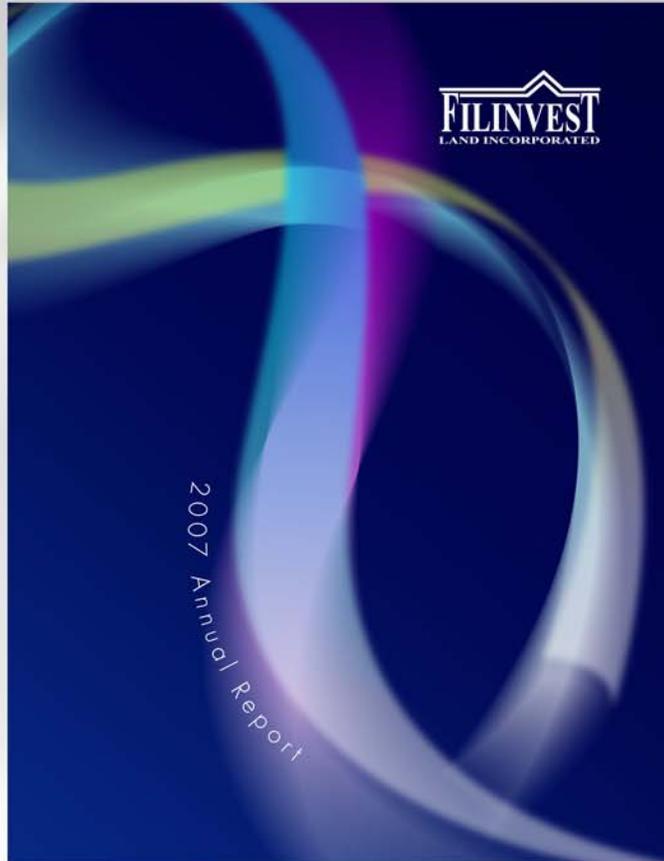




2007 Annual Report





**One Team. One Rhythm.** A trusted name, a great track record and a motivated team moving towards a common goal. This aptly describes Filinvest Land, Inc. as it takes full advantage of a revitalized property sector with an exciting line-up of innovative projects across all product lines. FLI sets its sights on a bright future as it remains committed to building the Filipino dream.

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<b>Insert</b>	Consolidated Financial Statements and Report of Independent Auditors

# Filinvest Land, Inc. and Subsidiaries Financial Highlights

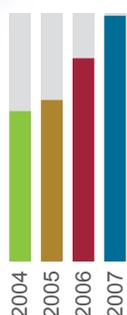
(Amounts in Thousands of Pesos, Except Per Share Data)

	2007	2006	2005	2004
<b>Operating Results</b>				
Gross Revenues	5,129,487	3,519,536	3,052,410	2,569,010
Net Income	1,704,393	871,826	696,017	614,988
Return on Assets (ave.)	4%	3%	3%	2%
Return on Equity (ave.)	5%	4%	4%	3%
<b>Financial Position</b>				
Total Assets	46,447,518	41,003,058	28,194,254	26,223,669
Total Long-term Debt	3,567,464	7,013,000	5,575,000	3,950,000
Stockholders' Equity	36,799,272	29,564,013	18,273,967	17,493,422
No. of Shares Issued and Outstanding ('000)	24,470,708	20,770,708	7,819,261	7,819,261
Gross Debt to Equity*	10%	24%	31%	23%
Net Debt to Equity**	5%	22%	28%	22%
<b>Per Share Data</b>				
Primary Earnings	0.071	0.056	0.051	0.045
Fully Diluted Earnings	0.071	0.056	0.048	0.043

\* computed as long-term debt divided by stockholders' equity

\*\* computed as long-term debt less cash equivalents divided by stockholders' equity

NET INCOME



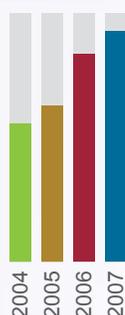
614,988  
696,017  
871,826  
1,704,393

REVENUES



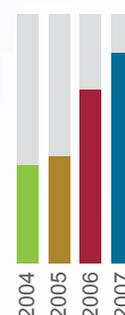
2,569,010  
3,052,410  
3,519,536  
5,129,487

TOTAL ASSETS



26,223,669  
28,194,254  
41,003,058  
46,447,518

STOCKHOLDERS' EQUITY



17,493,422  
18,273,967  
29,564,013  
36,799,272

## Joint Message of the Chairman & the President

2007 was an outstanding year for the Philippine economy. Gross Domestic Product (GDP) grew by 7.3%, the highest in 31 years. OFW remittances remained strong, reaching its highest-ever level of US\$14.4 billion, 13% more than the previous year. Interest rates were at their lowest levels in years, and Gross International Reserves hit a record US\$33.75 billion.

2007 was an equally momentous year for your Company. We started the year with a successful follow-on offering in February which raised Php 5.9 billion from primary shares and enabled the Company to finance its capital expenditure and retire debt. The offering substantially expanded the public float of your Company's shares from 4.2 billion to 11.9 billion. As a result of this increase in the float, the liquidity of FLI significantly increased, with the average daily volume turnover at 63.7 million shares in 2007, close to four times more than the average of 12.8 million shares in 2006.

### **Financial Highlights**

Your Company ended 2007 with a net income of Php 1.7 billion from revenues of Php 5.13 billion. The 95% growth in net income was largely due to the Php 918 million income of the real estate development business, boosted by the full-year contribution of the investment properties which were acquired in September 2006.

The real estate development business generated revenues of Php 3.16 billion, 16% more than the previous year. This resulted to an increase in net income contribution by 21% from Php 759 million to Php 918 million.

Socialized and affordable housing (priced from Php 300,000 to Php 1.5 million for a house and lot package) contributed Php 736 million or 23% of 2007's real estate development revenues, while the middle-income segment contributed Php 1.35 billion or 43%. High-end projects, farm estates, industrial lots and entrepreneurial housing (Asenso Village) contributed the balance of Php 1.06 billion of real estate development revenues.



**Mercedes T. Gotianun**

**Joseph M. Yap**

Rental income, on the other hand, grew by 233% and reached Php 1.02 billion, while contributing Php 429 million to the bottom line.

The investment properties, namely the PBCom Tower in Makati, Northgate Cyberzone and Festival Supermall in Filinvest Corporate City, provide your Company with a recurring income base which should grow as we add more office buildings that cater to the Business Process Outsourcing (BPO) industry.

FLI's 20% stake in Filinvest Alabang, Inc. accounted for Php 357 million, or 21% of net income. This included a Php 280 million net gain from the sale of FLI shares during the follow-on offering.

### **Project Highlights**

FLI currently has 60 ongoing projects which generated a sales take-up of Php 5.0 billion, 35% more than the Php 3.7 billion generated in 2006, and was the highest ever in the Company's history. The strong sales were supported by your Company's more aggressive

roll-out of projects, expansion into the new provinces of Pampanga, Tarlac and Palawan, as well as the introduction of new products, namely, the mid-rise building (MRB) residential developments in major urban centers and a condotel in Cebu, located right across the Cebu Business Park. In 2007, FLI launched 17 new projects and phases, with a sales value of Php 6.1 billion.

In 2007, two buildings were added to the Company's growing portfolio of BPO office buildings. Plaz@ D and 5132 Building at Northgate Cyberzone were turned over to their tenants which include such internationally well-known companies as ICICI Bank, Genpact and Verizon. This brought FLI's office building portfolio to 108,000 square meters of gross leasable area, which remain fully leased out.

Sections of Festival Supermall were redeveloped to provide shoppers a better shopping experience. The Bingo area was converted into an area devoted to gadgets, games and hobbies called Digishops while new tenants were added to the Greens and Grills area which has become a hangout for the after-office crowd.

### **Outlook for 2008**

2008 will be a year of challenges as we lead your Company to new heights.

There are concerns of a slowdown in the global economy brought about by the woes of the US subprime market and record-high oil prices. Locally, the higher inflation rate and the political noise could put a damper on the economy's growth while the continued strengthening of the Peso against the US dollar adversely affects the purchasing power of OFWs who earn in US dollars.

We believe that your Company can withstand these challenges as we continue to deliver on and **build the Filipino dream**. We believe that the demand for our core business of providing affordable homes for the majority of the Filipino population will remain resilient.

We have lined up over 30 new projects and phases for launch in 2008. We plan to go into new areas,

starting with our first residential subdivision in Butuan City, as well as offer more of the inner-city residential MRBs similar to One Oasis Ortigas. We will aim to double our in-house and broker sales teams and increase our marketing efforts to reach more of our target market in the OFW-rich areas of Europe, the Middle East and Asia.

We also intend to increase our office building portfolio, with four new buildings with a gross leasable area of 59,000 square meters at Northgate Cyberzone scheduled for completion this year. We have also started construction of the two BPO office buildings at One Oasis Ortigas which should add another 20,000 square meters of gross leasable space, further increasing your Company's source of recurring income. This should increase our portfolio by 73% to 187,000 square meters.

We have lined up a number of training programs to enable our employees to serve our customers better, increase productivity and improve their skills. Our aim is to provide our employees with the tools to grow and to better themselves in order for them to be able to maximize and realize their potential.

We would like to thank our stakeholders, our valued shareholders, employees and business partners who continue to support the Company in its efforts.

FLI's management and staff will continue to work together as a team as it takes on the challenge of pushing the Company to further heights, capitalizing on the continued growth of the property sector.



**MERCEDES T. GOTIANUN**  
Chairman



**JOSEPH M. YAP**  
Director & President-CEO



*Alexandria house model at Brentville International*

Total sales reservations of Filinvest Land, Inc. (FLI) hit a record of Php 5.0 billion in 2007 compared to the Php 3.7 billion achieved in 2006. The core residential business of low-cost, affordable and middle-income housing continued to be the Company's top sellers, contributing 70% of total sales reservations.

### **Core Housing in Greater Metro Manila & Suburbs**

#### *Socialized and Affordable*

The socialized and affordable housing segments continued to be strong contributors to FLI's total sales. These projects support the government's plan to enable low-income families to have a home of their own through Pag-IBIG financing.

Aside from adding new phases and facilities to FLI's existing socialized housing projects, the Company launched its first brand new socialized housing project since the 1997 Asian financial crisis. Located in Tanza, Cavite, Sunrise Place has a total of 23.5 hectares. The project has been very well-received and phase 1, which has an area of 7.9 hectares, was sold out in seven months. Phase 2 is now being launched.

A total of over 2,000 housing units will be offered for sale in 2008 in various Pabahay communities, including another brand new Pabahay project that is being developed in General Trias, Cavite.

Under Futura Classic, FLI's affordable housing brand, projects launched in 2007 included Raintree Prime Residences and Westwood Mansions, located in General Trias and Tanza, Cavite.

In the nearby Brookside Lane community, land development of Phases 4 and 5 was completed in 2007. Several units of Shophomes were completed and are now ready for occupancy. The units are located in a commercial strip of Brookside Lane ideal for retail shops and business ventures. For 2008, prospective buyers can expect more affordable product offerings in Cavite, as FLI prepares to launch Phases 6 and 7 of Brookside Lane and other new subdivisions.

#### *Middle and High-end*

In the middle-income segments of the market, FLI continued to develop and expand its projects in Greater Metro Manila and the surrounding suburban areas.

## Operational Highlights



*One Oasis*

In San Pedro, Laguna, FLI launched The Glens at Park Spring, a middle-income Asian-Tropical themed development. It is an expansion of the highly successful Park Spring, one of the Company's top-selling projects. By December 2007, The Glens had sold 85% of its initial inventory offering of 323 units. For 2008, sales efforts will be focused on the newly-launched Viridian at South Peak, a Swiss-inspired high-end community where the natural beauty of the site is enhanced by a breathtaking view of Laguna de Bay and the surrounding mountains.

Along the Daang Hari Road, just minutes away from Alabang, FLI will be opening the first phase of Point Asiana. The Asian-Zen themed subdivision covers 19.8 hectares and will offer residential lots as well as house and lot packages.

Brentville International, FLI's premier high-end community in Mamlasan, Laguna, generated Php 542 million in sales in 2007, an impressive 320% year-on-year increase over 2006.

The Arborage, the newest phase of Brentville, was opened in 2007 in response to the almost full take-up of the initial phases of Brentville. Full development of the 9.3-hectare enclave is being fast tracked.

*Prominence II clubhouse*



Brentville will continue to offer its Masterpieces Home Collection in The Arborage and Prominence II due to the continued strong demand for house and lot packages. To expand the residential choices, new models of duplex townhomes will also be introduced in Prominence II.

The Prominence II main clubhouse area was formally inaugurated in October 2007. With an expansive pool and playground surrounded by towering palm trees, it offers a refreshing venue for family get-togethers and community activities.

In northern Metro Manila, the eight-hectare Tamara Lane started pre-selling in October 2007. Located in Brgy. Kaybiga, Caloocan City, Tamara Lane is an Asian-Contemporary themed community that offers lots and house and lot packages targeting the middle-income market.

### *Mid-Rise Buildings*

Land development in the first of FLI's mid-rise building (MRB) residential communities started in late 2007. One Oasis Ortigas is located on a 4.3-hectare lot along Ortigas Extension, Pasig City. Envisioned as an urban sanctuary with resort-inspired amenities, One Oasis



*Treviso streetscape*

Ortigas will consist of 11 mid-rise residential buildings and two BPO office buildings within the sprawling complex.

One Oasis Ortigas has been very favorably received by the market. Construction of the first two residential buildings started in February 2008 and will be ready for turnover by the first quarter of 2009.

Following the success of this concept, FLI launched One Oasis Davao on a 2.3-hectare property in Matina, Davao City. The gated community will be composed of four medium-rise residential buildings and three condotel buildings with a wide range of amenities such as a clubhouse, children's playground, and a swimming pool.

FLI plans to launch these inner-city MRBs in two more locations within Metro Manila in 2008.

### **Township Developments**

#### *Filinvest Homes, QC*

Covering over 260 hectares and still growing, the Filinvest Homes township in Quezon City added to its fast-growing communities in 2007.

The latest addition to the cluster of communities near Batasan Pambansa, The Enclave @ Filinvest Heights was launched in 2007. The contemporary Asian-inspired community offers house and lot packages starting at Pph 4 million.

Meanwhile, development of Italian-themed Treviso is almost complete with over 80% accomplished by year-end 2007. The gate, guardhouse and the Vittoria and Apollonia model houses are under construction and targeted for completion by the middle of 2008.

#### *Ciudad de Calamba*

Ciudad de Calamba, FLI's 350-hectare township development in Calamba, Laguna marked another successful year in 2007.

The development of the township took a significant step forward with the purchase of a 5,000-square meter lot by Casa del Niño Montessori School. Construction of the school is scheduled to begin in 2008 and will initially offer pre-school and elementary levels.

Facilities and amenities were expanded in the residential communities of Montebello, Aldea Real and Punta Altezza. In the mid-income Montebello community, construction of the main amenities started

## Operational Highlights

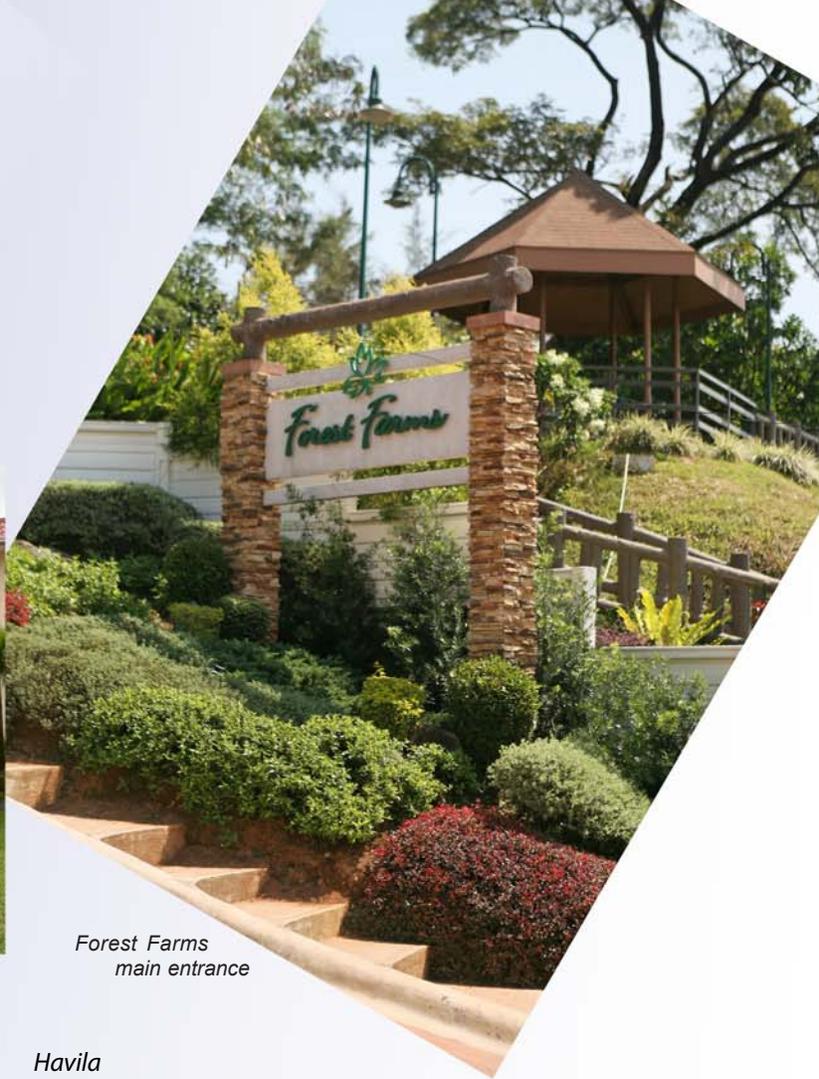


*Magnolia house model at Punta Altezza*

in 2007. This includes the clubhouse, swimming pool, basketball court, playground and picnic huts. In conjunction with land and amenity development, the affordable Mediterranean-inspired subdivisions of Aldea Real and Punta Altezza introduced new and improved house models to provide more flexible housing designs to buyers.

In Filinvest Technology Park Calamba (FTPC), the industrial anchor of the township, additional locators have joined the ever expanding roster of companies operating in the park.

With the improved macro-economic conditions in the country, demand for industrial lots has increased and is expected to continue to expand in 2008 and beyond.



*Forest Farms  
main entrance*

### *Havila*

Havila (formerly Filinvest East County), is a 300-hectare township 12 kilometers east of the Ortigas Business District that straddles Antipolo, Angono and Taytay in Rizal province. To date, it has four existing communities in different stages of development covering over 185 hectares of land.

In 2007, the township initiated a comprehensive marketing program starting with the rechristening of the township as Havila. Biblical in origin, Havila refers to the mythical land beyond Eden. Since the province of Rizal is known to be a haven of artistry, the vision for Havila is to create an umbrella community connected not only by roads but by a spirit of collective inspiration. The re-branding efforts were undertaken in tandem with a major revamp of the township's look which included upgrading of the entrances and the clubhouses of the residential communities of Highlands Pointe and Mission Hills.

The Spanish-mission inspired Sta. Isabel subdivision and its neighbor Sta. Catalina continued to enjoy brisk sales in 2007. Both are located within the 92-hectare Mission Hills community in Antipolo.



*Inside Mission Hills: residence at Sta. Monica (top) and the park at Sta. Isabel (bottom).*



*Mandala model farmhouse*

The excellent views of Highlands Pointe 1 and 2 in Taytay continued to attract buyers, along with the smaller residential enclaves of The Villas and Manor Ridge. Because of its prime location near San Beda College, lots in the 7.2-hectare Villa Montserrat, including the shophouses and commercial lots, are almost completely sold out.

Land development progressed steadily in Forest Farms, the 39.2-hectare residential community amidst a lush forest in Angono. After the landscape enhancement of the main entry and view deck, construction of the on-site marketing office is now ongoing.

A banner year is expected in 2008 when the township with all its improvements is introduced in a full marketing and awareness campaign to further highlight its dominant status in the east. Major plans include opening the link road to facilitate access to all the Havila communities from Ortigas, and the introduction of new amenities and communities within the township.

### *Timberland Heights*

For the year 2007, the 677-hectare Timberland Heights township in San Mateo, Rizal generated an increase of 61% in total sales from a combined sale of farm lots and residential products in the newest phases of Banyan Ridge, Mandala Farm Estates and The Ranch.

Land development activities for the entire 40-hectare Mandala 1 Farm Estates and Banyan Ridge Phase 1 were completed in December 2007. Turnover to buyers is ongoing and some have already started farming activities and constructing their houses. The development of the amenity areas for these projects is scheduled for substantial completion by the end of 2008.

For 2008, sales and development efforts will focus on the Mandala 2 Farm Estates, Banyan Ridge Phase 2 and Banyan Crest, a new 15-hectare residential subdivision scheduled for launching by the second quarter of the year.

Timberland Sports and Nature Club, the recreational anchor of the township, is in the final stages of completion. A club general manager has been appointed and mobilization is in progress for the

## Operational Highlights



Lobby rendering of The Grand Cenia Hotel & Residences

scheduled club opening in the second half of 2008. In anticipation of the start of club operations, the Spine Road extension and expansion to the club area has been completed to facilitate easy access.

The Timberland project group has finalized negotiations with Manila Waldorf School, Inc. concerning the opening of a school within the township. Construction of The Rudolph Steiner School Timberland Heights will start in 2008 and will be completed in time for the opening of classes of school year 2009-2010.

### **Regional Projects**

#### *Residential*

North of Manila, FLI launched the residential communities of Somerset Lane in Tarlac, along with Hampton Orchards and Claremont in Pampanga. Land development and construction of facilities in these subdivisions are in progress.

In September 2007, FLI soft launched West Palms, the Company's flagship residential project in Palawan. Located just 10 minutes away from the Puerto Princesa City airport, West Palms is a Mediterranean-

themed village with resort-type amenities. In tandem with site development, sales and marketing initiatives in 2007 focused on increasing project awareness through flyers, directional signs, banners and the opening of a sales office at the NCCC Mall in Palawan.

With its presence firmly established in the Visayas, FLI opened expansion phases within Corona del Mar, the Company's first seaside residential development in Cebu. One of these was Escala, a 5-hectare area which offers lots, as well as the Daphne and Bianca house models. Also within Corona Del Mar, the Vittoria Cluster, a high-end residential enclave, was launched to address the growing demand for ready-for-occupancy housing units in the area.

FLI launched The Grand Cenia Hotel & Residences, a 25-storey condotel and residential condominium along the busy Archbishop Reyes Avenue in Cebu City. The 4,211-square meter development is strategically located across the Cebu Business Park and is easily accessible to the business hub, the convention centers and commercial areas. It is targeted for completion by the second quarter of 2011. The Grand Cenia is being marketed as an investment product that will enable buyers to generate earnings from hotel operations by including their units in the rental pool.



*Entrance to Fuente de Villa Abrille*



*Asenso Village training center*

In Mindanao, FLI continued to build up the communities of the high-end Le Jardin de Villa Abrille, Villa Mercedita and Filinvest Homes Tagum. In Zamboanga City, site development activities continued for the Spanish Mediterranean-inspired Villa San Ignacio. The Company will expand its reach even further in 2008 as it launches Filinvest Homes Butuan, the first exclusive residential community in Butuan City.

Land development and landscaping activities were initiated in 2007 for Kembali Coast, the 50-hectare residential beach resort on Samal Island, Davao del Norte. Just a scenic boat ride from Davao City, it will feature amenities such as forest parks and campsites, beach activity areas and casitas for overnight stays.

#### *Leisure*

Within Laeuna de Taal, the 60-hectare lakeside resort community along the Tagaytay ridge, land development of the Bahia and Orilla residential enclaves was completed in 2007. Orilla will start offering house and lot packages in 2008, with a newly-designed house model ideal for a vacation or retirement home. Also targeted for this year is the completion of Phase 1 of the Lake Club amenities.

### **Alternative Residential Products**

#### *Entrepreneurial Housing*

The Asenso Village projects in Ciudad de Calamba and General Trias, Cavite focused on site development in 2007. Both locations offer innovative housing units as a practical choice for entrepreneurs and balikbayans looking to set up cottage industries or home-based businesses.

Asenso Village in Calamba is set to become fully operational in 2008. As of year-end 2007, 96 units had been sold and many buyers had already expressed their intention to build their businesses this year. An additional phase will be developed and opened for sale since the inventory of the first phase is almost completely sold out. Asenso Village also offers shop houses to prospective locators. The two-storey structure features a work area on the ground floor and a residential area on the second floor.

In Gen. Trias, Cavite, land development activities continued for the first phase of Asenso Village – Gen. Trias. A newly-completed entrance gate now welcomes visitors to the community. The model unit and training center are scheduled for completion in 2008.

## Operational Highlights



*Nusa Dua model farm*

### *Farm & Retirement Communities*

Nusa Dua, Filinvest's pioneer farm estate project in Tanza, Cavite, achieved strong sales in 2007, bringing to 65% the take-up rate for the total inventory of the first three phases that have been launched to date.

Two new phases of Nusa Dua are scheduled for launching in 2008. Phase 4 will be a five-hectare Balinese-inspired residential development while Phase 5 will offer an additional five hectares of farm lots.

To add to the existing amenities of the community, planned for construction this year are a view deck, meditation area, snack kiosk and a marketing showroom.



*Northgate Cyberzone*

### **Recurring Income Base**

2007 was the first full year of operations of our investment properties which were acquired in September 2006.

#### *Cyberzone Properties, Inc.*

FLI owns 60% of Cyberzone Properties, Inc., the developer of the Northgate Cyberzone information technology park in Alabang. The remaining 40% is owned by our partner, Africa Israel International Properties (2002) Ltd.

The completion of the 5132 Building in 2007 increased the number of operational buildings to eight with a combined gross leasable area (GLA) of 70,945 square meters. The eight buildings are all fully leased out.

The iHub 1 and 2 buildings are scheduled for completion in the first half of 2008, and are already 50% and 100% leased out, respectively. Construction of the iHub buildings 3 and 4 is in full swing and is expected to be completed by the end of the year. With the completion of these buildings, Northgate's total GLA will increase to 131,000 square meters.



*PBCOM Tower*

*Filinvest Asia Corporation*

FLI holds controlling interest in Filinvest Asia Corporation (FAC), a partnership with Reco Herrera Pte Ltd., an investment vehicle of the Government of Singapore Investment Corporation Real Estate Pte Ltd. FAC owns 36,000 square meters of leasable office space in the 52-storey PBCOM Tower along Ayala Avenue in Makati City, the tallest building in the Philippines.

FAC maintained 100% occupancy for its owned space in PBCOM Tower. Major tenants of the building are HSBC Electronic Data Processing (Philippines), PTE Ltd., Citibank call center, American Express, Daksh eServices and eTelecare.

*Festival Supermall*

Festival Supermall remains the undisputed regional shopping center south of Metro Manila with a tenant roster of over 600 stores and still growing. Among the new shops that opened in 2007 were Penshoppe flagship store, Puma, Watch Republic, Slimmer's World, Forever Flawless, Von Dutch, Las Paellas, The Old Spaghetti House and Figaro. Opening soon are Kashieca, The Face Shop and Skechers concept store.



*Top: New restaurant at Greens & Grills  
Bottom: Digishops at Festival Supermall*

A major development in 2007 was the redevelopment of the Bingo area into Digishops, a section of the mall devoted to gadgets, games and hobbies. New restaurants continue to open in the Greens and Grills area, which has become a favorite watering hole for the after-office crowd. Festival Supermall is currently negotiating with several big-name tenants as it strives to provide a more comprehensive shopping experience to its customers.

The MiniTrade Hall on the second level enjoyed a steady stream of bookings for corporate events and trade shows throughout the year. It was also the preferred venue for the Department of Trade and Industry's regional trade fairs.

## Board of Directors



**Andrew L. Gotianun, Sr.** Chairman Emeritus (6)

**Mercedes T. Gotianun** Chairman (5)

**Andrew T. Gotianun, Jr.** Vice Chairman (4)

**Joseph M. Yap** Director & President-CEO (7)

**Lourdes Josephine G. Yap** Director (8)

**Jonathan T. Gotianun** Director (3)

**Efren C. Gutierrez** Director (2)

**Cornelio C. Gison** Director (9)

**Lamberto U. Ocampo** Independent Director (10)

**Cirilo T. Tolosa** Independent Director (1)



## 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

### 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

Rowena T. Tan

Emiliano D. Templo

**FILINVEST LAND, INC. AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS**

(Amounts in Thousands of Pesos)

	<b>December 31</b>	
	<b>2007</b>	2006 (As restated)
<b>ASSETS</b>		
Cash and cash equivalents	<b>₱1,729,721</b>	₱468,719
Mortgage, notes and installment contracts receivables	<b>5,766,740</b>	4,665,290
Due from related parties	<b>4,983</b>	26,961
Other receivables	<b>1,457,925</b>	1,117,763
Real estate inventories	<b>16,736,525</b>	18,402,779
Investment in an associate	<b>3,799,228</b>	3,441,832
Available-for-sale financial assets	<b>13,276</b>	10,916
Investment in club project at cost	<b>260,106</b>	145,568
Investment property - net	<b>10,502,311</b>	6,733,060
Property and equipment - net	<b>419,259</b>	117,908
Goodwill	<b>5,445,488</b>	5,445,488
Other assets	<b>311,956</b>	426,774
	<b>₱46,447,518</b>	₱41,003,058
<b>LIABILITIES AND EQUITY</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	<b>₱4,231,351</b>	₱2,676,784
Income tax payable	<b>84,363</b>	6,373
Due to related parties	<b>32,113</b>	50,885
Pension liability	<b>20,056</b>	74,817
Deferred income tax liabilities - net	<b>1,712,899</b>	1,617,186
Long-term debt	<b>3,567,464</b>	7,013,000
Total Liabilities	<b>9,648,246</b>	11,439,045
<b>EQUITY</b>		
Common stock	<b>24,470,708</b>	20,770,708
Preferred stock	<b>80,000</b>	-
Additional paid-in capital	<b>5,612,321</b>	3,859,745
Revaluation reserve on available-for-sale financial assets	<b>(2,619)</b>	(909)
Share in revaluation increment on land at deemed cost of an associate	<b>1,876,422</b>	1,876,422
Retained earnings	<b>4,762,440</b>	3,058,047
Total Equity	<b>36,799,272</b>	29,564,013
	<b>₱46,447,518</b>	₱41,003,058

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

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

	Years Ended December 31		
	2007	2006 (As restated)	2005 (As restated)
<b>REVENUES</b>			
Real estate sales	<b>₱3,155,624</b>	₱2,716,401	₱2,410,471
Cost of real estate sales	<b>1,473,019</b>	1,099,902	1,032,473
Gross profit	<b>1,682,605</b>	1,616,499	1,377,998
<b>OTHER INCOME</b>			
Rental income	<b>1,020,241</b>	306,111	14,540
Interest income	<b>358,649</b>	272,206	300,695
Equity in net earnings of an associate	<b>357,396</b>	63,475	21,474
Others - net	<b>237,577</b>	161,343	305,230
	<b>1,973,863</b>	803,135	641,939
<b>EXPENSES</b>			
General and administrative	<b>963,900</b>	637,733	417,112
Selling and marketing	<b>426,752</b>	362,444	277,776
Interest expense	<b>122,988</b>	334,587	223,762
Foreign currency exchange loss (gain) - net	<b>13,243</b>	3,232	(6,280)
	<b>1,526,883</b>	1,337,996	912,370
<b>INCOME BEFORE INCOME TAX</b>	<b>2,129,585</b>	1,081,638	1,107,567
<b>PROVISION FOR INCOME TAX</b>			
Current	<b>330,826</b>	42,299	28,552
Deferred	<b>94,366</b>	167,513	382,998
	<b>425,192</b>	209,812	411,550
<b>NET INCOME</b>	<b>₱1,704,393</b>	₱871,826	₱696,017
<b>EARNINGS PER SHARE</b>			
Basic	<b>₱0.071</b>	₱0.056	₱0.051
Diluted	<b>₱0.071</b>	₱0.056	₱0.048

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

	Common Stock	Preferred Stock	Additional Paid-in Capital	Revaluation Reserve on Available-for-Sale Financial Assets	Share in Revaluation Increment on Land at Deemed Cost of an Associate	Retained Earnings	Total
<b>For the Year Ended December 31, 2007</b>							
Balances as of December 31, 2006, as previously reported	P20,770,708	P-	P3,859,745	(P909)	P1,876,422	P2,801,059	<b>P29,307,025</b>
Cumulative effect of change in accounting for real estate sales	-	-	-	-	-	256,988	<b>256,988</b>
Balances as of January 1, 2007, as restated	20,770,708	-	3,859,745	(909)	1,876,422	3,058,047	<b>29,564,013</b>
Net income for the year	-	-	-	-	-	1,704,393	<b>1,704,393</b>
Changes in fair value of available-for-sale financial assets recognized directly in equity	-	-	-	(1,710)	-	-	<b>(1,710)</b>
Recognized income and expense for the year	-	-	-	(1,710)	-	1,704,393	<b>1,702,683</b>
Issuance of capital stock	3,700,000	80,000	1,752,576	-	-	-	<b>5,532,576</b>
<b>Balances as of December 31, 2007</b>	<b>P24,470,708</b>	<b>P80,000</b>	<b>P5,612,321</b>	<b>(P2,619)</b>	<b>P1,876,422</b>	<b>P4,762,440</b>	<b>P36,799,272</b>

	Common Stock	Preferred Stock	Additional Paid-in Capital	Revaluation Reserve on Available-for-Sale Financial Assets	Share in Revaluation Increment on Land at Deemed Cost of an Associate	Retained Earnings	Total
<b>For the Year Ended December 31, 2006 (As restated)</b>							
Balances as of December 31, 2005, as previously reported	P7,819,261	P-	P248,548	P34,561	P1,876,422	P8,092,189	P18,070,981
Cumulative effect of change in accounting for real estate sales	-	-	-	-	-	202,986	202,986
Balances as of January 1, 2006, as restated	7,819,261	-	248,548	34,561	1,876,422	8,295,175	18,273,967
Net income for the year, as previously reported	-	-	-	-	-	817,824	817,824
Effect of change in accounting for real estate sales	-	-	-	-	-	54,002	54,002
Net income for the year, as restated	-	-	-	-	-	871,826	871,826
Changes in fair value of available-for-sale financial assets recognized directly in equity	-	-	-	(35,470)	-	-	<b>(35,470)</b>
Recognized income and expense for the year	-	-	-	(35,470)	-	871,826	<b>836,356</b>
Issuance of capital stock	5,642,493	-	3,611,197	-	-	-	9,253,690
Bond conversion	1,200,000	-	-	-	-	-	1,200,000
Stock dividend	6,108,954	-	-	-	-	(6,108,954)	-
Balances as of December 31, 2006, as restated	P20,770,708	P-	P3,859,745	(P909)	P1,876,422	P3,058,047	P29,564,013

	Common Stock	Preferred Stock	Additional Paid-in Capital	Revaluation Reserve on Available-for-Sale Financial Assets	Share in Revaluation Increment on Land at Deemed Cost of an Associate	Retained Earnings	Total
<b>For the Year-Ended December 31, 2005 (As restated)</b>							
Balances as of December 31, 2004, as previously reported	P7,819,261	P-	P203,192	P43,797	P1,822,810	P7,647,694	P17,536,754
Adjustment to January 1, 2005 retained earnings on PFRS adoption	-	-	-	-	-	(138,520)	(138,520)
Cumulative effect of change in accounting for real estate sales	-	-	-	-	-	89,984	89,984
Balances as of January 1, 2005, as restated	7,819,261	-	203,192	43,797	1,822,810	7,599,158	17,488,218
Net income for the year, as previously reported	-	-	-	-	-	583,015	583,015
Effect of change in accounting for real estate sales	-	-	-	-	-	113,002	113,002
Net income for the year, as restated	-	-	-	-	-	696,017	696,017
Changes in fair value of available-for-sale financial assets recognized directly in equity	-	-	-	(9,236)	-	-	<b>(9,236)</b>
Recognized income and expense for the year, as restated	-	-	-	(9,236)	-	696,017	<b>686,781</b>
Issuance of capital stock	-	-	45,356	-	-	-	45,356
Change in revaluation on land at deemed cost of an associate	-	-	-	-	53,612	-	53,612
Balances as of December 31, 2005, as restated	P7,819,261	P-	P248,548	P34,561	P1,876,422	P8,295,175	P18,273,967

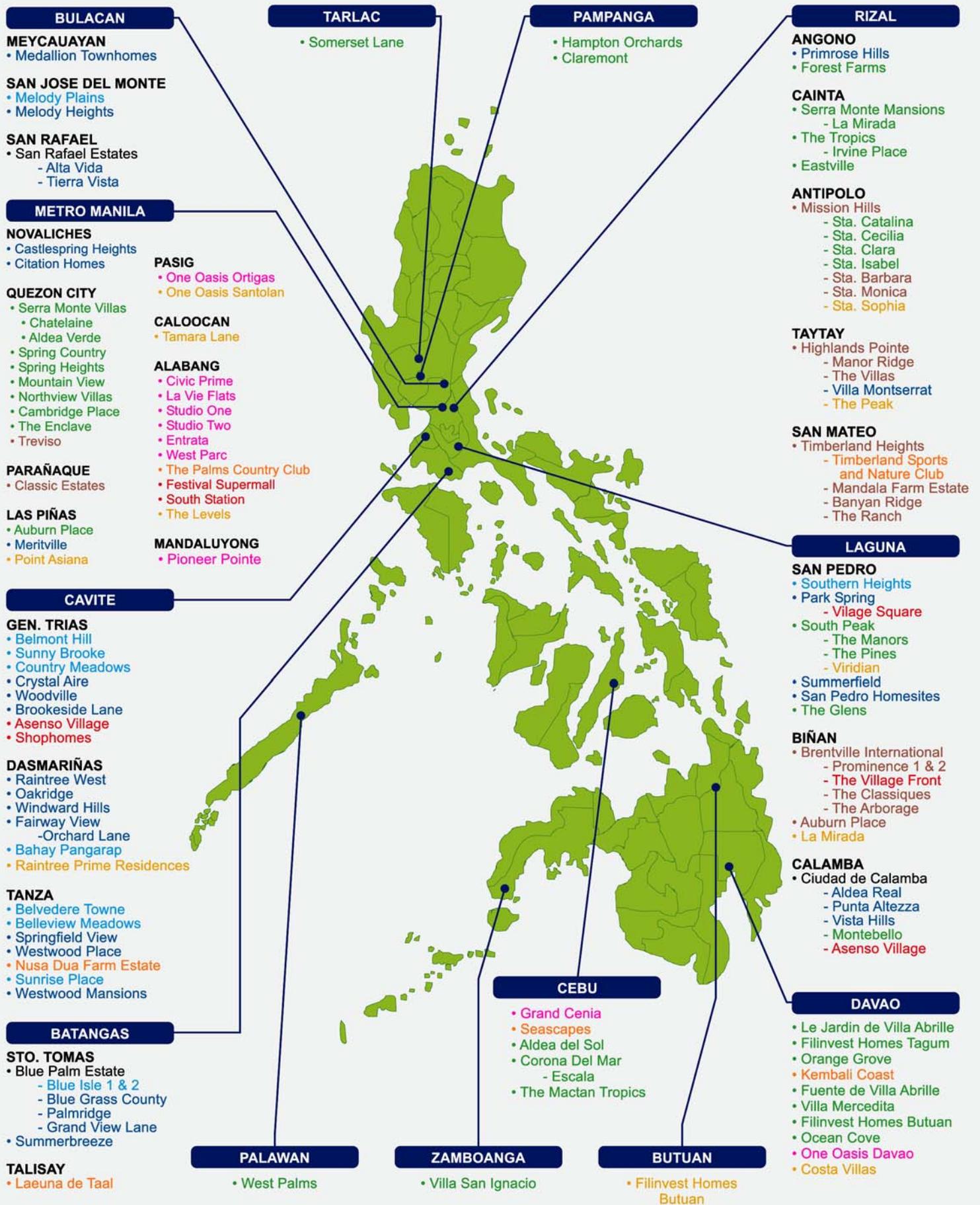
**FILINVEST LAND, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Amounts in Thousands of Pesos)

	Years Ended December 31		
	2007	2006 (As restated)	2005 (As restated)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Income before income tax	<b>₱2,129,585</b>	₱1,081,638	1,107,567
Adjustments for:			
Depreciation and amortization	<b>239,403</b>	81,765	19,292
Interest expense	<b>122,988</b>	334,587	223,762
Provision for retirement benefits	<b>17,599</b>	13,013	11,751
Interest income	<b>(358,649)</b>	(272,206)	(300,695)
Equity in net earnings of an associate	<b>(357,396)</b>	(63,475)	(21,474)
Loss on disposal of property and equipment	<b>–</b>	–	4,798
Operating income before working capital changes	<b>1,793,530</b>	1,175,322	1,045,001
Changes in operating assets and liabilities			
Decrease (increase) in:			
Mortgage, notes and installment contracts receivables	<b>(1,101,450)</b>	(80,961)	(1,648,029)
Other receivables	<b>(339,080)</b>	(559,876)	(56,781)
Real estate inventories	<b>(2,161,460)</b>	28,102	(871,222)
Increase (decrease) in accounts payable and accrued expenses	<b>1,464,567</b>	(324,281)	605,416
Net cash generated from (used in) operations	<b>(343,893)</b>	238,306	(925,615)
Interest received	<b>357,567</b>	272,206	300,695
Income taxes paid	<b>(251,489)</b>	(36,267)	(28,492)
Interest paid	<b>(122,988)</b>	(334,587)	(200,266)
Pension benefits paid	<b>(72,360)</b>	–	(5,197)
Net cash provided by (used in) operating activities	<b>(433,163)</b>	139,658	(858,875)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Decrease (increase) in other assets	<b>114,818</b>	(139,179)	(57,342)
Acquisitions of investment property	<b>(158,519)</b>	(45,393)	–
Acquisitions of property and equipment	<b>(323,772)</b>	(12,308)	(21,858)
Acquisitions of investment in club project	<b>(118,608)</b>	–	(192,336)
Net cash used in investing activities	<b>(486,081)</b>	(196,880)	(271,536)

(Forward)

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

	Years Ended December 31		
	2007	2006 (As restated)	2005 (As restated)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from stock offering	₱5,532,576	₱–	₱–
Proceeds from notes payable, corporate notes and long-term debt	2,394,464	1,638,000	1,670,356
Decrease (increase) in amounts due from related parties	21,978	17,412	(32,008)
Payments of notes payable, corporate notes and long term debt	(5,750,000)	(1,664,230)	–
Increase (decrease) in amounts due to related parties	(18,772)	50,700	(195,342)
Net cash provided by financing activities	2,180,246	41,882	1,443,006
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>1,261,002</b>	<b>(15,340)</b>	<b>312,595</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>468,719</b>	<b>484,059</b>	<b>171,464</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>₱1,729,721</b>	<b>₱468,719</b>	<b>₱484,059</b>



<b>LEGEND:</b>	<b>SOCIALIZED HOUSING</b>	<b>MIDDLE-INCOME COMMUNITIES</b>	<b>RESIDENTIAL FARM ESTATE/LEISURE</b>
	<b>AFFORDABLE COMMUNITIES</b>	<b>HIGH-END COMMUNITIES</b>	<b>ENTREPRENEURIAL/COMMERCIAL</b>
		<b>CONDOMINIUM/CONDOTEL/MRB</b>	<b>FOR LAUNCHING IN 2008</b>



