



3rd floor
DACON Building
2281 Don Chino Roces Ave.
(formerly Pasong Tamo Ext.)
Makati City 1231, Philippines

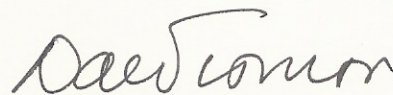
(632) 888 • 3000
Facsimile
(632) 816 • 7362
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SECRETARY'S CERTIFICATE

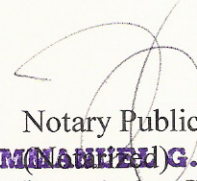
I, **NOEL A. LAMAN**, of legal age, Filipino and with office address at the 4th Floor, The Valero Tower, 122 Valero Street, Salcedo Village, Makati City, after being sworn to in accordance with law, do hereby certify that:

1. I am the Corporate Secretary of **DMCI HOLDINGS, INC.** (the "Corporation"), a corporation organized and existing under and by virtue of the laws of the Republic of the Philippines, under SEC Certificate of Registration No. AS095-002283 with principal office address at 3rd Floor, Dacon Building, 2281 Don Chino Roces Avenue., Makati City.
2. The information contained in the hardcopy of the SEC 17-A for the Annual Report ended December 31, 2004 and that contained in the disk are one and the same.
3. I am executing this certification to attest to the truth of the foregoing and in compliance with the reportorial requirements of the Securities and Exchange Commission.

IN WITNESS WHEREOF, I have hereunto affixed my signature this MAY 03 2005 day of May 2005 at Makati City.


NOEL A. LAMAN
Corporate Secretary

SUBSCRIBE AND SWORN to before me this MAY 03 2005 day of May 2005 affiant exhibiting to me his/her Community Tax No. 14678254 issued at Makati City on January 25, 2005.


Notary Public
JOSE EMANUEL G. HERNANDEZ
Commission No. 32
Notary Public - City of Makati
Until 31 December 2006
Castillo Laman Tan Pantaleon
& San Jose Law Offices
2nd, 3rd, 4th & 5th floors, The Valero Tower,
122 Valero Street, Salcedo Village, Makati City
PTR No. 9404234; 01-03-05; Makati
IBP No. 627235; 01-04-05; Quezon City
Roll No. 48511

Doc No. 427
Page No. 8
Book No. VI
Series of 2004

Subsidiaries
DM Consunji, Inc.
DMCI Project
Developers, Inc.
Atlantic, Gulf &
Pacific Company
of Manila, Inc.
Semirara Mining
Corporation

COVER SHEET

PSE CODE: HO- 115

A S O 9 5 0 0 2 2 8 3

SEC Registration Number

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

(Company's Full Name)

3 R D F L R . D A C O N B L D G . 2 2 8 1
P A S O N G T A M O E X T . M A K A T I C I T Y

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

HERBERT M. CONSUNJI

Contact Person

888-3000

Company Telephone Number

(Last Wednesday of July)

1 2 3 1

Month Day
Fiscal Year

SEC Form 17-A

FORM TYPE

0 7 2 7

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

Remarks: Please use BLACK ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A, AS AMENDED

ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended December 31, 2004
2. SEC Identification Number AS095-002283 3. BIR Tax Identification No. 004-703-376
4. Exact name of issuer as specified in its charter DMCI Holdings, Inc.
5. Philippines
Province, Country or other jurisdiction of
incorporation or organization
6. (SEC Use Only)
Industry Classification Code:
7. 3rd Floor, Dacon Building, 2281 Pasong Tamo Ext., Makati City 1231
Address of principal office Postal Code
8. Tel. (632) 888-3000 Fax (632) 816-7362
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	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Shares, Php 1.00 Par	1,127,747,000
Preferred Shares, Php 1.00 Par	19,790
Common Shares, Php 1.00 Par	150,000,000

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. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 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 that 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 []

13. **Php 1,979,159,044.68**

The aggregate market value of the voting stock held by non-affiliates of the registrant

**APPLICABLE ONLY TO ISSUERS INVOLVED IN
INSOLVENCY/SUSPENSION OF PAYMENTS PROCEEDINGS
DURING THE PRECEDING FIVE YEARS:**

14. **Not applicable**

Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

DOCUMENTS INCORPORATED BY REFERENCE

15. If any of the following documents are incorporated by reference, briefly describe them and identify the part of SEC Form 17-A into which the document is incorporated:

(b) Definitive Information Statement filed pursuant to SRC Rule 20;

PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

(Part I, par. (a) of Annex C)

DMCI Holdings, Inc. (the "*Company*") was 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.

In only a few years after incorporation, the Company has expanded its business organization to include four major subsidiaries, namely: D.M. Consunji, Inc. (DMCI), DMCI Project Developers, Inc. (PDI), Atlantic Gulf and Pacific Company of Manila, Inc. (AG&P) and Semirara Mining Corporation [(SMC) (formerly Semirara Coal Corporation)].

DMCI, a wholly owned subsidiary, is engaged in general construction services— the Group's core business. It is also engaged in various construction component businesses such as the production and trading of concrete products and electrical and foundation works. Incorporated and founded in 1954, DMCI is currently one of the leaders in the Philippine construction industry, noted for quality projects delivered on time and its pioneering application of advanced engineering methodology. In addition, DMCI, together with its affiliate PDI, is actively engaged in real estate sales and development, launching its housing component - **DMCI Homes**, in early 2002.

PDI, another wholly owned subsidiary incorporated in 1995, is engaged in construction business-generating investments primarily through its equity participation in various project and infrastructure development activities. These ventures generate not only investment income but also construction business for DMCI. Currently, PDI, hand in hand with affiliate DMCI, is actively engaged in real estate sales and development.

AG&P, a 40%-owned subsidiary, is engaged in heavy fabrication, industrial construction and engineering services. Established in 1900, it is the oldest and largest in the local industry, and caters largely to major oil and gas companies worldwide. Currently, adverse business conditions prompted the company to undergo a corporate rehabilitation.

SMC, a 60%-owned publicly listed company established in 1980 is engaged in the exploration, mining, development and sales of coal resources on Semirara Island in Caluya, Antique. It is currently the Philippines' largest coal-producing company with a guaranteed long-term market by virtue of its supply contract with state-run National Power Corporation (NPC).

(1)(c) Any material reclassification, merger, consolidation, or purchase or sale of a significant amount of assets not in the ordinary course of business. – **None**

(2) Business of Issuer

(a) Description of Registrant

(v) **Competition.** – *Among the publicly listed companies, DMCI Holdings, Inc. is the only holding company which has construction for its primary investment, Its construction business is primarily conducted by wholly owned D.M. Consunji, Inc. (DMCI), which has, for its competitors, numerous construction contracting companies, both local and foreign, currently operating in the country. It has been an acknowledged trend that the state of construction industry depends mainly on prevailing economic conditions. Thus, the currently weak economic growth explains the continued slump in the construction industry. Given this trend, DMCI has been focusing on selected markets where construction demand has remained relatively strong, particularly, in housing and civil works. This is where the company believes it can compete effectively given its strong construction capabilities, equipment and manpower complement, and track record.*

(vi) **Sources and availability of raw materials and the names of principal suppliers;** If the registrant is or is expected to be dependent upon one or a limited number of suppliers for essential raw materials, energy or other items, describe. Describe any major existing supply contracts. – **Not applicable to DMCI Holdings, Inc. For DMCI, it has its own pool of equipment and construction materials supply. For Semirara, it has an existing long term supply contract with National Power Corporation (NPC) for its power plant in Calaca, and with Toledo Power Plant.**

(vii) Disclose how dependent the business is upon a single customer or a few customers, the loss of any or more of which would have a material adverse effect on the registrant and its subsidiaries taken as a whole. Identify any customers that account for, or based upon existing orders will account for, twenty percent (20%) or more of the registrant's sales; Describe any major existing sales contracts – **Not applicable to DMCI Holdings, Inc. For SMC, it has an existing long term supply contract with National Power Corporation (NPC) which accounts for approximately 98% of its revenues.**

(viii) Transactions with and/or dependence on related parties – **Aside from inter-company transactions within the group of companies, and SMC's long term supply contract with NPC, the Company has no known transactions with and/or dependence on related parties.**

(ix) Summarize the principal terms and expiration dates of all patents, trademarks, copyrights, licenses, franchises, concessions, and royalty agreements held; Indicate the extent to which the registrant's operations depend, or are expected to depend, on the foregoing and what steps are undertaken to secure these rights – **Not applicable to DMCI Holdings, Inc. For DMCI, it is and remains a triple-A ("AAA") licensed contractor, given by the Philippine Construction Accreditation Board (PCAB), in consideration of certain minimum requirements such as: (1) financial capacity; (2) equipment capacity; (3) experience of firm; and (4) experience of technical personnel. For SMC, royalty agreements are: (1) Royalty Agreement with the Department of Energy (DOE) – 3% royalty based on FOB Sales; (2) Royalty Agreement with land claimants – P0.50/MT for untitled land and P1.00/MT for titled land.**

(x) Need for any government approval of principal products or services. If government approval is necessary and the registrant has not yet received that approval, discuss the status of the approval within the government approval process – **None at the moment.**

(xi) Effect of existing or probable governmental regulations on the business – **Not applicable to DMCI Holdings, Inc. For DMCI, it is required under Philippine laws to secure construction permits and environmental clearances from appropriate government agencies prior to actually undertaking each project. For SMC, it is required under Philippine laws to secure mining and exploration permits, as well as environmental clearances from appropriate government agencies for its continuing operations.**

(xii) Costs and effects of compliance with environmental laws – **Costs vary depending on the size and nature of a construction project. Failure to comply with the terms of the ECC (environmental compliance certificate) can lead to imposition of fines and temporary cessation of operations.**

Item 2. Properties
(Part I, par. (b) of Annex C)

(B) Give the location and describe the condition of the principal properties (such as real estate, plant and equipment, mines, patents, etc.) that the registrant and its subsidiaries own. If the registrant does not have complete ownership of the property, for example, others also own the property or there is a mortgage or lien on the property, describe the limitations on ownership. Indicate also what properties it leases, the amount of lease payments, expiration dates and the terms of renewal options. Indicate what properties the registrant intends to acquire in the next twelve (12) months, the cost of such acquisitions, the mode of acquisition (i.e. by purchase, lease or otherwise) and the sources of financing it expects to use. - **All properties are owned by the Company unless otherwise indicated as follows:**

Classification	Property	Location
Condo Office	Wynsum Tower – 4 units	Pasig City
Condo Residential	Renaissance Tower 2000 – 1 unit	Pasig City
House & Lot	Baguio South Drive (AG&P property)	Baguio City
Residential Lot	Plantation Estates (Montecito) – 7 lots	Canlubang, Laguna
	Filinvest – 7 lots	Paranaque City
<i>Commercial / Industrial Lot</i>	Mayapa Property	Calamba, Laguna
	Taguig I Bambang & Wawa	Taguig
	Taguig I Hagonoy	Taguig
	Taguig I Ususan	Taguig
Commercial Lot	Carmona Property	Carmona, Cavite
	Carmona-Restrivera	Carmona, Cavite
<i>Industrial Lot</i>	Kasibulan Property	Cainta, Rizal
	NCBA Property	Manila
	Wella Property	Paranaque City
	Cabuyao Property	Cabuyao, Laguna
	Bancal Property	Carmona, Cavite

The Company and its subsidiaries have no immediate intentions to acquire new properties. In fact, it is in the process of improving and liquifying idle and non-operating properties through outright sale and/or development of its properties.

Item 3. Legal Proceedings

Except for the following, none of the directors, executive officers and nominees for election is subject to any pending material legal proceedings.

- (1) Mr. Isidro A. Consunji

People v. Consunji, et al.
Criminal Case No. Q-02-11452
Regional Trial Court, Quezon City, Branch 78

This involves a complaint for violation of Article 315 (2) (a) of the Revised Penal Code ("RPC"), as qualified by Presidential Decree ("PD") No. 1689. Complainants claim to have been induced to buy shares of stock of Universal Leisure Corporation ("ULC"), on the representation that the latter shall develop a project known as "network of 5 world clubs." ULC, however, failed to develop the project. Mr. Isidro A. Consunji's involvement in this case was pursuant to his being the current Chairman of the Board of Directors of ULC and of Universal Rightfield Property Holdings, Inc. ("URPHI"), the mother corporation of ULC.

A motion for reconsideration dated January 10, 2003 was filed before the Quezon City Prosecutor's Office, which is still pending resolution. A motion to suspend proceedings dated May 8, 2003 was likewise filed with the court, which motion also pends resolution. No arraignment has yet been held in this case.

People v. Consunji, et al.
Criminal Case No. 125186
RTC, Pasig City, Branch 160

This involves a complaint for violation of Article 315 (1) (b) and (2) (a) of the RPC, based on substantially the same set of facts discussed above. The private complainant in this case has already executed an affidavit of desistance dated January 24, 2003. Hence, accused filed a Motion to Dismiss on March 23, 2003. At the pre-trial conference held on June 10, 2003, however, the court refused to act on accused's motion to dismiss because the private complainant was not present to affirm his affidavit of desistance. Thus, the court required the presence of the private complainant during the next hearing set on August 20, 2003 at 8:30 a.m.

- (2) Mr. Isidro A. Consunji and Ms. Ma. Edwina C. Laperal

Reyes, et al. v. Consunji, et al.
IS No. 02-50443-F
City Prosecution Office, Mandaluyong City

This involves a complaint for violation of Article 315 (2) (a), (1) (b), and 316 (2) of the RPC, as qualified by PD 1689, based on substantially the same set of facts mentioned in the case quoted above. Mr. Isidro A. Consunji was implicated as signatory to certain material contracts of ULC while Ms. Edwina C. Laperal was implicated as a director and treasurer of Universal Leisure Club, Inc. ("ULCI"). In a Resolution dated November 27, 2002, the complaint was dismissed. Hence, the complainants filed a motion for reconsideration dated January 15, 2003, which respondents opposed on February 7, 2003. To date, complainant's motion for reconsideration is still pending resolution.

Rodriguez v. Consunji, et al.
IS No. 02-50918
City Prosecution Office, Mandaluyong City

This involves a complaint for violation of Article 315 (1) (b) of the RPC, as qualified by PD 1686, based on substantially the same set of facts discussed above. Mr. Consunji and Ms. Laperal were sued in their capacity as directors and officers of ULC and ULCI. In a Resolution dated November 20, 2002, the complaint was dismissed. Hence, complainant filed a motion for reconsideration dated January 14, 2003, which motion still pends resolution.

Gonzales v. Consunji, et al.
IS No. 03-6480
City Prosecution Office, Quezon City

This involves a complaint for violation of Article 315 (2) of the RPC, based on substantially the same set of facts set forth above. On June 16, 2003, respondents filed their counter-affidavits before the public prosecutor. Since complainants opted not to file a reply, the case is now submitted for resolution.

Item 4. Submission of Matters to a Vote of Security Holders

There were no matters submitted to vote of the security holders during the fourth quarter of the fiscal year covered by this report.

PART II - OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Issuer's Common Equity and Related Stockholder Matters

(A) Market Price of and Dividends on Registrant's Common Equity and Related Stockholder Matters

(1) Market Information

(a) Identify the principal market or markets where the registrant's common equity is traded. If there is no public trading market, so state - ***Both common and preferred shares of DMCI Holdings, Inc. are traded on the Philippine Stock Exchange.***

(i) If the principal market for the registrant's common equity is a Stock Exchange in the Philippines or a foreign Exchange, state the name of that Exchange and give the high and low sales prices for each quarter within the last two fiscal years and any subsequent interim period for which financial statements are required by SRC Rule 68. – ***See table below***

Common Share Prices		High	Low
2002	First Quarter	0.29	0.29
	Second Quarter	0.15	0.15
	Third Quarter	0.145	0.145
	Fourth Quarter	0.14	0.14
2003	First Quarter	0.16	0.16
	Second Quarter	0.23	0.23
	Third Quarter	0.30	0.29
	Fourth Quarter	0.24	0.24

2004	First Quarter	0.21	0.21
	Second Quarter	0.42	0.41
	Third Quarter	2.26	2.08
	Fourth Quarter	3.85	3.70

Preferred Share Prices

		High	Low
2002	First Quarter	775	770
	Second Quarter	775	775
	Third Quarter	775	775
	Fourth Quarter	775	775
2003	First Quarter	775	775
	Second Quarter	775	775
	Third Quarter	775	775
	Fourth Quarter	775	775
2004	First Quarter	775	775
	Second Quarter	775	775
	Third Quarter	775	775
	Fourth Quarter	775	775

(b) If the information called for by paragraph (A) of this Part is being presented in a registration statement filed pursuant to Section 12 or in an annual report filed pursuant to Section 17 or in an information statement filed pursuant to Section 17.1(b) or in a proxy statement filed pursuant to Section 20 of the Code, respectively, the document shall also include price information as of the latest practicable trading date, and, in the case of securities to be issued in connection with an acquisition, business combination or other reorganization, as of the trading date immediately prior to the public announcement of such transaction. – **Price information as of the latest practicable trading date: As of May 12, 2005: HIGH 2.75, LOW 2.60, CLOSE 2.70, VOLUME 1,136,000.**

(c) If the information called for by paragraph (A) of this Part is being presented in a registration statement relating to a class of common equity for which at the time of filing there is no established public trading market in the Philippines, indicate the amounts of common equity – ***Not applicable***

(2) Holders

(a) Set forth the approximate number of holders of each class of common equity of the registrant as of the latest practicable date but in no event more than ninety (90) days prior to filing the registration statement. Include the names of the top twenty (20) shareholders of each class and the number of shares held and the percentage of total shares outstanding held by each. - **Number of Shareholders: As of March 31, 2005 the Company had a total of 1,140 shareholders of which 1,106 were holders of common shares and 34 were holders of preferred shares.**

Top 20 Common Shareholders: The list of the Top 20 common shareholders as of March 31, 2005 as contained in Exhibit (2) is herein incorporated by reference.

(3) Dividends

(a) Discuss any cash dividends declared on each class of its common equity by the registrant for the two most recent fiscal years and any subsequent interim period for which financial statements are required to be presented by SRC Rule 68. – ***See below.***

1. On April 7, 1999, the Company paid the semi-annual dividend of 2.5 % for last semester of the second year to the holders of the preferred shares.
2. On October 7, 1999, the Company paid the semi-annual dividend of 3.6 % for the first semester of the third year to the holders of the preferred shares.
3. On April 7, 2000, the Company paid the semi-annual dividend of 3.6% for last semester of the third year to the holders of the preferred shares.
4. On October 7, 2000, the Company paid the semi-annual dividend of 3.6% for the first semester of the fourth year to the holders of the preferred shares.

(b) Describe any restrictions that limit the ability to pay dividends on common equity or that are likely to do so in the future. – ***There are no contractual or other restrictions on the Company's ability to pay dividends. However, the ability of the Company to pay dividends will depend upon the amount of distributions, if any, received from the Company's operating subsidiaries and joint venture investments and the availability of unrestricted retained earnings. The Company's operating subsidiaries however are restricted on the declaration and payment of dividends, as limited by negative covenants entered into by the operating subsidiaries with outside parties.***

(4) Recent Sales of Unregistered Securities - **NONE**

Item 6. Management's Discussion and Analysis or Plan of Operation.

I. RESULTS OF OPERATIONS

2004 proved to be a turn around year for DMCI Holdings, Inc. (the "Company") as net income for the year reached the one billion mark. The Company reported a consolidated income of P1,353 million for 2004, a steep jump from the income of P199 million and loss of P221 million posted in 2003 and 2002 respectively. The massive growth in operations was due to (a) developments in the Company's coal mining business; (b) the continuing positive contributions from the construction sector; and (c) the improvement in the real estate development.

COAL MINING

The coal mining business persisted to be the Company's revenue driver over the Company's reputed strong construction business as coal revenues were 160% more than construction revenues. The Company's coal mining business, operated by 94% owned Semirara Mining Corp. (SMC), experienced a record-high performance with a significant growth in net income for 2004 of P1,318 million from P138 million and P6 million in 2003 and 2002 respectively.

Revenue from coal operations was up by 133% and 234% from the previous years as global coal prices surged and domestic demand for Semirara's coal improved. Import parity pricing with National Power Corp. (NPC), SMC's biggest customer, allowed SMC to benefit from escalating global coal prices. Coal sales volume for 2004 was a huge 2.41 million Metric Tons, (MT) a big swell from 2003 and 2002 volume of 1.78 million MT and 1.29 million MT respectively. Furthermore, expensive imported coal and SMC's perseverance to diversify its clientele list paved way for non-NPC customers like APO Cement, Phil. National Oil Corp (PNOC), and Toledo Power Corp (TPC) to increase their coal take up, with sales to these customers accounting for 37% of total sales this year compared to 24% last year and 8% two years ago. With the recent relationships forged with the non-NPC customers, the Company expects that

coal supply agreements similar to that of NPC will be inked soon. Cost of coal sales for the year increased by 94% and 152% from 2003 and 2002 respectively. However, the surge in coal prices steered gross margins to improve to 41% compared to 30% and 22% in the past two years. On the downside, government royalties grew as a result of higher sales with royalties computed based on gross margins which considerably resulted in higher Operating expenses for the Company's consolidated operations.

In 2004, SMC underwent a Capital Restructuring that required additional investment from its shareholders. The Company took up the additional investment and this in turn increased the Company's percentage of ownership in SMC from 74.4% as of 2003 to 94.5% as of 2004. In 2005, SMC and the Company issuing/selling shares of stock to the investing public through a public offering, which further reduced the Company's stake in SMC to 60%.

With the sustained growth in the coal mining business, the Company is committed in its role as the leader in providing coal in line with the government's thrust to propagate the use of local coal and eliminate dependence on imports.

CONSTRUCTION

The Company's Construction segment headed by its wholly owned flagship construction company, D.M. Consunji, Inc. (DMCI), continued to experience positive results from its operations in 2004. Construction revenues for the year rose from P1,948 million and P1,343 in 2003 and 2002 respectively to P1,952 million. Major projects nearing completion (if not completed) like the Shang Grand Tower, Kamanava Floodway, and SM Dasmarias (all awarded in 2002) accounted for 33% of construction revenues for the year. Moreover, completed projects awarded in 2003, Shopwise Cubao and PGH extension building contributed 17% of 2004 construction revenues, with catch up revenues being booked this year. Despite this, gross margins was down from 12% last year to 6% this year, due to DMCI booking catch up costs on old projects (prior to 2002) which had a net effect of 3% reduction in gross margins. This however still proves that DMCI has continually been reengineering its bidding process to allow for more competitive margins in the effort to gain more construction projects.

The Company's proven track record as construction experts is not only manifested through our long range of projects but most importantly the people behind those structures we built. We have a pool of professional engineers, architects and staff in which DMCI is tapped as a manpower service provider to various construction projects abroad since May of 2003. DMCI has provided 200 hundred people composed mainly of engineers, staff, and skilled workers to the US Naval base located in Diego Garcia Island of the British Indian Ocean Territory. This is a joint-venture project with the principals San Juan Construction and John Laing International. In Dubai, a total of 24 technical people were sent to work on an airport construction project which started in January of 2004. It is also expected that in June 2005, we will be able to send engineers to the United Kingdom for a railway project.

The Company believes that its Construction business will continue to provide marginal contributions to consolidated operations, but it also understands that the lucrative endeavors experienced in the past will be difficult to attain in the near future with the current prospects in the Construction Industry. Nevertheless, the Company, through DMCI, is still committed to provide its reputable services as engineers and contractors in its enterprise towards eventual recovery and sustainable growth.

REAL ESTATE

The Real Estate business reported record high operations for the year with respect to the previous years as the Company continued to receive positive results from its housing projects. Real estate sales for 2004 increased by 53% and 118% from 2003 and 2002 respectively with the exceptional market response on the existing housing projects strengthened the Company's drive to provide quality affordable houses to Filipinos.

Wholly owned real estate and infrastructure development subsidiary, DMCI Project Developers, Inc., (PDI) heads the housing segment of the Company. PDI accounts for more than half of the housing revenues of the Company (68%, 76% in 2004, 2003) with the remaining portion being operated by DMCI. PDI housing projects include East Ortigas Mansions (EOM), Morning Sun Homes (MSH), Spring Lanes (SPL) and Hampstead Gardens Condominiums (HGC) and Dansalan Gardens (Dansalan), all of which are located in Metro Manila. EOM, which is emerging to be the Company's number one housing project, had sales of P240 million which accounted for 33% of all real estate sales for 2004 and was also higher by 65% from last year. Hampstead also provided significant contributions to housing sales with P107 million in sales for 2004. However, the heightened sales entailed higher selling costs (commissions) as PDI operating expenses grew in 2004 compared to 2003 and 2002.

DMCI projects include Lakeview Manors Condominiums (LVM), Vista De Lago (VDL), Villa Alegre (VA), and Mayfield Park Residences (MPR). 2004 Real estate sales from these projects doubled from 2003 as sales from VDL shot up 13 times as the Commando Link bridge was completed in 2004 giving better access to the project. MPR, which opened in 2004, is a new mid-rise housing project located in Pasig City, which also provided marginal sales for the Company.

With the sustained response to the Company's housing development, Management is committed to propel its Real Estate business to new heights and to continue providing quality affordable houses to Filipinos. With the competency as reputable builders, the Company's is eyeing itself as a major player in the Real Estate sector.

II. FINANCIAL CONDITION

The Company's financial condition continued to flourish as total assets increased by 3.8% in 2004 compared to 2003.

The Company's receivables naturally increased resulting from the current progress of the different business segments especially in the Coal Mining business. Continuing development in the Real Estate Industry also prompted an increase in real estate inventory to cater to the now growing real estate market. Property plant & equipment increased due to equipment purchases made by SMC to cater to the expected continuing increase in coal demand.

Long-term debt rose as Semirara incurred new debts to for the acquisition of equipment need in order to beef up mining operations for the expected increase in demand for the coal sector. However, debt increase was slightly offset by continuous debt service of the Company and its subsidiaries, most significantly with the prepayments of loans obtained for the redemption of the Company's preferred shares and SMC's debt payments for its restructured bank loans. Related party payables were also reduced due to payments made by the Company and its subsidiaries to related parties. Minority Interest decreased mainly from the Capital Restructuring effected within the period, which solidified the Company's interest in its Coal Mining segment.

Cash slightly decreased as the Company's operating cash inflows were used for investing and financing activities with the purchase of equipment and payment of liabilities. This in turn helped better the Company's liquidity with current ratio going up from 1.4 to 1.55, clearly noting the Company's improved financial position in servicing its current obligations. Debt to equity slightly ratio decreased from 1.92 to 1.34 indicating better position of the Company's stockholders vs. creditors. The debt to equity ratio was well below industry averages (industry average for 2002 for Construction Companies is 2.72 based on Phil Business Profiles & Perspectives Inc. Top 7000 Corporations for 2003-2004).

TOP FIVE (5) KEY INDICATORS

The Company and its Subsidiaries (the "Group") has the following as its top five (5) key performance indicators:

- a) Change in Construction Revenue
- b) Change in Coal Sales
- c) Change in Net Income
- d) Change in Current Ratio
- e) Change in Debt to Equity Ratio

CHANGE IN CONSTRUCTION REVENUE

The Company has for the past years of its existence been presented as the listed company of the Consunji Family's construction and related interest, thus it is moot and academic that construction business is the Company's major and flagship business. In this regard, the Company measures changes in construction segment as a measure of its major business. The change in Construction Revenues is the initial performance indicator of the operational results of the Company's construction business. It will state the general improvement or weakening of the Company's construction on a comparable basis from the same period the previous year. For the past three years Construction Revenues for both 2004 and 2003 have gone up from 2002 as operations in the construction business have been seeing improvements (*see detailed discussion on Part I. Results of Operations-Construction*).

CHANGE IN COAL SALES

With the turn around experienced in 2004 indicating the emergence of coal mining as a significant business of the Company, it is imperative that the Company discuss thoroughly its coal business through SMC. A clear indicator of performance in the coal mining business is change in Coal Sales. 2004 coal sales were at record highs and clearly surged from 2003 and 2002. This up-trend in coal sales can be attributed to the growth of global prices of coal of which SMC is a direct beneficiary via import parity pricing as stated in its long term supply contract with NPC and increase in coal sales volume (*see detailed discussion on Part I. Results of Operations-Coal Mining*).

CHANGE IN NET INCOME

The results of consolidated operations of the Group can be seen with the increment in net income for the period compared to the same period of the previous years. The Company calculates any decrease and increase in net income and studies the results of its operational business segments and provides discussions as a general on the main reasons why the change in bottom figure. For 2004, the increase in net income from the same period last year was the result of progress in the Company's coal mining business, continued positive contributions in the construction sector and the sustained development of the real estate segment (*see Part I. Results of Operations-1st paragraph*).

CURRENT RATIO

Liquidity is an essential character of any organization, and the Company, including the Group as a whole, should indicate acceptable levels of liquidity. The initial test of liquidity is the current ratio, which will display a company's ability to satisfy current obligations with current resources. The Company uses this test and compares it with industry balances to determine its ability to satisfy current obligations, indicating liquidity. For 2004, current ratio increased compared to 2003 and 2002 current ratio due to growth in receivables and real estate inventory resulting from improved consolidated operations and slightly reduced liabilities from debt payments (*see detailed discussion in Part II. Financial Condition*).

DEBT TO EQUITY RATIO

Financial position and stability is also an important aspect to companies with respect to its owners/stockholders. The Company tests its financial position through the debt to equity ratio. This test indicates the Company's ownership of creditors vs. owners/investors. In addition, debt to equity ratio maintenance is a requirement set by creditors as a standard for extending credit. This year's debt to equity ratio decreased from the debt to equity ratio of the previous year resulting from debt payments and net income further solidifying investor stake in the Company (*see Part II. Financial Condition for further detailed discussion*).

Item 7. Financial Statements

The Financial Statements incorporated herein by reference to the attached audited financial statements.

Item 8. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

There has been no change or disagreements with certifying accountants.

PART III - CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Issuer

(1) Identify Directors, Including Independent Directors, and Executive Officers

<u>Name</u>	<u>Position</u>	<u>Age</u>
DAVID M. CONSUNJI	Chairman of the Board of Directors	83
CESAR A. BUENAVENTURA	Vice-Chairman of the Board	75
ISIDRO A. CONSUNJI	President/Chief Executive Officer	56
EDWINA C. LAPERAL	Treasurer/Director	44
CRISTINA C. GOTIANUN	Asst. Treasurer	51
HERBERT M. CONSUNJI	Chief Finance Officer/Director	52
JORGE A. CONSUNJI	Director	52
VICTOR A. CONSUNJI	Director	54
OSCAR S. REYES	Director (Independent)	58
EVARISTO T. FRANCISCO	Director (Independent)	77
NOEL A. LAMAN	Corporate Secretary	64

David M. Consunji is the Founder and Chairman of the Board of Directors of D.M. Consunji, Inc. Mr. Consunji is also Chairman of the Board of Directors of Dacon Corporation, Freyssinet Philippines, Inc., Asia Industries, Inc. and Semirara Coal Corporation. Mr. Consunji served as the Secretary of the Department of Public Works, Transportation and Communications from August 1971 to 1975. Awards and recognition received by Mr. Consunji include (i) named Meralco Awardee in Engineering and Applied Sciences, 1994; (ii) recipient of the Civil Engineer Diamond Jubilee Award presented by the University of the Philippines Alumni Engineers in 1988; (iii) One of the Ten Outstanding Civil Engineers in 1982 by the Philippine Institute of Civil Engineers; (iv) recipient of Doctor of Laws, honoris causa, University of the Philippines in 1993; (v) named Outstanding Citizen of the City of Manila for Engineering in 1979; and (vi) named Management Association of the Philippines Awardee in 1996.

Cesar A. Buenaventura, O.B.E., is the Managing Partner of Buenaventura, Echauz and Partners (BEP) Financial Services, a financial advisory firm. He is currently Vice Chairman of DMCI Holdings, Inc.; and of Montecito Properties, Inc.; Chairman of Atlantic Gulf & Pacific Company of Manila (AG&P); and Director of Pilipinas Shell Petroleum Corporation, Philippine American Life Insurance Company, AG&P Company of Manila, Inc., Montecito Properties, Inc., Aurora Properties, Inc., iPeople, Inc., D.M. Consunji, Inc., and Semirara Coal Company. He is the Founding Chairman of Pilipinas Shell Foundation, Inc.; President of the Benigno S. Aquino Foundation; Member of the Board of Trustees of Asian Institute of Management. Mr. Buenaventura served as Chief Executive Officer of the Shell Group of Companies in 1975 until his retirement in 1990. He was appointed Member of the Monetary Board of the Central Bank of the Philippines (representing the Private Sector) and Member of the Board of Directors of the Philippine International Convention Center in 1981, a position he held up to 1987. He was a Member of the Board of Regents of the University of the Philippines from 1987 to 1994. He is a past Director of Philippine National Bank, Ayala Corporation, First Philippine Holdings Corporation, Philippine Airlines, Inc.; and a former Senior Adviser of Jardine Davies, Inc. He was chosen Management Man of the Year in 1985 by MAP and in January 1991, he was personally granted the award of Honorary Officer of the Order of the British Empire by her Majesty Queen Elizabeth II.

Isidro A. Consunji is a Director of D.M. Consunji, Inc.. His other positions include: Chairman of the Board of Directors of Universal Rightfield Property Holdings, Inc., Vulcan Materials Corporation, and Beta Electric Corporation; President of Dacon Corporation, DMCI Project Developers, Inc., and DMCI Holdings, Inc.

Herbert M. Consunji is a Partner in H.F. Consunji & Associates. Mr. Consunji's other positions include: Director of DMCI Project Developers, Inc., Semirara Mining Corporation; Chairman of Subic Water and Sewerage Company, Inc.; Treasurer of Semirara Mining Corporation; Comptroller of D.M. Consunji, Inc.

Jorge A. Consunji is the President of D.M. Consunji, Inc. His other positions include: President of DMC Construction Equipment Resources, Inc., and Royal Star Aviation, Inc.; Chairman of the Board of Directors of Acotec Panel Manufacturing, Inc. and Wire Rope Corp. of the Phils.; Director of DMCI Holdings, Inc. Dacon Corp., Cotabato Timberland Co., Inc., South Davao Development Co., Inc., Semirara Mining Corp., Property Developers, Inc., Freyssinet Phils., Inc. Freyssi-Marketing, Inc., Atlantic Gulf & Pacific Co. – Manila Inc., Vulcan Materials Corp., and Beta Electirc Corp.

Evaristo T. Francisco served as a Member of the Board of Director of D.M. Consunji, Inc. from 1988-2001 and held various positions in Pilipinas Shell as Board of Director, Vice President for Marketing, Personnel and Public Affairs, Sales and other overseas work for Shell International Petroleum Co. **Mr. Francisco has served the Company as Independent Director for four years (since 2001).**

Oscar S. Reyes is the former Country Chairman of the Shell companies in the Philippines. He is currently a member of the Board of Directors of Pilipinas Shell Petroleum Corporation and Managing Director of Shell Philippines Exploration B. V. His other positions are: Chairman, Link Edge, Inc., Unicapital Securities Co., Inc., and Actron Industries Inc.; Member, Advisory Board of Phil. Long Distance Telephone Co., and J.G. Summit Holdings, Inc.; Member, Board of Directors of Universal Robina Corporation, CEO's Inc., CBV Asset Management, Global Resources for Outsourced Workers (GROW), Inc., Bank of the Philippine Islands, The Mutual Fund Co., of the Phils., Inc., Sunlife Prosperity Dollar Advantage Fund, Inc. Peak Systems, Inc. Philippine Electric Corporation, Mindoro Resources Ltd., MRL Gold Phils., Inc., and Level Up, Inc. **Mr. Reyes has served the Company as Independent Director for four years (since 2001).**

Edwina C. Laperal is the Treasurer of DMCI Holdings, Inc., Dacon Corporation and DMCI Urban Property Developers, Inc.; Director of Universal Rightfield Property Holdings, Inc., DMCI Holdings, Inc., DMCI Project Developers, Inc., and D.M. Consunji, Inc..

Victor A. Consunji is the Chairman of the Board of Directors and President of Sirawai Plywood and Lumber Corporation, Prominent Fruits, Inc., and Rubber Industries Corporation of the Philippines. His other positions include: Director of Conbros Shipping Corporation; President of South Davao Development Company, Inc., Eagle Cattle Ranch, Inc., Sirawan Food Corporation, and Semirara Coal Corporation; Director of D.M. Consunji, Inc., Ecoland Properties Development Corporation, and DMC Construction Equipment Resources, Inc., and Vice President of Dacon Corporation.

Cristina C. Gotianun is a Director of Dacon Corporation, D.M. Consunji, Inc. and Kalinan Timber Corporation. Her other positions include: VP for Finance Administrative/Chief Finance Officer of D.M. Consunji, Inc. and General Manager of Sirawan Food Corporation.

Noel A. Laman is the Chairman of the Executive Committee and the Senior Partner of Castillo Laman Tan Pantaleon & San Jose. His other positions include: Chairman of the Board of Directors of Trans-Orient Overseas Contractors, Inc., Manpower Resources of Asia, Inc., and Sealanes Marine Services (each being a part of the DCL group of Companies); Director and Corporate Secretary of Glaxo Wellcome Philippines, Inc, Boehringer Ingelheim (Phils.), Inc., Solvay Pharma Philippines Corporation, and Merck, Inc. He is an active member of the Intellectual Property Association of the Philippines, the Intellectual Property Foundation, the Philippine Bar Association, and as resource person of various foreign chambers of commerce.

Currently, there are no director or executive officer share options relating to the capital of the Company.

(2) Identify Significant Employees –

- (a) The following are the significant employees of the Registrant who are not executive officers but who are expected by Registrant to make a significant contribution to the business:

Significant Employees	Position held in Registrant	Age
Ma. Luisa C. Austria	Administrative / Accounting Officer	53
Aldric G. Borlaza	Finance Officer	27

Ms. Ma. Luisa C. Austria will continue to hold the position of Administrative and Accounting Officer of the Registrant, and Mr. Aldric G. Borlaza will continue to serve as the Finance Officer of the Registrant for the year 2004-2005.

- (b) Brief descriptions of the business experience of the above significant employees of the Registrant:

Ma. Luisa C. Austria is a former Accounting Supervisor of D. M. Consunji, Inc. (1989 to 1996). She is now the Administrative/Accounting Officer of Registrant and has been holding said position for nine (9) years

Aldric G. Borlaza worked for three (3) months in SGV, Assurance or External Audit group, involving basic audit of accounting controls, documents and paper trail as well as basic preparation of Audited Financial Statements (January 2002 to March 2002).

Term of office. The term of office of Ms. Austria is approximately nine years. Mr. Borlaza has been serving the company for three (3) years since April of 2002.

(3) Family Relationships - Describe any family relationships up to the fourth civil degree either by consanguinity or affinity among directors, executive officers, or persons nominated or chosen by the registrant to become directors or executive officers. – **See below:**

<u>Name</u>	<u>Relationship</u>
David M. Consunji	Father of Isidro A. Consunji, Jorge A. Consunji, Victor A. Consunji, Cristina C. Gotianun and Ma. Edwina C. Laperal
Isidro A. Consunji, Jorge A. Consunji, Victor A. Consunji, Cristina Gotianun, and Ma. Edwina C. Laperal	Children of David M. Consunji
Herbert M. Consunji	Nephew of David M. Consunji and cousin of Isidro A. Consunji, Jorge A. Consunji, Victor A. Consunji, Cristina C. Gotinanun, and Ma. Edwina C. Laperal

(4) Involvement in Certain Legal Proceedings - *None of the directors, executive officers and nominees for election is subject to any pending material legal proceedings*

- (a) Any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time - **NONE**
- (b) Any conviction by final judgment, including the nature of the offense, in a criminal proceeding, domestic or foreign, or being subject to a pending criminal proceeding, domestic or foreign, excluding traffic violations and other minor offenses - **NONE**
- (c) Being subject to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities - **NONE**
- (d) Being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign Exchange or other organized trading market or self regulatory organization, to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended, or vacated – **NONE**

Item 10. Executive Compensation

ANNUAL COMPENSATION

Name	Principal Position	Salary	Bonus	<u>Other annual compensation</u>
David M. Consunji	Chairman of the Board of Directors			
Cesar A. Buenaventura	Vice – Chairman of the Board of Directors			
Isidro A. Consunji	President/Chief Executive Officer			
Cristina C. Gotianun	Asst. Treasurer			
Edwina C. Laperal	Treasurer			
Herbert M. Consunji	Chief Financial Officer			
	YEARS			
	2003	P 11,039,400.00		P 150,000.00
	2004	P 9,794,330.00		P 200,000.00
	2005*	P 9,794,330.00		P 200,000.00
	TOTAL:	P 30,628,060.00	P --	P 550,000.00
	YEARS			
All other directors and executive officers as a group unnamed	2003	P 3,277,500.00	P --	P 60,000.00
	2004	P 3,898,440.00	P --	P 112,000.00
	2005*	P 3,898,440.00		P 112,000.00
	TOTAL:	P 11,074,380.00	P --	P 284,000.00

**Approximate figures*

Item 11. Security Ownership of Certain Beneficial Owners and Management

Beneficial Ownership of Directors of the Corporation as of **March 31, 2005**.

<u>Title of Class</u>	<u>Name of Beneficial Owner</u>	<u>Amount and Nature of Beneficial Ownership</u>	<u>Percent of Class</u>
Common	David M. Consunji	8,142,254.00	0.3609%
Common	Cesar A. Buenaventura	1,000,200.00	0.0443%
Common	Isidro A. Consunji	132,545,310.00	5.8765%
Common	Ma. Edwina C. Laperal	136,117,710.00	6.03494%
Common	Victor A. Consunji	130,182,100.00	5.77177%
Common	Jorge A. Consunji	130,182,310.00	5.7718%
Common	Herbert M. Consunji	1,600.00	0.0001%
Common	Oscar S. Reyes	100.00	0.00000004%
Common	Evaristo T. Francisco	100.00	0.00000004%

**AGGREGATE OWNERSHIP OF ALL
DIRECTORS AND OFFICERS AS A GROUP****538,171,684.00****23.8604%**Owners owning 5% or more of the voting stocks of the Corporation as of **March 31, 2005.**

<u>Title of Class</u>	<u>Name and Address of Beneficial Owner</u>	<u>Amount/Nature of Beneficial Ownership</u>	<u>Percent of Class</u>
Common	PCD Nominee Corp. (Fil) G/F Makati Stock Exchange Bldg., 6767 Ayala Ave., Makati City	850,146,456.00	37.692251%
Common	Dacon Corporation (Fil) c/o Isidro A. Consunji 2281 Pasong Tamo Ext. Makati City	400,359,329.00	17.750405%
Common	PCD Nominee Corp. (For) G/F Makati Stock Exchange Bldg., 6767 Ayala Ave., Makati City	54,460,203.00	2.414558%
Common	Victor A. Consunji c/o DMCI Holdings, Inc. 2281 Pasong Tamo Ext. Makati City	132,182,100.00	5.771778%
Common	Ma. Edwina C. Laperal c/o DMCI Holdings, Inc. 2281 Pasong Tamo Ext. Makati City	136,117,710.00	6.034940%
Common	Cristina C. Gotianun c/o DMCI Holdings, Inc. 2281 Pasong Tamo Ext. Makati City	133,841,010.00	5.934000%
Common	Isidro A. Consunji c/o DMCI Holdings, Inc. 2281 Pasong Tamo Ext. Makati City	132,545,310.00	5.876553%
Common	Jorge A. Consunji c/o DMCI Holdings, Inc. 2281 Pasong Tamo Ext. Makati City	130,182,310.00	5.771787%

Below is the list of the individual beneficial owners under PCD account who holds more than 5% of the voting securities of Registrant.

Name	No. of shares held	Percentage in class
PCIB Securities, Inc.	394,783,099	17.50%

Item 12. Certain Relationships and Related Transactions

The details of the relationship and related party transactions are contained in notes as contained in the Financial Statements and is incorporated herein by reference to said Financial Statements.

PART IV – CORPORATE GOVERNANCE

Item 13. Corporate Governance

- (a) The Corporate Governance of Self-Rating Form has been adopted to measure or determine the compliance of the Board of Directors and top-level management with its Manual of Corporate Governance. The Special Committee on Violation of the Manual on Corporate Governance has also been established.
- (b) The following are compliances pursuant to the Code of Corporate Governance which adhere to the principles and practices of the Code
 - b.1 The Company has amended the Corporate Governance Manual on March 19, 2004 pursuant to Section 4.2 of Revised Disclosure Rules of the Philippine Stock Exchange hereby amended the Section 6 of Reportorial or Disclosure System of Corporation's Corporate Governance Policies of the Manual.
 - b. 2 The Company has amended the Corporate Governance Manual on August 24, 2004 pursuant to the Securities and Exchange Commission Memorandum Circular No. 6 Series of 2004 mandating all companies to have at least two (2) independent directors of the Audit Committee.
- (c) To date, there has been no deviation from the Corporation's Manual on Corporate Governance.
- (d) The Corporation has set up all committees set forth under the Manual of Corporate Governance to strictly adhere with the rules governing the Manual.

PART V - EXHIBITS AND SCHEDULES

Item 14. Exhibits and Reports on SEC Form 17-C

(a) Exhibits - See accompanying index to exhibits

(b) Reports on SEC Form 17-C - The list of the reports from the preceding period December 31, 2004 is herein incorporated by reference.

(9) Material Contracts – **NONE**

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of _____ on _____, 2005.

By:

(original signed)
Isidro A. Consunji
President and CEO

(original signed)
Herbert M. Consunji
Director and Chief Finance Officer

(original signed)
Ma. Edwina C. Laperal
Director and Treasurer

(original signed)
Aldric G. Borlaza
Finance Officer

(original signed)
Ma. Luisa C. Austria
Accounting Officer

(original signed)
Atty. Noel A. Laman
Corporate Secretary

SUBSCRIBED AND SWORN to before me this _____ day of _____ 2005 affiants exhibiting to me his/their Residence Certificates, as follows:

NAMES	RES. CERT. NO.	DATE OF ISSUE	PLACE OF ISSUE
Isidro A. Consunji	0613163	1-06-05	Makati
Herbert M. Consunji	22282653	02-09-05	Paranaque
Ma. Edwina C. Laperal	06173164	1-06-05	Manila
Aldric G. Borlaza	14147300	1-05-05	Taguig
Ma. Luisa C. Austria	100636	1-20-05	Manila
Atty. Noel A. Laman	14678254	1-25-05	Makati

Notary Public

Doc. No. _____
Page No. _____
Book No. _____
Series of 2004

**INDEX TO EXHIBITS
FORM 17-A**

Number	Particulars
1	List of the Top 20 shareholders of the Company
2	List of reports filed under SEC Form 17-C

DMCI Holdings, Inc.

Summary of Submittals of SEC Form 17-C
For the Year 2004

Nature of Report	Dates
Monthly report of Preferred Shares as of December 31, 2002	January 5, 2004
Secretary's Sworn Certification on the Attendance of Board Meetings pursuant to SEC Memorandum Circular No. 2 Series of 2002 Code of Corporate Governance	January 9, 2004
D. M. Consunji, Inc. petition for the Corporate Rehabilitation Of Universal Rightfield Property Holdings, Inc.	January 12, 2004
Certification on Corporate Governance	January 30, 2004
Monthly report of Preferred Shares as of January 31, 2004	February 9, 2004
D. M. Consunji, Inc. petition on Corporate Rehabilitation of Universal Rightfield Property Holdings, Inc. issuing Stay Order on February 17, 2004	February 24, 2004
Monthly report of Preferred Shares as of February 29, 2004	March 2, 2004
Monthly report of Preferred Shares as of March 31, 2004	April 1, 2004
Subscription to 19,657,388 Semirara common shares of which 4,371,032 common shares were from waived subscriptions of NDC	April 1, 2004
Monthly report of Preferred Shares as of April 30, 2004	May 3, 2004
Fixed the date of Annual Stockholders' Meeting on July 28, 2004	May 24, 2004
Monthly report of Preferred Shares as of May 31, 2004	June 1, 2004
Venue for DMCIHI Annual Stockholders' Meeting	June 10, 2004
Monthly report of Preferred Shares as of June 30, 2004	July 5, 2004
Acquisition of additional 100,000 DMC shares of Director Ma. Edwina C. Laperal	July 22, 2004
Elected Directors and Officers for 2004-2005	July 28, 2004
Monthly report of Preferred Shares as of July 31, 2004	August 2, 2004

Acquisition of additional 100,000 additional DMC shares of Director Ma. Edwina C. Laperal	August 25, 2004
Disposition of 300,000 DMC shares of Director Victor A. Consunji	August 25, 2004
Disposition of 500,000 DMC shares of Director Victor A. Consunji	August 30, 2004
Monthly report of Preferred Shares as of August 31, 2004	September 1, 2004
Acquisition of additional 143,000 DMC shares of Director Ma. Edwina C. Laperal	September 2, 2004
Acquisition of additional 10,000 DMC shares of Asst. Treasurer Cristina C. Gotianun	September 3, 2004
Acquisition of additional 450,000 DMC shares of Victor A. Consunji	September 27, 2004
Acquisition of additional 330,000 DMCI shares of Director Victor A. Consunji	October 1, 2004
Monthly report of Preferred Shares as of September 30, 2004	October 4, 2004
Disposition of 50,000 DMC shares of Director Cesar A. Buenaventura	October 4, 2004
Monthly report of Preferred Shares as of October 31, 2004	November 2, 2004
Monthly report of Preferred Shares as of November 30, 2004	December 2, 2004

DMCI HOLDINGS, INC.
 List of Top 20 Stockholders (Common)
 March 31, 2005

Rank	Shareholder #	Name / Address	Nat	Class	Number of Shares	Percentage
1	1000011823	PCD NOMINEE CORPORATION G/F MAKATI STOCK EXCHANGE BLDG., 6767 AYALA AVE., MAKATI CITY	FIL	A	850,146,456.00	37.692251 %
2	1000000118	DACON CORPORATION C/O DMCI HOLDINGS, 3RD/F DACON BLDG., 2281 PASONG TANO, MAKATI CITY	FIL	A	400,359,329.00	17.750405 %
3	1000027622	DM CONSUNJI, INC. C/O DMCI, DACON BLDG., PASONG TANO, MAKATI CITY	FIL	A	220,000,000.00	9.753961 %
4	1000000061	MA. EDWINA C. LAPERAL DMCI HOLDINGS, INC. 3F DACON BLDG., 2281 PASONG TANO EXT., MAKATI CITY	FIL	A	136,117,710.00	6.034940 %
5	1000000045	CRISTINA C. GOTIANUN DMCI HOLDINGS, INC. 3F DACON BLDG., 2281 PASONG TANO EXT., MAKATI CITY	FIL	A	133,841,010.00	5.934000 %
6	1000000010	ISIDRO A. CONSUNJI DMCI HOLDINGS, INC. 3/F DACON BLDG., 2281 PASONG TANO EXT., MAKATI CITY	FIL	A	132,545,310.00	5.876553 %
7	1000000029	JORGE A. CONSUNJI DMCI HOLDINGS, INC. 3F DAON BLDG., 2281 PASONG TANO EXT., MAKATI CITY	FIL	A	130,182,310.00	5.771787 %
8	1000000053	VICTOR A. CONSUNJI DMCI HOLDINGS, INC. 3/F DACON BLDG., 2281 PASONG TANO EXT., MAKATI CITY	FIL	A	130,182,100.00	5.771778 %
9	1000011858	PCD NOMINEE CORPORATION G/F MAKATI STOCK EXCHANGE BLDG., 6767 AYALA AVE., MAKATI CITY	FOR	A	54,460,203.00	2.414558 %
10	1000000126	DMCI RETIREMENT PLAN C/O DMCI HOLDINGS, 3F DACON BLDG., 2281 PASONG TANO, MAKATI CITY	FIL	A	19,980,000.00	0.885837 %
11	1000000002	DAVID M. CONSUNJI 4688 PASAY ROAD DASMARINAS VILLAGE MAKATI METRO MANILA	FIL	A	8,142,254.00	0.360996 %
12	1000017759	DMCI RETIREMENT FUND 2281 PASONG TANO EXTENSION MAKATI CITY	FIL	A	2,600,000.00	0.115274 %

MAKATI CITY
 OPERATIONS
 LIMITED LIABILITY COMPANY

DMCI HOLDINGS, INC.
List of Top 20 Stockholders (Common)
March 31, 2005

Rank	Shareholder #	Name / Address	Nat	Class	Number of Shares	Percentage
13	1000020512	ANTONIO C. JOSUE #58 BERBENIA ST., TAHAMAN VILLAGE, PARANAQUE, METRO MANILA	FIL	A	2,150,000.00	0.095323 %
14	1000020687	FIRST ABACUS FINANCIAL HOLDINGS CORPORATION 2704-B EAST TOWER, PSE CENTER EXCHANGE ROAD, PASIG CITY	FIL	A	1,500,000.00	0.066504 %
15	1000066836	JAINIE B. GARCIA 1845 2 E PACO PANDANA EXEC. TOWNHOUSE, PAZ MENDOZA GUANZON ST., PACO, MANILA	FIL	A	1,250,000.00	0.055420 %
16	1000022736	PACITA N. LEE #69 GORRORO AVE., CEBU CITY 6000	FIL	A	1,100,000.00	0.048770 %
17	1000017244	HOPKINS HOLDINGS, INC. 107 VALDERANA BLDG., 5/F ESTERAN ST., LEGASPI VILLAGE, MAKATI CITY	FIL	A	1,074,000.00	0.047617 %
18	1000021853	LUIS DEL ROSARIO &/OR WENIA DEL ROSARIO C/O SENO CNPD., #325 A. DEL ROSARIO AVE., MANDAUE, CEBU CITY	FIL	A	800,000.00	0.035469 %
19	1000007656	LOURDES BUENAVENTURA 58 MCKINLEY RD., UNIT 27 FORBES PARK, MAKATI CITY	FIL	A	700,000.00	0.031035 %
20	1000021727	ALLIED BANKING CORPORATION MERCHANT BANKING DIVISION, ALLIED BANKING CORP (ABC) MEZANINE FLR ALLIED BANK CTR. 6754 AYALA AVE., MAKATI CITY	FIL	A	695,000.00	0.030814 %
		(CLASS A)			2,227,825,682.00	98.773292 %
		S U B - T O T A L			2,227,825,682.00	98.773292 %
		(CLASS A)			27,668,318.00	1.226708 %
		OTHER STOCKHOLDERS (1086)			27,668,318.00	1.226708 %
		G R A N D T O T A L			2,255,494,000.00	100.000000 %

Angelo G. Macabuhay
 ANGELO G. MACABUHAY
 OPERATIONS MANAGER
 SECURITIES TRANSFER SERVICES, INC.



DMCI HOLDINGS
I N C O R P O R A T E D

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

3rd floor
DACON Building
2281 Don Chino Roces Ave.
(formerly Pasong Tamo Ext.)
Makati City 1231, Philippines

(632) 888 • 3000
Facsimile
(632) 816 • 7362
E-Mail
dmcii@dmcinet.com

The management of DMCI HOLDINGS, INC. is responsible for all information and representations contained in the financial statements for the years ended December 31, 2004 and 2003. The financial statements have been prepared in conformity with generally accepted accounting principles in the Philippines and reflect amounts that are based on the best estimates and informed judgment of management with an appropriate consideration to materiality.

In this regard, management maintains a system of accounting and reporting which provides for the necessary internal controls to ensure that transactions are properly authorized and recorded, assets are safeguarded against unauthorized use or disposition and liabilities are recognized.

The management likewise discloses to the company's audit committee and to its external auditor:

- (i) All significant deficiencies in the design or operation of internal controls that could adversely affect its ability to record, process, and report financial data;
- (ii) Material weaknesses in the internal controls; and
- (iii) Any fraud that involves management or other employees who exercise significant roles in internal controls.


The Board of Directors reviews the financial statements before such statements are approved and submitted to the stockholders of the company.

SYCIP GORRES VELAYO & CO., the independent auditors appointed by the stockholders, has examined the financial statements of the company in accordance with generally accepted auditing standards in the Philippines and has expressed its opinion on the fairness of presentation upon completion of such examination, in its report to the Board of Directors and stockholders.

Signed under oath by:


DAVID M. CONSUNJI
Chairman of the Board


ISIDRO A. CONSUJI
Chief Executive Officer


HERBERT M. CONSUNJI
Chief Finance Officer

Subsidiaries
DM Consunji, Inc.
DMCI Project
Developers, Inc.
Atlantic, Gulf &
Pacific Company
of Manila, Inc.
Semirara Mining
Corporation

DMCI HOLDINGS, INC. AND SUBSIDIARIES

**Consolidated Financial Statements
December 31, 2004 and 2003
and Years Ended December 31, 2004, 2003 and 2002**

and

Report of Independent Auditors

SGVMC107155

Report of Independent Auditors

The Stockholders and the Board of Directors
DMCI Holdings, Inc.
3rd Floor, Dacon Building
2281 Don Chino Roces Avenue
Makati City

We have audited the accompanying consolidated balance sheets of DMCI Holdings, Inc. and Subsidiaries as of December 31, 2004 and 2003, and the related consolidated statements of income, changes in stockholders' equity and cash flows for each of the three years in the period ended December 31, 2004. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the Philippines. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of DMCI Holdings, Inc. and Subsidiaries as of December 31, 2004 and 2003, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2004 in conformity with accounting principles generally accepted in the Philippines.

Jessie D. Cabaluna
Partner
CPA Certificate No. 36317
SEC Accreditation No. 0069-A
Tax Identification No. 102-082-365
PTR No. 1195834, January 3, 2005, Makati City

May 3, 2005

Report of Independent Auditors

The Stockholders and the Board of Directors
DMCI Holdings, Inc.

We have audited the accompanying consolidated balance sheets of DMCI Holdings, Inc. and Subsidiaries as of December 31, 2004 and 2003, and the related consolidated statements of income, changes in stockholders' equity and cash flows for each of the three years in the period ended December 31, 2004. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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Jessie D. Cabaluna
Partner
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PTR No. 1195834, January 3, 2005, Makati City

May 3, 2005

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DMCI HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	December 31	
	2004	2003 (As restated - Note3)
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	₱217,124,563	₱247,590,446
Receivables - net (Note 5)	2,556,171,445	2,028,151,546
Costs and estimated earnings in excess of billings on uncompleted contracts (Note 6)	112,260,407	85,761,744
Inventories - net (Note 7)	630,834,236	591,794,231
Real estate for sale and development (Note 8)	3,568,147,187	3,561,761,874
Other current assets (Note 9)	129,643,761	133,295,807
Total Current Assets	7,214,181,599	6,648,355,648
Noncurrent Assets		
Noncurrent receivables - net (Note 5)	1,095,275,329	1,173,602,549
Investments in associates, jointly controlled entities and others - net (Note 10)	414,255,220	440,428,451
Investment properties - net (Note 11)	984,309,477	1,010,110,160
Property, plant and equipment - net (Note 12)	2,563,480,585	2,379,813,545
Other noncurrent assets - net (Note 13)	457,262,203	606,360,585
Total Noncurrent Assets	5,514,582,814	5,610,315,290
	₱12,728,764,413	₱12,258,670,938
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Notes payable (Note 14)	₱403,884,707	₱823,617,491
Accounts and other payables (Note 15)	3,029,621,939	2,693,739,192
Current portion of long-term debt (Note 16)	1,048,212,512	772,335,328
Estimated liability for property development	38,005,374	26,541,992
Billings in excess of costs and estimated earnings on uncompleted contracts (Note 6)	144,500,642	422,554,809
Total Current Liabilities	4,664,225,174	4,738,788,812
Noncurrent Liabilities		
Long-term debt - net of current portion (Note 16)	1,272,665,087	1,597,725,549
Payable to related parties (Note 27)	851,922,968	1,124,295,963
Other noncurrent liabilities (Note 17)	319,599,291	380,942,914
Total Noncurrent Liabilities	2,444,187,346	3,102,964,426
Total Liabilities	7,108,412,520	7,841,753,238
Minority Interest in Consolidated Subsidiaries		
	173,087,816	219,225,595
Stockholders' Equity (Note 18)		
Preferred stock	342,240	451,690
Common stock	2,255,494,000	2,255,494,000
Additional paid-in capital	2,827,839,006	2,929,845,102
Retained earnings (deficit) (Notes 2 and 3)	602,685,131	(750,810,720)
	5,686,360,377	4,434,980,072
Preferred shares held in treasury - at cost	(239,096,300)	(237,287,967)
Total Stockholders' Equity	5,447,264,077	4,197,692,105
	₱12,728,764,413	₱12,258,670,938

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See accompanying Notes to Consolidated Financial Statements.

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DMCI HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

	Years Ended December 31		
	2004	2003 (As restated - Note 3)	2002 (As restated - Note 3)
SALES AND SERVICES (Note 19)	₱7,761,079,671	₱4,615,830,531	₱3,217,586,192
COSTS OF SALES AND SERVICES (Note 20)	5,250,877,724	3,619,619,700	2,668,424,936
GROSS PROFIT	2,510,201,947	996,210,831	549,161,256
OPERATING EXPENSES (Note 21)	(765,117,893)	(581,048,737)	(679,468,309)
OTHER OPERATING INCOME - Net (Note 22)	113,895,921	40,101,178	103,132,557
INCOME (LOSS) FROM OPERATIONS (Note 2)	1,858,979,975	455,263,272	(27,174,496)
OTHER EXPENSES - Net			
Interest and other charges - net (Note 23)	365,148,608	383,695,711	321,079,908
Equity in net losses (earnings) of associates and jointly controlled entities (Note 10)	7,333,838	(899,614)	35,208,916
	372,482,446	382,796,097	356,288,824
INCOME (LOSS) BEFORE INCOME TAX AND MINORITY INTEREST	1,486,497,529	72,467,175	(383,463,320)
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 24)	58,069,653	(166,333,817)	(91,832,693)
INCOME (LOSS) BEFORE MINORITY INTEREST	1,428,427,876	238,800,992	(291,630,627)
MINORITY INTEREST	(74,932,025)	(39,963,614)	70,770,639
NET INCOME (LOSS) (Notes 2, 3 and 26)	₱1,353,495,851	₱198,837,378	(₱220,859,988)
Basic Earnings (Loss) Per Share (Note 25)	₱0.59	₱0.07	(₱0.14)

See accompanying Notes to Consolidated Financial Statements.

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DMCI HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES
IN STOCKHOLDERS' EQUITY

	Years Ended December 31		
	2004	2003 (As restated - Note 3)	2002 (As restated - Note 3)
CAPITAL STOCK (Note 18)			
Preferred stock - ₱1 par value, cumulative and convertible			
Balance at beginning of year	₱451,690	₱1,288,265	₱2,400,000
Retirement of preferred shares	(109,450)	(836,575)	(1,111,735)
Balance at end of year	342,240	451,690	1,288,265
Common stock - ₱1 par value	2,255,494,000	2,255,494,000	2,255,494,000
	2,255,836,240	2,255,945,690	2,256,782,265
ADDITIONAL PAID-IN CAPITAL			
Balance at beginning of year	2,929,845,102	3,743,129,855	4,717,685,929
Retirement of preferred shares	(102,006,096)	(813,284,753)	(974,556,074)
Balance at end of year	2,827,839,006	2,929,845,102	3,743,129,855
RETAINED EARNINGS (DEFICIT) (Notes 2 and 3)			
Balance at beginning of year, as previously reported	(723,585,843)	(920,090,570)	(697,931,129)
Effect of change in accounting for income taxes	(27,224,877)	(29,557,528)	(30,856,981)
Balance at beginning of year, as restated	(750,810,720)	(949,648,098)	(728,788,110)
Net income (loss) (Note 26)	1,353,495,851	198,837,378	(220,859,988)
Balance at end of year	602,685,131	(750,810,720)	(949,648,098)
PREFERRED SHARES HELD IN TREASURY (Note 18)			
Balance at beginning of year	(237,287,967)	(1,030,183,051)	(574,290,761)
Redemption of preferred shares	(103,923,879)	(21,226,244)	(1,431,560,099)
Retirement of preferred shares	102,115,546	814,121,328	975,667,809
Balance at end of year	(239,096,300)	(237,287,967)	(1,030,183,051)
	₱5,447,264,077	₱4,197,692,105	₱4,020,080,971

See accompanying Notes to Consolidated Financial Statements.

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DMCI HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2004	2003	2002
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before income tax and minority interest	₱1,486,497,529	₱72,467,175	(₱383,463,320)
Adjustments for:			
Depreciation, depletion and amortization (Notes 11, 12, 13 and 20)	763,888,367	542,871,194	579,816,498
Interest expense (Note 23)	368,317,069	354,278,164	315,978,046
Write-off of:			
Property, plant and equipment	223,998,632	-	-
Other noncurrent assets	159,497,726	-	-
Inventories (Note 21)	-	-	44,270,114
Provisions for:			
Doubtful accounts (Note 21)	17,252,778	118,367,851	178,544,280
Inventory obsolescence and losses (Note 21)	17,070,283	557,940	-
Probable losses on noncurrent assets (Note 21)	12,214,617	-	-
Probable losses on investments (Note 21)	2,000,000	11,459,652	44,787,767
Foreign exchange losses - net (Note 23)	7,844,204	36,975,433	31,958,010
Equity in net losses (earnings) of associates and jointly controlled entities (Note 11)	7,333,838	(899,614)	35,208,916
Loss (gain) on disposals of:			
Property and equipment (Note 22)	(35,433,935)	54,878,513	11,002,600
Investments (Note 22)	(3,006,213)	(3,965,480)	14,692,000
Interest income (Note 23)	(11,012,665)	(7,557,886)	(26,856,148)
Reversal of allowance for doubtful accounts (Note 22)	-	-	(22,400,272)
Operating income before changes in working capital	3,016,462,230	1,179,432,942	823,538,491
Decrease (increase) in:			
Receivables	(540,158,552)	346,826,946	172,560,442
Inventories	(17,195,344)	31,575,101	(247,095,186)
Real estate for sale and development	(6,385,313)	(403,310,659)	(116,685,001)
Other current assets	3,652,046	(55,795,190)	(19,122,649)
Increase (decrease) in:			
Accounts and other payables	715,287,560	199,720,595	(1,205,157,662)
Estimated liability for property development	11,463,382	9,617,857	(51,114,760)
Billings in excess of costs and estimated earnings on uncompleted contracts - net	(304,552,830)	(56,098,574)	(7,629,716)
Deferred revenue on real estate sales	12,446,400	23,305,518	(7,798,538)
Realized customers' deposits	24,825,957	(16,030,021)	-
Cash generated from (used in) operations	2,915,845,536	1,259,244,515	(658,504,579)
Interest received	8,904,753	7,545,040	107,097,746
Interest paid	(882,213,119)	(281,888,442)	(239,932,022)
Income taxes paid	(97,962,415)	(65,543,017)	(46,112,366)
Net cash provided by (used in) operating activities	1,944,574,755	919,358,096	(837,451,221)
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease (increase) in:			
Noncurrent receivables	106,713,588	(493,547,247)	490,989,135
Other noncurrent assets	(48,322,695)	(56,623,565)	(7,153,074)
Investments	-	8,041,165	(45,996,085)

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(Forward)

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	Years Ended December 31		
	2004	2003	2002
Proceeds from disposals of:			
Property and equipment	₱144,894,771	₱41,181,545	₱795,294
Investment properties	20,360,233	-	-
Investments	4,691,638	5,612,001	13,528,692
Additions to property, plant and equipment	(898,314,205)	(168,725,854)	(213,633,822)
Net cash provided by (used in) investing activities	(669,976,670)	(664,061,955)	238,530,140
CASH FLOWS FROM FINANCING ACTIVITIES			
Availments of long-term debt	405,687,511	208,259,249	50,649,357
Payments of long-term debt	(910,485,523)	(539,696,389)	(102,250,351)
Net availments (payments) of notes payable	(419,732,784)	79,929,723	63,392,197
Increase (decrease) in payable to related parties	(333,977,795)	38,173,861	754,800,557
Redemption of preferred shares	(28,673,759)	(19,226,244)	(223,849,370)
Decrease in other noncurrent liabilities	(17,881,618)	(12,272,519)	(27,525,035)
Net cash provided by (used in) financing activities	(1,305,063,968)	(244,832,319)	515,217,355
NET INCREASE (DECREASE)			
IN CASH AND CASH EQUIVALENTS	(30,465,883)	10,463,822	(83,703,726)
CASH AND CASH EQUIVALENTS			
AT BEGINNING OF YEAR	247,590,446	237,126,624	320,830,350
CASH AND CASH EQUIVALENTS			
AT END OF YEAR	₱217,124,563	₱247,590,446	₱237,126,624

See accompanying Notes to Consolidated Financial Statements.

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

1. Corporate Information

DMCI Holdings, Inc. (the Company) is incorporated and domiciled in the Philippines. The Company's registered office and principal place of business is 3rd Floor, Dacon Building, 2281 Don Chino Roces Avenue, Makati City.

The Company is the holding company of DMCI Group which is primarily engaged in general construction, coal mining, infrastructure and real estate development and manufacturing (see Notes 3 and 26).

As of December 31, 2004 and 2003, the Company and its subsidiaries had 1,425 and 1,529 employees, respectively.

The accompanying consolidated financial statements of DMCI Holdings, Inc. and Subsidiaries (the Group) were authorized for issue by the Board of Directors (BOD) and Audit Committee on May 3, 2005.

2. Status of Operations

As shown in the consolidated financial statements, the Group has retained earnings of ₱603 million as of December 31, 2004, compared to a cumulative deficit of ₱751 million (as restated) as of December 31, 2003 and ₱950 million (as restated) as of December 31, 2002. In 2003, the Group's financial position indicates that sufficient cash flows have to be generated to finance its operations and to fully service its maturing obligations. The Group's interest-bearing obligations amounted to ₱2,725 million as of December 31, 2004 and ₱3,194 million as of December 31, 2003. Interest expense amounted to ₱368 million, ₱354 million, and ₱316 million for the years ended December 31, 2004, 2003, and 2002, respectively (see Note 23).

In 2004, the performance of the Group improved due to (a) favorable results in its mining operations and infrastructure and real estate development operations; (b) Group's management efforts to identify certain assets to provide the Group with additional sources of liquidity; (c) general cost reduction measures; and (d) reorganization of management and administrative support functions. Revenue increased resulting in an income from operations of ₱1,859 million and ₱455 million in 2004 and 2003, respectively, against a loss from operations of ₱27 million in 2002. The Group posted a net income of ₱1,353 million and ₱199 million (as restated) in 2004 and 2003, respectively, against a net loss of ₱221 million (as restated) in 2002. The Group was able to reduce its maturing financial obligations by ₱925 million in 2004 (net of availments) and ₱252 million (net of availments) in 2003.

3. Summary of Significant Accounting Policies

Basis of Financial Statement Preparation

The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the Philippines (Philippine GAAP) using the historical cost basis except for certain property, plant and equipment, which are carried at adjusted cost (see Note 12).

Use of Estimates

The preparation of consolidated financial statements in conformity with Philippine GAAP requires the Company to make estimates and assumptions that affect the reported amounts in the consolidated financial statements and accompanying notes. The estimates and assumptions used in the accompanying consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of date of the consolidated financial statements. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effect of any change in estimates will be recorded in the consolidated financial statements as they become reasonably determinable.

Adoption of New Accounting Standards

On January 1, 2004, the Group adopted the following Statements of Financial Accounting Standards (SFAS)/International Accounting Standards (IAS):

- SFAS 12/IAS 12, *Income Taxes*, prescribes the accounting treatment for current and deferred income taxes. The standard requires the use of the balance sheet liability method in accounting for deferred income taxes. As a result of the adoption of SFAS 12/IAS 12, the deferred tax assets on temporary deductible differences previously covered with valuation allowance are no longer recognized as deferred tax assets (see Note 24). Also, a certain subsidiary derecognized deferred tax assets not covered with valuation allowance in prior years to conform to the standard. This resulted in a retroactive upward adjustment to beginning balance of deficit as of December 31, 2003, 2002 and 2001 amounting to ₱27 million, ₱30 million and ₱31 million, respectively. Net income increased by ₱2 million and ₱1 million in 2003 and 2002, respectively. Additional disclosures required by the new standard were included in the consolidated financial statements.
- SFAS 17/IAS 17, *Leases*, which prescribes the accounting policies and disclosures applicable to finance and operating leases. The new standard also requires the recognition of lease payments under operating leases on a straight-line basis unless another systematic basis is more representative of the time pattern of the user's benefit. The adoption of SFAS 17/IAS 17 did not have a material impact on the consolidated financial statements.

Basis of Consolidation

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

The consolidated financial statements include the financial statements of the Company and the following subsidiaries (which were all incorporated in the Philippines) as of December 31:

	Effective Percentages of Ownership	
	2004	2003
General Construction:		
D.M. Consunji, Inc. (DMCI)	100.00	100.00
DMCI International, Inc. (DMCII)	100.00	100.00
OHKI-DMCI Corporation (OHKI)	100.00	60.00
DMCI-Laing Construction, Inc. (DMCI-Laing)	60.00	60.00
Beta Electric Corporation (Beta Electric)	56.57	50.10
Infrastructure and Real Estate Development:		
DMCI Project Developers, Inc. (PDI)	100.00	100.00
Contech Products Corporation (Contech)	100.00	100.00
Constress Philippines, Inc. (Constress)	100.00	50.71
Hampstead Gardens Corporation (Hampstead)	60.00	60.00
Riviera Land Corporation (Riviera)	51.00	51.00
Coal Mining:		
Semirara Mining Corporation (Semirara)	94.53	74.40
Manufacturing:		
Semirara Cement Corporation (SemCem)*	100.00	100.00
Wire Rope Corporation of the Philippines (Wire Rope)	61.70	61.70
Contech Products South Corporation (Contech South)	52.00	52.00

* Organized on January 29, 1998 and has not yet started commercial operations.

DMCI's subsidiaries include DMCII, DMCI-Laing, OHKI, Beta Electric, Constress and Contech South.

PDI's subsidiaries include Contech and Hampstead.

Except as stated otherwise, consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All significant intercompany balances and transactions, including intercompany profits and unrealized profits and losses are eliminated in consolidation.

Minority interest represents the interest in a subsidiary, which is not owned, directly or indirectly through subsidiaries, by the Company. The losses applicable to the minority in a consolidated subsidiary may exceed the minority interest's equity in the subsidiary. The excess and any further losses applicable to the minority are charged against the majority interest except to the extent that the minority has a binding obligation to, and is able to, make good the losses. If the subsidiary subsequently reports profits, the majority interest is allocated all such profit until the minority's share of losses previously absorbed by the majority has been recovered.

Cash and Cash Equivalents

Cash includes cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less and that are subject to an insignificant risk of changes in value.

Receivables

Receivables are recognized and carried at the original contract price or invoice amount, less allowance for any uncollectible amount. An estimate for doubtful accounts is made when collection of the full amount is no longer probable or when the amounts anticipated to be received in settlement of such receivables are less than the amounts due. The allowance for doubtful accounts is maintained at a level considered adequate to provide for potential losses on receivables and is determined after a study of the estimated collectibility of receivable balances and evaluation of such factors as aging of the accounts, collection experience in relation to the particular receivables, past and expected loss experiences and specifically identified doubtful accounts.

Inventories

Inventories are valued at the lower of cost or net realizable value (NRV). NRV is the estimated replacement cost or the selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. The cost of coal inventory is determined by the weighted average production cost method. The cost of equipment parts, materials and supplies is determined substantially by the average cost methods (either by moving average or weighted average production cost). The cost of equipment parts, materials and supplies determined by the first-in, first-out method accounts for about 7% of total inventories.

Real Estate for Sale and Development

Real estate for sale and development are carried at the lower of cost or NRV. Real estate costs include those costs that relate to the acquisition, development, improvement and construction of the real estate projects. Borrowing costs are capitalized while the development and construction of the real estate projects are in progress, and to the extent that these are expected to be recovered in the future. NRV is the selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Investments in Associates, Jointly Controlled Entities and Others

Investments in associates and jointly controlled entities are accounted for under the equity method. Under this method, such investments are carried in the consolidated balance sheets at cost plus post-acquisition changes in the Group's share in the net assets of the investees, less any impairment in value. The consolidated statements of income reflect the Group's share of the results of operations of these investees. Unrealized gains arising from intercompany transactions are eliminated to the extent of the Group's interest thereon. Unrealized losses are eliminated similarly but only to the extent that there is no evidence of impairment of the asset transferred. Dividends received are treated as a reduction in the carrying value of the investment.

If the Group's share in the losses of an investee equals or exceeds the carrying amount of its investment, the Group ordinarily discontinues recognizing its share of further losses and the investment is reported at nil value. Additional losses are provided for to the extent that the Group has incurred obligations or made payments on behalf of the investee to satisfy obligations of the investee that the Group has guaranteed or otherwise committed. If the investee subsequently reports profits, the Group resumes recognizing its share of those profits only after its share of the profits equals the share of net losses not recognized.

Investments in shares of stock of companies in which the Group does not exercise significant influence are carried at cost. An allowance is set up for any substantial and presumably permanent decline in the carrying value of these investments.

Investment Properties

Investment properties consist of land, condominium units, and buildings and improvements in excess of the Group's requirements and that are leased to others and for investment purposes. These are carried at cost less any accumulated depreciation and any impairment in value, except for land which are carried at cost less any impairment in value.

Depreciation is calculated on a straight-line basis over the estimated useful life of the condominium units and buildings and improvements ranging from 5 to 10 years.

Property, Plant and Equipment

Property, plant and equipment, except land, are stated at cost less accumulated depreciation, depletion and amortization and any impairment in value. Land is stated at cost, less any impairment in value.

Certain land and land improvements, buildings and building improvements and conventional and continuous mining equipment of Semirara acquired up to April 30, 1997 are stated at adjusted cost (as a result of Semirara's quasi-reorganization as of December 31, 1997) (see Note 12) as determined by an independent firm of appraisers as of that date less accumulated depreciation and amortization and any impairment in value. Subsequent additions are stated at cost, less any impairment in value.

The initial cost of property, plant and equipment comprises its purchase price, including import duties, taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to operations in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional cost of property, plant and equipment.

Depreciation and amortization of property, plant and equipment, except for mining properties, mine exploration and development costs, are calculated on the straight-line basis over the following estimated useful lives of the respective assets:

Land improvements	5 to 17 years
Buildings and building improvements	5 to 25 years
Construction equipment, machinery and tools	5 to 10 years
Office furniture, fixtures and equipment	3 to 5 years
Transportation equipment	4 to 5 years
Conventional and continuous mining equipment	2 to 13 years
Leasehold improvements	5 to 7 years or remaining lease term, whichever is shorter

Depletion of mining properties, mine exploration and development costs are calculated based on the units-of-production method.

The estimated useful lives and depreciation, depletion and amortization methods are reviewed periodically to ensure that the period and methods of depreciation, depletion and amortization are consistent with the expected pattern of economic benefits from items of property, plant and equipment.

Construction in progress included in property, plant and equipment is stated at cost. This includes cost of construction of property, plant and equipment and other direct costs. Construction in progress is not depreciated until such time as the relevant assets are completed and put into operational use.

Mine Exploration and Development Costs

Expenditures for mine exploration and development activities on mining properties are deferred as incurred. These deferred costs are charged to expense when the results of the exploration activities are determined to be negative or not commercially viable. When exploration results are positive or commercially viable, the exploration expenses and subsequent development expenses are capitalized and presented under the "Other noncurrent assets" account in the consolidated balance sheets. Upon the start of commercial production, such capitalized costs are accordingly transferred to the "Property, plant and equipment" account in the consolidated balance sheets and amortized using the units-of-production method.

Stripping Costs

Stripping costs are deferred based on the difference between the actual stripping ratio (ratio of waste moved to coal mined) and the estimated stripping ratio established in accordance with the survey conducted on the mine. These costs, included under the "Other noncurrent assets" account in the consolidated balance sheets, are amortized using the units-of-production method.

Impairment of Assets

An assessment is made at balance sheet date to determine whether there is any indication of impairment of any long-lived assets, or whether there is any indication that an impairment loss previously recognized for an asset in prior years may no longer exist or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. An asset's recoverable amount is calculated as the higher of the asset's value in use or its net selling price.

An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. An impairment loss is charged to operations in the period in which it arises.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset, however, not to an amount higher than the carrying amount that would have been determined (net of any accumulated depreciation and amortization) had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is credited to current operations.

Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, development, improvement and construction of housing and condominium units are capitalized as part of the “Real estate for sale and development” account in the consolidated balance sheets. Other borrowing costs are recognized as expense in the year in which these costs are incurred.

The capitalization of borrowing costs as part of the cost of housing and condominium units: (a) commences when the expenditures and borrowing costs for the housing and condominium units are being incurred and activities that are necessary to prepare the housing and condominium units for its intended use or sale are in progress; (b) is suspended during extended periods in which active development, improvement and construction of the housing and condominium units are interrupted; and (c) ceases when substantially all the activities necessary to prepare the housing and condominium units for its intended use or sale are complete. If the carrying amount of the assets exceeds its recoverable amount, an impairment loss is recorded.

Revenue and Cost Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Construction Contracts

Revenue from construction contracts is recognized under the percentage of completion method of accounting and is measured principally on the basis of the estimated completion of a physical proportion of the contract work. Contracts to manage, supervise, or coordinate the construction activity of others and those contracts wherein the materials and services are supplied by contract owners are recognized only to the extent of the contracted fee revenue. Revenue from cost plus contracts is recognized by reference to the recoverable costs incurred during the period plus the fee earned, measured by the proportion that costs incurred to date bear to the estimated total costs of the contract.

Contract costs include all direct materials and labor costs and those indirect costs related to contract performance. Expected losses on contracts are recognized immediately when it is probable that the total contract costs will exceed total contract revenue. The amount of such loss is determined irrespective of whether or not work has commenced on the contract; the stage of completion of contract activity; or the amount of profits expected to arise on other contracts, which are not treated as a single construction contract. Changes in contract performance, contract conditions and estimated profitability, including those arising from contract penalty provisions, and final contract settlements which may result in revisions to estimated costs and gross margin are recognized in the year in which the changes are determined. Profit incentives are recognized as revenue when their realization is reasonably assured.

The asset, “Costs and estimated earnings in excess of billings on uncompleted contracts”, represents total costs incurred and estimated earnings recognized in excess of amounts billed. The liability, “Billings in excess of costs and estimated earnings on uncompleted contracts”, represents billings in excess of total costs incurred and estimated earnings recognized. Contract retentions are included as part of “Trade receivables - construction” under the “Receivables” account in the consolidated balance sheets.

Real Estate Sales

Revenue from real estate sales, which consists primarily of the sale of housing and condominium units, with material obligations under the sales contracts to provide improvements after the property is sold, is accounted for under the percentage of completion method. Under this method, the revenue is deferred and presented as “Deferred revenue on real estate sales” under the “Other noncurrent liabilities” account in the consolidated balance sheets and realized as the related obligations are fulfilled. If any of the criteria under the percentage of completion method is not met, the deposit method is applied until such criterion is met. Under the deposit method, revenue recognition is deferred until the conditions for recording a sale are met. Pending recognition of sale, cash received from buyers are presented as “Customers’ deposits,” included in the “Accounts and other payables” account in the liabilities section of the consolidated balance sheets. Cancellations of prior year sales and related deferred gross profit are deducted from current year revenue and costs.

The costs of related housing and condominium units sold before completion of the projects are determined based on the actual costs incurred and project cost estimates as determined by the contractors and technical staff of the Group. The estimated future expenditures for the completion of sold residential and condominium units are presented as “Estimated liability for property development” account in the consolidated balance sheets.

Coal Sales

Revenue from coal sales is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount of revenue can be measured reliably.

Merchandise Sales

Revenue from merchandise sales is recognized upon delivery of the goods to and acceptance by the buyer and when the risks and rewards are passed on to the buyers.

Rental Income

Rental income from investment properties is accounted for on a straight-line basis over the lease term.

Interest Income

Interest income is recognized as it accrues.

Leases

Operating lease payments are recognized as an expense in the consolidated statements of income on a straight-line basis over the lease term.

Retirement Costs

Most of the Group’s retirement costs are actuarially determined using either the projected unit credit method or the attained age cost method. The projected unit credit method reflects the services rendered by employees to the date of valuation and incorporates assumptions concerning employees’ projected salaries. Retirement costs include current service costs plus amortization of past service costs, experience adjustments and changes in actuarial assumptions over the expected remaining working lives of the covered employees. Certain subsidiaries determined their

retirement costs using the attained age cost method. Under the attained age cost method, past

service costs, experience adjustments and the effects of changes in actuarial assumptions are amortized over the expected remaining working lives of the covered employees. Of the consolidated retirement costs, 53% was determined using the projected unit credit method and 43% using the attained age cost method.

Income Taxes

Deferred income tax is provided, using the balance sheet liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences, and the carryforward benefits of the excess of minimum corporate income tax (MCIT) over regular corporate income tax, and net operating loss carryover (NOLCO) to the extent that it is probable that taxable income will be available against which the deferred tax asset can be used or when there are sufficient taxable temporary differences which are expected to reverse in the same period as the expected reversal of the deductible temporary differences.

Deferred tax liabilities are not provided on non-taxable temporary differences associated with investments in domestic subsidiaries, associates and interests in joint ventures. With respect to investments in other subsidiaries, associates and interests in joint ventures, deferred tax liabilities are recognized except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the rates that are expected to apply in the year when the asset is realized or the liability is settled based on the tax rates (and tax laws) that have been substantially enacted at the balance sheet date.

Under the provisions of Republic Act No. 7227, DMCII, being a Subic Bay Free Port Zone enterprise, is subject to a tax of 5% on gross income in lieu of all other taxes.

Foreign Currency Transactions

Transactions denominated in foreign currency are recorded using the exchange rate prevailing as of the date of the transactions. Outstanding foreign currency-denominated assets and liabilities at year-end are translated to Philippine Pesos at prevailing Philippine Dealing System rates at balance sheet dates. Exchange gains or losses resulting from rate fluctuations upon actual settlement and from restatement at year-end are credited to or charged against current operations.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

Contingencies

Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized but are disclosed in the consolidated financial statements when an inflow of economic benefits is probable.

Subsequent Events

Post year-end events up to the date of the auditors' report that provide additional information about the Group's position at balance sheet date (adjusting events) are reflected in the consolidated financial statements. Any post year-end events that are not adjusting events are disclosed in the notes to consolidated financial statements when material.

Earnings (Loss) Per Share

Basic earnings (loss) per share is calculated by dividing the net income (loss) for the year attributable to common shareholders [net income (loss) for the period less dividends on convertible redeemable preferred shares] by the weighted average number of common shares issued and outstanding during the year and adjusted to give retroactive effect to any stock dividends declared during the period.

Diluted earnings per share is calculated by dividing the net income (loss) attributable to common shareholders by the weighted average number of common shares outstanding during the year adjusted for the effects of dilutive convertible redeemable preferred shares. The net income (loss) attributable to common shareholders is increased by the dividends on convertible redeemable preferred shares. The weighted average number of common shares is increased by the weighted average number of additional common shares which would be issued assuming the conversion of all dilutive potential common shares.

Diluted earnings (loss) per share assumes the conversion of the outstanding preferred shares. When the effect of the conversion of such preferred shares is anti-dilutive, no diluted earnings per share is presented.

Segments

The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products. Financial information on business segments is presented in Note 26 to the consolidated financial statements.

New and Revised Accounting Standards Effective in 2005

New and revised accounting standards based on revised IAS and new International Financial Reporting Standards (IFRS) referred to as Philippine Accounting Standards (PAS) and Philippine Financial Reporting Standards (PFRSs), respectively, will become effective in 2005.

Beginning January 1, 2005, the Company will adopt the following relevant new accounting standards:

- PAS 19, *Employee Benefits*, prescribes the accounting and disclosures by employers for employee benefits, including short-term employee benefits, post-employment benefits, other long-term employee benefits and termination benefits. For post-employment benefits classified as defined benefit retirement plans, the standard will require the use of the projected unit credit method in measuring the retirement benefit expense and will result in change in the manner of computing benefit expense relating to past service cost and actuarial gains and losses. The Company's subsidiaries using an actuarial valuation method other than the projected unit credit method are in the process of having their actuarial valuation made using the projected unit credit method to determine the net impact of adopting PAS 19. The Group will engage a qualified actuary to perform an actuarial valuation of the retirement benefit obligations in accordance with PAS 19, and to determine the amount of transitional liability or asset that will be adjusted against January 1, 2005 retained earnings.
- PAS 21, *The Effects of Changes in Foreign Exchange Rates*, eliminates the capitalization of foreign exchange losses. The standard also requires a company to determine its functional currency and measure its results and financial position in that currency. The adoption of PAS 21 will not have an impact on the consolidated financial statements.
- PAS 32, *Financial Instruments: Disclosure and Presentation*, covers the disclosure and presentation of all financial instruments. This standard requires more comprehensive disclosures about a company's financial instruments, whether recognized or unrecognized in the financial statements. New disclosure requirements include terms and conditions of financial instruments used by the company, types of risks associated with both recognized and unrecognized financial instruments (market risk, price risk, credit risk, liquidity risk, and cash flow risk), fair value information of both recognized and unrecognized financial assets and financial liabilities, and the company's financial risk management policies and objectives. The standard also requires financial instruments to be classified as either liabilities or equity in accordance with its substance and not its legal form. Disclosures required by PAS 32 will be included upon adoption in 2005.
- PAS 39, *Financial Instruments: Recognition and Measurement*, establishes the accounting and reporting standards for recognizing and measuring a company's financial assets and financial liabilities. The standard requires a financial asset or financial liability to be recognized initially at fair value. Subsequent to initial recognition, a company should continue to measure financial assets at their fair values, except for loans and receivables and

held-to-maturity investments, which are to be measured at cost or amortized cost using the effective interest rate method. Financial liabilities are subsequently measured at cost or amortized cost, except for liabilities classified as “at fair value through profit and loss” and derivatives, which are subsequently to be measured at fair value.

PAS 39 also covers the accounting for derivative instruments. This standard has expanded the definition of a derivative instrument to include derivatives (and derivative-like provisions) embedded in non-derivative contracts. Under the standard, every derivative instrument is recorded in the balance sheet as either an asset or liability measured at its fair value. Derivatives that do not qualify as hedges are adjusted to fair value through income. If a derivative is designated and qualifies as a hedge, depending on the nature of the hedging relationship, changes in the fair value of the derivative are either offset against the changes in fair value of the hedged assets, liabilities, and firm commitments through earnings, or recognized in stockholders' equity until the hedged item is recognized in earnings. The Company must formally document, designate and assess the hedge effectiveness of derivative transactions that receive hedge accounting treatment.

Given the complexities of PAS 39, the Group will undertake certain detailed procedures to quantify the potential financial statements impact of this standard in 2005.

- PAS 40, *Investment Property*, prescribes the accounting treatment for investment property and related disclosure requirements. This standard permits the company to use either the fair value model or cost model in accounting for investment property. The fair value model requires an investment property to be measured at fair value with fair value changes recognized directly in the statements of income. The cost model requires that an investment property should be measured at depreciated cost less any accumulated impairment losses. Upon effectivity of PAS 40, the Group will adopt the cost model and will continue to carry their investment properties at depreciated cost less any accumulated impairment losses. Additional disclosures required by the standard will be included in the 2005 consolidated financial statements.
- PFRS 3, *Business Combination*, which will result in the cessation of the amortization of goodwill and a requirement for an annual test for goodwill impairment. Any resulting negative goodwill after performing a reassessment will be credited to income. Moreover, pooling of interests in accounting for business combination will no longer be permitted. The Group does not expect that the effect of adopting PFRS 3 will be material.
- PFRS 5, *Noncurrent Assets Held for Sale and Discontinued Operations*, specifies the accounting for assets held for sale and the presentation and disclosure of discontinued operations. It requires assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell, and the depreciation on such assets to cease. Furthermore, assets that meet the criteria to be classified as held for sale should be presented separately on the face of the balance sheet and the results of discontinued operations to be presented separately in the statements of income. The adoption of PFRS 5 will not have a material impact on the consolidated financial statements.

The group will also adopt in 2005 the following relevant revised accounting standards:

- PAS 1, *Presentation of Financial Statements*, provides a framework within which an entity assesses how to present fairly the effects of transactions and other events; provides the base criteria for classifying liabilities as current or noncurrent; prohibits the presentation of income from operating activities and extraordinary items as separate line items in statement of income; and specifies the disclosures about key sources of estimation, uncertainty and judgments that management has made in the process of applying the entity's accounting policies. It also requires changes in the presentation of minority interest in the consolidated balance sheets and consolidated statements of income.
- PAS 2, *Inventories*, reduces the alternatives for measurement of inventories by disallowing the use of the last in, first out (LIFO) formula. Moreover, the revised standard does not permit foreign exchange differences arising directly on the recent acquisition of inventories invoiced in a foreign currency to be included in the cost of purchase of inventories.
- PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, removes the concept of fundamental error and the allowed alternative to retrospective application of voluntary changes in accounting policies and retrospective restatement to correct prior period errors. It defines material omission or misstatements, and describes how to apply the concept of materiality when applying accounting policies and correcting errors.
- PAS 10, *Events After the Balance Sheet Date*, provides a limited clarification of the accounting for dividends declared after the balance sheet date.
- PAS 16, *Property, Plant and Equipment*, provides additional guidance and clarification on recognition and measurement of items of property, plant and equipment. It also provides that each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately.
- PAS 17, *Leases*, provides a limited revision to clarify the classification of a lease of land and buildings and prohibits expensing of initial direct costs in the financial statements of the lessors.
- PAS 24, *Related Party Disclosures*, provides additional guidance and clarity in the scope of the standard, the definitions and disclosures for related parties. It also requires disclosure of the total compensation of key management personnel and by benefit types.
- PAS 27, *Consolidated and Separate Financial Statements*, reduces alternatives in accounting for subsidiaries in the separate financial statements of a parent, venturer or investor. Investments in subsidiaries will be accounted for either at cost or in accordance with PAS 39 in the separate financial statements. Equity method of accounting will no longer be allowed in the separate financial statements. This standard also requires strict compliance with adoption of uniform accounting policies and requires the parent to make appropriate adjustments to the subsidiary's financial statements to conform them to the parent's accounting policies for reporting like transactions and other events in similar circumstances.

- PAS 28, *Investments in Associates*, reduces alternatives in accounting for associates in the separate financial statements of an investor. Investments in associates will be accounted for either at cost or in accordance with PAS 39 in the separate financial statements. Equity method of accounting will no longer be allowed in the separate financial statements. This standard also requires strict compliance with adoption of uniform accounting policies and requires the investor to make appropriate adjustments to the associate's financial statements to conform them to the investor's accounting policies for reporting like transactions and other events in similar circumstances.
- PAS 31, *Interests in Joint Ventures*, reduces the alternatives in accounting for interests in joint ventures in the separate financial statements of a venturer. Interests in joint ventures will be accounted for either at cost or in accordance with PAS 39 in the separate financial statements. Equity method of accounting will no longer be allowed in the separate financial statements.
- PAS 33, *Earnings Per Share*, prescribes principles for the determination and presentation of earnings per share for entities with publicly traded shares, entities in the process of issuing ordinary shares to the public, and any entities that calculate and disclose earnings per share. The standard also provides additional guidance in computing earnings per share including the effects of mandatorily convertible instruments and contingently issuable shares, among others.
- PAS 36, *Impairment of Assets*, establishes frequency of impairment testing for certain intangibles and provides additional guidance on the measurement of an asset's value in use.
- PAS 38, *Intangible Assets*, provides additional clarification on the definition and recognition of certain intangibles. Moreover, this revised standard requires that an intangible asset with an indefinite useful life should not be amortized but will be tested for impairment by comparing its recoverable amount with its carrying amount annually and whenever there is an indication that the intangible asset may be impaired.

The adoption of the above revised accounting standards is not expected to have a material impact on the consolidated financial statements. Additional disclosures and presentation changes required by the revised accounting standards will be included in the 2005 consolidated financial statements.

4. Cash and Cash Equivalents

This account consists of:

	2004	2003
Cash on hand and in banks - net of restricted cash of P3 million in 2003 (see Note 13)	P163,811,072	P240,607,499
Short-term investments	53,313,491	6,982,947
	P217,124,563	P247,590,446

Cash in banks earns interest at the respective bank deposit rates. Short-term investments are made for varying periods of up to three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term investment rates.

5. Receivables

This account consists of:

	2004	2003
Trade receivables:		
Construction (including retention receivables on uncompleted contracts of ₱389 million in 2004 and ₱530 million in 2003)	₱778,878,879	₱1,098,263,034
Coal sales (see Notes 16 and 29)	872,530,970	386,158,618
Real estate (see Notes 14 and 16)	528,710,378	302,913,152
Other trade receivables	247,290,525	260,657,041
	2,427,410,752	2,047,991,845
Receivable from related parties (see Note 27)	1,095,275,329	1,173,602,549
Receivable from subcontractors and suppliers	308,572,876	180,713,509
Other receivables	75,815,511	123,476,269
	3,907,074,468	3,525,784,172
Less allowance for doubtful accounts	255,627,694	324,030,077
	3,651,446,774	3,201,754,095
Less noncurrent receivables - net	1,095,275,329	1,173,602,549
	₱2,556,171,445	₱2,028,151,546

As of December 31, 2004 and 2003, total trade receivables - real estate amounting to ₱282 million and ₱193 million, respectively, was used to secure the Group's bank loans (see Notes 14 and 16).

Receivables from Atlantic, Gulf and Pacific Company of Manila, Incorporated (AG&P)

The Company's subsidiary has an outstanding receivable from AG&P amounting to ₱775 million in 2004 and 2003. On January 31, 2002, AG&P filed a petition for rehabilitation (after approval of AG&P's stockholders and BOD on January 29, 2002) with the Regional Trial Court (RTC) of Batangas City. On February 21, 2002, the RTC issued a stay order prohibiting AG&P from selling, encumbering, transferring or disposing any of its properties in any manner except in the ordinary course of business.

On March 11, 2003, the RTC approved AG&P's updated rehabilitation plan that included, among others, the settlement of the Group's claims from AG&P.

Receivables from Universal Rightfield Property Holdings, Inc. (URPHI)

The Group's receivables from URPHI, a related party, amounted to ₱319 million as of December 31, 2004 and 2003. The receivables from URPHI arose from the construction agreements with the Group for the development of Pioneer Highlands and Dansalan projects.

On January 28, 2004, DMCI, as a creditor of URPHI, initiated a petition for rehabilitation of URPHI with the RTC of Mandaluyong City. On February 17, 2004, the RTC issued a stay order prohibiting URPHI from selling, encumbering, transferring or disposing any of its properties in any manner except in the ordinary course of business. The rehabilitation plan, subject to the approval of the court included among others, the settlement of DMCI's claims from URPHI.

The recoverability of the Group's receivables from AG&P and URPHI depends on the successful implementation of their respective rehabilitation plan. The consolidated financial statements do not include any adjustments relating to these uncertainties.

6. Costs, Estimated Earnings and Billings on Uncompleted Contracts

The details of the costs, estimated earnings and billings on uncompleted contracts follow:

	2004	2003
Total costs incurred	₱1,066,757,257	₱2,310,426,831
Add estimated earnings recognized	125,960,819	380,480,507
	1,192,718,076	2,690,907,338
Less total billings (including unliquidated advances from contract owners of ₱218 million in 2004 and ₱499 million in 2003)	1,224,958,311	3,027,700,403
	(₱32,240,235)	(₱336,793,065)

The foregoing balances are reflected in the consolidated balance sheets under the following accounts:

	2004	2003
Costs and estimated earnings in excess of billings on uncompleted contracts	₱112,260,407	₱85,761,744
Billings in excess of costs and estimated earnings on uncompleted contracts	(144,500,642)	(422,554,809)
	(₱32,240,235)	(₱336,793,065)

7. Inventories

This account consists of:

	2004	2003
Equipment parts, materials and supplies, at NRV	₱477,942,394	₱448,580,418
Coal, at cost	138,757,876	138,233,994
Equipment parts, materials and supplies in transit, at cost	14,133,966	4,979,819
	₱630,834,236	₱591,794,231

The cost of equipment parts, materials and supplies amounted to ₱540 million and ₱494 million as of December 31, 2004 and 2003, respectively.

8. Real Estate for Sale and Development

This account consists of:

	2004	2003
Housing and condominium units for sale and development (see Notes 14, 16 and 17)	₱1,688,378,317	₱2,276,789,463
Land for sale and development (see Notes 16 and 18)	1,879,768,870	1,284,972,411
	₱3,568,147,187	₱3,561,761,874

Housing and condominium units for sale and development with an aggregate carrying value of ₱118 million and ₱69 million, as of December 31, 2004 and 2003, respectively, were mortgaged by the Group to secure its various bank loans and notes payable to certain preferred shareholders of the Company (see Notes 14 and 16).

Land for sale and development with an aggregate carrying value of ₱773 million and ₱1,085 million as of December 31, 2004 and 2003, respectively, were mortgaged by the Group to guarantee various credit facilities and secure the Group's bank loans, indebtedness of Semirara to a foreign supplier and notes payable to certain preferred shareholders of the Company (see Notes 16 and 18).

Total interest capitalized by PDI and Hampstead, as part of "Housing and condominium units for sale and development" amounted to ₱24 million and ₱9 million and in 2004 and 2003, respectively. The capitalization rates used in 2004, 2003 and 2002 ranged from 8% to 14%.

9. Other Current Assets

This account consists of:

	2004	2003
Creditable taxes withheld	₱93,227,613	₱56,199,607
Value added input tax	18,594,854	46,012,289
Prepaid expenses	7,003,379	21,341,531
Others	10,817,915	9,742,380
	₱129,643,761	₱133,295,807

10. Investments in Associates, Jointly Controlled Entities and Others

The details of the Group's investments in associates, jointly controlled entities and others follow:

	2004	2003
Investments - At Equity:		
Investments in associates		
Acquisition cost:		
Balance at beginning of year	₱504,852,468	₱496,032,468
Additions during the year	-	8,820,000
Reclassification to investment at cost	(10,000,000)	-
Balance at end of year	494,852,468	504,852,468
Accumulated equity in net losses:		
Balance at beginning of year	(378,574,111)	(378,282,252)
Equity in net losses during the year	(7,616,307)	(291,859)
Reclassification to investment at cost	(2,981,605)	-
Balance at end of year	(389,172,023)	(378,574,111)
	105,680,445	126,278,357
Allowance for probable losses	(35,910,514)	(35,910,514)
	69,769,931	90,367,843
Jointly controlled entities		
Acquisition cost	32,125,000	32,125,000
Accumulated equity in net earnings:		
Balance at beginning of year	56,542,584	55,351,111
Equity in net earnings during the year	282,469	1,191,473
Disposals and other movements	(12,147,755)	-
Balance at end of year	44,677,298	56,542,584
	76,802,298	88,667,584
Allowance for probable losses	(20,889,954)	(20,889,954)
	55,912,344	67,777,630
	125,682,275	158,145,473
Investments - At Cost:		
Balance at beginning of year	293,742,630	292,556,898
Additions and reclassification from investment at equity	15,296,830	7,635,410
Disposals during the year	(7,006,863)	(6,449,678)
Balance at end of year (subscriptions payable on which amounted to ₱4 million - see Note 17)	302,032,597	293,742,630
Allowance for probable losses	(13,459,652)	(11,459,652)
	288,572,945	282,282,978
	₱414,255,220	₱440,428,451

The details of the Group's equity in the net assets of its associates and jointly controlled entities and the corresponding percentage of ownership follow:

	Percentages of Ownership		Equity in Net Assets	
	2004	2003	2004	2003
Associates:				
Bachy Soletanche Philippines Corporation	49.00	49.00	₱43,622,926	₱43,119,553
Vulcan Materials Corporation (Vulcan)	49.00	49.00	20,686,808	27,262,320
Obayashi Philippines Corporation (OPC)	39.55	39.55	5,329,141	5,498,695
Raco-Haven Automation Philippines, Inc.	44.11	44.11	131,056	1,505,670
Systems Powermark Corporation	18.67	50.00	–	12,981,605
AG&P	46.00	46.00	–	–
Subic Water and Sewerage Company, Inc. (Subic Water)	40.00	40.00	–	–
			69,769,931	90,367,843
Jointly Controlled Entities:				
DMCI/WPC Joint Venture	50.00	50.00	39,181,239	39,108,452
Obayashi-DMCI Joint Venture	40.00	40.00	1,730,226	13,475,433
Eco Process & Equipment Philippines, Inc.	50.00	50.00	1,116,193	1,177,338
Others	Various	Various	13,884,686	14,016,407
			55,912,344	67,777,630
			₱125,682,275	₱158,145,473

Summarized financial information pertaining to the Group's significant joint ventures follow:

	2004	2003
DMCI/WPC Joint Venture		
Current assets	₱8,414,113	₱9,102,952
Noncurrent assets	78,036,094	77,577,402
Current liabilities	8,087,730	8,463,452
Revenue	145,575	14,865,058
Costs and expenses	–	13,446,946
Net income	145,575	1,418,112
	2004	2003
Obayashi-DMCI Joint Venture		
Current assets	₱8,501,700	₱58,193,674
Noncurrent assets	550,003	4,087,638
Current liabilities	4,726,137	28,592,730
Revenue	1,630,060	7,742,672
Costs and expenses	952,994	6,038,643
Net income	677,066	1,704,029

Investments in Associates - At Equity

OPC

On March 24, 2003, OPC's BOD approved the cessation of OPC's operations effective April 30, 2003. The activities of OPC after this date consisted mainly of collection of receivables, disposition of assets and payment of liabilities.

Subic Water

On January 22, 1997, PDI subscribed to 3,262,320 shares at the par value of ₱10 per share for an aggregate value of ₱33 million in Subic Water, a joint venture company with Subic Bay Metropolitan Authority (a government-owned corporation), Olongapo City Water District, and Cascal Services Limited (a company organized under the laws of England). The agreement executed by the parties on November 24, 1996 stipulated, among others, that PDI shall have an equity participation equivalent to 40% in Subic Water amounting to ₱75 million (based on the initial subscribed and paid-in capital of ₱187 million). The balance of PDI's committed subscription to Subic Water of ₱38 million (net of additional subscription payment of ₱4 million in 1998) is expected to be paid on or before the second anniversary of the said effective date. As of May 3, 2005, such committed subscription has not yet been paid.

As of December 31, 2004 and 2003, PDI's accumulated equity in the net losses of Subic Water exceeded the carrying amount of its related investment. Thus, no further share in the net losses of Subic Water is recorded. Unrecognized losses amounted to ₱1 million and ₱36 million as of December 31, 2004 and 2003, respectively.

AG&P

As of December 31, 2001, the Group's accumulated equity in net losses of AG&P equals the carrying amount of its investment. The Group discontinued the recognition of its share of further losses in AG&P as it is not committed to provide financial support to the latter. Unrecognized share in losses of AG&P amounted to ₱136 million and ₱128 million as of December 31, 2004 and 2003, respectively.

On January 31, 2002, AG&P filed a petition for rehabilitation (after the approval of AG&P's stockholders and BOD on January 29, 2002) with the RTC of Batangas City. On February 21, 2002, the RTC issued a stay order prohibiting AG&P from selling, encumbering, transferring or disposing any of its properties in any manner except in the ordinary course of business.

On March 11, 2003, the RTC approved AG&P's updated rehabilitation plan that included, among others, the settlement of the Group's claims from AG&P.

On March 31, 2003, Philippine National Bank (PNB), AG&P's creditor, filed a Motion for Reconsideration with the court for the modification of the updated rehabilitation plan due to, among others, the non-viability of the proposed transfer of the 20 hectares at Batangas Fabrication Yard (BFY) to PNB via a dacion en pago payment scheme with option to repurchase and to lease it back for 5 years with exclusivity provision. In addition, PNB suggested to the court the following modifications to the updated rehabilitation plan:

- (a) AG&P should remit to PNB a part of the advance rentals AG&P received as payment in the lease transaction entered into between AG&P and Babcock Hitachi Philippines, Inc. in July 2001 totaling ₱18 million with interest;
- (b) AG&P should proportionately pay all creditors, depending on their respective credit exposure, whatever cash inflows it will receive from all the transactions it will enter into, except those that will come from sale or lease of properties covered by the Mortgage Trust Indenture (MTI) which should be paid to MTI banks, especially the ₱70 million earmarked for its employees, from the time the Petition was filed and up to the time the approved rehabilitation plan subsists; and
- (c) PNB will accede to the proposal of AG&P to restructure the latter's loan on the condition that the loan obligation of AG&P with PNB shall consistently earn interest depending on the prevailing rates in the market, otherwise, the approved "suspension of interest charges on all interest-bearing obligations from February 2002 up to December 2002 pending review and approval of AG&P's rehabilitation plan by the court" and "restructuring of outstanding PNB loans for a ten-year period with 2 years grace period in the payment of principal, interest rate for the first 5 years is proposed at 6% and 12% for the next 5 years" should be disapproved and deleted.

On May 2, 2003, the Receiver filed a Manifestation and Compliance with the court on the Receiver's meeting with the officers of PNB and representatives of AG&P on the issues raised by PNB in its Motion for Reconsideration. The Receiver manifests, among others, that:

- (a) PNB agreed to withdraw its objections to the payment of the advance lease proceeds from Amstel-Phil Shipbreaking Corporation, (Amstel, AG&P's potential lessee) the amount of ₱70 million to the labor union;
- (b) AG&P and PNB agree to subject the issue of interest during the restructuring period to further discussions; and
- (c) PNB is withdrawing its objection since AG&P had withdrawn its proposal to transfer the BFY property by way of dacion en pago arrangement to the former.

On August 14, 2003, the Secretary of Department of Environment and Natural Resources issued the Environmental Compliance Certificate to Amstel for its ship dismantling and recycling project. However, in January 2004, Amstel expressed its decision to defer the project.

Investments - At Cost

Montecito

On October 9, 2003, the RTC of Calamba City issued a stay order prohibiting Montecito from selling, encumbering, transferring or disposing any of its properties in any manner except in the ordinary course of business. In connection with this, a Rehabilitation Plan was prepared which includes, among others, the following:

- (a) Restructuring of loans due to various banks subject to the following: (i) repayment of principal and capitalized interest over a term of 7 years, with a 2-year grace period; and

(ii) fixed interest rate of 9.5% for 7 years and possibility of settling outstanding debt through dacion en pago or friendly foreclosure;

(b) Reconfiguration of unsold regular lots to smaller lot sizes; and

- (c) Change in Montecito's existing payment terms for contracts receivables from 4 years to 3 years.

As of May 3, 2005, the terms of the Rehabilitation Plan is still pending approval by the RTC and Montecito's major creditors.

Jointly Controlled Entities

DMCI/WPC Joint Venture and Obayashi-DMCI Joint Venture

As of May 3, 2005, the activities of DMCI/WPC Joint Venture and Obayashi-DMCI Joint Venture consisted mainly of collection of receivables, disposition of assets and payment of liabilities.

11. Investment Properties

The movement of this account follow:

	<u>2004</u>	<u>2003</u>
Land	₱947,029,896	₱967,442,799
Condominium units - net of accumulated depreciation of ₱14 million in 2004 and ₱11 million in 2003	16,277,204	19,390,000
Buildings and improvements - net of accumulated depreciation of ₱6 million in 2004 and ₱4 million in 2003	21,002,377	23,277,361
	₱984,309,477	₱1,010,110,160

Consolidated depreciation on investment properties amounted to ₱5 million, ₱3 million and ₱2 million in 2004, 2003 and 2002, respectively (see Note 20).

The Group's investment properties - land with a carrying value of ₱268 million and ₱289 million as of December 31, 2004 and 2003, respectively, were used as collateral under real estate mortgages to secure the indebtedness of the Group to local banks and a foreign supplier and notes payable to certain preferred shares of the Company (see Notes 14 and 16).

12. Property, Plant and Equipment

The movements in this account follow:

	Land and Land Improvements	Buildings and Building Improvements	Construction Equipment, Machinery and Tools	Office Furniture, Fixtures and Equipment	Transportation Equipment	Conventional and Continuous Mining Equipment
Cost						
At January 1	P417,147,932	P1,143,731,450	P2,318,823,396	P166,953,403	P119,467,393	P4,661,608,917
Additions	2,823,509	19,111,803	11,577,398	1,252,996	23,132,656	1,165,992,680
Transfers and retirements/disposals	–	–	(222,430,171)	(722,389)	(5,655,453)	(144,435,646)
At December 31	419,971,441	1,162,843,253	2,107,970,623	167,484,010	136,944,596	5,683,165,951
Accumulated Depreciation Depletion and Amortization						
At January 1	313,658,330	746,974,197	2,114,759,761	161,985,442	105,375,383	3,352,420,119
Depreciation, depletion and amortization	7,754,835	36,254,422	8,583,918	471,329	3,055,854	658,320,303
Transfers and retirements/disposals	–	–	(94,055,690)	(722,389)	(5,655,453)	(88,328,794)
At December 31	321,413,165	783,228,619	2,029,287,989	161,734,382	102,775,784	3,922,411,628
Net Book Value	P98,558,276	P379,614,634	P78,682,634	P5,749,628	P34,168,812	P1,760,754,323

	Mining Properties, Mine Exploration and Development Costs	Leasehold Improvements	Construction in Progress	Total 2004	2003
Cost					
At January 1	P503,388,113	P59,120,394	P43,981,404	P9,434,222,402	P9,778,886,000
Additions	–	–	111,165,115	1,335,056,157	256,414,421
Transfers and retirements/disposals	(321,936,502)	(94,536)	(77,796,118)	(773,070,815)	(601,078,019)
At December 31	181,451,611	59,025,858	77,350,401	9,996,207,744	9,434,222,402
Accumulated Depreciation Depletion and Amortization					
At January 1	207,691,735	51,543,890	–	7,054,408,857	7,024,251,879
Depreciation, depletion and amortization	29,402,753	6,784,923	–	750,628,337	529,399,396
Transfers and retirements/disposals	(183,547,709)	–	–	(372,310,035)	(499,242,418)
At December 31	53,546,779	58,328,813	–	7,432,727,159	7,054,408,857
Net Book Value	P127,904,832	P697,045	P77,350,401	P2,563,480,585	P2,379,813,545

The assets of Semirara (included in the above movement analysis), which are carried at adjusted cost (arising from its quasi-reorganization) follow:

	Land and Land Improvements	Buildings and Building Improvements	Conventional and Continuous Mining Equipment	Total 2004	2003
At Adjusted Cost	₱146,388,235	₱486,594,149	₱581,857,987	₱1,214,840,371	₱1,214,840,371
Accumulated Depreciation Depletion and Amortization on Adjusted Cost					
At January 1	111,363,683	287,105,946	348,939,104	747,408,733	685,401,424
Depreciation, depletion and amortization	5,891,103	17,573,202	38,045,191	61,509,496	62,007,309
At December 31	117,254,786	304,679,148	386,984,295	808,918,229	747,408,733
Net Book Value at Adjusted Cost	₱29,133,449	₱181,915,001	₱194,873,692	₱405,922,142	₱467,431,638

Construction equipment which are fully depreciated as of December 31, 2004 and 2003 were used as collateral to secure the indebtedness of Semirara to local banks and a foreign supplier, bank loans of PDI and notes payable of DMCI to preferred shareholders of the Company (see Note 16).

Semirara's conventional and continuous mining equipment with a carrying value of ₱239 million and ₱185 million as of December 31, 2004 and 2003, respectively, were pledged as collateral under chattel mortgages to secure the indebtedness of Semirara to local banks and a foreign supplier (see Note 16).

Certain machinery and equipment with a carrying value of about ₱122 million in 2004 and 2003, was used as collateral to secure the indebtedness of Contech (see Note 16).

Consolidated depreciation, depletion and amortization on property, plant and equipment (including depreciation on the adjusted cost of ₱62 million in 2004, 2003 and 2002) amounted to ₱751 million, ₱529 million and ₱569 million in 2004, 2003 and 2002, respectively (see Note 20).

13. Other Noncurrent Assets

The details of other noncurrent assets follow:

	2004	2003
Deposits in North Luzon Railways Corporation (Northrail)	₱300,000,000	₱300,000,000
Deferred stripping and development costs - net of accumulated amortization of ₱3 million in 2004 and ₱29 million in 2003 (see Note 20)	34,279,279	193,412,727
Deferred tax assets (see Note 24)	23,015,064	40,904,218
Refundable deposits	80,648,491	55,130,431
Others (see Note 4)	19,319,369	16,913,209
	₱457,262,203	₱606,360,585

Deposits in Northrail of P300 million represents contributions made by the Group relative to a joint venture with the Bases Conversion Development Authority (BCDA) (a government-owned corporation), Philippine National Railways and a consortium of foreign investors and local partners which would undertake the construction of a multi-phase double-track railway system. The covering joint venture agreement provided, among others, the increase in capitalization of Northrail, the primary purpose of which is to construct, operate and manage such railway system. The deposits on subscriptions made by the joint venture partners are committed to be converted into equity upon the approval of increase in capital stock of Northrail.

In 2001, due to the uncertainty surrounding the Northrail project, the Group decided to pull out of the joint venture. As of May 3, 2005, the Group is still claiming from BCDA/Northrail for the recovery of its contribution to the Northrail Project, which the Group's management believes, is fully recoverable.

14. Notes Payable

Notes payable consist of the following:

	2004	2003
Bank loans	P403,884,707	P744,647,579
Payables to related parties (see Note 27)	-	78,969,912
	P403,884,707	P823,617,491

The Group's bank loans consist of peso-denominated short-term borrowings from local banks which bear interest at prevailing market rates and are payable on monthly, quarterly and lump sum bases on various maturity dates within the next 12 months after the balance sheet dates. The bank loans are generally unsecured, except for P278 million in 2004 and P240 million in 2003, which are secured by a real estate mortgage over the Group's housing and condominium units (see Note 8); a deed of assignment on certain real estate receivables of PDI, DMCI and Hampstead (see Note 5); corporate guarantee and suretyship agreement issued by the Company and DMCI; and PDI, DMCI and Hampstead's customers' post-dated checks.

The Group's agreements with local banks contain some or all of the following restrictions relating to, among others: purchase of issued and outstanding capital stock; disposal of encumbered properties; change in the ownership or management and nature of its business; dividend declaration and distribution; guarantees; incurrence of additional liabilities; and merger and consolidation.

As of December 31, 2004 and 2003, the Group was in compliance with the loan covenants required by the banks.

15. Accounts and Other Payables

This account consists of the following:

	2004	2003
Accrued costs and expenses	₱1,488,451,413	₱1,238,730,100
Payables to suppliers	756,684,912	657,914,270
Payables to subcontractors	406,136,983	543,492,730
Customers' deposits	149,303,041	124,477,084
Acceptances and trust receipts payable	82,662,996	13,058,242
Other payables	146,382,594	116,066,766
	₱3,029,621,939	₱2,693,739,192

Accrued costs and expenses consist mainly of accrual of expenses, costs of construction contracts and Semirara's liabilities to Department of Energy (DOE).

Semirara's liabilities to DOE represents the share of DOE in the gross revenue from Semirara's coal production (including accrued interest on the outstanding balance) computed in accordance with the coal operating contract between Semirara and DOE dated July 11, 1997 as amended on January 16, 1981. The contract is for a maximum period of 35 years (inclusive of the developmental stage and renewals) up to July 2012.

In 2002, DOE through the Energy Resources Development Bureau approved the exclusion of coal produced and used solely by Semirara to feed its power plant, in determining the amount due to DOE.

Customers' Deposits

On September 28, 1990, Semirara entered into a Memorandum of Agreement (MOA) with National Power Corporation (NPC) to provide NPC Selectively Mined Coal (Select) or its Run of Mine coal equivalent, free of shipping cost to NPC, over a certain period. Total committed volume of coal was 150,000 Metric Ton (MT) of Select coal with a total price of ₱179 million which formed part of the minimum contracted quantity that NPC agreed to purchase for the year 1990 under the Coal Supply Agreement (CSA) (see Note 29) between Semirara and NPC. The accumulated coal lifted and delivered under such MOA totaled 92,733 MT and 72,656 MT of Select coal equivalent or its peso equivalent of ₱117 million and ₱94 million as of December 31, 2004 and 2003, respectively.

On August 26, 2004, Semirara entered into a MOA with TransEnergy Grinding Inc., a related party and the marketing arm of Apo Cement Corporation (APO), a customer. The MOA provided for the delivery of coal to APO of 60,000 MT or an equivalent of 10,000 MT per month. In connection with the MOA, APO made an advance payment amounting to US\$2.0 million or its peso equivalent of ₱111.0 million. As of December 31, 2004, Semirara made coal deliveries to APO of 33,682 MT or its peso equivalent of ₱58.2 million.

Other amounts included under customers deposits are for real estate transactions.

16. Long-term Debt

Long-term debt pertains to the following obligations:

	2004	2003
Long-term:		
Bank loans	₱1,154,179,120	₱753,041,367
Payable to foreign suppliers	922,256,061	753,126,488
Notes payable to preferred shareholders	244,442,418	513,719,256
Acceptances and trust receipts payable	–	350,173,766
	2,320,877,599	2,370,060,877
Less current portion of:		
Bank loans	648,390,375	306,446,662
Payable to foreign suppliers	274,870,602	255,447,968
Notes payable to preferred shareholders	124,951,535	1,943,287
Acceptances and trust receipts payable	–	208,497,411
	1,048,212,512	772,335,328
	₱1,272,665,087	₱1,597,725,549

Bank Loans

The Group's bank loans consist of peso-denominated long-term borrowings from local banks which are mostly secured, as shown below:

- (a) The bank loan drawn by PDI amounting to ₱91 million and ₱247 million in 2004 and 2003, respectively, bears interest at 12%. This loan is payable in various maturity dates up to 2007 and is secured by a real estate mortgage over PDI's real estate for sale and development (see Note 8);
- (b) Semirara's bank loans amounting to ₱23 million and ₱256 million as of December 31, 2004 and 2003, respectively, include a peso-denominated loan from a local bank which bears interest at 91-day T-Bill rate plus 3.25%. These loans are payable in 11 equal quarterly installments starting June 2000 up to December 2002. The loan was secured by a deed of suretyship of the Company and a deed of undertaking executed on December 4, 1998, whereby the Company undertook and obligated itself in favor of the local bank not to sell, reduce, assign, pledge or transfer its shares in Semirara for as long as Semirara's loan with the local bank is outstanding.

On June 15, 2001, Semirara and this local bank agreed to restructure the loan. This loan, with interest at 91-day T-Bill rate plus 3.25%, is now payable in 19 equal quarterly amortizations or six years from date of availment, including an 18-month grace period. Also, the loans are now secured by real estate mortgages over DMCI's and PDI's real estate for sale and development, and a suretyship agreement issued by DMCI (see Note 8). The agreement also provides for the maintenance of financial ratios at a certain level. This has been fully paid on January 7, 2005.

In 2002, Semirara's bank loans also include a loan amounting to ₱98 million, which was reclassified from the "Notes payable" account under the current liabilities section of the consolidated balance sheets in accordance with the restructuring agreement with a local bank. The loan now bears interest at 91-day T-Bill rate plus 5% per annum spread and is payable in 11 quarterly installments starting June 2002 until December 2004. Further, this loan is secured by a chattel mortgage on the three (3) floating vessels owned by DMC Construction Equipment Resources, Inc., a related party, a continuing suretyship agreement issued by the Company and an assignment of trade receivables from NPC up to the extent of the loan (see Note 5). The restructuring agreement also provided for the maintenance of Semirara's operational deposit account with the said bank and the conditional waiver of penalties amounting to ₱13 million, which was accrued as of December 31, 2002. In the event of default, said penalties shall automatically be reinstated to form part of the obligation to be called due and demandable. This has been fully paid on December 29, 2004.

In 2004, Semirara entered into a loan agreement with a foreign bank amounting to US\$5.1 million. The loan will be used to finance the importation of certain conventional mining equipment to the extent of 85% of the contract value and other financing costs as defined under such agreement. This loan is payable in 10 equal consecutive semi-annual installments, the first of which shall become due and payable six months after December 31, 2004. The interest is computed at 6 months-LIBOR plus 1.5% per annum and is secured by an unconditional and irrevocable guarantee issued by the Company.

In December 2004, Semirara entered into a term loan agreement with a local bank amounting to ₱86.9 million to finance the importation of certain conventional mining equipment. The loan is payable in 16 equal quarterly installment to commence at the end of the 5th quarter from initial draw down date. The interest shall be based on the applicable MART1 (base rate) plus spread of 3.5%, repriced and payable quarterly. This loan is covered by an existing company guarantee issued by DMCI. This has been fully paid on March 17, 2005;

- (c) Contech South's outstanding bank loan amounting to ₱100 million in 2004 and 2003 was obtained to partly finance the second phase of its hollow-core wall panel manufacturing project. The loan bears interest at 12% and is payable in 16 equal quarterly installments, starting 2001 until 2003. The loan is secured by a real estate mortgage over DMCI's real estate held for sale and development with an aggregate book value of ₱31 million and ₱18 million in 2004 and 2003, respectively (see Note 8), a first lien chattel mortgage over certain machinery and equipment acquired out of the proceeds of the loan (see Note 12), a continuing suretyship by the Company, and endorsement or assignment in favor of the creditor bank of any insurance policies covering the mortgaged assets. As of May 3, 2005, Contech is still negotiating for the payment/settlement of the loans; and
- (d) The bank loans drawn by Hampstead amounting to ₱97 million in 2004 and ₱51 million in 2003, represent net proceeds from the sale with recourse of a portion of Hampstead's contracts receivable to local banks pursuant to receivable purchase agreements entered into by Hampstead with such banks. Such loans bear interest at 16% and are payable in various maturity dates. The loans are secured by a real estate mortgage over Hampstead's

condominium units with a carrying value of ₱86 million and ₱85 million in 2004 and 2003, respectively (see Note 8); a deed of assignment over Hampstead's related contracts receivable (see Note 5); and a suretyship agreement executed by DMCI, in favor of the banks to further secure the collectibility of the collateralized receivables.

Acceptances and Trust Receipts Payable

Acceptances and trust receipts payable include Semirara's liabilities amounting to ₱350 million in 2003, under a three-year deferred issuance letters of credit obtained from a local bank for the acquisition of various mining equipment. This has been fully paid on August 18, 2004.

In 2001, the trust receipts and acceptances payable of Semirara with this local bank were restructured. The loan now bears interest at 18.50%, payable until October 2007, and is secured by a surety agreement by the Company, chattel mortgages over DMCI's construction equipment and real estate mortgages over DMCI's real estate for sale and development (see Notes 8 and 12).

In 2002, Semirara's restructuring agreements with two other local banks have been finalized. The loan with one of the local banks now bears interest at 91-day T-Bill rate plus 3.25%, and is payable in 19 quarterly installments until December 2008. The agreement with this local bank also provided that, should the spin-off of Semirara's assets and liabilities to its wholly owned subsidiary ("NewCo"), which is in the process of incorporation, pushes through, the term loan shall be assumed by NewCo and the annual capital expenditures for the first 3 years shall not exceed ₱223 million. The other restructured loan now bears interest at prevailing market rates and payable in 18 equal quarterly installments starting February 2003 until May 2007. Semirara's loans with the two local banks are secured by real estate mortgages over DMCI's real estate for sale and development, chattel mortgages over Semirara's conventional and continuous mining equipment and a surety agreement issued by the Company (see Notes 8 and 12). These have been fully paid on August 13, 2004.

In 2004, the debt restructuring agreement between Semirara and another local bank has been finalized. The liability from this local bank is now payable in three years with thirty-six equal principal amortization. The loan has no grace period on the principal payment. Interest is computed on the first 31 days at 12% per annum and subsequent payments at prevailing market rate, payable monthly. This is secured by a mortgage on properties owned by DMCI and a suretyship also issued by DMCI. This has been fully paid on November 19, 2004.

Notes Payable to Preferred Shareholders

The Group's long-term notes payable as of December 31, 2004 include outstanding peso-denominated obligations of the Company, DMCI and PDI to certain preferred shareholders of the Company amounting to ₱45 million, ₱146 million and ₱53 million, respectively, which are payable in various maturity dates starting February 2007 until April 2009, pursuant to loan agreements evidenced by Promissory Notes (PNs) dated April 7, 2002 entered into by the Company, DMCI and PDI in connection with the redemption of 513,055 preferred shares under Options A and B of the Exchange Offer (see Note 18). The obligations of DMCI and PDI are secured by real estate mortgages over DMCI's and PDI's real estate for sale and development (see Note 8), and certain real estate properties of other related parties while the obligations of the Company are unsecured.

In 2004 and 2003, the details of the foregoing PNs are presented below:

	2004	2003
Prevailing interest rate of the 91-day T-Bill plus a spread of up to 2%, payable in quarterly payments in arrears	₱138,722,813	₱237,783,471
Fixed interest at 13%, payable in quarterly payments in arrears	102,028,705	272,244,885
Fixed interest at 13% for the first 5 years; prevailing interest rate of the 91-day T-Bill plus a spread of up to 3% for the last 2 years, payable in quarterly payments in arrears	3,690,900	3,690,900
	₱244,442,418	₱513,719,256

The loan agreements on the long-term notes payable of the Group with such preferred shareholders also provide for restrictions relating to, among others: encumbrances on the properties; change in the nature of business; change in the ownership or management; merger or consolidation; loans, investments and advances; articles of incorporation and by-laws; and maintenance of financial ratios at certain levels.

Payables to Foreign Suppliers

On June 18, 2004, Semirara purchased seven units of mining equipment from a foreign supplier for US\$4 million. This loan is payable in: (a) 12 quarterly payments of principal each in an amount equal to 6.5% of the original loan amount commencing on the date falling 12 months from the drawdown date; and (b) a balloon payment in the amount equal to 22% of the original loan amount. This loan bears interest at prevailing market rates and payable over 16 quarterly payments. This is secured by a chattel mortgage on the mining equipment purchased and a corporate guarantee issued by the Company.

The Group's payables to foreign suppliers include Semirara's foreign currency-denominated long-term obligations of about ₱224 million (US\$4 million) in 2004 and ₱312 million (US\$6 million) in 2003 to a foreign supplier arising from acquisitions of certain mining equipment, parts and supplies (see Note 12). These notes bear interest based on SIBOR plus 3.75% and are payable in 18 consecutive quarterly installments until December 15, 2006. Further, the loans are secured by real estate mortgages over DMCI's real estate for sale and development, chattel mortgages over DMCI's construction equipment and Semirara's conventional and continuous mining equipment which are fully depreciated as of December 31, 2004 and with a total carrying value of ₱140 million as of December 31, 2003, and a letter of guarantee issued by the Company (see Notes 8 and 12). The agreement also provided for the maintenance of a financial ratio at a certain level. This has been fully paid on March 7, 2005.

On October 18, 2004, the Semirara entered into an agreement to purchase eighteen units of conventional mining equipment from the same foreign supplier for US\$11.0 million. The interest is based on SIBOR plus 4.25% per annum and is payable over nineteen agreed interest payment dates. The principal amount is payable in sixteen consecutive, equal, quarterly installments; the

first installment with respect to each shipment shall be due and payable on the fourth interest payment date with respect to such shipment. Title to the equipment will pass to Semirara only upon full settlement of its obligation. As of December 31, 2004 six units of conventional mining equipment amounting to about US\$4 million were delivered to Semirara. This is secured by an unconditional and irrevocable guarantee issued by the Company.

The Group's payables to foreign suppliers also include Semirara's foreign currency-denominated long-term obligations amounting to about US\$5 million in 2004 and US\$8 million in 2003 arising from the acquisition of conventional mining equipment (see Note 12). These obligations bear interest at 8.25% plus establishment fee of 2.75% and commitment fee of 1% and is payable for 5 years in 10 equal semi-annual installments after the 12-month grace period. Title to the mining equipment amounting to ₱489 million will pass to Semirara only upon full settlement of its obligations. The amount due is secured by a corporate guarantee issued by the Company and the existence of the CSA (see Note 29) evidencing a 10-year contract for a supply of up to 2,400,000 MT of coal per year.

In 2003, Semirara acquired on account from the same foreign supplier units of conventional and continuous mining equipment. The foreign-currency denominated loan amounting to US\$1.5 million is payable in 18 months after a three months grace period with interest at 5.75% per annum. This has been fully paid on February 15, 2005.

As of December 31, 2004 and 2003, the Group was in compliance with the loan covenants required by the creditors.

17. Other Noncurrent Liabilities

The details of this account consist of:

	2004	2003
Payable to property sellers	₱243,929,192	₱261,810,810
Deferred revenue on real estate sales	57,610,128	45,163,728
Deferred tax liabilities (see Note 24)	14,309,971	70,218,376
Subscriptions payable (see Note 10)	3,750,000	3,750,000
	₱319,599,291	₱380,942,914

Payable to Property Sellers

Payable to property sellers represents the balance of the Group's obligations to various real estate property sellers for the acquisition of certain parcels of land and housing and condominium units (see Note 8). The terms of the deeds of absolute sale covering the land acquisitions provided that such obligations are payable only after the following conditions, among others, have been complied with: (a) presentation by the property sellers of the original transfer certificates of title covering the purchased parcels of land; (b) submission of certificates of non-delinquency on real estate taxes; and (c) physical turnover of the acquired parcels of land to the Group.

18. Capital Stock

The changes in the number of shares follow:

	2004	2003
Preferred stock - ₱1 par value cumulative and convertible to common stock		
Authorized	100,000,000	100,000,000
Issued		
Balance at beginning of year	451,690	1,288,265
Retirement of preferred shares	(109,450)	(836,575)
Balance at end of year	342,240	451,690
Common stock - ₱1 par value		
Authorized	5,900,000,000	5,900,000,000
Issued	2,255,494,000	2,255,494,000
Preferred shares held in treasury		
Balance at beginning of year	(183,700)	(945,125)
Redemption of preferred shares	(111,250)	(75,150)
Retirement of preferred shares	109,450	836,575
Balance at end of year	(185,500)	(183,700)

The preferred shareholders' right of converting the preferred shares to common shares expired in March 2002.

On April 1, 2002, the Company's BOD approved the Exchange Offer involving the redemption of all of the Company's outstanding preferred shares totaling 1,670,584 shares as of December 31, 2001, which were due for redemption on April 7, 2002 (Final Redemption Date). Such Exchange Offer, which was formally presented to the preferred shareholders on April 5, 2002, consisted of any one or more of the following Options:

Option A - Secured 5-Year Term Loan

Redemption of preferred shares through the issuance of Promissory Notes (PNs) by the Company, DMCI or PDI at a valuation of ₱1,000 per share, equivalent to the original issue price of the preferred shares. The PNs, which are value dated April 7, 2002, shall be subject to a floating interest rate based on prevailing 91-day T-Bill rate plus a 2% spread; and shall be secured by a mortgage on certain real estate properties owned by the Group and related parties.

As of December 31, 2004, the Group issued PNs amounting to ₱139 million (net of payments of ₱99 million in 2004) for the redemption of 310,700 preferred shares, respectively, under Option A (see Note 33).

Option B - Secured 7-Year Term Loan

Redemption of preferred shares through the issuance of PNs by the Company, DMCI or PDI at a valuation of ₱1,367 per share, equivalent to the original issue price of the preferred shares plus accumulated and nonconversion premium. The PNs, which are also value dated April 7, 2002, shall be subject to either of the following interest rates at the option of the preferred shareholders: (a) floating interest rate based on prevailing 91-day T-Bill rate plus a 3% spread; (b) fixed interest at 13% for the first 5 years of the loan and floating for the remaining 2 years at a rate equivalent to that contemplated in letter (a); and (c) fixed interest at 13% for the entire 7-year term; and shall be secured by a participation in a mortgage trust indenture covering various accounts receivables, inventory and equipment and a mortgage on certain provincial real estate properties owned by the Group.

As of December 31, 2004, the Group issued PNs amounting to ₱106 million (net of payments of ₱170 million in 2004) for the redemption of 202,355 preferred shares under Option B (see Note 33).

Option C - Asset for Share Exchange

Redemption of preferred shares in exchange for residential and office units, equipment and/or accounts receivable at a valuation of ₱1,112 per share (purchase price), equivalent to the original issue price of the preferred shares plus accumulated and current dividends. The exchange shall be carried out with the subject assets valued at their selling price or fair market value. In the event that the total value of the assets elected by the preferred shareholders exceeds the total purchase price of the preferred shares, the resulting residual amount shall be paid by such shareholders to the Company in cash. Conversely, should the total purchase price exceeds the asset value, the residual amount shall be paid by the Company to the shareholders through either of Options A, B or D.

As of December 31, 2004, the Company redeemed 659,279 preferred shares under Option C in exchange for Asian Hospital, Inc. (AHI) shares; certain construction equipment owned by DMCI amounting to ₱50 million and other certain assets of the Group amounting to ₱586 million in favor of Dacon Corporation (Dacon), a major stockholder (see Note 33); proceeds from sale of various condominium units owned by Constress and PDI totaling to ₱56 million in favor of certain preferred shareholders; and condominium units owned by PDI with an aggregate value of ₱6 million in favor of certain preferred shareholders.

Option D - Cash Payment

Redemption of preferred shares for cash at a price of ₱775 per share, equivalent to the closing market price of such preferred shares on April 1, 2002 up to a maximum of ₱72 million (cap). Should the total amount of all the preferred shares of the holders electing this option exceed the cap, the ₱72 million shall be allocated among all accepting shareholders on a pari passu basis; with the remaining preferred shares to be purchased under any of Options A, B or C.

As of December 31, 2004 and 2003, the Group redeemed 341,510 and 286,160 preferred shares, respectively, under Option D.

As of December 31, 2004 and 2003, the outstanding obligations of the Group relative to the issuance of PNs to certain preferred shareholders of the Company amounted to ₱244 million and ₱514 million, respectively (see Note 16).

As of May 3, 2005, the Group has redeemed 2,243,260 preferred shares (including 729,416 preferred shares which were redeemed prior to the Final Redemption Date).

As of December 31, 2004, 2003 and 2002, dividends in arrears for preferred shares amounted to ₱25 million, ₱33 million and ₱92 million, respectively.

Retained earnings is restricted to the extent of the acquisition price of the treasury shares amounting to ₱239 million and ₱237 million as of December 31, 2004 and 2003, respectively.

19. Sales and Services

This account consists of:

	2004	2003	2002
Coal sales (see Note 29)	₱5,065,864,642	₱2,177,241,132	₱1,517,087,114
Construction contracts (see Note 27)	1,952,555,721	1,948,531,466	1,343,032,243
Real estate sales	718,360,031	470,404,931	328,982,155
Merchandise sales and others	24,299,277	19,653,002	28,484,680
	₱7,761,079,671	₱4,615,830,531	₱3,217,586,192

20. Costs of Sales and Services

This account consists of:

	2004	2003	2002
Coal sales (see Note 29)	₱2,919,456,427	₱1,531,563,928	₱1,129,910,394
Construction contracts (see Note 27)	1,833,959,651	1,720,573,564	1,305,984,905
Real estate sales	483,637,012	349,098,992	216,391,961
Merchandise sales and others	13,824,634	18,383,216	16,137,676
	₱5,250,877,724	₱3,619,619,700	₱2,668,424,936

Depreciation, depletion and amortization included in the consolidated statements of income follow:

	2004	2003	2002
Included in:			
Coal sales	₱685,147,488	₱427,588,926	₱399,907,592
Construction contracts	52,791,573	86,998,949	141,034,378
Operating expenses (see Note 21)	25,949,306	28,283,319	38,874,528
	₱763,888,367	₱542,871,194	₱579,816,498

	2004	2003	2002
Depreciation, depletion and amortization of:			
Property, plant and equipment (see Note 12)	₱750,628,337	₱529,399,396	₱569,409,943
Deferred stripping and development costs (see Note 13)	7,819,580	10,092,324	8,018,587
Investments in properties (see Note 11)	5,440,450	3,379,474	2,387,968
	₱763,888,367	₱542,871,194	₱579,816,498

Salaries, wages and employee benefits included in the consolidated statements of income follow:

	2004	2003	2002
Included in:			
Costs of construction contracts	₱361,408,793	₱371,553,582	₱339,002,631
Operating expenses (see Note 21)	162,569,578	132,543,814	149,131,566
Costs of coal sales	156,171,333	130,580,212	109,655,629
	₱680,149,704	₱634,677,608	₱597,789,826

21. Operating Expenses

This account consists of:

	2004	2003	2002
Salaries, wages and employee benefits (see Notes 20 and 28)	₱162,569,578	₱132,543,814	₱149,131,566
Government share	148,623,317	65,221,117	27,052,157
Taxes and licenses	100,344,339	24,092,125	22,090,673
Outside services	79,498,019	68,377,780	36,281,100
Commission	40,187,940	17,060,321	7,118,673
Advertising	33,180,094	30,865,672	22,140,948
Depreciation and amortization (see Note 20)	25,949,306	28,283,319	38,874,528
Communication, light and water	19,959,588	17,759,528	11,735,700
Entertainment, amusement and recreation	18,590,054	12,714,061	6,321,047
Rent (see Note 30)	17,533,933	12,358,626	22,427,700
Provisions for:			
Doubtful accounts	17,252,778	118,367,851	178,544,280
Inventory obsolescence and losses	17,070,283	557,940	-
Probable losses on noncurrent assets	12,214,617	-	-
Probable losses on investments	2,000,000	11,459,652	44,787,767
Transportation and travel	12,831,281	6,671,750	4,402,391
Supplies	8,306,427	7,862,440	4,273,125
Repairs and maintenance	5,879,737	6,361,810	11,187,363
Insurance	3,865,648	2,866,792	2,022,696
Inventories written-off	-	-	44,270,114
Miscellaneous	39,260,954	17,624,139	46,806,481
	₱765,117,893	₱581,048,737	₱679,468,309

22. Other Operating Income

This account consists of:

	2004	2003	2002
Gain (loss) on sale of property and equipment and investments - net	₱38,440,148	(₱50,913,033)	(₱25,694,600)
Rental income	22,100,235	30,863,463	18,719,184
Indent commission	-	1,231,481	10,140,607
Reversal of allowance for doubtful accounts	-	-	22,400,272
Miscellaneous - net	53,355,538	58,919,267	77,567,094
	₱113,895,921	₱40,101,178	₱103,132,557

23. Interest and other Charges

This account consists of:

	2004	2003	2002
Interest expense (see Notes 2, 14 and 16)	₱368,317,069	₱354,278,164	₱315,978,046
Foreign exchange losses - net	7,844,204	36,975,433	31,958,010
Interest income	(11,012,665)	(7,557,886)	(26,856,148)
	₱365,148,608	₱383,695,711	₱321,079,908

24. Income Taxes

As discussed in Note 2, the Group adopted SFAS 12/IAS 12, *Income Taxes*, effective January 1, 2004. The information below includes the additional disclosures required by the new standard.

The significant components of deferred tax assets and liabilities represented the deferred tax effects of the following:

	2004	2003 (As restated)
Deferred tax assets on:		
Allowance for:		
Doubtful accounts	₱63,595,083	₱74,127,798
Inventory obsolescence	19,955,656	14,493,165
Accrued expenses	33,696,860	25,733,685
Accrued retirement costs	30,202,632	21,287,608
Unrealized foreign exchange loss	2,879,450	32,889,179
NOLCO	-	12,683,544
MCIT	-	1,794,165
Excess of tax over book basis of deferred gross profit on real estate sales	-	299,707
Others	7,773,197	7,173,491
	158,102,878	190,482,342

(Forward)

	2004	2003 (As restated)
Deferred tax liabilities on:		
Incremental cost of property, plant and equipment	(P129,895,085)	(P149,578,124)
Excess of book over tax income pertaining to construction contracts and real estate sales	(10,216,878)	(65,548,247)
Capitalized interest on real estate for sale and development deducted in advance	(8,327,481)	(2,732,580)
Others	(958,341)	(1,937,549)
	(149,397,785)	(219,796,500)
	P8,705,093	(P29,314,158)

The Group has the following deductible temporary differences, NOLCO and MCIT that are available for offset against future taxable income or tax payable for which deferred tax assets have not been recognized:

	2004	2003 (As restated)
NOLCO	P469,681,763	P1,846,047,088
MCIT	75,926,721	36,674,283
Accrued expenses	68,411,200	39,042,734
Allowance for doubtful accounts	56,893,059	71,982,003
Accrued retirement costs	2,000,000	13,001,428
Others	7,816	9,488

The deferred income tax effects of the above deductible temporary differences for which no deferred tax assets are recognized amounted to P267 million and P667 million as of December 31, 2004 and 2003, respectively. Deferred tax assets are recognized only to extent that taxable income will be available against which the deferred tax assets can be used. The Group assesses the unrecognized deferred tax assets and will recognize a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable income will allow the deferred tax asset to be recovered.

The components of deferred tax assets and liabilities are included in the following accounts in the consolidated balance sheets:

	2004	2003 (As restated)
Other noncurrent assets - net (see Note 13)	P23,015,064	P40,904,218
Other noncurrent liabilities (see Note 17)	(14,309,971)	(70,218,376)
	P8,705,093	(P29,314,158)

The provision for (benefit from) income tax shown in the consolidated statements of income consists of:

	2004	2003 (As restated)	2002 (As restated)
Current	₱90,458,793	₱72,896,628	₱47,461,856
Deferred	(32,389,140)	(239,230,445)	(139,294,549)
	₱58,069,653	(₱166,333,817)	(₱91,832,693)

The reconciliation of the statutory income tax rate to the effective income tax rate follows:

	2004	2003 (As restated)	2002 (As restated)
Statutory income tax rate	32.00%	32.00%	(32.00%)
Adjustments for:			
Nondeductible depreciation expense on adjusted cost	1.32	27.38	5.14
Nondeductible expenses	0.11	0.06	0.09
Nondeductible interest expense	0.01	0.70	-
Changes in unrecognized deferred tax assets	(29.68)	(289.68)	11.19
Nondeductible (nontaxable) equity in net losses (earnings) of associates and jointly controlled entities	(0.15)	0.40	1.20
Interest income subjected to final tax at a lower rate - net	(0.03)	(1.00)	(0.45)
Nondeductible loss (nontaxable gain) on sale of investments in shares of stock	(0.02)	(0.87)	1.17
Unrealized gain on redemption of preferred shares	-	-	(0.31)
Others - net	0.35	1.48	(9.98)
Effective income tax rate	3.91%	(229.53%)	(23.95%)

25. Basic Earnings (Loss) Per Share

The following table presents information necessary to calculate basic earnings (loss) per share [in thousands except basic earnings (loss) per share]:

	2004	2003 (As restated)	2002 (As restated)
Net income (loss)	₱1,353,496	₱198,837	(₱220,860)
Less dividends on preferred shares	24,641	32,522	92,755
	1,328,855	166,315	(313,615)
Divided by weighted average number of common shares	2,255,494	2,255,494	2,255,494
Basic earnings (loss) per share	₱0.59	₱0.07	(₱0.14)

The assumed conversion of the Company's preferred shares has no dilutive effect in 2002. The preferred shareholders' right of conversion expired in March 2002. Accordingly, no diluted earnings per share is presented in the accompanying consolidated statements of income for such years.

26. Segment Reporting

Business Segment Information

Financial information by segment is reported on the basis used internally for evaluating segment performance and allocating resources among operating segments.

The industry segments where the Group operates are: general construction, coal mining, infrastructure and real estate development and manufacturing.

Business Segments

The following tables present revenue, net income (loss) and depreciation, depletion and amortization information regarding business segments for the years ended December 31, 2004, 2003 and 2002 and property, plant and equipment additions, total assets and total liabilities for the business segments as of December 31, 2004 and 2003 (amounts in millions):

	Revenue			Net Income (Loss)			Depreciation, Depletion and Amortization		
	2004	2003	2002	2004	2003	2002	2004	2003	2002
General Construction	P1,953	P1,949	P1,343	P118	P127	(P232)	P75	P87	P141
Coal Mining	5,066	2,177	1,517	1,246	138	6	685	428	400
Infrastructure and Real Estate Development	718	470	329	36	(23)	43	2	26	31
Manufacturing and Parent Company	24	20	29	(47)	(43)	(38)	2	2	8
	P7,761	P4,616	P3,218	P1,353	P199	(P221)	P764	P543	P580

	Property, Plant and Equipment Additions		Segment Assets		Segment Liabilities	
	2004	2003	2004	2003	2004	2003
General Construction	P22	P11	P2,393	P3,851	P1,632	P2,424
Coal Mining	1,299	229	3,862	3,099	2,390	2,540
Infrastructure and Real Estate Development	14	5	6,196	4,917	1,882	1,539
Manufacturing and Parent Company		11	255	351	1,190	1,269
	1,335	256	12,706	12,218	7,094	7,772
Deferred Tax Assets/Liabilities	-	-	23	41	14	70
Total Assets/Liabilities	P1,335	P256	P12,729	P12,259	P7,108	P7,842

The Group generally accounts for inter-segment sales and transfers as if the sales or transfers were to third parties at current market prices.

27. Related Party Transactions

In the regular course of business, the Group's significant transactions with related parties, which are accounted for at market prices normally charged to unaffiliated customers for similar goods and services, consisted primarily of the following:

- (a) Comprehensive surety, corporate and letters of guarantee issued by the Company and DMCI for various credit facilities granted to and for full performance of certain obligations by certain related parties (see Notes 14, 16 and 30). Such outstanding surety and/or guarantees amounted to ₱354 million and ₱468 million as of December 31, 2004 and 2003, respectively;
- (b) Certain assets of the Group, associates and other related parties were placed under accommodation mortgages to secure the indebtedness of the Group, its associates and other related parties (see Notes 8, 10, 11, 12, 14 and 16);
- (c) Interest and noninterest-bearing cash and operating advances made by the Group to and from various associates and other related parties (see Notes 5 and 14);
- (d) Issuances of PNs and transfers of certain construction equipment by the Group in favor of certain preferred shareholders for the redemption of the Company's preferred shares (see Notes 16, 18 and 32); and
- (e) Redemption of the Company's preferred shares by the Group in 2002 under Options B and C in exchange for a PN amounting to ₱44 million in favor of DMCI Retirement Fund and other assets amounting to ₱586 million in favor of Dacon (see Notes 16, 18 and 32).

The consolidated balance sheets include the following amounts resulting from transactions with associates and other related parties:

	2004	2003
Receivable from related parties (see Note 5)	₱1,095,275,329	₱1,173,602,549
Payable to related parties	851,922,968	1,124,295,963
Notes payable to related parties (see Note 14)	-	78,969,912

28. Retirement Plan

The Group has a funded and formal noncontributory defined retirement plans covering substantially all of their regular employees. Total retirement costs charged to operations by the Group amounted to ₱23 million in 2004 and ₱21 million in 2003 and 2002 which were included as part of "Salaries, wages and employee benefits" under the "Operating expenses" account in the consolidated statements of income (see Note 21).

Based on the latest actuarial valuations of the Company and its subsidiaries, the aggregate actuarial present value pension benefits amounted to ₱167.9 million. The aggregate fair value of their respective plan assets amounted to ₱37.9 million. The principal actuarial assumptions used to determine the cost of pension benefits with respect to the discount rate, salary increases and return on plan assets were based on historical and projected normal rates. Actuarial valuations are made at least every two to three years.

29. CSA with NPC

Semirara has a CSA (see Notes 15, 16, 19 and 20) with NPC dated May 19, 1995, whereby Semirara agreed to sell and NPC agreed to buy from Semirara the local coal requirements of its 2 x 300 megawatt coal-fired power plants at Calaca, Batangas (Calaca I & II). As provided for in the CSA, the annual contracted quantities are as follows: (a) 600,000 MT to a maximum of 900,000 MT commencing on July 1, 1995 until March 31, 1996 and (b) 1,050,000 MT to a maximum of 1,500,000 MT, after March 31, 1996 until March 31, 1997 or until Unong mine is declared depleted by Semirara. Since the Unong mine was not declared depleted by Semirara on March 31, 1997, the annual minimum contracted quantity of 1,050,000 was reduced to 900,000 MT starting April 1, 1997. However, upon its declaration that the Unong mine is depleted, Semirara shall supply NPC and NPC shall buy from Semirara an annual minimum quantity of 700,000 MT up to a maximum quantity of 1,200,000 MT of coal.

The CSA also provided for, among others, the pricing determination where the base price per MT of coal is computed based on a formula stipulated in the CSA. The base price is subject to adjustment for penalty or bonus, which is determined on a per delivery basis, based on a set of coal quality standards also as stipulated in the CSA. The CSA is effective for 15 years up to May 2010. In 2001 the first amendment was made to the CSA and on January 1, 2002, the second amendment to the CSA was finalized. The amendments made, among others, follow:

- (a) supply of a revised annual minimum quantity of 1,200,000 MT up to a maximum quantity of 2,400,000 MT of coal, which was stipulated in the first amendment to the CSA dated January 15, 2001;
- (b) NPC to be entitled to an additional 3% discount in the event that its aggregate liftings in any given year exceeds 1,100,000 MT up to 2,400,000 MT of coal. Discount computation shall start on the month its aggregate liftings exceeds 1,100,000 MT of coal;
- (c) conversion of the mode of delivery from FOB-Semirara to C&F-Calaca to simplify the payment and rescheduling of coal deliveries to Calaca I and Calaca II;
- (d) maintenance by Semirara, at its own expense, of a minimum coal running inventory of at least 100,000 MT that meets the applicable coal specifications set forth in the second amendment of the CSA and ready in all aspects for loading and delivery to Calaca I and Calaca II;
- (e) limitation in the coal's sulfur content to 1.0% in compliance with the Clean Air Act and reduction in its ash specification to 20% to minimize coal handling problems;

- (f) inclusion of certain bases of NPC's exercise of its rights to reject and/or stop coal deliveries by Semirara to NPC, consequences of coal rejection in terms of title and risk of loss to coal delivered, relief from payment by NPC, and removal of delivered coal from NPC premises; and remedies for Semirara in the event NPC exercises such rights;
- (g) changes in (i) the pricing periods to a 3-month period which shall commence respectively at the beginning of a calendar quarter namely: January 1, April 1, July 1, and October 1; and (ii) the computation of the base price of Semirara's coal delivery including the determination of the initial and final base prices, to consider the volatile foreign exchange situation and the price of all NPC imported coal for Calaca plant during the pricing period;
- (h) changes in the computation of the adjustment for penalty or bonus from the base price per MT;
- (i) requirement for Semirara and NPC to reconcile payments made for coal deliveries for the immediate preceding pricing period within 30 calendar days from determination of the final base price by issuing a debit memo to the other;
- (j) deletion of the CSA provision requiring NPC to make an equity investment in Semirara in the event that the aggregate deliveries of coal meeting the coal specifications taken by NPC within any calendar year is less than 900,000 MT; and
- (k) inclusion of the provision allowing Semirara and the new owner or operator of Calaca I and Calaca II, in the event that Calaca I and Calaca II are privatized or its operation and maintenance is turned over to the private sector in conformity with the provisions of the Build-Operate-Transfer Law, as amended, or such other enabling statute, to review the provisions of the CSA, provided that in the conduct of such review, the prevailing policy on the development of the country's indigenous energy resources as set forth in the DOE Act of 1992 including changes thereto shall be observed.

Semirara's receivables from NPC arising from this agreement amounted to ₱754 million and ₱252 million as of December 31, 2004 and 2003, respectively, and included in the "Receivables" account under "Trade - Coal Sales" in the consolidated balance sheets (see Note 5).

In 2003, the supplemental agreement (Agreement) to the CSA was finalized. The Agreement provided for among others, the services to be undertaken by Semirara for the coal handling operations at Calaca, Batangas as a result of the extension of coal delivery from C&F Discharge Port to C&F Silo with the cost of ₱66 per MT plus value added tax.

The services to be undertaken by Semirara in order to extend their service delivery service from discharge port to silos include coal unloading and handling; repairs and maintenance of coal handling facilities; stevedoring services; support activities and coal yard management; and tree planting, marine life protection program and environmental programs to enhance image of NPC power plants. Semirara recognized a net income of ₱18 million and ₱6 million from this handling operation for the years ended December 31, 2004 and 2003, respectively.

30. Contingencies

The Group is contingently liable for contractor's guarantees arising in the ordinary course of business, including letters of guarantee for performance, surety and warranty bonds for various construction projects amounting to ₱3,330 million and ₱1,002 million as of December 31, 2004 and 2003, respectively.

The Group is contingently liable for lawsuits or claims filed by third parties (substantially labor related and civil cases) which are either pending decision by the courts or are under negotiation, the outcomes of which are not presently determinable. In the opinion of management and its legal counsel, the eventual liability under these lawsuits or claims, if any, will not have a material effect on the consolidated financial statements. The information usually required by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, is not disclosed on the grounds that it can be expected to prejudice the outcome of these lawsuits, claims and assessments. No provisions were made during the year.

DMCI has a contingent claim from URPHI representing interest on contract receivables, the recoverability of which is dependent on the successful implementation of URPHI's rehabilitation plan.

31. Commitments

The Group leases a portion of its office premises that are renewed under the terms and conditions agreed upon with the lessors.

Future minimum rentals payable (in millions) under non-cancelable operating leases of lessee subsidiaries are as follows as of December 31:

Within one year	₱10
After one year but not more than five years	56
After more than five years	5
	<u>₱71</u>

Beta has also entered into a lease agreement with a third party covering the lease of Beta's main office building. The lease has a term of 5 years.

As of December 31, 2004, the future minimum lease rentals receivable (in millions) under this operating lease follow:

Not later than one year	₱3
After one year but not more than five years	14
	<u>₱17</u>

32. Capital Restructuring of Semirara

On March 17, 2004, the stockholders of Semirara ratified its BOD resolution on Semirara's Capital Restructuring. The Capital Restructuring of Semirara was approved by the SEC on July 2, 2004.

The Capital Restructuring of Semirara includes the following:

- (a) Reduction of the authorized capital stock from ₱1,812,200,000, divided into 1,662,200,000 common shares at ₱1 par value per share and 15,000 preferred shares at ₱10,000 par value per share to ₱21,370,448 divided into 21,370,448 common shares at ₱1 par value per share,
- (b) Retirement and cancellation of the ₱150,000,000 authorized preferred shares;
- (c) Issued and outstanding common shares will be used to eliminate deficit as of December 31, 2003 of ₱1,625,852,920, thus reducing issued and outstanding common shares to ₱5,342,612; and
- (d) Increase in authorized capital stock from ₱21,370,448 divided into 21,370,448 common shares to ₱100,000,000 divided into 100,000,000 shares with a par value of ₱1 per share.

On July 30, 2004, Semirara's BOD approved the application for additional listing on the Philippine Stock Exchange (PSE) of 19,657,388 common shares. These shares were subscribed by the Company out of the increase in the authorized capital stock approved by the SEC on July 2, 2004 as part of Semirara's Capital Restructuring at a price of ₱1.05 per share thereby increasing the Company's shareholdings in Semirara from 74.40% to 94.53%.

On September 14, 2004, Semirara's BOD approved the increase in Semirara's authorized capital stock from ₱100 million divided into 100 million common shares with ₱1 par value per share to ₱1,000 million divided into 1 billion common shares with ₱1 par value per share. Semirara's BOD also approved the declaration of stock dividends in the amount of ₱225 million consisting of 225 million common shares at a par value of ₱1 per share in favor of all Semirara's stockholders as of the record date to be determined by the SEC in proportion to their respective shareholdings as of said record date. On October 8, 2004, Semirara's stockholders approved the said increase in the authorized capital stock and the declaration of stock dividends. Semirara's stockholders also approved the offer for subscription to qualified institutional buyers of common shares out of the authorized capital stock provided it does not exceed 20% of the issued and outstanding capital stock after the offered shares have been subscribed.

33. Note to Consolidated Statements of Cash Flows

The Group's significant noncash operating, investing and financing activities follows:

	2004	2003	2002
Acquisitions of conventional and continuous mining equipment through availments of long-term debt	₱434,125,210	₱82,500,000	₱136,980,042
Redemption of preferred shares by related parties charged against advances (see Notes 18 and 27)	61,604,800	-	-
Redemption of preferred shares by the Group in exchange for PNs (see Notes 18 and 27)	13,645,320	2,000,000	571,228,721
Return of joint venture capital charged against advances	12,147,755	-	-
Sale of investment in shares of stocks on account	3,006,213	-	-
Acquisition of property, plant and equipment on account	2,616,742	-	-
Assignment of investments in condominium units in settlement of accounts payable	-	60,977,654	-
Receipt of a condominium unit from an associate as payment of its accounts payable	-	22,275,904	-
Additional subscriptions to capital stock of an associate in exchange for the claims against the associate	-	8,820,000	36,750,000
Redemption of preferred shares from Dacon by the Company on account (see Notes 18 and 27)	-	-	585,756,008
Transfer of AHI shares to a preferred shareholder as payment for the redemption of preferred shares by the Company (see Note 18)	-	-	50,276,000
Transfer of DMCI's construction equipment for the redemption of preferred shares (see Notes 18 and 27)	-	-	50,173,440

34. Subsequent Events

On February 4, 2005, Semirara successfully completed its international offer of 89,866,000 common shares at an offer price of ₱36 per share. The offered shares comprised 42,991,000 existing shares held by the Company and 46,875,000 new shares. Concurrently, the Company offered 15,180,000 existing shares to all of the trading participants of the PSE.

On April 4, 2005, Semirara's BOD approved the following:

- (a) Appropriation for capital expenditure amounting to ₱1 billion from the unappropriated retained earnings as of December 31, 2004 of Semirara;
- (b) The adoption of a dividend policy with a minimum dividend payout of 20% of the net income after taxes starting from the year ending December 31, 2005; subject to the financial requirements of Semirara. The policy further provides that Semirara's BOD may declare more than 20% cash dividends if there is excess cash and less than 20% if there is not enough cash available; and
- (c) Revocation of Semirara's BOD resolution dated April 25, 2000 relating to the spin-off of certain assets and liabilities of Semirara as of March 31, 2000.

CERTIFICATION

I, Ms. **MA. EDWINA C. LAPERAL**, of legal age, Filipino and with office address at the 3rd Floor, DMCI Plaza, 2281 Pasong Tamo Ext., Makati City, after being sworn to in accordance with law, do hereby certify that:

1. I am the Treasurer of DMCI Holdings, Inc., a corporation duly created and existing under and by virtue of the laws of the Republic of the Philippines, under SEC Certificate of Registration No. AS095-002283 with principal office address at 2nd Floor, Dacon Building, 2281 Don Chino Roces Avenue., Makati City.
2. The General Form for Financial Statements (GFFS) diskette submitted herein has the basic and material data in the audited financial statements.
3. I am executing this certification to attest to the truth of the foregoing and in compliance with the reportorial requirements of the Securities and Exchange Commission.

Done this _____ day of _____, 2005 in Makati City.

(Original Signed)
MA. EDWINA C. LAPERAL

Subscribed and sworn to before me this _____ day of _____, 2005 affiant exhibiting to me his/her Community Tax No. 06173164 on January 6, 2005, Manila.

Notary Public
(Notarized)

Doc No. _____
Page No. _____
Book No. _____
Series of 2004

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: DMCI HOLDINGS, INC. AND SUBSIDIARIES
CURRENT ADDRESS: 3rd Floor, Dacon Building, 2281 Don Chino Roces Avenue, Makati City
TEL. NO.: 888-3000 FAX NO.: 816-7362
COMPANY TYPE : Holding Company PSIC: _____

Table 1. Balance Sheet

FINANCIAL DATA	2004 (in P'000)	2003 (in P'000)
A. ASSETS (A.1 + A.2 + A.3 + A.4 + A.5 + A.6)	12,728,765	12,258,671
A.1 Current Assets (A.1.1 + A.1.2 + A.1.3 + A.1.4 + A.1.5)	7,214,182	6,648,356
A.1.1 Cash and cash equivalents (A.1.1.1 + A.1.1.2 + A.1.1.3)	217,125	247,590
A.1.1.1 On hand		-
A.1.1.2 In domestic banks/entities	163,811	240,607
A.1.1.3 In foreign banks/entities	53,314	6,983
A.1.2 Financial Assets other than Cash/Trade Receivables/investments accounted for using the Equity Method (A.1.2.1 + A.1.2.2 + A.1.2.3 + A.1.2.4)		
A.1.2.1 Short-term placements or investments in securities issued by domestic entities: (A.1.2.1.1 + A.1.2.1.2 + A.1.2.1.3 + A.1.2.1.4 + A.1.2.1.5)		
A.1.2.1.1 National Government		
A.1.2.1.2 Public Financial Institutions		
A.1.2.1.3 Public Non-Financial Institutions		
A.1.2.1.4 Private Financial Institutions		
A.1.2.1.5 Private Non-Financial Institutions		
A.1.2.2 Short-term placements or investments in securities issued by foreign entities		
A.1.2.3 Others, specify		

A.1.2.4 Allowance for decline in market value (negative entry)		
A.1.3 Trade and Other Receivables (A.1.3.1 + A.1.3.2)	2,556,171	2,028,152
A.1.3.1 Due from domestic entities (A.1.3.1.1 + A.1.3.1.2 + A.1.3.1.3 + A.1.3.1.4)	2,556,171	2,028,152
A.1.3.1.1 Due from customers (trade)	2,427,411	2,047,992
A.1.3.1.2 Due from related parties		
A.1.3.1.3 Others, specify		
Subcontractors and suppliers	308,573	180,714
Other receivables	75,815	123,476
A.1.3.1.4 Allowance for doubtful accounts/bad debts/probable losses (negative entry)	(255,628)	(324,030)
A.1.3.2 Due from foreign entities, specify (A.1.3.2.1 + A.1.3.2.2 + A.1.3.2.3 + A.1.3.2.4 + A.1.3.2.5)		
A.1.3.2.1		
A.1.3.2.2		
A.1.3.2.3		
A.1.3.2.4		
A.1.3.2.5 Allowance for doubtful accounts/bad debts/probable losses (negative entry)		
A.1.4 Inventories (A.1.4.1 + A.1.4.2 + A.1.4.3 + A.1.4.4 + A.1.4.5 + A.1.4.6)	4,311,241	4,239,318
A.1.4.1 Raw materials and supplies	477,942	448,580
A.1.4.2 Goods in process (including unfinished goods, growing crops, unfinished seeds)	-	-
A.1.4.3 Coal, at cost	138,758	138,234
A.1.4.4 Merchandise/Goods in transit	14,134	4,980
A.1.4.5 Real estate for sale and development	3,568,147	3,561,762
A.1.4.6 Cost and estimated earnings in excess of billings on uncompleted contract	112,260	85,762
A.1.5 Other Current Assets	129,644	133,296

NOTE:

This special form is applicable to Investment Companies and Publicly-held Companies (enumerated in Section 17.2 of the Securities Regulation Code (SRC), except banks and insurance companies). As a supplemental form to PHFS1, it shall be used for reporting Consolidated Financial Statements of Parent corporations and their subsidiaries.

Domestic corporations are those which are incorporated under Philippine laws or branches/subsidiaries of foreign corporations that are licensed to do business in the Philippines where the center of economic interest or activity is within the Philippines. On the other hand, foreign corporations are those that are incorporated abroad, including branches of Philippine corporations operating abroad.

Financial Institutions are corporations principally engaged in financial intermediation, facilitating financial intermediation, or auxiliary financial services. Non-Financial institutions refer to corporations that are primarily engaged in the production of market goods and non-financial services.

Control No.: _____
Form Type: PHFS2

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: DMCI HOLDINGS, INC. AND SUBSIDIARIES
CURRENT ADDRESS: 3rd Floor, Dacon Building, 2281 Don Chino Roces Avenue, Makati City
TEL. NO.: 888-3000 FAX NO.: 816-7362
COMPANY TYPE: Holding Company PSIC: _____

Table 1. Balance Sheet

FINANCIAL DATA	2004 (in P'000)	2003 (in P'000)
A.2 Property, plant, and equipment (A.2.1 + A.2.2 + A.2.3 + A.2.4 + A.2.5 + A.2.6 + A.2.7)	2,563,481	2,379,814
A.2.1 Land (incl. land for future plant expansion, unused land and improvements)	419,971	417,148
A.2.2 Building and improvements including leasehold improvement	1,162,843	1,143,731
A.2.3 Machinery and equipment (on hand and in transit)	2,107,971	2,318,823
A.2.4 Transportation/motor vehicles, automotive equipment, autos and trucks, and delivery	136,945	119,467
A.2.5 Others, specify		
Office furniture and equipment	167,484	166,953
Conventional and continuous mining equipment	5,683,166	4,661,609
Mining properties, mine exploration and development	181,452	503,388
Leasehold improvements	59,026	59,120
Construction in progress	77,350	43,981
A.2.6 Appraisal increase, specify		

A.2.7 Accumulated Depreciation (negative entry)	(7,432,727)	(7,054,409)
A.3 Investments excluding that which is recorded in current assets(net of allowance for decline in value) (A.3.1 + A.3.2 + A.3.3 + A.3.4)	1,398,565	1,450,538
A.3.1 Equity in domestic subsidiaries/affiliates	494,852	504,977
A.3.2 Equity in foreign branches/subsidiaries/affiliates		
A.3.3 Others, specify		
Real Estate properties		
Equity in accumulated earnings of unincorporated construction in joint ventures	(344,494)	(322,032)
Jointly controlled entities	32,125	32,000
Investments - at cost	302,033	293,743
Investment Properties	984,309	1,010,110
A.3.4 Allowance for probable losses (negative entry)	(70,260)	(68,260)
A.4 Intangible Assets		
A.5 Long-term receivables	1,095,275	1,173,603
A.5.1 Long-term receivables (net of current portion) (A.5.1 + A.5.2 + A.5.3)	1,095,275	1,173,603
A.5.1.1 From domestic entities, specify		
Due from related parties	1,095,275	1,173,603

A.5.1.2 From foreign entities, specify		

A.5.1.3 Allowance for doubtful accounts, net of current portion (negative entry)		
A.6 Other Assets (A.6.1 + A.6.2 + A.6.3 + A.6.4)	457,262	606,361
A.6.1 Deferred charges - net of amortization	57,294	234,317
A.6.2 Advance/Miscellaneous deposits	80,648	55,130
A.6.3 Others, specify		
Deposits in North Luzon Railways Corporation	300,000	300,000
Others	19,320	16,913
A.6.4 Allowance for write-down of deferred charges (negative entry)		
B. LIABILITIES (B.1 + B.2 + B.3 + B.4 + B.5 + B.6)	7,108,412	7,841,753
B.1 Current Liabilities (B.1.1 + B.1.2 + B.1.3)	4,664,225	4,738,789
B.1.1 Trade and Other Payables to Domestic Entities (B.1.1.1 + B.1.1.2 + B.1.1.3 + B.1.1.4 + B.1.1.5 + B.1.1.6)	3,433,507	3,517,357
B.1.1.1 Trade Payables	756,685	657,914
B.1.1.2 Bank Loans	403,885	744,648
B.1.1.3 Payables to Subsidiaries	-	
B.1.1.4 Payables to Related Parties	-	78,970
B.1.1.5 Advances from Directors, Officers, Employees and Principal Stockholders	-	-
B.1.1.6 Accruals	1,488,451	1,238,730

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

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TEL. NO.: 888-3000 FAX NO.: 816-7362
COMPANY TYPE: Holding Company PSIC: _____

Table 1. Balance Sheet

FINANCIAL DATA		2004 (in P'000)	2003 (in P'000)
B.1.1.6	Others, specify	784,486	797,095
	Payable to Subcontractors	406,137	543,493
	Acceptances payable	82,663	13,058
	Customer deposit	149,303	124,477
	Other payables	146,383	116,067
B.1.2	Trade and Other Payables to Foreign Entities, specify		

B.1.3	Others, specify (If material, state separately; indicate if the item is payable to public/private or financial/non-financial institutions)	1,230,718	1,221,432
	Dividends declared and not paid at balance sheet date		
	Portion of Long-term Debt Due within one year	1,048,212	772,335
	Any other current liability in excess of 5% of Total Current Liabilities, specify:		
	Estimated liability on property development	38,005	26,542
	Billings in excess of costs and estimated earnings on uncompleted contracts	144,501	422,555
B.2	Tax Liabilities and Assets		
B.3	Provisions		
B.4	Long-term Debt - Non-current Interest-bearing Liabilities (B.4.1 + B.4.2 + B.4.3 + B.4.4 + B.4.5)	505,789	446,595
	B.4.1 Domestic Public Financial Institutions		
	B.4.2 Domestic Public Non-Financial Institutions		
	B.4.3 Domestic Private Financial Institutions	505,789	446,595
	B.4.4 Domestic Private Non-Financial Institutions		
	B.4.5 Foreign Financial Institutions		
B.5	Indebtedness to Affiliates and Related Parties (Non-Current)	851,923	1,124,296
B.6	Other Liabilities (B.6.1 + B.6.2)	1,086,475	1,532,073
	B.6.1 Deferred Income Tax	14,310	70,218
	B.6.2 Others, specify		
	Subscriptions payable	3,750	3,750
	Payable to property sellers	243,929	261,811
	Payable to foreign suppliers	647,385	497,678
	Notes Payable	119,491	511,776
	Deferred income	57,610	45,164
	Acceptances and trust receipts payable	-	141,676
C.	MINORITY INTEREST	173,088	219,226
D.	EQUITY (D.3 + D.4 + D.5 + D.6 + D.7 + D.8 + D.9)	5,447,264	4,197,692
	D.1 Authorized Capital Stock (no. of shares, par value and total value; show details) (D.1.1+D.1.2+D.1.3)	6,000,000	6,000,000
	D.1.1 Common shares (5,900,000,000 shares with Php 1.00 par value)	5,900,000	5,900,000
	D.1.2 Preferred Shares (100,000,000 shares with Php 1.00 par value)	100,000	100,000
	D.1.3 Others		
	D.2 Subscribed Capital Stock (no. of shares, par value and total value) (D.2.1 + D.2.2 + D.2.3)	2,255,836	2,255,946
	D.2.1 Common shares (2,255,494,000 shares issued with Php 1.00 par value)	2,255,494	2,255,494
	D.2.2 Preferred Shares (451,690 shares issued in 2003 and 1,288,265 shares in 2003 issued with Php 1.00 par value)	342	452
	D.2.3 Others		
	D.3 Paid-up Capital Stock (D.3.1 + D.3.2)	2,255,836	2,255,946
	D.3.1 Common shares	2,255,494	2,255,494
	D.3.2 Preferred Shares	342	452
	D.4 Additional Paid-in Capital / Capital in excess of par value / Paid-in Surplus	2,827,839	2,929,845
	D.5 Others, specify		

	D.6 Appraisal Surplus/Revaluation Increment in Property/Revaluation Surplus		
	D.7 Retained Earnings (D.7.1 + D.7.2)	602,685	(750,811)
	D.7.1 Appropriated		
	D.7.2 Unappropriated	602,685	(750,811)
	D.8 Head / Home Office Account (for Foreign Branches only)		
	D.9 Cost of Stocks Held in Treasury (negative entry)	(239,096)	(237,288)
	TOTAL LIABILITIES AND EQUITY (B + C + D)	12,728,764	12,258,670

Control No.: _____
 Form Type: PHFS2

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 CURRENT ADDRESS: 3rd Floor, Dacon Building, 2281 Don Chino Roces Avenue, Makati City
 TEL. NO.: 888-3000 FAX NO.: 816-7362
 COMPANY TYPE : Holding Company PSIC: _____

Table 2. Income Statement

FINANCIAL DATA	2004 (in P'000)	2003 (in P'000)	2002 (in P'000)
A. REVENUE / INCOME (A.1 + A.2 + A.3)	7,878,145	4,626,514	3,315,616
A.1 Net Sales or Revenue / Receipts from Operations (manufacturing, mining, utilities, trade, services, etc.) (from Primary Activity)	7,761,080	4,615,831	3,217,586
A.2 Other Revenue (A.2.1 + A.2.2 + A.2.3 + A.2.4 + A.2.5)	22,100	32,094	28,860
A.2.1 Rental Income from Land and Buildings	22,100	30,863	18,719
A.2.2 Receipts from sale of merchandise (trading) (from Secondary activity)			
A.2.5 Others, specify			
Indent commission	-	1,231	10,141
A.3 Other Income (non-operating) (A.3.1 + A.3.2 + A.3.3 + A.3.4)	94,965	(21,411)	69,170
A.3.1 Interest Income	11,013	7,558	26,856
A.3.2 Dividend Income			
A.3.3 Gain / (Loss) from selling of Assets, specify			
Gain (Loss) on sale of property and equipment and investment	38,440	(50,913)	(25,695)
A.3.4 Others, specify	45,512	21,944	68,009
Gain / (Loss) on Foreign Exchange	(7,844)	(36,975)	(31,958)
Miscellaneous	53,356	58,919	77,567
Reversal of provision for doubtful accounts	-	-	22,400
B. COST OF GOODS SOLD (B.1 + B.2 + B.3)			
B.1 Cost of Goods Manufactured (B.1.1 + B.1.2 + B.1.3 + B.1.4 + B.1.5)			
B.1.1 Direct Material Used			
B.1.2 Direct Labor			
B.1.3 Other Manufacturing Cost / Overhead			
B.1.4 Goods in Process, Beginning			
B.1.5 Goods in Process, End (negative entry)			
B.2 Finished Goods, Beginning			
B.3 Finished Goods, End (negative entry)			
C. COST OF SALES (C.1 + C.2 + C.3)	5,250,878	3,619,620	2,668,425
C.1 Purchases			
C.2 Merchandise Inventory, Beginning			
C.3 Merchandise Inventory, End (negative entry)			
D. GROSS PROFIT (A - B - C)	2,627,267	1,006,894	647,191

Control No.: _____
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SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

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 TEL. NO.: 888-3000 FAX NO.: 816-7362
 COMPANY TYPE : Holding Company PSIC: _____

Table 2. Income Statement

FINANCIAL DATA	2004 (in P'000)	2003 (in P'000)	2002 (in P'000)
E. OPERATING EXPENSES (E.1 + E.4)	765,118	581,049	679,468
E.1 General and Administrative expenses	765,118	581,049	679,468
E.4 Other Expenses, specify			
Education-related expenditures		-	-
F. FINANCE COSTS (F.1 + F.2 + F.3)	368,317	354,278	315,978
F.1 Interest	368,317	354,278	315,978
F.2 Amortization			
F.3 Other interests, specify			
Foreign exchange gain or loss - net			
G. Share of Income (Losses) of Associates and Joint Ventures accounted for using the Equity Method	(7,334)	900	(35,209)
H. Net Income (Loss) Before Tax (D - E - F + G)	1,486,498	72,467	(383,464)
I. Income Tax Expense (negative entry)	(58,070)	166,334	91,833
J. Income After Tax	1,428,428	238,801	(291,631)
K. Minority Interest (negative entry)	(74,932)	(39,964)	70,771
L. Net Income (Loss - negative entry) from Ordinary Activities (J - K)	1,353,496	198,837	(220,860)
M. Extraordinary Items			
N. Net Income (Loss - negative entry) for the Year (L + M)	1,353,496	198,837	(220,860)
O Earnings (Loss) Per Share			
O.1 Basic	0.59	0.07	(0.14)
O.2 Diluted			

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

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CURRENT ADDRESS: 3rd Floor, Dacon Building, 2281 Don Chino Roces Avenue, Makati City
TEL. NO.: 888-3000 FAX NO.: 816-7362
COMPANY TYPE: Holdings Company PSIC: _____

Table 3. Cash Flow Statements

FINANCIAL DATA		2004 (in P'000)	2003 (in P'000)	2002 (in P'000)
CASH FLOWS FROM OPERATING ACTIVITIES				
Net Income (Loss) Before Tax and Extraordinary Items		1,486,498	72,467	(383,463)
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities				
Depreciation		763,888	542,871	579,816
Amortization, specify:				
Others, specify:				
Provision for doubtful accounts, probable losses and decline in value of investments		48,538	130,385	223,332
Assets written-off		383,496	0	44,270
Equity in net losses (earnings) of associates and joint ventures		7,334	(900)	35,209
Loss (gain) on disposal of assets		(38,440)	50,913	25,695
Foreign exchange losses (gain)		7,844	36,975	31,958
Reversal of allowance for doubtful accounts		-	0	(22,400)
Interest expense		368,317	354,278	315,978
Interest income		(11,013)	(7,558)	(26,856)
		3,016,462	1,179,433	823,538
Changes in Assets and Liabilities:				
Decrease (Increase) in:				
Receivables		(540,159)	346,827	172,560
Inventories		(17,195)	31,575	(247,095)
Other Current Assets		3,652	(55,795)	(19,123)
Others, specify: Real estate for sale and development		(6,385)	(403,311)	(116,685)
Increase (Decrease) in:				
Trade and Other Payables		715,288	199,721	(1,205,158)
Income and Other Taxes Payable				
Others, specify:				
Billings in excess of costs and estimated earnings		(304,553)	(56,099)	(7,630)
Estimated liability on property development		11,463	9,618	(51,115)
Deferred revenue on real estate sales		12,446	23,306	(7,799)
Realized customer's deposits		24,826	(16,030.02)	0
Interest received		8,905	7,545	107,098
Interest paid		(882,213)	(281,888)	(239,932)
Income tax paid		(97,962)	(65,543)	(46,112)
A. Net Cash Provided by (Used in) Operating Activities (sum of above rows)		1,944,575	919,358	(837,451)
CASH FLOWS FROM INVESTING ACTIVITIES				
(Increase) Decrease in Long-Term Receivables		106,714	(493,547)	490,989
(Increase) Decrease in Investment		0	8,041	(45,996)
(Increase) Decrease in Other assets		(48,323)	(56,624)	(7,153)
Others, specify:				
Acquisitions of property and equipment		(898,314)	(168,726)	(213,634)
Proceeds from disposal of property and equipment		144,895	41,182	795
Proceeds from disposal of investments		4,692	5,612	13,529
Proceeds from disposals of investment properties		20,360	0	0
B. Net Cash Provided by (Used in) Investing Activities (sum of above rows)		(669,977)	(664,062)	238,530
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from:				
Loans				
Long-term Debt		405,688	208,259	50,649
Issuance of Securities				
Others, specify: Net availments (payments) of Notes Payable		(419,733)	79,930	63,392
Payments of:				
(Loans)				
(Long-term Debt)		(910,486)	(539,696)	(102,250)
(Stock Subscriptions)				
Others, specify (negative entry):				
Payable to related parties		(333,978)	38,174	754,801
Redemption of preferred shares		(28,674)	(19,226)	(223,849)
Increase (decrease) in other non-current liabilities		(17,882)	(12,273)	(27,525)
Decrease in payables to property sellers				
C. Net Cash Provided by (Used in) Financing Activities (sum of above rows)		(1,305,064)	(244,832)	515,217
NET INCREASE IN CASH AND CASH EQUIVALENTS (A + B + C)		(30,466)	10,463	(83,703)
Cash and Cash Equivalents				
Beginning of year		247,590	237,127	320,830
End of year		217,124	247,590	237,127

Control No.: _____
Form Type: PHFS2

SPECIAL FORM FOR FINANCIAL STATEMENTS OF PUBLICLY-HELD AND INVESTMENT COMPANIES

NAME OF CORPORATION: DMCI HOLDINGS, INC. AND SUBSIDIARIES
CURRENT ADDRESS: 3rd Floor, Dacon Building, 2281 Don Chino Roces Avenue, Makati City
TEL. NO.: 888-3000 FAX NO.: 816-7362
COMPANY TYPE : Holding Company PSIC: _____

Table 4. Consolidated Statement of Changes in Equity

FINANCIAL DATA	(Amount in P'000)					
	Capital Stock	Additional Paid-in	Revaluation Increment	Treasury Stock	Retained Earnings	TOTAL
A. Balance, 2002	2,256,782	3,743,130	-	(1,030,183)	(920,091)	4,049,638
A.1 Correction of Fundamental Error						
A.2 Changes in Accounting Policy					(29,557)	(29,557)
B. Restated Balance						
B.1 Surplus (Deficit) on Revaluation of Properties						
B.2 Surplus (Deficit) on Revaluation of Investments						
B.3 Currency Translation Differences (negative entry)						
C. Net Gains (Losses) not recognized in the Income					198,837	198,837
C.1 Net Income (Loss) for the Period						
C.2 Dividends (negative entry)						
C.3 Current Appropriation for Contingencies						
C.4 Issuance of Capital Stock						
C.4.1 Common Stock						
C.4.2 Preferred Stock						
C.4.3 Others	(837)	(813,285)		792,895		(21,227)
D. Balance, 2003	2,255,945	2,929,845	-	(237,288)	(750,811)	4,197,691
D.1 Correction of Fundamental Error						
D.2 Changes in Accounting Policy						
E. Restated Balance						
E.1 Surplus (Deficit) on Revaluation of Properties						
E.2 Surplus (Deficit) on Revaluation of Investments						
E.3 Currency Translation Differences (negative entry)						
F. Net Gains (Losses) not recognized in the Income					1,353,496	1,353,496
F.1 Net Income (Loss) for the Period						
F.2 Dividends (negative entry)						
F.3 Current Appropriation for Contingencies						
F.4 Issuance of Capital Stock						
F.4.1 Common Stock						
F.4.2 Preferred Stock						
F.4.3 Others	(109)	(102,006)		(1,808)		(103,923)
F. Balance, 2004	2,255,836	2,827,839	-	(239,096)	602,685	5,447,264

Table 4a. Consolidated Statement of Recognized Gains and Losses

FINANCIAL DATA	(Amount in P'000)		
	2004	2003	2002
A. Surplus (Deficit) on Revaluation of Properties			
B. Surplus (Deficit) on Revaluation of Investments			
C. Exchange Differences on Translation of the Financial Statements of Foreign Entities			
D. Net Gains (Losses) not recognized in the Income Statement			
E. Net Income for the Period	1,353,496	198,837	(220,860)
Total Recognized Gains (Losses) (A + B + C + D + E)	1,353,496	198,837	(220,860)
Effect of Changes in Accounting Policy			



DMCI HOLDINGS, INC. AND SUBSIDIARIES
SCHEDULE A - MARKETABLE SECURITIES (CURRENT MARKETABLE EQUITY SECURITIES AND
OTHER SHORT-TERM CASH INVESTMENTS)

As of December 31, 2004

Name of Issuing entity & association of each issue	Number of shares or principal amount of bonds & interest	Amount shown in the balance sheet	Valued based on market quotation at balance sheet date	Income received & accrued
NOT APPLICABLE - NO MARKETABLE EQUITY SECURITIES AS OF DECEMBER 31, 2004				



DMCI HOLDINGS, INC. AND SUBSIDIARIES
SCHEDULE B - AMOUNTS RECEIVABLE FROM DIRECTORS,
OFFICERS AND EMPLOYEES
As of December 31, 2004

Emp. No.	Name	AMOUNT
0005231	TEJADA, ALEJANDRO	253,872
0093532	SILVESTER, STEWART	248,413
0025151	LEWIS, BARRY C.	225,852
0080192	IHAIA, TIM	184,959
0044709	BERNALDEZ, MELCHOR	145,000
0090110	DAW, ROBERT	144,894
0043117	BERTILLO, GREGORIO A.	85,069
0064572	ERARDO, EDGAR	30,000
0065013	PERALTA, ALBRTO	28,147
0096811	ROBLES, ARNULFO	27,400
0047473	SAMPAY, NONIE	20,000
0062107	ORTIZ, RUBENCIO	20,000
0044202	VILLAFLORES, MAGNO	20,000
0022497	IBAOS, ROMEO S.	20,000
0012696	SANTILLAN, NOLI	19,978
0002321	YSUG, DANILO A.	19,852
0081127	CADIGAL, BERNARD	19,534
0090100	LAWRENCE, BRIAN	19,197
0008541	MALUTAO, ANACLETO D.	16,526
0090102	MAHAI, JUN	10,803
0096768	URIBE, CRISOSTOMO A.	10,800
0090103	SUNWEN, TING	10,476
0080956	CONSUNJI, VICTOR	10,219
0080356	INOUE, MAASAKI	10,000
	Various Employees	283,260
	TOTAL	1,884,251



DMCI HOLDINGS, INC. AND SUBSIDIARIES
SCHEDULE C - NON-CURRENT MARKETABLE EQUITY SECURITIES,
OTHER LONG-TERM INVESTMENT IN STOCKS AND OTHER INVESTMENTS
As of December 31, 2004

NAME OF COMPANY	BEGINNING BALANCE		ADDITIONS		DEDUCTIONS		ENDING BALANCE		Dividends received/acrued fr investments not accounted for by the equity method
	Number of Shares	Amount in Pesos	Equity in Earnings (Losses) of Investees for the period	Others (Cost & Equity Adj)	Distribution of Earnings by Investees	Others (Cost & Equity adj)	Number of Shares	Amount in Pesos	
AT EQUITY:									
BACHY SOLETANCHE PHILIPPINES CORPORATION		43,119,553	503,373						43,622,926
VULCAN MATERIALS CORPORATION		27,262,320	(6,575,512)						20,686,808
SYSTEMS POWERMARK CORPORATION		12,981,605				(12,981,605)			-
OBAYASHI PHILIPPINES CORPORATION		5,498,695	(169,554)						5,329,141
RACO-HAVEN AUTOMATION PHILIPPINES INC.		1,505,670	(1,374,614)						131,056
FREYSINNET DAVAO, INC.		-							-
FREYSINNET PHILIPPINES, INC.		-							-
CSN PROPERTIES, INC.		-							-
SUBIC WATER AND SEWERAGE COMPANY		-							-
MONARCA GREENWORLD		-							-
ATLANTIC, GULF AND PACIFIC COMPANY OF MANILA, INC.		-							-
		90,367,843	(7,616,307)	-	-	(12,981,605)	-	69,769,931	
AT COST:									
MONTECITO PROPERTIES, INC.		241,643,213				(11,459,652)		230,183,561	
PROJECT QUEST CORPORATION		12,500,000						12,500,000	
MANILA ELECTRIC COMPANY		7,646,460		2,297,260				9,943,720	
SYSTEMS POWER MARK		-		12,999,570		(6,113,600)		6,885,970	
CELEBRITY SPORTS PLAZA		6,845,920				(893,263)		5,952,657	
UNIVERSAL RIGHTFIELD PROPERTY HOLDING, INC.		6,095,350						6,095,350	
MANILA SOUTHWODS GOLF-ACADEMY		4,894,768						4,894,768	
SUBIC BAY YATCH CLUB		4,800,000						4,800,000	
AMAPOLA		2,000,000				(2,000,000)		-	
UNICORN FIRST PROPERTIES, INC.		1,742,400						1,742,400	
PHILIPPINE LONG DISTANCE TELEPHONE COMPANY		1,287,208						1,287,208	
UNIVERSAL LEISURE CORPORATION		1,000,000						1,000,000	
MANILA SOUTHWOODS		850,000						850,000	
DMC CONEX FREIGHT SERVICES, INC.		661,014						661,014	
NORTHWOODS DEVELOPMENT CORPORATION		650,000						650,000	
BAYANTEL		400,000						400,000	
MANILA GOLF AND COUNTRY CLUB		259,000						259,000	
PALICIPICAN SPORTS AND COUNTRY CLUB		127,200						127,200	
CAPITOL HILLS GOLF AND COUNTRY CLUB		63,250						63,250	
CANLUBANG GOLF AND COUNTRY CLUB		60,000						60,000	
CAPITOL HILLS SPORTS AND COUNTRY CLUB		45,000						45,000	
MAKATI SPORTS CLUB		40,000						40,000	
VALLE VERDE COUNTRY CLUB		35,000						35,000	
MABUHAY VINYL CORPORATION		21,451						21,451	
VALLEY GOLF CLUB		17,000						17,000	
PHILIPPINES COLUMBIAN ASSOCIATION		16,896						16,896	
GALLERY 1 (FIELD OF DREAMS)		15,000						15,000	
CONFEDERATION OF PHILIPPINE EXPORTERS		5,000						5,000	
CLUB SOVIENTO		3,000						3,000	
EXECUTIVE SUITES		3,000						3,000	
VARIOUS		15,500						15,500	
		293,742,630	-	15,296,830	-	(20,466,515)	-	288,572,945	
JOINT VENTURE:									
DMCI/WPC CONSTRUCTION JOINT VENTURE		39,108,452	72,787					39,181,239	
DMCI/OBAYASHI JOINT VENTURE		13,475,433	270,827			(12,016,034)		1,730,226	
SUBIC WATER CONSTRUCTION JOINT VENTURE		9,438,829						9,438,829	
ECO PROCESS AND EQUIPMENT PHILIPPINES		1,177,338	(61,145)					1,116,193	
DIAMOND BAY TOWER		4,577,578				(131,721)		4,445,857	
		67,777,630	282,469	-	-	(12,147,755)	-	55,912,344	
INVESTMENT IN REAL ESTATE - LAND		967,442,799	-	-	-	(20,412,903)	-	947,029,896	
INVESTMENT PROPERTIES - CONDOMINIUMS		19,440,000	-	(3,162,796)	-	-	-	16,277,204	
INVESTMENT PROPERTIES - BUILDINGS AND IMPROVEMENTS		23,277,361	-	(2,274,984)	-	-	-	21,002,377	
TOTAL		1,462,048,263	(7,333,838)	9,859,050	-	(66,008,778)	-	1,398,564,697	

**DMCI HOLDINGS, INC. AND SUBSIDIARIES****SCHEDULE D - INDEBTEDNESS OF UNCONSOLIDATED SUBSIDIARIES & RELATED PARTIES**

As of December 31, 2004

Name of Related Parties	Balance at Beginning of Period	Balance at End of Period
ATLANTIC, GULF AND PACIFIC COMPANY OF MANILA, INC.	778,418,858	736,710,137
CELEBRITY SPORTS PLAZA, INC.	138,957,934	142,509,549
UNIVERSAL RIGHFIELD PROPERTY HOLDINGS, INC.	-	66,337,335
DMCI HOMES, INC.	-	24,358,379
RACO-HAVEN AUTOMATION PHILIPPINES, INC.	12,277,176	17,096,765
JOHN LAING INTERNATIONAL, INC.	10,000,000	12,000,000
DMC URBAN PROPERTIES DEVELOPERS, INC.	-	11,328,267
ASIA INDUSTRIES, INC.	10,751,509	10,078,351
ACOTEC	-	8,638,591
UPDI REALTY, INC.	71,765,115	4,954,086
DACON CORPORATION	-	645,020
SYSTEMS POWERMARK CORPORATION	-	637,425
BETA EQUIPMENT SALES CORPORATION	2,423,208	394,279
BACHY SOLETANCHE PHILIPPINES CORPORATION	7,116,559	124,355
SUBIC WATER AND SEWERAGE COMPANY, INC.	5,396,482	67,093
MONARCA GREENWORLD CORPORATION	39,956,134	54,405
METRO TAGAYTAG LAND CO.	-	53,904
MONTECITO PROPERTIES, INC.	-	49,535
CSN PROPERTIES	-	32,098
ECO PROCESS AND EQUIPMENT PHILIPPINES, INC.	6,299,744	-
FREYSSINET PHILIPPINES, INC.	4,339,587	-
OBAYASHI-DMCI JOINT VENTURE	8,947,882	-
OHKI CORPORATION	39,908,088	-
ROYAL STAR AVIATION	1,941,671	-
SIRAWAI PLYWOOD AND LUMBER CORPORATION	307	-
VULCAN MATERIALS CORPORATION	1,977,131	-
OTHERS	33,125,164	59,205,755
Total	233,948,581	74,856,546



DMCI HOLDINGS, INC. AND SUBSIDIARIES
SCHEDULE E - INTANGIBLE ASSETS - OTHER ASSETS
As of December 31, 2004

DESCRIPTION	BEGINNING BALANCE	ADDITIONS AT COST	CHARGED TO COSTS AND EXPENSES	CHARGED TO OTHER ACCOUNTS	OTHER CHANGES ADD/(DED)	ENDING BALANCE
NOT APPLICABLE - NO INTANGIBLE ASSETS CAPTION IN THE BALANCE SHEETS						



DMCI HOLDINGS, INC. AND SUBSIDIARIES
SCHEDULE F - LONG TERM DEBT
As of December 31, 2004

TITLE OF ISSUE & TYPE OF OBLIGATION	CURRENT PORTION OF LONG-TERM DEBT	LONG-TERM DEBT	LONG-TERM DEBT NET OF CURRENT PORTION
BANK LOANS			
- WITH INTEREST AT PREVAILING MARKET RATES DUE ON VARIOUS DATES UP TO 2007	648,390,375	1,154,179,120	505,788,745
NOTES PAYABLE TO PREFERRED SHAREHOLDERS			
- PREVAILING INTEREST RATE OF THE 91-DAY T-BILL PLUS SPREAD OF UP TO 2% DUE IN 2007	124,951,535	138,722,813	13,771,278
- FIXED INTEREST AT 13% DUE IN 2009	-	102,028,705	102,028,705
- FIXED INTEREST AT 13% FOR THE FIRST 5 YEARS; PREVAILING INTEREST RATE OF THE 91-DAY T-BILL PLUS A SPREAD OF UP TO 3% FOR THE LAST 2 YEARS DUE IN 2009	-	3,690,900	3,690,900
	<u>124,951,535</u>	<u>244,442,418</u>	<u>119,490,883</u>
PAYABLE TO FOREIGN SUPPLIERS			
- WITH INTREST AT 8.25% + ESTABLISHMENT FEE OF 2.75% AND COMMITMENT FEE OF 1% DUE IN 2007	110,548,534	276,370,326	165,821,792
- WITH INTEREST BASED ON SIBOR + 3.75% DUE UNTIL 2006	117,641,667	405,958,215	288,316,548
- WITH INTEREST AT 6% (FLOATING RATE) DUE IN 2008	46,680,401	239,927,520	193,247,119
	<u>274,870,602</u>	<u>922,256,061</u>	<u>647,385,459</u>
TOTAL	<u>1,048,212,512</u>	<u>2,320,877,599</u>	<u>1,272,665,087</u>



DMCI HOLDINGS, INC. AND SUBSIDIARIES
SCHEDULE G - INDEBTEDNESS TO RELATED PARTIES
As of December 31, 2004

Name of Related Parties	Balance at Beginning of Period	Balance at End of Period
ACCOUNTS AND OTHER PAYABLES		
DUE TO RELATED PARTIES		
DACON CORPORATION	651,934,811	652,538,815
DMC CONSTRUCTION EQUIPMENT RESOURCES, INC.	25,808,271	134,586,261
DMC URBAN PROPERTY DEVELOPERS, INC.	-	20,300,000
OFFICERS/STOCKHOLDERS	95,087,478	25,341,629
ROYAL STAR AVIATION	-	4,810,179
ATLANTIC, GULF AND PACIFIC COMPANY OF MANILA, INCORPORATED	-	3,943,568
UPDI REALTY, INC.	-	3,477,708
DMC CERI - COMMISSARY	-	850,630
RACO HAVEN AUTOMATION PHILS. INC.	-	330,006
BETA EQUIPMENT SALES CORPORATION	3,060,500	300,000
SIRAWAN FOOD CORPORATION	-	5,093
UNIVERSAL RIGHTFIELD PROPERTY HOLDINGS, INC.	176,048,561	-
OHKI-DMCI CORPORATION	2,442,403	-
OTHERS	169,913,939	5,439,079
TOTAL	1,124,295,963	851,922,968



DMCI HOLDINGS, INC. AND SUBSIDIARIES
SCHEDULE H - GUARANTEES OF SECURITIES OF OTHER ISSUERS
As of December 31, 2004

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which statement is filed	Nature of guaranty
NOT APPLICABLE - NO GUARANTEE OF SECURITIES OF OTHER ISSUING ENTITY WAS MADE				



DMCI HOLDINGS, INC. AND SUBSIDIARIES
SCHEDULE I - CAPITAL STOCK
As of December 31, 2004

TITLE OF ISSUE	NUMBER OF SHARES AUTHORIZED	# OF SHARES ISSUED/ SUBSCRIBED	# OF SHARES RESERVED FOR OPTIONS, WARRANTS, CONVERSION & RIGHTS	# OF SHARES HELD BY AFFILIATES	DIRECTORS, OFFICERS & EMPLOYEES	OTHERS
PREFERRED STOCK	100,000,000	342,240	-	-	-	-
COMMON STOCK	5,900,000,000	2,255,494,000	-	-	-	-