



DMCI HOLDINGS
INCORPORATED


2005 ANNUAL REPORT

Cover Rationale



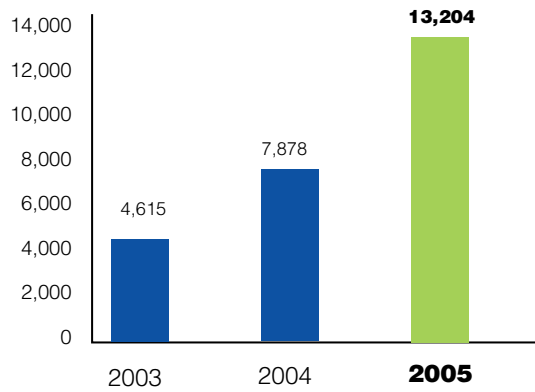
Our financial strength has moved us forward but the context of our accomplishment are the things that we value – performance, relationships, growth, service, empowerment, and good governance.

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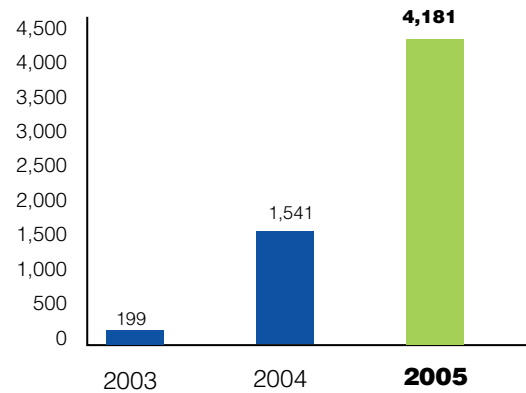
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Financial Highlights (In million Php except earnings per share)

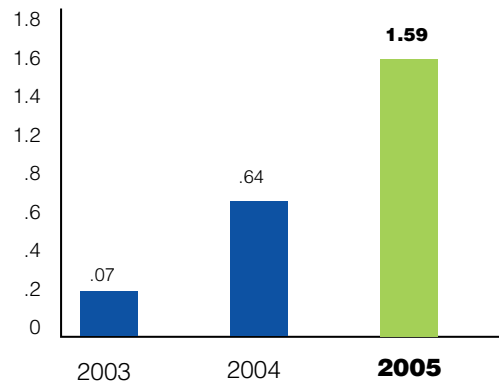
Revenue



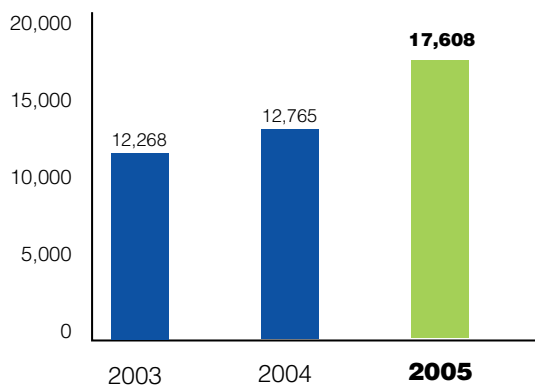
Net Income



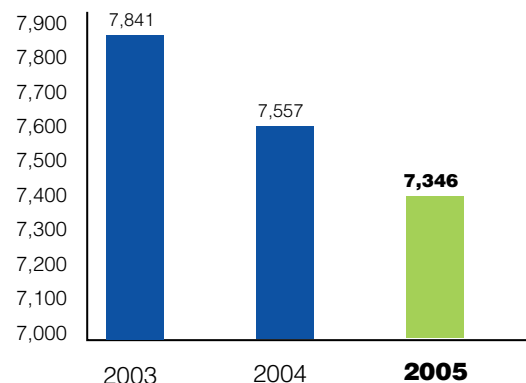
Earnings Per Share



Total Assets



Total Liabilities





“Years of spirited creativity and innovation emphasizing on human empowerment and social responsibility has brought us unprecedented growth. This enables us to make significant contributions to nation building through our interests in coal mining, real estate development, and of course, construction which is where ~~this~~ all began.”



The year 2005 has been an extremely bountiful year for DMCI Holdings, Inc. This year has seen the fulfillment of our vision and the achievement of our goals.

Years of spirited creativity and innovation emphasizing on human empowerment and social responsibility has brought us unprecedented growth. This enables us to make significant contributions to nation building through our interests in coal mining, real estate development, and of course, construction which is where it all began.

In 2005, total revenues generated to Php 13 billion, an increase of 68% from Php 7.8 billion of 2004. Our consolidated income surged by 173%, marking a Php 4.1 billion, exquisitely higher against last year of Php 1.5 million. These outstanding results were mainly due to gains in our investment business and continuous contributions from the coal mining and real estate businesses.

Our flagship company, DMCI, experienced relatively better operations for the year compared to last year. Revenues for the year went up 43% from P1.95 billion in 2004 to P2.79 billion in 2005. Completion of existing projects, continuous work on on-going projects and

recently awarded projects supplied the notable increase in construction revenues.

Our dream of building more than decent housing and providing a quality lifestyle for a sector that otherwise would not have been able to find such amenities within this market, has brought for us a tremendous 146% increase in sales revenue amounting to Php 2.5 billion. With this exceptional sales growth, a sharp increase of 300% in net income of Php 140 million from Php 35 million of last year, while revenues reached Php 1.5 billion from Php 718 million of 2004. Next year we aim to generate Php 5 billion of sales and reservations that will allow us to deliver even more homes to more families.

During the year we affirmed our commitment to building not only houses but living communities by launching our Customer Care Program — “Because We Care” to handle client care services before, during and after sales.

To date, we have thirteen housing projects located in Taguig, Manila, Pasig, Cainta, Parañaque, and Carmona. DMCI Homes is looking toward five more projects to commence within the year.

INVESTMENTS OF DMCI HOLDINGS and SUBSIDIARIES

Our coal mining company, Semirara Mining Corporation (SCC), continues to be the country's leading coal mining company with a share of 28% of the total industry market. Amidst the unfavorable circumstances that resulted to a slower increase in sales growth, SCC geared up to exceed its last year's net income of Php 1,439 million to Php 1,592 during the year. The slight sales growth was due to the prolonged maintenance shutdown of one plant of its largest customer, National Power Corporation (NPC) Calaca which Semirara has produced a total product coal of 2.9 million metric tons (MTs), 16% more than 2004 output of 2.5 million MTs. NPC, Semirara's major client, uses coal as a more cost efficient fuel for power generation.

We are at a time where we find ourselves with outstanding human and financial resources to propel us further in our quest for a better nation and a better life for the Filipino people. With all these outstanding financial resources, focused and diverse group of energized employees and a compelling vision to perform unwaveringly, our Company continues to deliver shareholders value measured in its being responsible in his people, community and environment.

2005 2004

DMCI HI

D.M. Consunji, Inc.	100.00%	100.00%
DMCI Project Developers, Inc.	100.00%	100.00%
Semirara Mining Corp. (formerly Semirara Coal Corp.)	63.00%	94.53%
Semirara Cement Corp.	100.00%	100.00%
Wire Rope Corp. of the Phils.	61.70%	61.70%
Atlantic, Gulf & Pacific Co. of Manila, Inc.	46.00%	46.00%

DMCI

DMCI International, Inc.	100.00%	100.00%
DMCI-Laing Construction, Inc.	60.00%	60.00%
Ohki-DMCI Corp.	100.00%	100.00%
Obayashi Philippines Corp.	39.55%	39.55%
Oriken Dynamix Company, Inc.	89.00%	--
Beta Electric Corp.	50.77%	56.57%

2005 2004

Eco Process & Equipment Phils., Inc.	50.00%	56.00%
Bachy Soletanche Philippines Corp.	49.00%	49.00%
Vulcan Materials Corp.	49.00%	49.00%
Wire Rope Corp. of the Phils.	16.02%	16.02%
Riviera Land Corp.	41.00%	--
Montecito Properties, Inc.	5.00%	5.00%

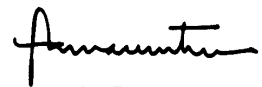
PDI

DMCI Homes, Inc.	100.00%	--
Hampstead Gardens Corp.	100.00%	60.00%
Constress Philippines, Inc.	100.00%	--
Riviera Land Corp.	58.89%	16.89%
Subic Water & Sewerage Co., Inc.	40.00%	40.00%
Project Quest Corp.	12.00%	12.00%
Montecito Properties, Inc.	25.00%	25.00%
CSN Properties, Inc.	45.00%	45.00%
Contech Products Corp.	100.00%	100.00%
Monarca Greenworld Corp.	35.00%	35.00%
Universal Rightfield Property Holdings, Inc.	0.73%	0.73%

“We have sustained our success through an exceptional performance, powerful relationships, financial growth, social responsibility, and human empowerment – key areas that we value and make us achieve the goals we have set.”


Isidro A. Consunji
President


David M. Consunji
Chairman


Cesar A. Buenaventura
Vice Chairman



Performance by Outcome



Our orderbook increased to almost
Php 2 billion by the end of 2005

Projects acquired during the year
totaled Php **of** 2 billion...

58%

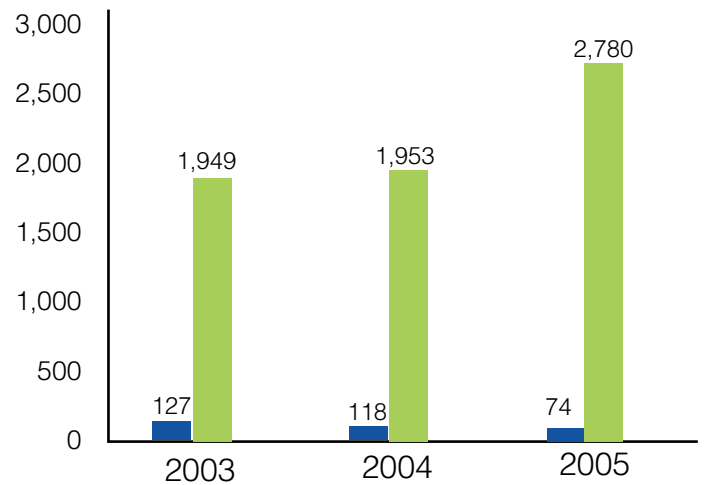


D.M. CONSUNJI INC.
ENGINEERS CONTRACTORS

Our basic element to success is our dedication to deliver quality on time. Our values of speed, skill, and responsibility together with strong and collaborative relationships with our clients are our strength.

DMCI's Special Business Units – Construction, Housing, Formworks, Equipment Management, and Ready-Mixed Concrete – continued to work and develop diverse knowledge and skills that will increase our market potential.

Among our projects are: The Shang Grand Tower, of the Kuok Group, which was significantly completed in 2005 apportioning Php 528 million in revenues for the year, more than doubling what was realized in 2004. The LRT-2 Package 4, Dingle Diesel Power Plant and the SM Supercenter Sucat-Annex, were also completed in the year providing a total of Php 457 million in construction revenues, reporting a 37% jump from the Php 334 million



(In million Php)

■ Net Income
■ Revenue

revenues recognized last year. With these, revenues for 2005 went up 43% from Php 1.95 billion in 2004 to Php 2.79 billion.

DMCI's orderbook rose to Php 1.9 billion from Php 2 billion of 2004. DMCI brought in a total of Php 2.2 billion worth of projects for 2005, which are One Adriatico Place, Meneses Corporate Center, Subic Tarlac Express Deck-Fabrication, PNC Condominium, and Second Magsaysay Bridge & Butuan City Bypass Road. DMCI continuous to book projects in infrastructure development as well as private development that become landmarks.

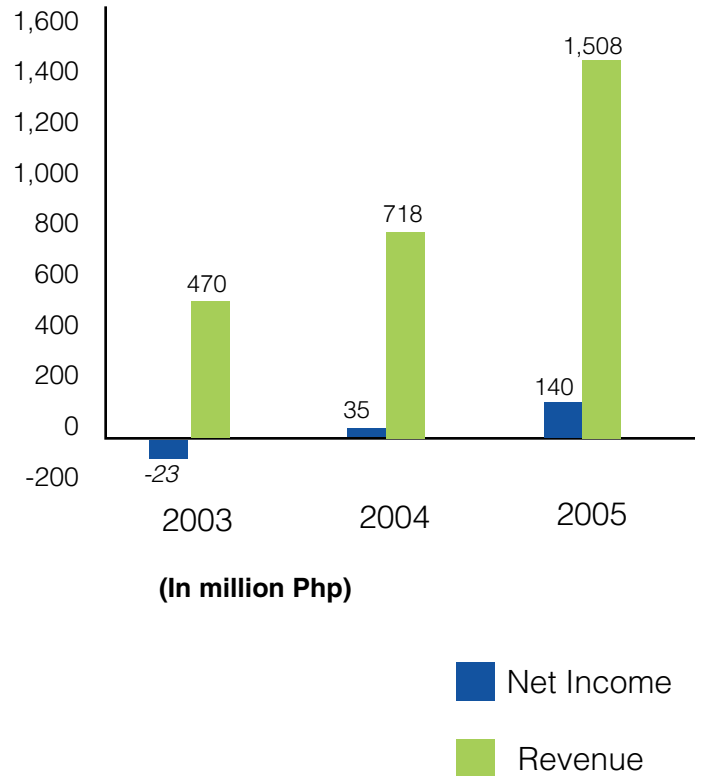
DMCI is seeking opportunities to diversify to other industries like railways, environment-related services, facilities maintenance, and overseas market. Management is also looking into servicing its affiliates through property management and maintenance of the housing projects and coal mining business.

Relationships Before and After

Housing sales and reservations went up 101%.

1,601 units were delivered in 2005.

Five international sales offices have been put up in London, Milan, New York, and Dubai.



Our vision places customer service at the foundation of everything we do. This is our commitment to our clients and the industry.

Through the years this vision has become a passion that transforms our people into a customer-focused team. With the growing market demand, we decided to create a department that will provide full service and support to our customers. Thus, our Customer Care Department was established mid last year to address clients' complaints and concerns through immediate and responsive communication to ensure quick resolution. It also assures clients that their concerns are being addressed properly. All these are conducted by our customer care staff with the right attitude and friendly disposition.

The department has launched a customer care program called "Because We Care", where DMCI Homes employees dedicate themselves to the pursuit of providing the highest quality work and service, for customer satisfaction we aim to shift attitudes from "transaction" mentality to a "relationship" mindset.

To date, there are thirteen housing projects located in Taguig, Manila, Cainta, and Carmona. Our market has increased locally and abroad. For 2006, we will open five new projects to develop in Paranaque, Taguig, Quezon City, and Carmona. Currently we have international sales offices in London, Milan, New York, and Dubai.

Growth @LOWFP



Coal prices increase to Php 2,205 per metric ton

Non-NPC market posted an aggregate increase in sales volume by 95 thousand metric tons, making up for Calaca's shortfall

International Public Offering (IPO) has brought in Php 1.6 billion to Semirara



SEMIRARA MINING CORPORATION

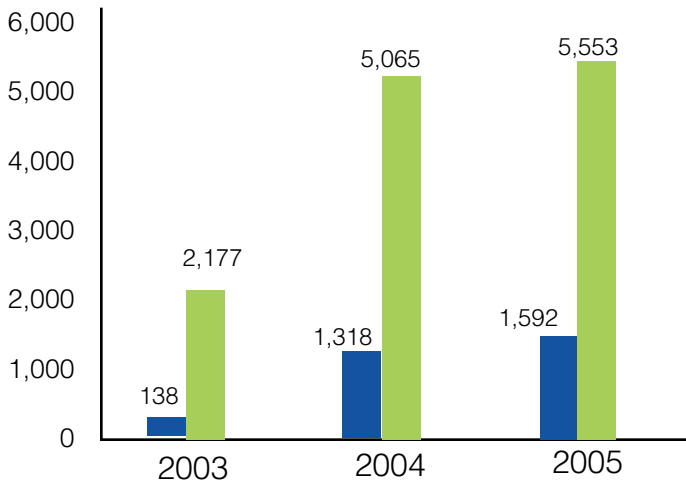
The company, Semirara Mining Corporation (SCC), has posted tremendous growth in net profit and sales for three consecutive years since 2003.

SCC has addressed significant challenges successfully, and by the year's end, SCC positioned its operations for solid growth in 2005. Despite of the unforeseen prolonged shutdown of the National Power Corporation (NPC) Calaca Plant 2 for a regular maintenance check, SCC was able to sell higher volumes of coal to Sual and Pagbilao power plants, which are Independent Power Producers (IPP) power plants. This offset the decrease in NPC's consumption from 62% in 2004 to 58% in 2005. SCC continues to develop new markets for coal.

On February 4, 2005, SCC went on an international public offering which reactivated SCC stock trading in the Philippine Stock Exchange. This has brought in Php 1.6 billion for the company allowing SSC to pay up its liabilities. It was also able to purchase new mining equipment to boost production.

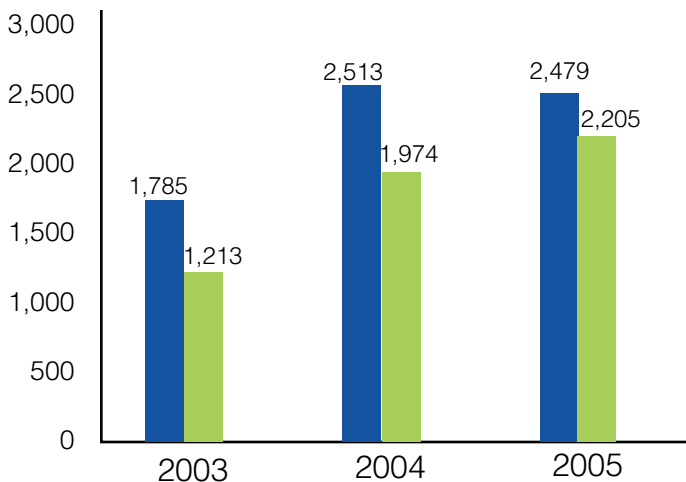
For the first time, SCC's Board of Directors declared cash dividends of Php 1.20 per share for stockholders as of record March 27, 2006 in keeping with its commitment to stockholders to pay a minimum of 20% of the Audited Net Profit After Taxes of year-end 2005. Total payment reached approximately Php 333 million, representing around 20.9% of the 2005 net income of Php 1,592 billion.

Semirara is focused on continuing to reduce debt, enhancing its balance sheet and returning cash to shareholders through dividends and share purchases. SCC Board believes success is achieved when it provides returns to its shareholders and creditors while contributing to the economic growth and well-being of the communities where it operates.



(In million Php)

■ Net Income
■ Revenue



■ Sales Volume (In '000 MT)
■ Composite Price/MT (In Php)



Semirara Mining Corporation (SCC) is fully committed to promoting sustainable development for the communities where it operates.

Sustainable development balances economic, social and environmental issues to meet the needs of the present without compromising the ability of future generations to meet their own needs.

While our mining operations impact the environment and nearby communities, we take action to minimize and to mitigate negative environmental impacts while maximizing positive economic and social development both for the present and the future.

We have adopted strong policies to enforce that commitment, and we work to achieve responsible operations and sustainable development through

our economic, social and environmental programs, in partnership with the government and the local communities where we operate. Demonstrating the strength of our commitment, our sustainable development programs in our mining operations cost us Php 22.5 million during 2005.

We provide substantial economic benefits for the people of Semirara island which include farming, fishing and other livelihood projects. The Semirara Fisherman Association (SEMFA), which was established on August 2000, started its operation in October 2001 with only two utility boats. In 2001, it posted total net sales of Php 71 thousand and a net selling price of Php 19.00 per kilo. In 2005, total net sales reached Php 23 million with an average selling price of Php 25.12 per kilo. SEMFA was established to introduce large-scale fishing operation for the people of Semirara.



Corporate Social Responsibility

SCC is also putting up a 25-ton Ice Plant to support deep-sea fishing. This ice plant will be operational by June of 2006.

The Integrated Pest Management (IPM) Technology in farming has benefited the farmers of barangay Alegria, Tinogboc and Semirara. IPM has introduced new farming technologies that have improved their farming ability like the Lantay Method Seaweed Farming in which 60 farmers are expected to supervise the project.

Comprehensive monitoring, compliance with environmental standards, and commitment to reclamation and vegetation, highlight a mission of environmental responsibility. As of December 2005, the mangrove plantation has reached approximately 178.63 hectares of land around the coastal areas of the island. The depleted Unong Mine pit is continuously rehabilitated

where a total of 10.78 hectares of trees were planted.

The rehabilitation is participated by various sectors in the community. Other environmental projects include island-wide reforestation, promotion of tree planting for greening the island, where 1,350 mango seedlings distributed to individuals for planting, Bantay-Gubat and Bantay-Dagat, and Ilugao and Tabunan beach preservation for eco-tourism.

SCC has also embarked into educational programs which has supported 2,700 graduates of elementary and high school from nine public and two private schools. The Company has also donated classroom buildings through its Adopt-A-School Program which benefited public elementary and high schools. The Divine Word School of Semirara Island is also a company subsidy which offers free tuition and miscellaneous fees.



Empowerment



We recognize the exemplary work and dedication of our employees. Their commitment to excel has bolstered the company's growth and achievements. In turn, the company continues to support their development.

The training we provide our employees in our housing arm, DMCI Homes, has created learning opportunities that make them more creative and skilled. Our Customer Care Department has initialized a Customer Care Champion Program that recognizes employees with outstanding customer care performance every month. This program affirms the Company's culture of creative ways to better satisfy our customers. Through this, employee morale and teamwork is held high

We bring our employees to sports, leadership training, and personality development seminars. We have small

gatherings that will engage them with other employees of other subsidiaries such as the monthly Birthday Salo-salo, Fun Day (sports fest) and the like.

"Because We Care" Program

"Because We Care" is the tagline that is the heart of DMCI Homes' Customer Care program. Through this program, we endeavor to create the most praiseworthy living conditions for the residents of the communities we build because it is our vision to serve and to care.

Our collective thrust is to uphold customer satisfaction in every way from the most basic worries to the more complex concerns – thus the line that clearly states this commitment. Beyond mere structures, we provide our clients thriving, living communities that grow with their needs and demands.



The Logo

Rooted in our company's assurance of worry-free living, our commitment is emboldened in the logo's adaptation of a stylized heart in Red – the color that signifies every DMCI Homes personnel's intense and passionate championing of customer satisfaction. The upwardly tilted house, the tree and the tagline "Beyond Houses. Lasting Homes." – all elements of the DMCI Homes corporate logo, are also emblazoned in the Customer Care logo to represent the commitment that the company envisions.

Our Goals

- To address clients' complaints and concerns through immediate & responsive communication to ensure quick resolution
- To be proactive in handling specific situations by identifying potential conflict areas, thus avoiding problem incidents in the future.
- To have the right attitude and friendly disposition when handling clients to ensure that their concerns are being addressed properly.
- To dedicate ourselves to the pursuit of providing the highest quality work and service embodied by our corporate values, we reinforce our customers' decision in choosing to live in a DMCI Homes community.



The Years Ahead.....

Currently we are concentrating on customer satisfaction, shareholder relations, financial stability and community service.

The Company continues to focus on delivering superior shareholder value. We will have an open and engaging relationship with investors. Management is determined to put special efforts to understand the shareholders' needs and concerns. Several times during the year 2005, our senior management met with analysts and investors to discuss operating results and company plans. For the coming year, we expect to conduct more investor and analyst briefing regarding our major businesses.

The Company is also looking into other ventures in water and power generation. We have expressed our interest to bid for Maynilad Water Services, Inc. and we are also looking into possible investments in the 600MW Batangas Coal-Fired Power Plants, the 200MW mine-mouth Power Plant in Semirara Island, and 100MW Coal-Fired Power Plant in Concepcion, Iloilo.

Our housing subsidiary is geared to open five more projects in 2006. With the increasing number of communities we develop, DMCI Homes will focus on enhancing customer care service through our customer care program titled "Because We Care". It is our vision to be the developer that provides affordable residential communities which are conducive to growth.

As a way of giving back to the communities that we operate in, we work to enhance their lives. Our coal mining company has been actively providing community and environmental projects to the people of Semirara island and will continue to do so. This year we will see more environmental and livelihood projects such as the greening of the island, the rehabilitation of the depleted mine pit, and cooperatives for farmers and fishermen.



Corporate Governance

DMCI Holdings, Inc. believes that good governance is key to improve the company and to deliver more value to our shareholders.

The Company has adopted the Manual on Corporate Governance. We have our yearly self-rating assessment and evaluation system that determines our measure of compliance with our Manual. Our Board of Directors continues to undergo training by attending numerous Corporate Governance seminars during the year. On December 7, 2005, the Board of Directors has resolved to hold a regular quarterly meeting every Thursday of the month, following the end of a quarter, to monitor, measure, and assess the Company's business processes and practices in accordance with the principles of

Corporate Governance. It also aims to monitor the individual board members of their performance as well as the Corporate Governance committees' duties and responsibilities.

As we assessed our corporate governance performance through our self-rating system, we were not able to meet some of its requirements. For the coming year, the Company's goal is to be more committed to comply with the practices of good governance. This year, we will focus to enhance satisfactory accounting and disclosure standards, transparency, compliance, and corporate performance which will strengthen investors' confidence in our Company.

Corporate Governance Committees and Officers:

Nomination and Election Committee:

Oscar S. Reyes*	Chairman
David M. Consunji	Member
Isidro A. Consunji	Member

Compensation and Remuneration Committee:

Oscar S. Reyes*	Chairman
Ma. Edwina C. Laperal	Member
Cesar A. Buenaventura	Member

Audit Committee:

Evaristo T. Francisco*	Chairman
Oscar S. Reyes*	Member
Isidro A. Consunji	Member

Herbert M. Consunji	Compliance Officer
Cristina C. Gotianun	Internal Auditor
Jorge A. Consunji	Special Committee on Violations of the Manual

*Independent

Board of Directors

- DMC** DAVID M. CONSUNJI, Chairman
- CAB** CESAR A. BUENAVENTURA, Vice Chairman
- IAC** ISIDRO A. CONSUNJI, President
- HMC** HERBERT M. CONSUNJI, Vice President and Chief Finance Officer
- ECL** MA. EDWINA C. LAPERAL, Treasurer
- JAC** JORGE A. CONSUNJI
- VAC** VICTOR A. CONSUNJI
- OSR** OSCAR S. REYES
- ETF** EVARISTO T. FRANCISCO
- NAL** ATTY. NOEL A. LAMAN, Corporate Secretary



CAB

OSR

DMC

ETF

IAC



JAC

HMC

ECL

VAC

NAL

Officers

D. M. CONSUNJI, INC.

JORGE A. CONSUNJI
President and COO

EDILBERTO C. PALISOC
Executive Vice President and
General Manager for Construction

CRISTINA C. GOTIANUN
Vice President and Chief Finance Officer

ELMER G. CIVIL
Vice President and
General Manager, Housing Business Unit

DOUGLAS R. CUNANAN
Vice President and Business Development Manager

CESAR F. SIMBULAN, JR.

Vice President, Administration
LUIS C. PASTOR
Vice President and Operation Manager

REBECCA E. CIVIL
Asst. Vice President and Contract Manager

DAVID R. VILLAVIRAY
Asst. Vice President and Estimate Manager

CHRISTOPHER R. RODRIGUEZ
General Manager, Formworks Business Unit

JOSE E. MAGAJES
General Manager, Ready Mixed Concrete and
Equipment Management Business Units

MARCOS S. PAGASPAS
Legal Counsel

DMCI PROJECT DEVELOPERS, INC.

ISIDRO A. CONSUNJI
President

ALFREDO R. AUSTRIA
Managing Director

GERARDO S. ANCHETA
Project Director

MA. EDWINA C. LAPERAL
Treasurer

HERBERT M. CONSUNJI
Director for Administration

CRISTINA C. GOTIANUN
Director for Finance

ELMER G. CIVIL
Director for Design & Construction

REYNALDO C. SALAZAR
Director for Business Development

FLORANTE C. OFRECIO
Director for Sales

MICHAEL F. VALENTON
Marketing Manager

ATTY. ZENAIDA L. SALIPSIP
Corporate Secretary

SEMIRARA MINING CORPORATION

VICTOR A. CONSUNJI
President

GOERGE SAN PEDRO
Vice President for Operations and Resident Manager

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

GEORGE B. BAQUIRAN
Vice President, Special Projects

NESTOR D. DADIVAS
Chief Finance Officer

HERBERT M. CONSUNJI
Treasurer

ATTY. JOHN R. SADULLO
Corporate Secretary

Corporate Information

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