OUR VISION TAKES US TO WHAT WE ARE TODAY.

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

To be the leading integrated Philippine construction company

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

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

To be the most innovative and cost-efficient provider of comprehensive construction services.
As we celebrate a milestone in our corporate existence, we look back and reflect on our contribution to the construction industry and look forward to our even bigger and wider role towards nation building. We are committed to uplift the Filipino people by providing decent and affordable housing and a less expensive material for power generation.

In order to create the growth necessary to sustain our commitment to nation building amid the slow demand in construction, we have reinvented our main subsidiary, D.M. Consunji, Inc. (DMCI). Special Business Units (SBU) have been created to operate as independent units thereby widening the product line of the company. DMCI has now diversified aside from general contracting to providing specific goods and services such as: ready-mixed concrete, formworks system design and/or rental, equipment rental or management, and housing development or construction.

This bold move has enabled DMCI to maintain its role as a major player in the industry thus resulting in a notable increase in net income of Php 112 million from its losses of Php 232 million in 2002. Construction revenue soared to Php 1.9 billion mainly due to major projects: KAMANAVA floodway project, SM Dasmariñas, Mirant’s Panay Power Diesel Plant in La Paz, Iloilo, Shopwise Hypermart, and Shang Grand Tower. Construction gross margin was also up to 10% in 2003 from 1.6% of last year.

In housing, as we recognize its vast potential, another of our subsidiary, DMCI Project Developers, Inc. (PDI), through the brand name DMCI Homes, generated a consolidated real estate sales of Php 470 million up by 43% from 2002. With the increasing demand in housing units and DMCI’s construction expertise, DMCI Homes has 10 existing and on-going housing developments.
In the mining sector, our Semirara Mining Corporation (SMC) posted gross sales of Php2.1 million, an increase of 44% from 2002. Likewise, it registered a net income of 138 million, a remarkable increase from the previous year’s net income of Php6 million. This improvement resulted mainly from the more efficient operation in Panian mine site, the result in pricing changes in the second amendment to the Coal Supply Agreement (CSA) with National Power Corporation (NPC), the finalization of supplemental agreement to the CSA on coal handling operations, and the widening of client base to include major cement manufacturers. Also during the year, SMC was able to fully service all its maturing obligations on time and reducing its debt level by Php 438 million.

To date, our consolidated net income for the year is Php 196 million as against a net loss of Php 222 million in 2002. Gross Revenue likewise surged by 43% or Php 4.6 billion from Php 3.2 billion. With this kind of performance, we expect to generate consistent liquidity stream and expect to be debt-free by 2005.

In the years to come, we look forward to more challenging projects and harmonious relation with our clients as well as with our stakeholders. You have helped us create an unfolding story in the industry. You have continuously inspired us to do better and be of service to mankind.

DAVID M. CONSUNJI
Chairman

CESAR A. BUENAVENTURA
Vice Chairman

ISIDRO A. CONSUNJI
President
“We were divided to become independent. We were grouped to work as ONE.”

Towards New Direction

SPECIAL BUSINESS UNIT (SBU) REVIEW
Being the core business of DMCI, the Construction Unit was the major contributor of this year’s gross revenue and net income among newly formed Units.

The traditional high-rise building projects continuously dominate DMCI’s gross revenue vis-à-vis civil works projects. DMCI foresees a shift from this in 2004 due to the effect of its now wider product base and a shift to shorter construction period precision infrastructure contracts. Based on the projects awarded during the year, Civil Works represent Php 1.2 billion and Php 0.6 for high-rise buildings namely, these are: KAMANAVA Flood Control for Php 1 billion, Mirant Power Diesel Plant, 6th Road Bridge in Mindanao, Shopwise Hypermart, Sentro Oftalmologico Jose Rizal (PGH), and the Shang Grand Tower.

Certified by TUV Rheinland as ISO 9001-2000 TUV for three consecutive years, RMC posted a gross margin of Php 10 million from revenue of Php 23 million derived from third party clients. Such excess capacity generated Php 8 million on transit-mixer truck rental.

The reorganized RMC became self-sufficient and more focused. It has become one of the largest suppliers of consistent high-strength concrete in Metro Manila. “We believe that we are competent enough to supply the quality concrete needs of the Company and others,” stressed by Mr. JE Magajes. “We also aim to penetrate other markets to make us more financially stable and commercially viable.”

RMC is also tasked to sell unused assets and to lease out underutilized equipment. While DMCI is its main client, RMC has mandate to participate in competitive bidding for the supply of quality concrete products to other contractors or projects.

DMCI as lead contractor, has been awarded another power plant project located in Dingle, Iloilo. The National Power Corporation (NPC) awarded the Php 630 million contracts to the consortium, which involves a two-phase transfer of the diesel-powered electric generators from Pinamucan, Batangas to NPC’s Dingle facilities.

““It is not about being centralized or decentralized. It is by way of changing the “mind set” of managing business in the aspect of self reliance, survival, competitiveness, and self-imposed high degree of responsibility.”

Edilberto C. Palisoc
Executive Vice President and General Manager for Construction Business Unit

“We are delighted by the fact that RMC is now independent. Our staff became more efficient and responsible in their assigned task.”

Jose E. Magajes
General Manager for Ready-Mixed Concrete Business Unit
The EMBU aims to be a revenue-generating, self-sufficient, and efficient operating unit that supplies all equipment requirement and support for DMCI and other clients. It is tasked to review and evaluate all existing construction equipment and recommend their application.

On its first year of operation, EMBU has recorded Php 14 million of revenue for third-party clients. EMBU in its initial findings reported as its pool of resources 1,143 various major equipment and on the same year was able to dispose of 290 items or of 25% of its redundant inventory generating Php 108.3 million of sales.

Likewise, EMBU management also focused on its spare part procurement system in order to reduce the period of down time. Significant progress has been made emphasizing on an aggressive “preventive maintenance” program.

“The Group’s tasks are more definite and operations/marketing is closely monitored. We were able to come up with satisfactory financial returns.”

Christopher R. Rodriguez
General Manager for Formworks Business Unit

Consistent with the company’s goal of streamlining operations and procedures, and alternative marketing approach, FBU exhibited total rental revenue of Php 14.9 million and gross margin of Php 8.7 million. Likewise, proceeds from sale of idle formwork system generated Php 12.6 million.

As mentioned by Mr. CF Simbulan, “We believe that we are more efficient now because we do more things with less people.”

For the coming year, the group will focus on the improvement of their marketing skills and develop non-traditional businesses.
The Housing (Construction) Business Unit is an off spring from DMCI’s Construction Business Unit which specialize in the design and construction of residential housing projects but in the corporate organization it is attached to DMCI Homes.

Since its inception, HBU has been awarded Php 2.1 billion worth of construction work for 8 different projects. HBU expects additional construction contract in 2004 equivalent to Php 3.4 billion. This will include contracts from HUDCC and Crown Equities amounting to Php 1.5 billion and Php 938 million, respectively.

“Through capitalizing our construction expertise, we are optimistic that we will be a major player in the real estate industry. We can provide affordable and quality homes and most especially, we can deliver on our commitment.”

Elmer G. Civil
Vice President and General Manager
for Housing (Construction) Business Unit
“We don’t try to repeat our work performances. We surpass them instead.”

**PROJECT PORTFOLIO**

**Towards Diversity**

**PANAY DIESEL POWER PLANT**

DMCI was awarded to construct one of the power plant projects of Mirant Global Philippines Corporation in Panay island, the Panay Diesel Power Plant (PDPP). The 23MW Diesel Power Plant located in La Paz, Iloilo is part of the Mirant’s overall program to expand its operations in the Visayas region, in bids to support the region’s increasing power needs, primarily triggered by its growing tourism industry.

DMCI has been commissioned to do the project from relocation of Mirant’s Bataan Power Plant to the construction of the plant in La Paz. This Php 125 million project was recently inaugurated and due on April of 2004.
DMCI enjoyed the patronage of SM Prime Holdings, Inc. with series of contracts such as SM Megamall in Mandaluyong, SM City Manila, and SM Fairview. Again, it has proven its expertise in building one of a kind shopping arcade with first-rate facilities all under one roof.

Built in a 10.5 hectares of land in Barangay Pala-pala, Dasmariñas, Cavite, SM Dasmariñas will soon be operational this year. This will be another “one-stop-shopping” supermall, which will be part of SM Prime’s expansion plan of mall development in the provinces in addition to the 17 operational malls across the country.
“Working with DMCI has showed us at SM Prime Holdings, Inc. that investing in new and better technology—with regard to construction—is worthwhile. Targets are met with better quality and efficiency, and at the same cost.”

Hans Sy
President and CEO
SM Prime Holdings, Inc.

“We at SM Prime Holdings, Inc. are very pleased and satisfied with the quality of work that DMCI delivers,” says Mr. Hans Sy, President and CEO of SM Prime Holdings, Inc. “Being the first to introduce steel forms, DMCI has been known to getting the job done with quality and speed that is why we are confident that SM Dasmariñas will be finished on time.”

SM Dasmariñas will offer shopping, dining, entertainment and leisure to the locals of Cavite.
The KAMANAVA (Kalookan, Malabon, Navotas, & Valenzuela) Area Flood Control and Drainage System Improvement Project is located in the northwest portion of Metro Manila and is approximately 18 square kilometers area.

The one-billion project worth of various construction works is a sub-contract project of DMCI with Nishimatsu. DMCI will be responsible for the construction of four combined pumping stations and flood gates, eight individual flood gates, polder dikes, two concrete main drainage, and improvement of two rivers.

When completed, it will mitigate flooding in the area caused by rainfall and tidal wave. It is expected to complete in 2007.
DMCI Homes offers high quality, affordable, and ready for occupancy houses. DMCI Homes currently has 10 housing developments. The units as well as the amenities are specially designed to suit different consumer needs and preferences.

Each development is an improvement of the last in terms of design and construction. DMCI Homes in-house technical and managerial expertise is the institutional skills that were gained for the past 50 years in the industry. Thus, it is able to venture into more challenging projects in housing. Being a developer and builder has made DMCI Homes more creative and efficient in giving affordable decent housing.

As a new player in the housing industry, DMCI Homes has carved out a decent market share of the middle-housing bracket with its initial project, Lakeview Manors. It is expected that the other 9 projects in Metro Manila will create an even greater market response.

DMCI Homes aims to build its reputation as the builder of ‘LASTING HOMES’.

“We believe that education is the most important thing in child upbringing. That is why we came up with these projects. We develop a ‘condovision’ with a nurturing and learning environment where strong family ties develop.”

Alfredo R. Austria
Managing Director, DMCI Homes
In the province of Antique, Semirara Island is the single largest coal reserve with an estimated 150 million metric tons (MT) representing 50% of the country’s known coal reserve. Semirara Mining Corporation (SMC) founded in 1980 started its first large-scale open pit mining operation in 1985. It has decommissioned its first mine site, Unong in 2000 after 15 years of extraction and is currently operating in Panian area which has an estimated coal reserve of 70 million MT.

Through the years, SMC has progressively evolved such that SMC now employs more efficient, safe, and environment-friendly system. 76% of SMC’s output is sold to NPC-Calaca, which supplies 7% of the total Luzon grid. SMC also supplies Mirant’s Toledo and Masinloc coal-fired power plant. Other prominent clients are PNOC and most of the cement manufacturing plants.

When used or blended with imported coal, SMC’s product complies with all of the environmental standards set by the Department of Environment and Natural Resources as well as other government agencies.

As it posted a net income for the year of Php 138 million from Php 6 million of 2002, SMC is seen to have broken the barrier in marketing and production. The positive result is mainly due to a 37% increase in sales volume and a 3% increase in its composite selling price. Likewise, the market share of SMC in the total Philippine coal supply increased from 20% to 23% in the current year.

With its high performance financial results, SMC’s commitment for community development has increased. Classrooms were built and old structures were converted into school facilities. Scholarships were granted to deserving students from the island were sent to different colleges and universities. New roads were built linking all the Barangays in the island. Widespread electrification program has benefitted 543 households in 7 Barangays. On the environment, a total of 5,242 seedlings have been distributed while 118 hectares of mangrove plantation has been completed. Solid waste management has been launched and new irrigation system was constructed. Likewise the island benefited from the installation of public telephone and mobile phone repeaters, medical missions and secondary level hospital care. Fishermen and farmers’ cooperatives were and will be established through the assistance of some government agencies.
There are a lot of stories to tell. But only one man can tell it wholeheartedly.

“Construction is not only a science but also an art.” says DMC. “No matter how strictly you comply with the procedures, if the product is not favorable, nobody will appreciate it. Your client will not be satisfied with it.” DMC added.

His clients, suppliers, employees, profession and above all, integrity, are his foremost concern in every project.

“Civilis ingenium, the genius of society. Those are the civil engineers,” DMC stressed. “We let them solve our problems in roads, water and disposal systems so there will be construction. Advances of mankind will be supported by construction with the help of these ‘civilis ingenium’.”
The economy changes very fast. But one thing is for sure, construction and competition will always be around. And we are constantly in search for new talents. “In DMCI, we develop special skills, discover new knowledge, focus on our expertise, and learn to relate with others. We try to be competitive in terms of performance, and of course, client satisfaction,” DMC added.

“Because we are reliable, we do what is asked for. We earned trust and good reputation. But we just don’t get it. We worked for it. Clients always have proved us,” DMC added.

HUMBLE BEGINNINGS
The story began when a young concrete inspector learned valuable insights of what construction is all about – the planning, preparation, implementation, and the systems involved and put up his own contracting company bearing his name, David Consunji Civil Engineers and Contractors.

Equipped with a vision, dedication to profession and a degree in Civil Engineering from the University of the Philippines, this young inspector in a small room in Pandacan, Manila, David Mendoza Consunji (DMC) founded D.M. Consunji, Incorporated (DMCI) on December 24, 1954.

Starting from constructing chicken houses for the Bureau of Animal Industry, DMCI has earned a reputation for on-schedule delivery and quality work. Since then major projects such as the Tacloban Coca Cola Plant and Bacnotan Cement Plant were awarded.

DMCI has built its reputation through its pioneering spirit. It has undertaken new construction techniques while assuring its clients peace of mind.

Through continuing research, DMCI is a pioneer in several advanced construction application technology in the Philippines. Taking this to account, DMCI enjoys the patronage of both new and repeat institutional clients further enhanced by an on or ahead of scheduled completion date.

As a result of its excellence in contracting, DMCI has received a number of awards. In 1992, DMCI was named “Outstanding Contractor for Building” at the inaugural Philippine Construction Industry Awards. In addition, DMCI has received a certificate of appreciation from the U.S. Department of the Navy, and a Safety Award from Flour Daniels Corporation for two million accident-free man-hours at the Pilipinas Shell Petroleum Corporation’s STAR project.

Recently, DMC was cited as the one of the four awardees of The Outstanding Filipino (TOFIL) of 2002 for his invaluable contribution to the development and progress of the country. The hundreds of landmark infrastructure constructed by DMCI symbolize the expertise and professionalism of the Filipino engineer.
“The structures may perish but the essence of DMCI’s devotion in creating these structures will remain and will always be remembered.”

DMCI AT 50

Five decades in the industry as one of the leading general contractor in the country only confirms that these principles guided the Company towards its success. Another high point in the company’s success was December 18, 1995 when DMCI successfully went public under the name DMCI Holdings, Inc.

DMCI's extensive portfolio is in high-rise and commercial buildings. These include, among others prominent landmarks in Makati; Ayala Triangle Tower I, Philippine Stock Exchange Plaza, Pacific Plaza, Ayala Twin Towers, Ritz Tower, Citibank Tower, Far East Bank, Shangri-La Hotel Manila, Bank of the Philippine Islands, Rockwell Center Condominium Towers, the country’s single largest high-rise project, SM Mega Mall, Shangri-La Mactan Island Resort, and Ayala Cebu Center.

DMCI's infrastructure projects includes; Gibong Diversion Dam, Narvacan and Bacolod Power Transmission Lines, Subic International Airport, the fast-track projects of Carmen Bridge, Magat Bridge, the three major interchanges at EDSA, and currently the KAMANAVA Flood Control project.

In the industrial sector, notable are; the San Miguel Corporation North Brewery, Motorola Plant, Philips Semiconductor Plant, and civil works for Pinamucan Power Plant, the Tupperware Plant, and the Republic-Asahi Float Glass Plant.

In urban housing, DMCI has constructed the largest single government housing project – the Diego Silang at BCDA, Taguig – comprising 54 buildings and the high-end Santiago Village in Ayala Alabang.

The recent surge in demand for urban housing has inspired DMCI to develop affordable and quality houses. DMCI Homes was established in 2000 to give name to all its housing development projects. To date, DMCI Homes has 10 housing projects located within Metro Manila.

Our logo preserves the unique and remarkable achievements that we at DMCI created. Atop of our logo is our name that distinguishes our pursuits, and our corporate color, the royal blue, reflects our long-standing tradition to serve, while the gold symbolizes the fifty years of its corporate life.

The story is still unfolding. DMCI faces more challenges, hurdles, and victories. The structures may perish but the essence of DMCI’s devotion in creating these structures will remain and will always be remembered.
BOARD OF DIRECTORS AND OFFICERS

DAVID M. CONSUNJI
Chairman

CESAR A. BUENAVENTURA
Vice Chairman
Managing Partner, Buenaventura, Echauz and Partners

ISIDRO A. CONSUNJI
Director & President
President, DMCI Project Developers, Inc.

HERBERT M. CONSUNJI
Director & Chief Finance Officer
Chairman, Subic Water & Sewerage Company, Inc.

MA. EDWINA C. LAPERAL
Director & Treasurer

VICTOR A. CONSUNJI
Director
President, Semirara Mining Corporation

JORGE A. CONSUNJI
Director
President, D.M. Consunji, Inc.

OSCAR S. REYES
Director
Director, Pilipinas Shell Petroleum, Inc.

EVARISTO T. FRANCISCO
Director

ATTY. NOEL A. LAMAN
Corporate Secretary
Senior Partner, Castillo Laman Tan Pantaleon & San Jose Law Offices

D. M. CONSUNJI, INC.
EDILBERTO C. PALISOC
Executive Vice President and General Manager for Construction Business Unit

ELMER G. CIVIL
Vice President and General Manager for Housing (Construction) Business Unit

CESAR F. SIMBULAN, JR.
Vice President and General Manager for Equipment Management Business Unit

JOSE E. MAGAJES
General Manager for Ready-Mixed Concrete Business Unit

CHRISTOPHER R. RODRIGUEZ
General Manager for Formworks Business Unit

CRISTINA C. GOTIANUN
Vice President / Chief Finance Officer

DMCI PROJECT DEVELOPERS, INC.
JOSE L. MERIN
Executive Vice President & General Manager

ALFREDO R. AUSTRIA
Managing Director, DMCI Homes

ATTY. ROMULO SAN JUAN
Legal Counsel

SEMINARA MINING CORPORATION
GEORGE SAN PEDRO
Vice President for Operation and Resident Manager

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

GEORGE B. BAQUIRAN
Vice President for Special Projects

NESTOR D. DADIVAS
Chief Finance Officer

OFFICE ADDRESS:
3F DACON BUILDING, 2281 CHINO ROCES AVENUE
MAKATI CITY, PHILIPPINES, 1231
TEL. NO.: 888-3000 FAX NO.:816-7362
EMAIL ADDRESS: DMCIHI@DMCINET.COM