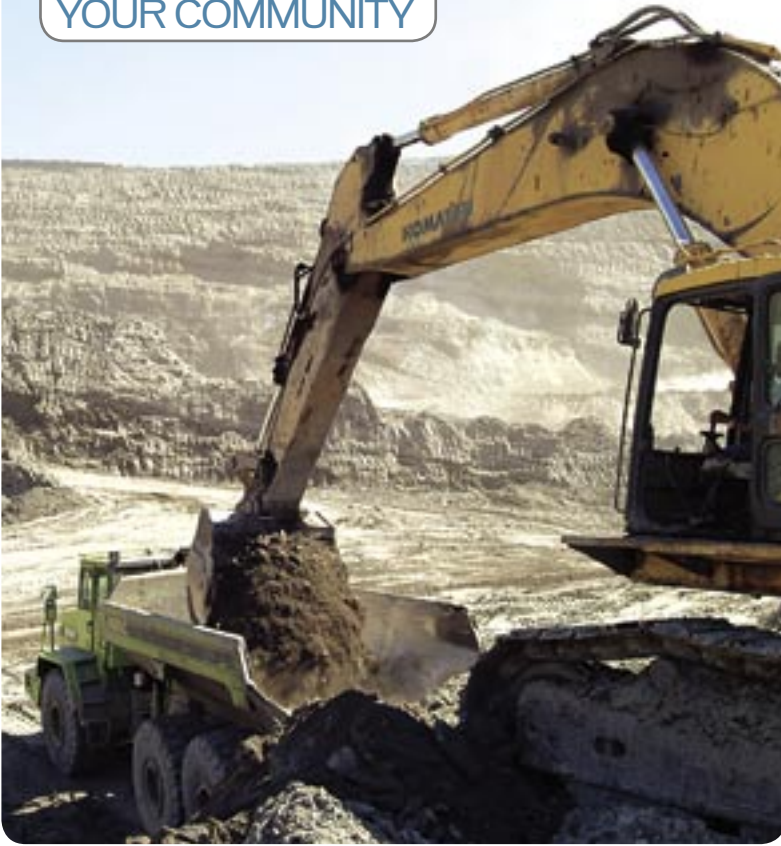
**DMCI HOMES**, the housing development arm of DMCI, has integrated property development and marketing enabling it to deliver quality and affordable projects.



“The good reputation of DMCI made me consider and decide to buy a unit from them. I can say that the management has done well to meet the needs of the residents such as the basic services and the maintenance of the amenities that our kids enjoy”

“What I like is their concept of a “condovision”, a combination of a condominium and a subdivision wherein the residents treat each other as a “family”. And you cannot find that family values in any other high rise condominium.”

**Mike Peñaloza, Unit Owner of Lakeview Manors, with children Celina and Jaime**



### Community Development Programs

SMC constructed school buildings and facilities for Brgy. Semirara giving the students the opportunity to excel in the academe and become more competent in their own skills. Now, they can comfortably study their lessons with the electrification projects that SMC has provided the local community. To date, 490 electrical line facilities have been installed for residential, commercial, and public consumption.

### Environmental Programs

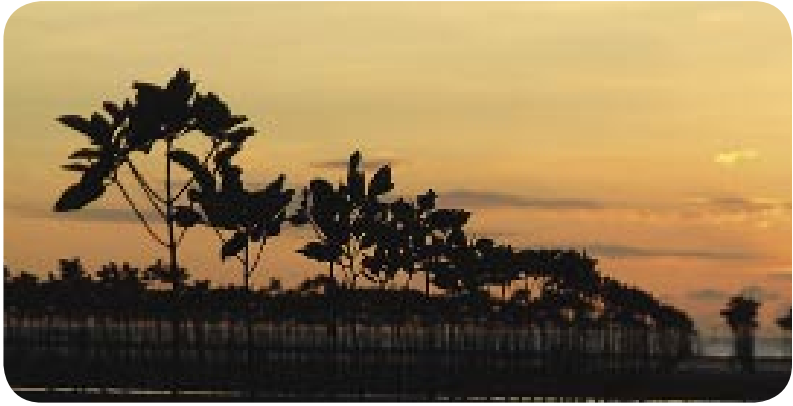
SMC envisions the island of Semirara to be an eco-tourism center with the rehabilitation and development of the Unong mine pit into a water reservoir and fish culture pond. Also, as part of the Company's environmental protection and enhancement programs, its goal is to develop 200 hectares of mangrove plantation around the island. To date, over 18,000 seedlings have been planted in 64 hectares, which has also provided direct employment for the islanders.

**SEMIRARA MINING CORPORATION (SMC)** is strongly committed to the social and environmental development of the local community.



**EDUCATION:** The classrooms and school facilities provided by SMC will lead to a better and brighter future for them.

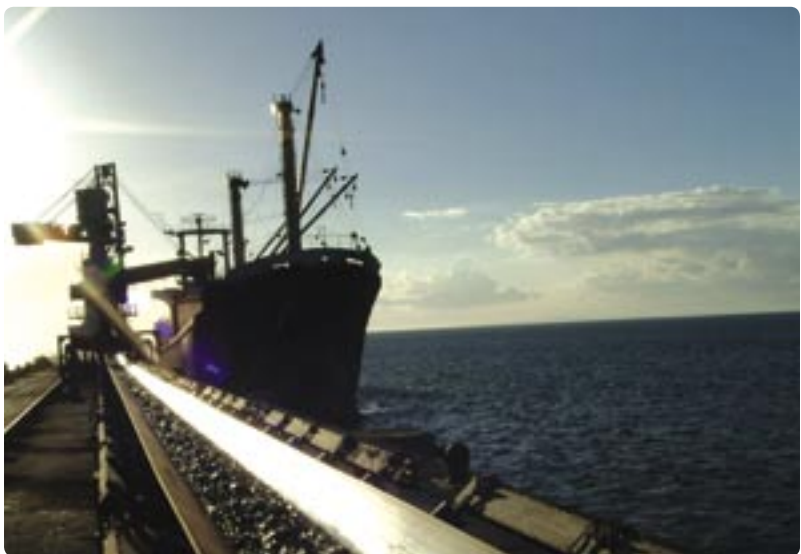
**ENVIRONMENT:**  
Mangrove seedlings are being taken care of in the SMC's nursery. The target is to develop 200 hectares of mangrove plantation around the island.



*"Noon, karamihan sa mga estudyante ng Brgy. Semirara ay nag-aaral sa Brgy. Tinogboc. Mula rito, nilalakad nila halos mga sampung kilometro papasok ng eskwelahan. Kaya masaya kami na nagkaroon na ng school facilities at technical courses dito sa tulong ng kumpanya."*

(Most of the students in Brgy. Semirara were studying then at Brgy. Tinogboc. They had to walk almost ten kilometers just to get to school. Now, we are grateful that the company provided our children school facilities and offered technical courses here).

**Reynante Lim**  
Barangay Captain, Brgy. Semirara



Coal being loaded to the vessel



**ELECTRIFICATION:** SMC lights up their minds to strive for the future.

YOUR FUTURE  
YOUR FUTURE  
YOUR FUTURE



The Light Rail Transit Line 2



“DMCI is a contractor that can give peace of mind to its clients. Their competitive edge is really the ability as an organization to deliver projects on time, and the quality that is required by the clients. They are responsible enough to deliver their commitments as promised.”

**Emilio Tumbocon**  
President, Philippine Constructors Association



The Baguio Water System



**DMCI** has established its reputation as one of the major key players in the construction industry and is known for the various landmarks it has built here and abroad.

DMCI has contributed to the development of the construction industry through its innovative processes and products. It has a proven track record and is one of the prime movers of the Philippine Constructors Association, a well-established organization of construction companies in the Philippines.

DMCI has been tapped by many commercial and property developers and industrial firms because of its ability to meet the clients' needs in terms of cost, quality, and time.

### DMCI PROJECTS

Marked as the "Builder of Landmarks" DMCI takes pride in its expertise in civil and infrastructure works. A number of large projects has been awarded recently to the Company.

#### Kamanava

A 5-billion peso infrastructure project, Kamanava (Kalookan, Malabon, Navotas, and Valenzuela), is set to start construction this year. DMCI through its Japanese joint-venture partner Nishimatsu, bagged a one billion peso worth of project, consisting of construction of pumping stations, flood gates, and polder dike among others. The

infrastructure will be built to minimize inundation of the flood-prone area of Kamanava.

#### Four Seasons Salcedo

A 39-storey residential building is set to rise in Salcedo Village, Makati City. Four Seasons Salcedo is a Php132-million project, which includes structural works and architectural finishes. The residential tower will also house two basement parking levels, a machine room, and a helipad. The project will be completed in June of 2004.

#### SM Dasmariñas

Another mall will soon rise as SM Prime Holdings, Inc. establishes a distinct shopping arcade in Dasmariñas, Cavite. DMCI once again will be part of the legendary mall chain undertaking being the main contractor for the foundation works and site development. SM Dasmariñas is a Php126 million project located in a 10.5 hectares of land in Barangay Palapala.

#### Baguio Water System - Area 1

Expansion and rehabilitation will be the main construction activities of DMCI for a Php67-million project for Baguio Water System Area 1. The construction includes installation of 54,600 meter pipelines, gatevalves, service taps, construction of pipe crossings, and other related civil works.



**The Sisters of Mary Boys Town Complex in Sillang, Cavite**



**Construction at the Four Seasons in Salcedo, Makati City**



# INTERNATIONAL SCHOOL OF MANILA



“DMCI demonstrated their ability in the construction of International School of Manila, as an absolutely first class contractor anywhere in the world. And our concern was actually to finish on time, on the 12th of August, and we are happy that the school opened exactly as we had said.”

**David Toze**  
Superintendent  
International School of Manila

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BOARD OF DIRECTORS AND OFFICERS  
BOARD OF DIRECTORS AND OFFICERS

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Legal Counsel

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Vice President for Operation and Resident Manager

FRANCISCO B. ARAGON, JR.  
Vice President for Administration and Marketing

GEORGE B. BAQUIRAN  
Vice President for Special Projects

NESTOR D. DADIVAS  
Chief Finance Officer

CONTACT INFORMATION  
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CONTACT INFORMATION

**DMCI HOLDINGS, INC.**

Office Address  
3/F DACON Bldg., 2281 Don Chino Roces Ave. Makati City  
Tel. Nos.: 888-3000 Fax No.: 816-7362  
Email Address: [dmcihi@dmcinet.com](mailto:dmcihi@dmcinet.com)



## NATURE OF BUSINESS

Incorporated on March 8, 1995 as a holding company to consolidate all construction business, construction component companies, and related interests of the Consunji family. It was listed on the Philippine Stock Exchange on December 18, 1995.

A company engaged in general construction services — the Company’s core business. It is also engaged in various construction components businesses such as production and trading of concrete products, and electrical foundation works. Founded in 1954, DMCI is acknowledged as one of the leaders in the Philippine construction industry, noted for quality projects delivered on time and its pioneering application of advanced engineering methodology

A company engaged in construction business-generating investments primarily through its significant minority interests in various projects through its significant minority interests in various projects strategic partners who will add value and expertise to the various aspects of its project development and implementation

## STRATEGIC INITIATIVES

To maximize and sustain growth in its profitability by capitalizing and building on its areas of expertise by:

- increasing organizational and operational efficiency
- minimizing cyclicality in earnings
- capitalizing on operating synergies

DMCI is committed to build structures of technical integrity that enhance both society and the nation’s progress while working towards greater professionalism and reasonable returns

To secure significant minority equity interests in ventures involving project development activities which provide additional construction business investment income. PDI’s role is to develop projects and to take equity positions in ventures that provide the Company with a more consistent revenue stream in the form of additional general construction business for DMCI; and investment income, resulting from PDI’s development activities

## EQUITY SHARE

100% owned

100% owned



SEMIRARA MINING CORPORATION

A publicly-listed company engaged in the exploration mining and development of coal resources on Semirara island in Caluya, Antique. It is currently the Philippine's largest coal-producing company with a guaranteed long-term market by virtue of its supply contract with the state-run National Power Corporation

SMC aims to achieve profitability and positive cash flow by increasing revenues through higher production and sales by:

- a) increasing production capacity and improving product quality and;
- b) maximizing delivery of coal to NPC-Calaca Plants and penetrating non traditional markets for Semirara coal

74% owned

CONCEPT & DESIGN  
K2 interactive

PHOTOGRAPHY  
Cesar Caina



**DMCI HOLDINGS**  
INCORPORATED