

MINUTES OF THE ANNUAL STOCKHOLDERS' MEETING

OF

DMCI HOLDINGS, INC.

Held on July 25, 2007, at 9:00 A.M.
at the Fairways Function Room
Manila Golf & Country Club
Forbes Park, Makati City, Metro Manila.

Present:

Stockholders present in person or by proxies: 1,812,431,761 shares - 74.7858%

Absent:

Stockholders owning: 611,062,239 shares - 25.2142%

Total Number of Issued and Outstanding Capital Stock: 2,423,494, 000 shares

1. CALL TO ORDER

Mr. David M. Consunji, the Chairman of the Board of Directors, called the meeting to order and initially presided over the same. Mr. Noel A. Laman, the Corporate Secretary, was Secretary of the Meeting and recorded the minutes of the proceedings.

2. PROOF OF NOTICE AND CERTIFICATION OF QUORUM

The Secretary of the meeting declared that based on the certification provided by the Securities Transfer Services, Inc., the Corporation's stock and transfer agent, the Definitive Information Statement and Notice of today's annual stockholders' meeting were transmitted by personal delivery or mailed to the stockholders of record at their respective addresses as indicated in the corporate records. The Definitive Information Statement and Notice of annual stockholders' meeting were sent at least fifteen (15) business days prior to the date of the meeting.

Likewise, the Secretary of the meeting certified that a quorum existed for the transaction of business, there being present in person or by proxies, stockholders owning or representing 1,812,431,761 common shares, comprising at least 74.7858% of the Corporation's total outstanding common capital stock.

At this point, the Chairman of the Board designated Mr. Cesar A. Buenaventura, the Vice-Chairman of the Board, to preside over the meeting on his behalf. Mr. Buenaventura then took over as the Chairman of the meeting. He explained that at today's stockholders' meeting, on the item of election of directors, each registered owner of shares, whether natural or juridical, as of record date (June 15, 2007) shall be entitled to cumulative voting in the manner provided by law. On the items of ratification of the acts of the Board of Directors and officers of the Corporation for the year 2006 and until the date of this meeting, and appointment of independent auditors, each outstanding common share as of record date shall be entitled to one (1) vote. On the approval of the issuance of 400 Million shares to Dacon Corporation, each outstanding common share as of record date shall be entitled to one (1) vote, while on the waiver of rights offer or public offering requirement under the PSE Listing Rules, each outstanding share held by minority stockholder shall be entitled to one (1) vote.

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3. APPROVAL OF MINUTES OF PREVIOUS MEETINGS

Since copies of the minutes of the annual stockholders' meeting dated July 26, 2006 and minutes of the special meeting of the stockholders dated September 27, 2006 were earlier distributed to the stockholders upon their registration, the Chair entertained a motion for the approval/disapproval of both minutes. There being no comments/objections on both minutes, upon motion made and duly seconded, the minutes of the annual stockholders' meeting held on July 26, 2006 and minutes of the special meeting of the stockholders held on September 27, 2006 were approved, ratified and confirmed by the stockholders.

4. MANAGEMENT REPORT

The President, Mr. Isidro A. Consunji, proceeded to present to the stockholders the management report for the year 2006.

A. FINANCIAL REPORT

1) Consolidated Revenue

The Consolidated Revenue for the year 2006 was shown as follows:

Consolidated Revenue					
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Parent	28	20	24	178	362
Construction	1,343	1,948	1,953	2,790	1,747
Real Estate	329	470	718	1,508	1,905
Coal Mining	1,517	2,177	5,066	5,553	4,688
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Total	3,217	4,615	7,761	10,029	8,702

The President reported that DMCI-III has attained relative positive results in 2006. As appearing in the 2006 Consolidated Revenue, total revenues generated by DMCI-III and its subsidiaries amounted to P8.7B, registering a decrease of 13% from P10B in 2005. The President explained that the decline was brought about by the low demand experienced in the coal mining business. Nevertheless, revenue was compensated by improvements in the real estate and construction operations.

2) Consolidated Net Income

Consolidated Net Income					
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Parent	(38)	(43)	(51)	2,375	358
Construction	(232)	127	118	74	137
Real Estate	43	(23)	35	140	287
Coal Mining	6	138	1,439	1,592	601
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Total	(221)	199	1,541	4,181	1,383

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The President explained that the resulting Net Income for 2006 was P1.4B as against P4.2B of 2005. The figure included a one-time gain from the sale of shares of the coal mining business in the years 2006 and 2005 (amounting to P349M in 2006 and P2.367B in 2005), thereby, resulting in a recurring income of P1.034B and P1.814B, respectively.

3) *Net Assets*

Net Assets					
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Total Assets	12,341	12,482	12,782	17,605	20,582
Total Liabilities	8,072	8,040	7,108	7,346	8,863
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Total	4,269	4,444	5,620	10,259	11,719

As shown in the above figures, Net Assets have grown 1.7 times over the last five (5) years, increasing from P4.2B in 2002 to P11.7B at the end of 2006. This is an evidence of DMCI-III's recovery and operational growth.

4) *Second Cash Dividends*

The President recalled that the Board of Directors of DMCI-III approved and declared its second cash dividends amounting to P0.10 per share or a total cash dividends of P242.35M which were paid last May 28, 2007 to the stockholders of record; this was the same amount of cash dividend declared and approved by the Board in favor of the stockholders last year. The favorable results that DMCI-III is making today provide hope of a continuing dividend pay-out policy to all its stockholders.

B. REPORTS ON EXISTING BUSINESSES

Turning now to the report on existing businesses of DMCI-III, the President gave the following summaries:

1) *Construction*

The construction business, operated by D.M. Consunji, Inc. (DMCI), has been the main business of DMCI with over 50 years in the construction industry.

The year 2006 was a relatively better year than 2005 as Construction's Net Income improved by 85%, from P74M to P137M. This was mainly attributed to the higher margins in the new projects, better contract management, and approved change orders the costs of which were already booked in prior years.

It was reported that revenues further went down as a result of the new projects being awarded late in 2006, while most projects were nearing completion towards the end of 2005. Management expects 2007 Revenues to be greater, with existing projects nearing completion (*KAMANAVA* and *One Adriatico Place*), and new awarded projects (*Shangri-La Boracay* and *Robinson's Cybergate*) to provide the much needed construction activities.

As general contracting is becoming more competitive and retail in nature, the President, on behalf of Management, conveyed that the profitability experienced in construction during the pre-Asian financial crisis may not be attained again. As such,

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DMCI capitalizes on its competencies as engineers and contractors to expand and grow into other business that will hopefully provide stability and growth.

2) *Real Estate*

Real estate has been showing record high contributions since its start in 2000. From sales and reservations of P200M, they were able to book P4.3B worth of sales and reservations in 2006, accounting for almost double growth every year. The amount of sales and reservation target for 2007 is P7.5B.

Staple developments, comprised of gated mid-rise communities located within the Metro Manila area, have proved to be a hit with end-users, as projects have reached almost full occupancy within 2-3 years from completion. As the developer, contractor, and landowner of most of its projects, the President said that they have the capacity to price the units within market needs and acceptability. Moreover, they have started to tap overseas market with around 30% of their sales coming from OFWs.

With the current growth experienced in real estate business, Management will continue to bring its *DMCI Homes* to greater heights through new ideas and better quality and service.

3) *Coal Mining*

DMCI-II coal mining business, headed by Semirara Mining Corporation (SMC), sees greater challenges ahead, with lower profits in year 2006. The low demand from local coal users proved detrimental to SMC's financial performance. In this regard, SMC is keenly pursuing on re-established relationships with its current customers and developing new markets.

SMC has expanded into the international market as it made trial shipments of coal to China and India during the first half of 2007. Though these shipments were initially at low penetrating prices, SMC has experienced a steady increase, as confidence and reliability on its coal were established.

SMC is expecting to finalize and firm up other export opportunities. It is projecting to reach the potential exports of one million tones per year, with the initial success experience in its coal exports.

C. REPORT ON NEW BUSINESSES

1) *Maynilad Water Services, Inc.*

The opportunities from the upside potentials of *Maynilad Water Services, Inc.* ("*Maynilad*") prompted DMCI-II to venture into the water business late in 2006. The basis premises in bidding for *Maynilad* were shown as follows: large client based, high tariff rates, huge NRW, and potential growth. If NRW will be regarded as a success indicator, Manila Water took over five (5) years before it attained a substantial drop, while *Maynilad* may be able to do it in one year time.

The President summarized a short list of things to do in *Maynilad* presented as follows:

Immediate Attention:

- Increase household consumption

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- Remove average billing
- Connecting inactive
- Aggressive collection efforts

Medium-Term Activities

- Re-activation and construction of reservoirs
- Bridging pipe gaps
- Sub-zoning
- Placing pressure release valve
- Telemetry for primary pipes

Short-Term Activities

- Bringing more water to the South
- Lengthening service hours

2) *DMCI-MPIC Water Company, Inc.*

Ownership Structure. The current ownership of the water business shows a 50-50% partnership with the Metro Pacific group, composed of Metro Pacific Investments, First Pacific, and Ashmore Investments; the consortium partners own a total of 84% of the stock equity of *Maynilad Water Services, Inc.* The partners are currently working to consolidate the remaining 16% ownership of *Maynilad* into the Consortium Company with the ending dilution of 8% upon shares swap from *Maynilad* to DMCI-MPIC Water Company. In addition, there are current negotiations for the First Pacific and Ashmore Investments to put additional US\$20M equity into the Consortium Company as an incentive in the dilution upon entry of DB/Noonday into the consortium. The ownership structure was presented as follows:

Ownership Structure	Existing		Share Swap		Additional Capital	
	\$	%	\$	%	\$	%
DMCI	80	42.0%	80	46.0%	80	41.2%
MPIC	60	31.5%	60	34.5%	60	31.0%
FP/Ashmore	20	10.5%	20	11.5%	40	20.6%
DB/Noonday	-	-	14	8.0%	14	7.2%
	\$ 160	84.0%	\$174	100.0%	\$194	100.0%

3) *DMCI Power Corporation*

The President reported that DMCI-III has recently incorporated DMCI Power Corporation to pursue investments in the power sector and to expand the demand of Semirara coal. DMCI Power is envisioned to operate coal-fired power plants.

The new company is initially interested in the off-grid projects, namely: the small power utilities group (SPUG) of which the company has acquired Masbate SPUG which is expected to be online in year 2008. Likewise, the company is eyeing on-grid power plants and has acquired the ECC to build and operate a 100MW coal-fired power plant in Concepcion, Iloilo. Commercial operations are projected to commence in 2008.

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Other opportunities in the power sector lies in the independent power requirements of the industrial sector. At present, the company is negotiating with Atlas Mining, CEMEX and La Farge for their independent power needs.

4) *Nickel Mining*

The President reported that the promising opportunities inherent in today's nickel commodities market have prompted DMCI-HI to venture into nickel business. The corporation has initially entered into a contract mining agreement with Rusina Mining Ltd. for the construction and operation of the Acoje Mine in Zambales, with an estimated reserve ore of 33 million tons. Under said agreement, the corporation will build, install and operate the mine for a 50% share in revenues.

Prospect to build a nickel smelting plant as a forward integration from the nickel mine looms in the future. It is envisioned to be located in Semirara Island which will use Semirara coal, and provide tax incentives as a special economic zone, being the pioneer nickel smelting plant in the country. Moreover, the nickel smelting plant can utilize the existing port facilities of Semirara to load its processed nickel or pig iron.

In concluding his report, the President presented a slide showing the synergy among the corporation's businesses where it capitalizes in its core competencies acquired in construction business to venture into other businesses that have more stability and will provide growth.

An open forum followed where the President entertained questions from the stockholders.

Thereafter, upon motion made and duly seconded, the President's report was approved by the majority of the outstanding capital stock.

5. **RATIFICATION OF THE ACTS OF OFFICERS AND DIRECTORS**

The stockholders proceeded to the next item in the Agenda which was the ratification of the acts of officers and Board of Directors of the Corporation performed or undertaken in the year 2006 and until the date of this meeting. The following resolution was then introduced, seconded and unanimously approved:

"RESOLVED, That the stockholders of DMCI Holdings, Inc. (the "Corporation") approve, ratify and confirm, as they do hereby, all the acts, decisions and resolutions of the Board of Directors and officers made or undertaken in the year 2006 and until the date of this meeting as they are reflected in the books and records of the Corporation."

6. **APPOINTMENT OF INDEPENDENT AUDITORS**

The stockholder then took up the item of appointment of independent auditors. Upon motion made and duly seconded, the following resolution was approved:

"RESOLVED, That the stockholders of DMCI Holdings, Inc. approve, ratify and confirm, as they do hereby, the appointment of SyCip, Gorres, Velayo & Co. as the independent auditors of the Corporation for the current fiscal year."

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7. ELECTION OF DIRECTORS

The meeting proceeded to the election of the members of the Board of Directors. Upon directive from the Chair, the Corporate Secretary apprised the stockholders of the provisions of the By-laws on nomination and election of directors. The Secretary further announced that the Board of Directors received only eight (8) nominations for regular directors and three (3) nominations for independent directors. The following were the nominees for regular directors: Messrs. David M. Consunji, Cesar A. Buenaventura, Isidro A. Consunji, Victor A. Consunji, Jorge A. Consunji, and Herbert M. Consunji. Messrs. Victor S. Limlingan and Evaristo T. Francisco were the nominees for independent directors in compliance with the provisions of Section 38 of the *Securities Regulation Code* and the *SEC Manual on Corporate Governance*.

There being no other nominations, the Chair directed the Corporate Secretary to cast the votes of the management proxies represented in this meeting for the persons who have been so nominated. And with the casting of votes, the Chair declared the following as directors of the Corporation for a period of one (1) year and until their successors shall have been elected and qualified:

1. David M. Consunji
2. Cesar A. Buenaventura
3. Isidro A. Consunji
4. Victor A. Consunji
5. Jorge A. Consunji
6. Herbert M. Consunji
7. Victor S. Limlingan
8. Evaristo T. Francisco

8. (a) ISSUE OF NEW 400,000,000 VOTING COMMON SHARES IN FAVOR OF DACON CORPORATION; (b) WAIVER BY A MAJORITY OF THE MINORITY STOCKHOLDERS, PRESENT/REPRESENTED AT TODAY'S MEETING, OF THE RIGHTS/PUBLIC OFFERING OF SECURITIES TO BE ISSUED TO DACON CORPORATION

The Chair informed the stockholders that certain stockholders of the Corporation sold their shares in the Corporation totaling to 400 million common shares. The proceeds generated from such sale of shares were deposited with DMCI-II as deposit for future subscription of Dacon Corporation corresponding for the same number of shares sold by the stockholders. In turn, DMCI-II used the sales proceeds to pay-off various obligations and to strengthen its investments in Maynilad. The Chair then informed the stockholders that the Board, at an earlier special Board meeting, approved the issuance of new 400,000,000 voting common shares of DMCI-II in favor of Dacon Corporation, a related party. The subscription price for the shares were introduced as follows:

No. of Common Shares	Amount/Subscription Price (in Php)
15,000,000	7.519540/ common share
73,000,000	6.70/ common share
80,000,000	7.00/ common share
785,000	7.30/ common share
300,000	7.40/ common share
100,000	7.30/ common share
701,000	7.10/ common share
398,000	7.20/ common share
43,499,542	6.90/ common share

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115,760,620	6.90/common share
43,499,540	6.90/common share
26,956,298	6.90/common share
TOTAL: 400,000,000 common shares	

The Chair further informed the stockholders that the PSE Listing Rules require the stockholders' approval of the issuance of new 400M voting common shares in favor of Dacon Corporation. In this regard, voting was done by secret ballot. Each of the outstanding shares present or represented at the annual stockholders' meeting was entitled to one (1). The stockholders who received the corresponding ballots for this purpose were requested to fill-up their ballots and to deposit the filled-up ballots in the appropriate ballot box provided for the purpose. SGV & Company canvassed the votes cast for this item of the meeting.

Still in connection with the issuance of new 400M voting common shares to Dacon Corporation, considering that the subscriber is a related party, the Chair said that the waiver of the rights/public offering of securities by the majority of the minority stockholders present or represented at the meeting was required under the PSE Listing Rules. Each minority stockholder has already received the corresponding ballot for this purpose upon registration, and at this point, they were requested to fill up their ballots and to deposit the filled up ballots in the appropriate box provided for this objective. Once again, voting for this purpose by the minority stockholders was effected by secret balloting. SGV & Company was tasked anew to canvass the votes cast for this intention.

A brief recess followed in order to give the stockholders the opportunity to cast their votes.

Approval of the majority of the outstanding shares. After the recess, the stockholders' meeting was reconvened. The Chair announced that as certified by the Board of Canvassers, a total of 1,790,026,761 outstanding common shares, representing 73.8614%, voted in favor of the issuance of new 400M voting common shares in favor of Dacon Corporation; 4,710,000 shares, representing 0.1943%, voted against the resolution, while 17,695,000 shares, representing 0.7301%, abstained from voting on the resolution.

Approval by the majority of the minority stockholders. A total of 395,017,359 outstanding shares held by the minority stockholders was present at the meeting. Of this, 372,612,359 outstanding common shares, representing 94.33% held by the minority stockholders, voted for a waiver of the rights/public offering of the shares to be issued to Dacon Corporation; 4,710,000 shares, representing 1.2% voted against the resolution; while 17,695,000 shares, representing 4.48%, abstained from voting on the resolution.

Upon the foregoing results, the Chair declared that:

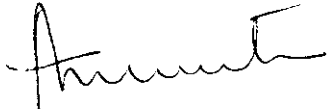
- (i) the stockholders, at the annual stockholders' meeting of July 25, 2007, owning or representing at least a majority of the outstanding capital stock voted in favor of the issuance of new 400M voting common shares to Dacon Corporation in compliance of the requirements of the PSE Listing Rules; and
- (ii) at least a majority of the minority stockholders present/represented at the annual stockholders' meeting of July 25, 2007, waived the rights/public offering of the new 400M voting common shares to be issued to Dacon Corporation, conformably with the PSE Listing Rules.

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9. ADJOURNMENT

There being no further business to transact before the meeting, the same was, upon motion duly made and seconded, adjourned.

ATTEST:



CESAR A. BUENAVENTURA
Acting Chairman of the Stockholders' Meeting



NOEL A. LAMAN
Secretary of the Meeting