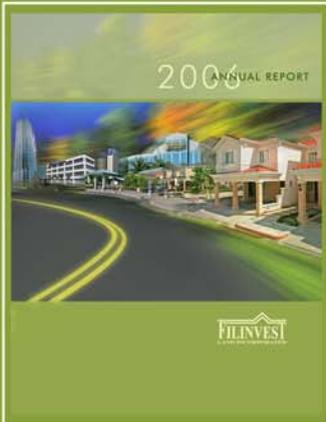


# 2006 ANNUAL REPORT



**FILINVEST**  
LAND INCORPORATED





## COVER STORY

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**The New FLI.** Bigger. Stronger. More diverse. The new Filinvest Land, Inc. (FLI) takes the express lane to the future as it conquers new territories in property development. Amidst a revitalized real estate sector and a more favorable business environment, more opportunities are just waiting to be tapped. FLI continues to launch new products and reach new markets to maintain its position at the forefront of the country's property industry.

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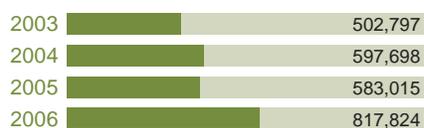
2	Financial Highlights
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# FILINVEST LAND, INC. AND SUBSIDIARIES

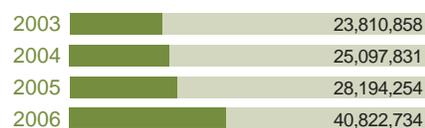
## FINANCIAL HIGHLIGHTS

(Amounts in Thousands of Pesos, Except Per Share Data)

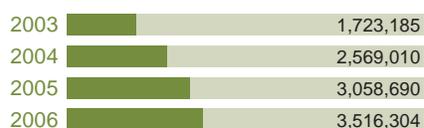
	2006	2005	2004	2003
<b>Operating Results</b>				
Gross Revenues	3,516,304	3,058,690	2,569,010	1,723,185
Net Income	817,824	583,015	597,698	502,797
Return on Assets (ave.)	3%	2%	2%	2%
Return on Equity (ave.)	4%	3%	3%	3%
<b>Financial Position</b>				
Total Assets	40,822,734	28,194,254	25,097,831	23,810,858
Total Long-term Debt	7,013,000	5,575,000	3,950,000	3,240,778
Stockholders' Equity	29,247,000	18,054,156	17,476,132	16,878,434
No. of Shares Issued and Outstanding ('000)	20,770,708	7,819,261	7,819,261	7,819,261
Gross Debt to Equity*	24%	31%	23%	19%
Net Debt to Equity**	22%	28%	22%	19%
<b>Per Share Data</b>				
Primary Earnings	0.092	0.076	0.078	0.066
Fully Diluted Earnings	0.092	0.069	0.070	0.060
* computed as long-term debt divided by stockholders' equity				
** computed as long-term debt less cash equivalents divided by stockholders' equity				



NET INCOME



TOTAL ASSETS



REVENUES



STOCKHOLDERS' EQUITY

## JOINT MESSAGE OF THE CHAIRMAN AND THE PRESIDENT



*Mercedes T. Gotianun & Joseph M. Yap*

The Philippine economy expanded by 5.4% in 2006, a slight improvement over the previous year, boosted by strong exports, record dollar inflows from overseas Filipino workers (OFW), higher agricultural production, and a healthy services sector. Despite missing official targets because of a series of typhoons that hit the country in the last quarter, it was generally a good year, ending with the country in a stronger fiscal position.

Keeping pace with the economy, the real estate sector grew by 5.79% in 2006. Historically low interest rates, the boom in outsourcing, the surge in OFW remittances and the renewed buying power of the middle class are seen as the main drivers of the ongoing property boom.

Within this revitalized industry, a bigger and stronger Filinvest Land, Inc. (FLI) emerged. In 2006, the company diversified its real estate portfolio to include investment properties that generate recurring revenue. This was achieved through the acquisition of three strategic assets – PBCom Tower, Northgate Cyberzone and Festival Supermall. These are now grouped under the office buildings and commercial center segments. With this move, FLI now has a more diversified revenue base with approximately 73% coming from developmental revenues and 27% derived from recurring rental revenues.

### Financial Highlights

FLI earned a consolidated net income of P818 million in 2006, a 40% increase over the P583 million posted in 2005. Total consolidated assets stood at P40.8 billion, while stockholders' equity hit P29.2 billion.

The company achieved record-breaking success with its recent follow-on offering where FLI listed up to 3.7 billion new common shares at the Philippine Stock Exchange. The follow-on offering last February 2007 was more than five times oversubscribed, raising around \$204 million for both the primary and secondary offerings. The offering raised additional



*President Gloria Macapagal-Arroyo signals the start of trading during the FLI listing ceremony at the Philippine Stock Exchange.*

funds for FLI's P5-billion capital expenditure budget for 2007. The company has earmarked P3.7 billion for residential development and P1.3 billion for office development in 2007.

### Project Highlights

The company continued to derive most of its residential sales revenues from the affordable to middle-income market segments, which accounted for P1.86 billion or 69% of total real estate sales in 2006. In 2006, twelve new projects were launched across all market segments including new phases opened in existing developments. FLI now has more than 80 projects nationwide.

In September 2006, Filinvest Land, Inc. and Africa Israel Investments Philippines, Inc. (AIPI) finalized a joint venture agreement covering the 677-hectare Timberland Heights. AIPI is the Philippine subsidiary of the Israeli publicly-listed company Africa Israel Investments Ltd. The two companies will jointly develop Phase 2 of Timberland Heights along with the Timberland Sports and Nature Club. AIPI also acquired the option to participate in future development phases of the township.

FLI's 20% stake in Filinvest Alabang, Inc. (FAI) generated earnings of P63.5 million in 2006, a 196% growth compared to P21.5 million contributed in 2005 as a result of increased commercial lot and condominium sales.

### Outlook for 2007

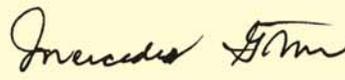
FLI will continue to focus on its core mass market housing business which has shown consistent earnings growth over the past years. Present economic trends such as low interest rates and the influx of OFW remittances will fuel vast potential for growth in this area. With a land bank of over 2,300 hectares, FLI is well positioned to tap the demand for low to middle-income housing especially outside Metro Manila where significant unmet demand exists.

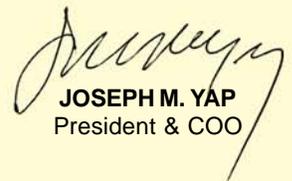
The company aims to expand its market reach even further by focusing on growth centers and developing new product lines. 14 new projects are scheduled for launching in 2007, with the majority focusing on our core residential markets. These new projects have an inventory value of P7.3 billion. FLI will stage a major foray into the Northern Luzon market in 2007 with four of the 14 new projects located in this growth region.

With its Northgate Cyberzone and PBCom assets, FLI will increase its investments in the high-growth BPO sector. The status of the Philippines as a preferred outsourcing destination will fuel the demand for office space. As one of the leading BPO office developers with 100,000 sqm in gross leasable floor area, FLI will further strengthen its commitment in this sector with another 70,000 sqm of gross leasable floor area currently under construction.

FLI will strive to sustain the strong financial position it has always been known for. This will enable it to maintain its financing capability and readily take advantage of new and promising opportunities in the recovering property industry. With the P5.9 billion from the follow-on offering and available rediscounting and development lines of over P6.0 billion, FLI will use these financial resources to accelerate development of its land bank and grow its recurring income base and optimize its leverage position.

Beyond upholding our industry leadership, we are committed to living up to our mandate of building the Filipino dream. Once again, we would like to thank our valued stockholders, employees and business partners who have supported us in this endeavor through the years.

  
**MERCEDES T. GOTIANUN**  
Chairman & CEO

  
**JOSEPH M. YAP**  
President & COO

## OPERATIONAL HIGHLIGHTS



*Townhome units*



*Affordable Marigold model unit*

Total sales reservations of Filinvest Land, Inc. (FLI) increased to P3.7 billion in 2006 compared to the P3.3 billion achieved in 2005. The affordable and middle-income housing segments were the company's top sellers, contributing 73% of the total.

### **FOCUS ON CORE HOUSING IN GREATER METRO MANILA**

The socialized and affordable housing projects continued to be a strong source of sales for FLI, contributing 40% of the company's total sales reservations in 2006.

#### ***Socialized and Affordable Housing***

In 2006, the company achieved close to full take-up of new socialized housing units in Belmont Hills, Sunny Brooke, Country Meadow and Melody Plains in Cavite, as well as in Blue Isle 2 in Sto. Tomas, Batangas. For 2007, over 2,000 housing units will be constructed in several sites in Cavite and Batangas to meet the continued demand for housing in the lower income bracket. These projects support the

government's plan to enable low-income families to have a home of their own through Pag-IBIG financing.

Under Futura Classics, the Value Homes Division of Filinvest Land, affordable projects continued to expand in 2006. FLI strives to create complete communities by integrating commercial and recreational elements within these residential subdivisions.

New phases and additional facilities were added to Springfield View, Westwood Place, Woodville and Brookside Lane, projects located in Tanza and General Trias, Cavite. To cater to the needs of these communities, a commercial area called Shophomes, ideal for retail shops and other business ventures, was launched in Brookside Lane. For recreation, residents can enjoy the facilities of the nearby El Sorrento Sports and Country Club which opened in 2006.

To expand the product mix within this division, Futura Classics introduced a new townhome selling from below P1 million. Both Summerbreeze 2 in Sto. Tomas, Batangas and Westwood Mansions in Cavite will launch new townhome communities using the new product line in 2007.

## OPERATIONAL HIGHLIGHTS



TOP to BOTTOM: Mona Lisa model unit at Brentville / Tudor Elizabeth house model of The Pines

TOP to BOTTOM: Living room and bedroom of Mona Lisa

### **Middle and High-end Housing**

Sales continued to pick up under Corte Bella, the Metro Homes Division of Filinvest Land which focuses on developments in Metro Manila and its suburbs.

In San Pedro, Laguna, sales and development activities continued for the adjacent communities of Park Spring, Summerfield and Village Square. Also in the vicinity, a new community called The Pines at South Peak was launched in mid-2006. Set upon rolling hills, The Pines offers lots with a refreshing mountain ambience and picturesque views of Laguna de Bay.

An intensified marketing campaign, as well as the introduction of new house models, resulted in a 28% increase in sales for Brentville International, the premier residential community south of Metro Manila.

The Mona Lisa and the Madonna, two new Mediterranean-inspired house models collectively known as the Masterpieces Home Collection, were enthusiastically received by the market. With the near sell-out of the lot offerings of Brentville International, the company will soon launch The Arborage, the latest phase of expansion inside the premier subdivision.



*Corona del Mar clubhouse*



*Grand Cenia perspective*

## **BREAKING NEW GROUNDS OUTSIDE GREATER METRO MANILA**

Outside Metro Manila, FLI continues to expand its presence geographically with projects in regional growth areas.

### ***Continued Commitment on Core Housing***

For 2007, FLI is set to venture into new territory with West Palms, a Mediterranean-themed subdivision in Puerto Princesa, Palawan. To extend its reach to Northern Luzon, new projects on the 2007 development calendar are The MacArthur Villas in Tarlac City, and Asbery Villas and Claremont Village, both located in Pampanga.

In Cebu, FLI continued to build up the communities of Mactan Tropics, Aldea del Sol and Corona del Mar, adding new phases and facilities in these subdivisions. For launching in 2007 is the exclusive Escala at Corona del Mar which will offer high-end house and lot packages for sale or long-term lease. In Mindanao, FLI launched the residential communities of Filinvest Homes in Tagum City, Ocean Cove in Davao City, and Villa San Ignacio in Zamboanga City.

## ***Tapping the Leisure Market in Major Tourist Destinations***

To tap the growing tourism market, FLI is set to launch the Grand Cenia, an 18-storey condotel along Archbishop Reyes Avenue in Cebu City, right by the Cebu Business Park. The Grand Cenia tower also incorporates 9,350 sqm of office and commercial space to address the growing call center market in Cebu. Further south, Kembali Coast will be introduced as a perfect island getaway on Samal Island in Davao. The 50-hectare residential project will feature a 1.5-km beach line, as well as a wide selection of sea-based amenities and recreational activities.

Along the Tagaytay Ridge overlooking Taal Lake, the Bahia and the Orilla, the first two residential enclaves of Laeuna de Taal, a lakeside resort community in Talisay, Batangas continued to take shape. Land development for the two enclaves is targeted for completion within the early part of 2007. Planning is underway for the other offerings within the resort community such as accommodation units and house and lot packages.

## OPERATIONAL HIGHLIGHTS



*Piazza de Treviso*



*Ciudad de Calamba Township Gateway*

### **GROWING ITS TOWNSHIP DEVELOPMENTS**

#### ***Filinvest Homes, Quezon City***

Covering over 260 hectares, the Filinvest Homes township continues to attract homebuyers because of its excellent location near educational institutions and commercial centers in Quezon City.

Northview Villas 1 and 2 were launched in early 2006 and enthusiastically received by the market. Also in the same area, an exclusive enclave called Treviso was introduced near the Batasan Pambansa in Quezon City. Treviso targets the high-end market with housing products in the range of P9 to P12 million. It is designed to capture the warmth of an Italian village set against the scenic backdrop of the Montalban mountainscape.

#### ***Ciudad de Calamba***

2006 was another successful year for Ciudad de Calamba, FLI's 350-hectare township development in Calamba, Laguna.

The majestic Ciudad de Calamba Township Gateway, the main entry into the fast-growing township, was inaugurated with Vice President Noli de Castro as guest of honor in February 2007. Township facilities were expanded with the completion of the municipal health center and police detachment on a 1000-square meter site donated by Filinvest to the local government.

Ciudad de Calamba continued to expand its residential communities with the launching of Aldea Real and the introduction of new house models and amenities in Punta Altezza and Montebello.

The industrial anchor of the township, Filinvest Technology Park Calamba (FTPC), welcomed four new locators, bringing the year-end total to 13 locators. FTPC is a fully operational industrial park that caters to big and small industries alike. Land development of smaller lot cuts of around 1,500 square meters is underway to tap compact industries and local investments.



*Inside Mission Hills, Antipolo*



*Entrance to Highlands Pointe, Taytay*

### ***Filinvest East County***

Filinvest East County (FEC), located east of Metro Manila, is a 300-hectare township that stretches over several municipalities from Taytay to Antipolo and Angono.

The Mediterranean-themed Sta. Isabel subdivision was launched in April 2006. It is the newest phase within the 92-hectare Mission Hills community in Antipolo and is a joint venture between Filinvest and Equitable PCI Bank.

In Highlands Pointe, Taytay, a commercial area featuring shophouses was launched in Villa Montserrat. Because of its prime location near San Beda College, the commercial units have been selling briskly and are almost completely sold out.

In Angono, land development and landscaping progressed steadily at Forest Farms, a 39.2-hectare mountain retreat and nature park set within a residential resort-farm setting. The children's campsite and playground were completed, along with enhancements to the main entry and view deck.

For 2007, focus will be on further promoting the advantages of living within FEC as a premier township. In conjunction with the continuous development of all the projects within the township, integrated marketing activities will continue to strengthen the identity of the township as a whole and to highlight its premier status in the east of the metropolis.

### ***Timberland Heights***

Timberland Heights, the 677-hectare mountain resort township in San Mateo, Rizal, continued to achieve brisk sales with its farm lots and residential units in Mandala Farm Estates, Banyan Ridge and the township's new exclusive residential subdivision called The Ranch.

Mandala East was launched in the second quarter of 2006, completing the whole 40-hectare Mandala 1 Farm Estates project. To increase its product inventory, Mandala 2 Residential Estates and Banyan 2 are scheduled for launching within the second half of 2007.

Families will soon be able to enjoy nature-oriented activities at the Timberland Sports and Nature Club, an exclusive

## OPERATIONAL HIGHLIGHTS



*Vice President Noli de Castro visits the project site of Timberland Heights with HDMF President Atty. Federico Quimbo and HLURB Commissioner Romulo Fabul.*

eight-hectare membership club which will serve as the recreational anchor of the Timberland Heights township. Club construction went full blast in 2006 and is on schedule for the club opening in the fourth quarter of 2007.

The Timberland project group is currently finalizing an agreement with the parent organizers of Manila Waldorf School, Inc. to set up a campus in Timberland Heights. The planned Timberland Rudolf Steiner School will offer grade school and high school education and will espouse the non-traditional Waldorf education movement which makes nature an integral part of its curriculum. The township development concept fits very well with the Waldorf educational philosophy.

### **FOUNDATION FOR A ROBUST RECURRING INCOME BASE**

#### ***Cyberzone Properties, Inc.***

FLI acquired 60% ownership of Cyberzone Properties, Inc., taking over Filinvest Alabang, Inc.'s stake in the development of the Northgate Cyberzone information



*Timberland Heights Visitors' Center*

technology park in Alabang. The remaining 40% is owned by foreign investment firm Africa Israel International Properties (2002) Ltd.

Since its launch six years ago, Northgate Cyberzone has grown at a rapid pace, clearly establishing its position as the preferred location of Business Process Outsourcing (BPO) firms in southern Metro Manila. With seven operational buildings, Northgate Cyberzone now has a gross leasable area (GLA) of 61,533 square meters.



*Northgate Cyberzone*

In 2006, Genpact LLC and eTelecare were added to the list of global contact centers and outsourcing companies operating in the zone. Current occupancy rate is close to 100% with new locators Firstsource Solutions, Ltd. and Verizon Communications Phil. coming in within the early part of 2007.

To accommodate the continued demand, four “iHub” buildings are under construction and scheduled for delivery within the next two years, increasing Northgate Cyberzone’s leasing portfolio to almost 134,000 gross leasable square meters by the year 2008.

### ***Filinvest Asia Corporation***

In 2006, FLI acquired controlling interest in Filinvest Asia Corporation, a joint venture company between Filinvest Alabang, Inc. and Reco Herrera Pte Ltd., an investment vehicle of the Government of Singapore Investment Corporation Real Estate Pte Ltd.

Filinvest Asia owns 36,000 square meters of leasable office space in the 52-storey PBCom Tower, a joint venture



*PBCom Tower*

with the Philippine Bank of Communications. Located along Ayala Avenue in Makati City, PBCom Tower is the tallest building in the Philippines and is an information technology zone approved by the Philippine Economic Zone Authority (PEZA).

Due to the strong demand for BPO/contact center locations, the company enjoyed 100% occupancy for its total space owned in PBCom Tower while rental rates increased by

## OPERATIONAL HIGHLIGHTS



*Greens and Grills area*



*New shops at Festival Supermall*

20%. Major tenants are HSBC Electronic Data Processing (Phils), Inc., Crescent Services (Philippines) PTE Ltd., American Express, Daksh eServices and eTelecare.

### ***Festival Supermall***

To tap into the strong consumer market, FLI bought FAI's 100% stake in Festival Supermall, the premier regional shopping center in southern Metro Manila. The sprawling 20-hectare mall is anchored by major tenants such as Shopwise, Ace Hardware, Savemore Supermarket, Robinson's Department Store and Handyman Home Center.

Festival Supermall welcomed the latest additions to its 600-strong roster of stores in 2006. Among these were Powerbooks, People are People, and EP Espada, a fashion concept from Thailand. Opening soon are Charles & Keith, IZOD, Levi's Girls and Slimmers World.

As part of the rezoning activities towards attaining higher rental income, the food outlets on the second level near the main atrium, Carousel Court were relocated one level up to make way for the opening of boutiques in this prime location. Renovation is currently underway to add more computer and electronics stores in the third level former location of Festival Bingo which has since been relocated to the fourth level. A portion of the second level was converted into a Mini Trade Hall which is leased out to bazaar and trade fair organizers. The Department of Trade and Industry has already booked the hall for two of its trade fairs in 2007.

The Greens and Grills area is now fully developed with plant stores and alfresco dining restaurants such as Giligan's Island and Aplaya. More restaurants are scheduled to open soon.



*Asenso Village entrepreneurial homes*



## INNOVATION IN ALTERNATIVE HOUSING PRODUCTS

### *Entrepreneurial Housing*

The pilot phase of the Asenso Village concept was launched in the Ciudad de Calamba township and another site in General Trias, Cavite. Asenso Village features innovative housing units ideal for cottage industries and home-based businesses. The product was well received by the entrepreneurial community when the marketing group joined several trade fairs and expos to introduce the product concept to Filipino entrepreneurs.

### *Farm and Retirement Communities*

Nusa Dua, Filinvest's pioneer farm estate project in Tanza, Cavite, continued to expand in 2006. With the first 30 hectares almost fully sold out, a fourth phase is scheduled to be opened by August 2007.

The amenities area has been completed and is now fully functional. Planned for construction in 2007 are a new



*TOP to BOTTOM: Nusa Dua entrance / Nusa Dua farmhouse*

Balinese-themed model unit and a commercial area featuring a showcase farm. This area will also be the venue for weekend markets where the leisure farmers of Nusa Dua can sell the produce from their farms to the public.

## BOARD OF DIRECTORS



**Mercedes T. Gotianun**  
Chairman & CEO

**Andrew T. Gotianun, Jr.**  
Vice Chairman



**Andrew L. Gotianun, Sr.**  
Chairman Emeritus

**Joseph M. Yap**  
Director & President-COO

**Lourdes Josephine G. Yap**  
Director

**Jonathan T. Gotianun**  
Director



**Michael Edward T. Gotianun**  
Director

**Efren C. Gutierrez**  
Director

**Cornelio C. Gison**  
Independent Director

**Lamberto U. Ocampo**  
Independent Director

## SENIOR MANAGEMENT

### Senior Vice President

Nelson M. Bona  
Efren M. Reyes

### First Vice President

Antonio E. Cenon  
Luis T. Fernandez  
Giovanni G. Gan  
Marcelino Roldan T. Manalili  
Pablito A. Perez  
Marking C. Que  
Fely T. Ramos

### Vice President

Reynaldo A. Ascaño  
Romeo T. Bautista  
Julian V. Concepcion, Jr.  
Abner C. Gener, Jr.  
Tristaneil D. Las Marias  
Mary Eleanor A. Mendoza  
Danilo R. Salonga  
Ma. Irma B. Tan  
Rowena T. Tan  
Emiliano D. Templo

**FILINVEST LAND, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
(Amounts in Thousands of Pesos)

	<b>December 31</b>	
	<b>2006</b>	<b>2005</b>
<b>ASSETS</b>		
Cash and cash equivalents	<b>₱468,719</b>	₱484,059
Mortgage, notes and installment contracts receivables	<b>4,545,179</b>	4,464,218
Due from related parties	<b>26,961</b>	44,372
Other receivables	<b>1,117,763</b>	685,600
Subdivision lots and housing units for sale	<b>7,088,707</b>	7,004,102
Land and land development	<b>11,314,072</b>	11,159,314
Investments in shares of stock	<b>3,539,116</b>	3,656,436
Investment property - net	<b>6,733,060</b>	367,381
Property and equipment - net	<b>117,908</b>	42,189
Goodwill	<b>5,445,488</b>	-
Other assets	<b>425,761</b>	286,583
	<b>₱40,822,734</b>	₱28,194,254

**LIABILITIES AND STOCKHOLDERS' EQUITY**

<b>LIABILITIES</b>		
Accounts payable and accrued expenses	<b>₱2,556,485</b>	₱3,000,877
Income tax payable	<b>6,373</b>	340
Due to related parties	<b>50,885</b>	186
Unrealized gross profit on installment contract receivables	<b>401,579</b>	326,100
Pension liability	<b>74,817</b>	61,804
Deferred income tax liabilities - net	<b>1,472,595</b>	1,175,791
Long-term debt	<b>7,013,000</b>	5,575,000
Total Liabilities	<b>11,575,734</b>	10,140,098

**STOCKHOLDERS' EQUITY**

Capital stock	<b>20,770,708</b>	7,819,261
Additional paid-in capital	<b>3,859,745</b>	248,548
Revaluation reserve on available-for-sale financial assets	<b>(909)</b>	34,561
Share in revaluation increment on land of an associate	<b>1,876,422</b>	1,876,422
Reciprocal holdings in an associate	<b>(59,200)</b>	(16,000)
Retained earnings	<b>2,800,234</b>	8,091,364
Total Stockholders' Equity	<b>29,247,000</b>	18,054,156
	<b>₱40,822,734</b>	₱28,194,254

**FILINVEST LAND, INC. AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF INCOME**

(Amounts in Thousands of Pesos, Except Earnings Per Share Figures)

	Years Ended December 31		
	2006	2005	2004
<b>REVENUES</b>			
Real estate sales	<b>₱2,716,401</b>	₱2,410,471	₱2,236,210
Cost of real estate sales	<b>1,099,902</b>	1,032,473	927,042
Gross profit	<b>1,616,499</b>	1,377,998	1,309,168
Realized gross profit on prior years' real estate sales	<b>87,473</b>	80,015	105,975
Deferred gross profit on current year's real estate sales	<b>(170,553)</b>	(247,425)	(131,234)
Realized gross profit	<b>1,533,419</b>	1,210,588	1,283,909
Interest income	<b>272,206</b>	300,695	138,810
Equity in net earnings of an associate	<b>63,475</b>	21,474	46,733
Rental income	<b>306,111</b>	14,540	13,906
Foreign exchange gain (loss) - net	<b>(3,232)</b>	6,280	(10,113)
Others - net	<b>161,343</b>	305,230	143,464
	<b>2,333,322</b>	1,858,807	1,616,709
<b>EXPENSES</b>			
General and administrative	<b>637,733</b>	417,112	334,813
Selling and marketing	<b>362,444</b>	277,776	221,126
Interest expense	<b>334,587</b>	223,762	146,719
	<b>1,334,764</b>	918,650	702,658
<b>INCOME BEFORE INCOME TAX</b>	<b>998,558</b>	940,157	914,051
<b>PROVISION FOR INCOME TAX</b>			
Current	<b>42,299</b>	28,552	31,046
Deferred	<b>138,435</b>	328,590	285,307
	<b>180,734</b>	357,142	316,353
<b>NET INCOME</b>	<b>₱817,824</b>	₱583,015	₱597,698
<b>EARNINGS PER SHARE</b>			
Basic	<b>₱0.092</b>	₱0.076	₱0.078
Diluted	<b>₱0.092</b>	₱0.069	₱0.070

**FILINVEST LAND, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN**  
**STOCKHOLDERS' EQUITY**  
(Amounts in Thousands of Pesos)

	<b>Years Ended December 31</b>		
	<b>2006</b>	<b>2005</b>	<b>2004</b>
<b>CAPITAL STOCK -</b>			
Preferred - ₱0.01 par value			
Authorized - 8 billion shares in 2006			
Common - ₱1 par value			
Authorized - 33 billion shares in 2006 and			
10 billion shares in 2005 and 2004			
Issued - 20.77 billion in 2006 and 7.82 billion			
shares in 2005 and 2004			
Balance at beginning of year	<b>₱7,819,261</b>	₱7,819,261	₱7,819,261
Issuance of capital stock	<b>5,642,493</b>	-	-
Bond conversion	<b>1,200,000</b>	-	-
Stock dividends	<b>6,108,954</b>	-	-
Balance at end of year	<b>20,770,708</b>	7,819,261	7,819,261
<b>ADDITIONAL PAID-IN CAPITAL</b>			
Balance at beginning of year	<b>248,548</b>	203,192	203,192
Issuance of capital stock	<b>3,611,197</b>	45,356	-
Balance at end of year	<b>3,859,745</b>	248,548	203,192
<b>REVALUATION RESERVE ON AVAILABLE- FOR-SALE FINANCIAL ASSETS</b>			
Balance at beginning of year	<b>34,561</b>	43,797	-
Loss recognized directly in equity	<b>(35,470)</b>	(9,236)	-
Balance at end of year	<b>(909)</b>	34,561	-
<b>SHARE IN REVALUATION INCREMENT ON LAND OF AN ASSOCIATE</b>			
	<b>1,876,422</b>	1,876,422	1,822,810
<b>RECIPROCAL HOLDINGS</b>			
Balance at beginning of year	<b>(16,000)</b>	(16,000)	(16,000)
Issuance of capital stock	<b>(43,200)</b>	-	-
Balance at end of year	<b>(59,200)</b>	(16,000)	(16,000)
<b>RETAINED EARNINGS</b>			
Balance at beginning of year	<b>8,091,364</b>	7,646,869	7,049,171
Stock dividends	<b>(6,108,954)</b>	-	-
Net income	<b>817,824</b>	583,015	597,698
Adjustment to January 1, 2005 retained earnings	-	(138,520)	-
Balance at end of year	<b>2,800,234</b>	8,091,364	7,646,869
	<b>₱29,247,000</b>	₱18,054,156	₱17,476,132

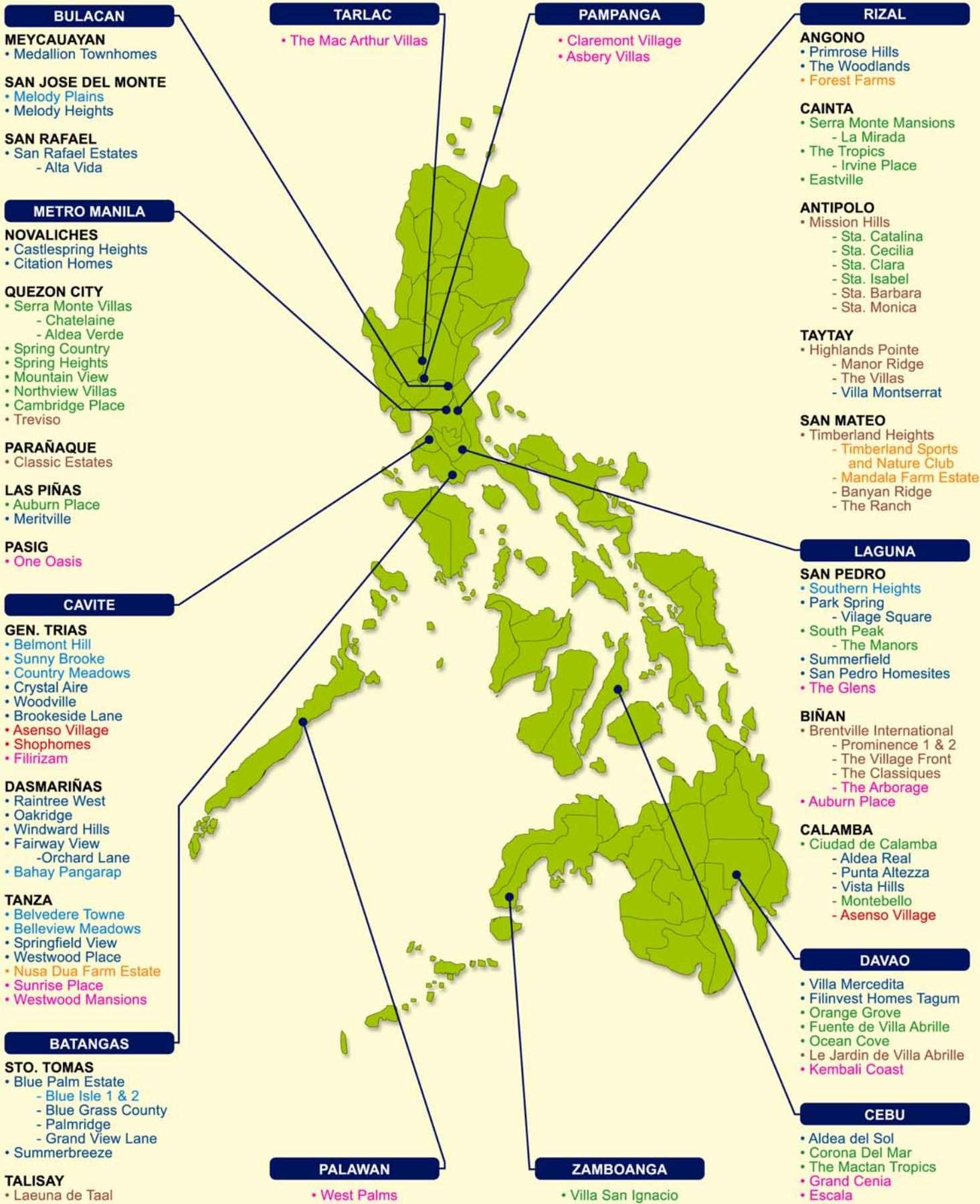
**FILINVEST LAND, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Amounts in Thousands of Pesos)

	<b>Years Ended December 31</b>		
	<b>2006</b>	<b>2005</b>	<b>2004</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Income before income tax	<b>₱998,558</b>	₱940,157	₱914,051
Adjustments for:			
Interest expense	<b>334,587</b>	223,762	146,719
Equity in net earnings of an associate	<b>(63,475)</b>	(21,474)	(46,733)
Depreciation and amortization	<b>81,765</b>	19,292	12,961
Loss on disposal of property and equipment	<b>–</b>	4,798	472
Provision for retirement benefits	<b>13,013</b>	11,751	10,806
Interest income	<b>(272,206)</b>	(300,695)	(138,810)
Operating income before working capital changes	<b>1,092,242</b>	877,591	899,466
Changes in operating assets and liabilities			
Decrease (increase) in:			
Mortgage, notes and installment contracts receivables	<b>(80,961)</b>	(1,648,029)	(643,139)
Other receivables	<b>(432,164)</b>	(79,183)	(188,350)
Subdivision lots and housing units for sale	<b>(84,605)</b>	(404,100)	(487,889)
Land and land development	<b>(154,758)</b>	(467,122)	125,520
Increase (decrease) in:			
Accounts payable and accrued expenses	<b>(444,392)</b>	605,416	301,930
Unrealized gross profit on installment contract receivables	<b>75,479</b>	189,812	(41,494)
Pension benefit paid	<b>–</b>	(5,197)	(9,848)
Net cash used in operations	<b>(29,159)</b>	(930,812)	(43,804)
Interest received	<b>272,206</b>	300,695	138,810
Interest paid	<b>(334,587)</b>	(200,266)	(112,878)
Income taxes paid	<b>(36,267)</b>	(28,492)	(31,105)
Net cash used in operating activities	<b>(127,807)</b>	(858,875)	(48,977)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Decrease (increase) in other assets	<b>(139,179)</b>	(57,342)	105,013
Acquisitions of property and equipment	<b>(12,308)</b>	(21,858)	(25,808)
Acquisitions of investment property	<b>(45,393)</b>	–	–
Decrease (increase) in investments in shares of stock	<b>267,465</b>	(192,336)	(18,822)
Net cash provided by (used in) investing activities	<b>70,585</b>	(271,536)	60,383

(Forward)

**FILINVEST LAND, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Amounts in Thousands of Pesos)

	<b>Years Ended December 31</b>		
	<b>2006</b>	<b>2005</b>	<b>2004</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from notes payable, corporate notes and long-term debt	<b>₱1,638,000</b>	₱1,670,356	₱2,750,000
Payments of notes payable, corporate notes and long term debt	<b>(1,664,230)</b>	–	(2,040,778)
Decrease (increase) in amounts due from related parties	<b>17,412</b>	(32,008)	428
Increase (decrease) in amounts due to related parties	<b>50,700</b>	(195,342)	(604,940)
Net cash provided by financing activities	<b>41,880</b>	1,443,006	104,710
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(15,340)</b>	312,595	116,116
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>484,059</b>	171,464	55,348
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>₱468,719</b>	₱484,059	₱171,464



**LEGEND:**

SOCIALIZED HOUSING	MIDDLE-INCOME COMMUNITIES	RESIDENTIAL FARM ESTATE/LEISURE
AFFORDABLE COMMUNITIES	HIGH-END COMMUNITIES	ENTREPRENEURIAL COMMUNITIES
FOR LAUNCHING IN 2007		



