



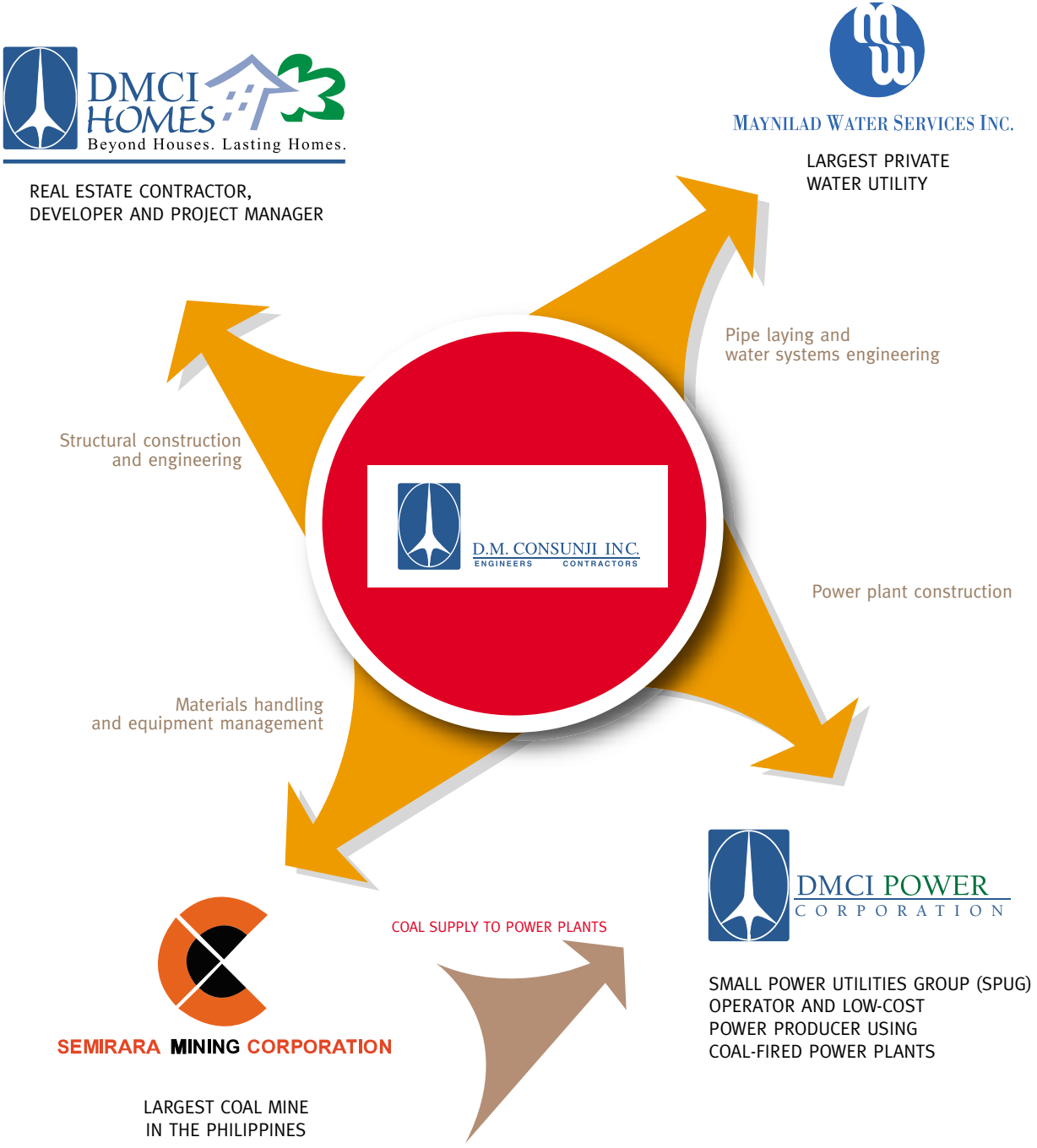
**our
fellow**

stockholders,

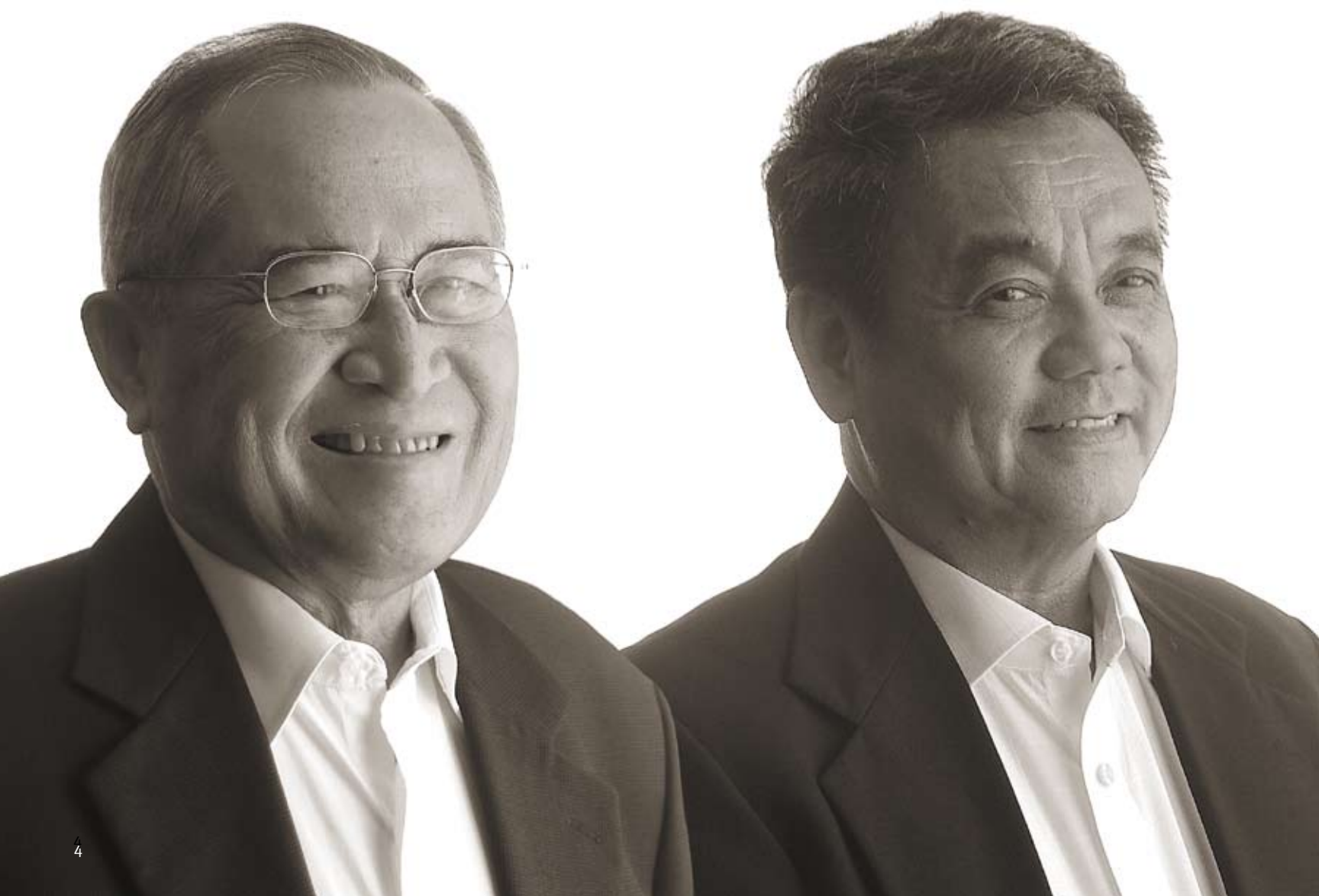
Using our core competencies in general engineering and construction management, DMCI Holdings, Inc. has laid new foundations for a focused multi-business company aimed at stable growth and sustainable returns. The results from our coal mining and real estate sectors led the way towards more recurring business as envisioned. Late in 2006, we ventured into two new industries, namely water and power with the successful acquisition of Maynilad Water Services, Inc. and the off-grid power supply rights over Masbate Power Generation. Below is a graphic illustration of this direction:

synergy in business operations

Strategic acquisitions and investments capitalising on core competencies

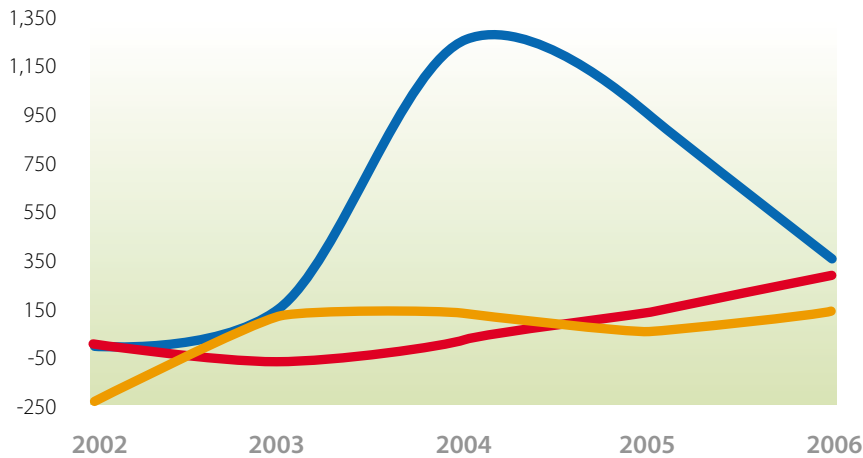


“Our new investments in the water and power segments are also expected to contribute significantly towards revenue growth and profits. With this, we are confident with our direction towards focused expansion.”



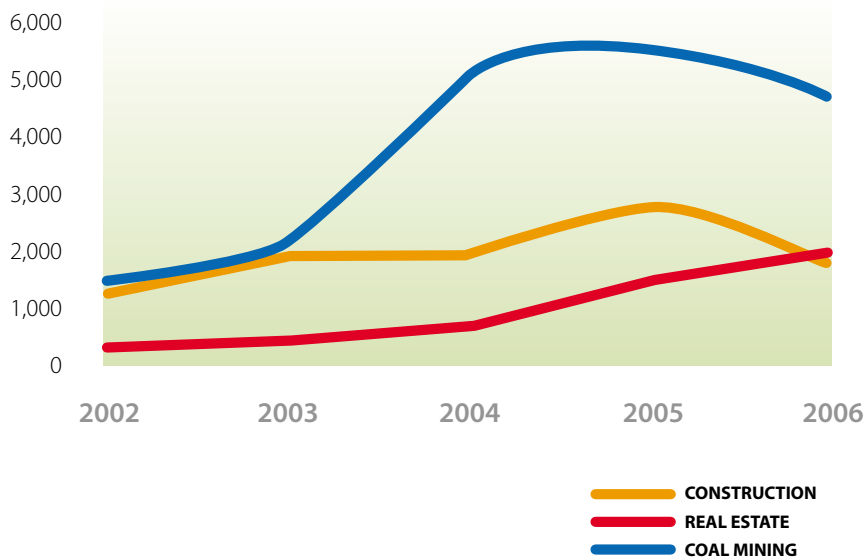
Net Income

In Million Php



Revenues

In Million Php



— CONSTRUCTION
— REAL ESTATE
— COAL MINING

With the skills and resources gained in more than 50 years of doing construction, D.M. Consunji, Inc. (“DMCI”) will be the focal point upon which the Company will build its new platform of focused multiple businesses. DMCI will supply its construction know-how, engineering expertise and technical capabilities to the other businesses providing a total synergy in business operations.

In 2006, your company earned a consolidated net income of ₱1.383 billion vis-a-vis ₱4.181 billion in 2005 and excluding the one-time gain from the sale of shares in the coal mining business, the recurring incomes are ₱1.034 billion and ₱1.814

billion, respectively. Our total revenues amounted to ₱8.702 billion, a decrease of 13% from ₱10.029 billion in 2005 due to the low demand for local coal but was compensated by the improvement in the real estate and construction sectors. The accompanying graphs are comparative figures for each of the sectors.

We note that through the years, we have been increasing and expanding our revenue base and income streams initially dominated by construction. Our mining and real estate segments are now delivering revenues and profits exceeding the construction business. Our new investments in the water and

Stock Price (2005 & 2006) (Php per share)



power segments are also expected to contribute significantly towards revenue growth and profits. With this, we are confident with our direction towards focused expansion.

The investments we are making today will not just sustain but enhance future dividends consistent with the increase in our year-end stock prices from ₱3.15 in 2005 to ₱6.10 in 2006. On April 3, 2007 and June 15, 2006, your Board of Directors approved and declared cash dividend of ₱0.10 per share or ₱242.35 in 2007 and ₱225.55 2006. These were paid on May 28, 2007 and July 20, 2006, respectively.

With these initiatives, we are transforming DMCI Holdings, Inc. into an infrastructure conglomerate having interests in construction, mining, real estate, water distribution, and power generation providing basic services to a developing economy. Rest assured that we shall continue to direct our efforts towards improving shareholder value. We thank you for your continued support and confidence.

DAVID M. CONSUNJI
Chairman

CESAR A. BUENAVENTURA
Vice Chairman

ISIDRO A. CONSUNJI
President