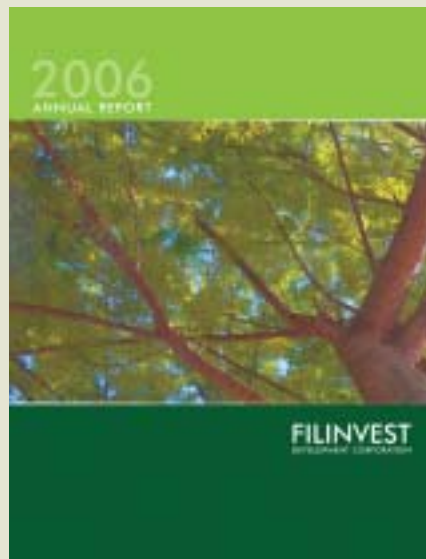


Contents

2	Consolidated Financial Highlights
3	Joint Message
5	Operational Highlights
13	Board of Directors & Officers
14	Consolidated Financial Statements
Insert	Consolidated Financial Statements and Independent Auditors' Report

Our Cover

A Time to Flourish. With its roots firmly planted in property development, its core business, Filinvest Development Corporation (FDC) continues to thrive – its branches spreading expansively amidst a revitalized real estate sector. With sustained prospects for an upbeat economic environment, 2007 promises to be a greener and more prosperous year for FDC.



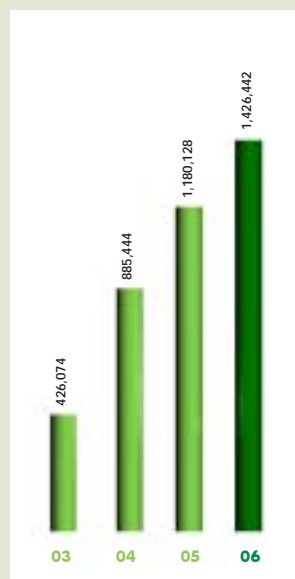
Consolidated Financial Highlights

(In Thousands of Pesos, Except Earnings Per Share Figures)

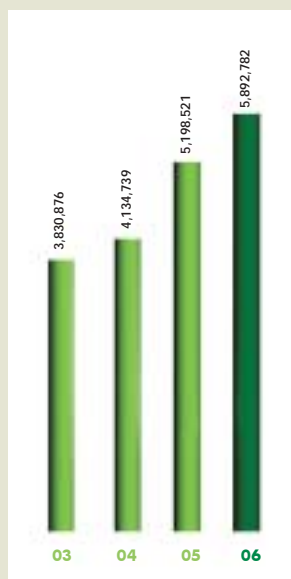
	2006	2005	2004	2003
Operating Results				
Net Revenues	5,892,782	5,198,521	4,134,739	3,830,876
Net Income	1,426,442	1,180,128	885,444	426,074
Return on Assets (ave.)	1.7%	1.5%	1.2%	0.6%
Return on Equity (ave.)	3.9%	3.4%	2.7%	1.3%
Financial Position				
Total Assets	86,196,595	78,764,968	72,605,084	66,615,045
Total Long-term Debt	11,709,180	11,562,549	9,535,123	9,684,280
Stockholders' Equity	36,191,075	34,653,021	32,978,559	32,093,115
No. of Shares Issued and Outstanding ('000)	5,955,725	5,955,725	5,955,725	5,955,725
Debt to Equity*	32.4%	33.4%	28.9%	30.2%
Net Debt to Equity**	8.4%	19.3%	18.9%	20.1%
Earnings Per Share Data				
	0.197	0.135	0.095	0.028

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

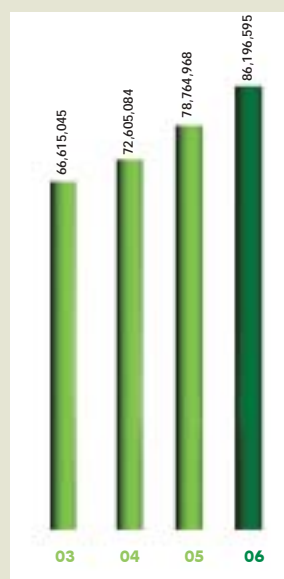
** computed as long-term debt less cash equivalents divided by stockholders' equity



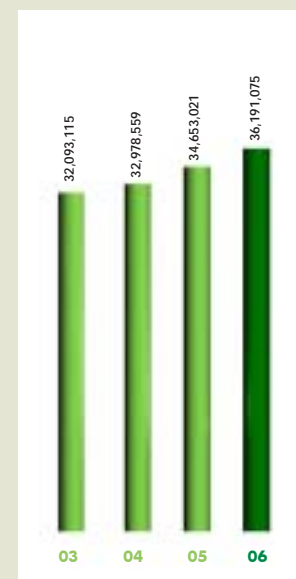
Net Income
In Thousands of Pesos



Net Revenues
In Thousands of Pesos



Total Assets
In Thousands of Pesos



Stockholders' Equity
In Thousands of Pesos

Joint Message

FILINVEST

DEVELOPMENT CORPORATION

Philippine economic growth improved slightly to 5.4% in 2006 from the 5.1% GDP increase posted in 2005. Despite the three tropical cyclones that hit the country in the last quarter of the year, the full-year economic growth was pulled up by the recovery of agriculture, dollar inflows from overseas Filipino workers, and the strong performance of the services sector. The year ended on a positive note with the peso finishing stronger at an average P51.3 to the dollar, the stock market nearing 10-year highs and a stronger fiscal position with the national government's budget deficit reduced by 50% from the full-year target.

The real estate sector maintained its steady resurgence, growing at a respectable level of 5.79% in 2006. Strong economic growth and reduced inflation contributed to its continued recovery, along with low interest rates and increased demand from OFWs and dual citizens.

Filinvest Development Corporation (FDC) registered a net income of P1.43 billion, up 21% from the 2005 level of P1.18 billion. Net revenues grew by 13% to hit P5.89 billion from the previous year's P5.20 billion. For the last five years (2002 to 2006), net income experienced a compounded annual growth rate of 47% while net revenues increased by 17% annually for the same period.

Consolidated assets grew to P86.20 billion from the previous year's P78.76 billion driven mainly by growth in East West Bank's portfolio. Long-term debt of the group remained almost flat at P11.71 billion while stockholders' equity reached P36.19 billion, up 4% from the 2005 level of P34.65 billion.

The New FLI

Philippine Stock Exchange-listed subsidiary Filinvest Land, Inc. (FLI) emerged bigger and stronger in 2006. With the end objective of unlocking shareholder value and transforming its main publicly-listed property vehicle, Filinvest Land Inc. into a property developer focused on horizontal housing with a balanced recurring income portfolio, FDC transferred its major investment properties into FLI. FDC and FAI's share in three strategic assets – PBCom Tower, Northgate Cyberzone and Festival Supermall valued at P12.3 billion were sold to FLI in exchange for FLI shares.

The move increased the company's asset base, diversified and balanced its income sources, and allowed its investors to participate in the booming Business Process Outsourcing (BPO) sector.

As a result, FLI enjoyed record-breaking success in its follow-on offering in February 2007, raising funds amounting to US\$204 million for both FLI and FAI. To unlock the market value of FLI, the company increased its free float significantly from 34% in September 2006 to 49% as of February 2007 and widened its institutional shareholding base by successfully marketing it to both local and international investors. FLI listed



Josephine Gotianun Yap and
Jonathan T. Gotianun

up to 3.7 billion new common shares at the Philippine Stock Exchange in the follow-on offering. The follow-on offering was more than five times oversubscribed at an unprecedented pricing of 1.2% discount over the last trading day price. The follow-on offering, together with its internally generated cash flow and a managed leverage policy, will be sufficient to fund its growth for the next three years. FLI has earmarked a P5-billion capital expenditure budget for 2007 with P3.7 billion for residential development and P1.3 billion for office development.

As expected, FDC shareholders participated in FLI's success as its share prices steadily moved up from the monthly weighted average price of P2.72 in August 2006 to P 5.40 by April 11, 2007. FDC's market capitalization increased from P16.6 billion to P32.0 billion over the same period.

Riding the property upswing

Horizontal housing development remained the key growth driver of FLI in 2006. The company achieved a net income of P817.82 million, up 40% from 2005. For 2007, the company is set to launch 14 new projects and to expand its marketing network to tap the growing OFW segment.

In the commercial sector, Filinvest Alabang Inc. (FAI), significantly improved its net income by 160% to P439.81 million due to improved lot and condominium sales and lower financial expenses. The country is enjoying a rebound in the residential condo segment. The company was able to capitalize on this development with the delivery of three completed condominium buildings in Filinvest Corporate City in 2006. Currently, FAI has five residential buildings under construction with four new towers scheduled for launch in 2007.

Rental revenue for the group grew at a healthy 26% to reach P1.25 billion from the previous year's P1.0 billion. Northgate Cyberzone continues to grow at a rapid pace, establishing its position as the preferred location of BPO firms. Current occupancy rate for its seven operational buildings is close to 100%. To accommodate the continued demand, four "iHub" buildings will be constructed over the next two years, which will increase the group's leasing portfolio to over 168,000 sqm in gross floor area by early 2008.

Growth in financial services

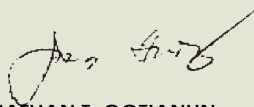
In its continuous drive to achieve its full potential of being a world-class bank, East West Bank capped another successful year with the bank's total resources amounting to P30.30 billion at the end of 2006, marking a 22% increase from the previous year. Deposits increased to P25.22 billion in 2006 from P21.20 billion in 2005. Loans expanded from P12.20 billion in 2005 to P14.61 billion in 2006. The bank attained a net income of P127.28 million in 2006. East West Bank has significantly shifted its portfolio towards becoming a consumer bank in the last few years.

Outlook for 2007

Business analysts remain optimistic. The consensus is that the continued growth of the Philippine economy depends greatly on the ability to entice both local and foreign investors and the implementation of consistent investor-friendly policies.

Counting on this upbeat business environment, FDC remains confident about its prospects for 2007. The last five years were focused on building financial strength among the subsidiaries by improving bottom lines, increasing cash flow generation and carefully managing financial leverage. 2007 marks a turning point for FDC with most of its subsidiaries in a position to undertake aggressive expansion on solid financial footing. The coming years will focus on growing new investments towards improving return on shareholders' equity. Aggressive moves are in the offing as the company fires up its expansion strategy geared for long-term growth and stability.

Once again, the management would like to extend its gratitude to the customers, shareholders, investors and employees for their continued support and patronage.



JONATHAN T. GOTIANUN

Chairman



L. JOSEPHINE GOTIANUN YAP

President & CEO

Operational Highlights



FILINVEST LAND, INC.

www.filinvestland.com

Filinvest Land, Inc (FLI) earned a consolidated net income of P817.82 million in 2006, a 40% increase over the P583.02 million posted in 2005. The company attained gross revenues of P3.52 billion, 15% higher than the previous year's P3.06 billion. Total consolidated assets stood at P40.82 billion, while stockholders' equity hit P29.25 billion.

A COMMITMENT TO BASIC HOUSING NATIONWIDE

Basic horizontal housing projects continued to be a strong source of sales for FLI, contributing 88% of the company's total revenue mix by year-end 2006.

Within and immediately surrounding Metro Manila, FLI further strengthened its presence with the introduction of 12 new projects 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 in 2006. 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.

Under Futura Classics, the Value Homes Division of Filinvest Land, affordable projects continued to expand and innovate. New phases were opened in Cavite, Batangas and Bulacan. Futura Classics introduced a below-P1 million townhome product in Summerbreeze 2, Sto. Tomas, Batangas and Westwood Mansions in Cavite. To cater to the needs of affordable communities, complementary commercial areas called Shophomes were introduced in areas such as Brookside Lane in General Trias. These are ideal for retail shops and other business ventures.

Sales continued to pick up under Corte Bella, the Metro Homes Division of Filinvest Land which focuses on middle-income



Top: Townhome units
Bottom: Walnut model unit in Crystal Aire



Top: Corona del Mar swimming pool
 Bottom: Dining room and living room of Brentville's Mona Lisa model unit

developments in Metro Manila and its suburbs. This segment contributed over P1.7 billion in sales for 2006. In San Pedro, Laguna, a new community called The Pines at South Peak was launched in mid-2006. Set upon rolling hills, The Pines offers lots with refreshing mountain ambience and picturesque views of Laguna de Bay.

Brentville International, the premier FLI residential community south of Metro Manila, saw a substantial increase in sales with the introduction of new house models. The Mona Lisa and the Madonna, two 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 offering of Brentville International, the company will soon launch the Arborage, the latest phase of expansion inside the premier subdivision.

FLI will further expand its presence geographically with projects in regional growth areas. 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 into Northern Luzon, new projects on the 2007 development calendar are Somerset Lane in Tarlac City, and Hampton Orchards 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.

GROWING ITS TOWNSHIP AND LEISURE DEVELOPMENTS

FLI has four major township developments strategically located around Greater Metro Manila. The townships carry a range of product lines appealing to different market segments and lifestyle needs.

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 and targets the high-end market.

Ciudad de Calamba

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

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. Township facilities were expanded with the completion of the municipal health center and police detachment on a 1,000-square meter site donated by Filinvest to the local government.

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.

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 across 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.

Timberland Heights

Timberland Heights is the 677-hectare mountain resort township in San Mateo, Rizal, that offers farm lots and residential



Ciudad de Calamba Township Gateway

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 eight-hectare membership club which will serve as the



Entrance of Mandala Farm Estates

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.

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 with close to 10,000 sqm of office and commercial space along Archbishop Reyes Avenue in Cebu City, right by the Cebu Business Park. 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 are targeted for completion within the early part of 2007.

GROWING ITS RECURRING INCOME BASE

FLI acquired 60% ownership of Cyberzone Properties, Inc. (CPI) from Filinvest Alabang, Inc. to take its stake in business process outsourcing office development. Northgate Cyberzone, a Philippine Economic Zone Authority (PEZA)-accredited IT park of CPI, has grown at a rapid pace, clearly establishing its position as the preferred location of Business Process Outsourcing (BPO) firms in southern Metro Manila. CPI is a partnership with Africa-Israel International Properties (2002) Ltd.

In 2006, FLI acquired controlling interest in Filinvest Asia Corporation, a partnership between FDC and Reco Herrera



PBCom Tower



Northgate Cyberzone



New shop at Festival Supermall

Pte Ltd., an investment vehicle of the Government of Singapore Investment Corporation Real Estate Pte Ltd. Filinvest Asia owns half of the 52-storey PBCom Tower, the tallest office building in the Philippines.

With seven operational buildings in Northgate Cyberzone and PBCom Tower, FLI now controls gross leasable area (GLA) of close to 100,000 square meters. Genpact LLC, eTelecare, ICICI and Verizon Communications Phil. were added this year to its existing roster of prime locators - HSBC Electronic Data Processing (Phils), Inc., Convergys, Citibank's Crescent Services (Philippines) PTE Ltd., American Express, IBM's Daksh eServices and eTelecare.

Current occupancy rate is close to 100%. To accommodate the continued demand, four "iHub" buildings are under construction and scheduled for delivery within the next two years, increasing FLI's leasing portfolio to almost 168,000 square meters by early 2008.

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.

FILINVEST ALABANG, INC.

www.filicity.com

2006 was a good year for Filinvest Alabang, Inc. (FAI) as new projects and sustained sales activity spurred the development of the 244-hectare Filinvest Corporate City (FCC) in Alabang. FAI generated consolidated net earnings of P439.81 million in 2006, a 160% growth compared to P168.82 million in 2005.

Retail Sector

FAI continued to expand its retail offerings that showcase various concepts and cater to different market segments.

The 9.5-hectare Westgate Center is now an established retail, dining and wellness destination in the South, with over 40 establishments and still growing. Two cluster building developments for specialty food outlets with a total GFA of 1,027 square meters were added in 2006. Design plans for other cluster buildings, as well as the anchor entertainment building were completed last year in preparation for construction in 2007.

Near the Muntinlupa Public Market, South Station's Green Building increased its market appeal as a 'pedestrian stopover depot' with an improved tenant mix of meals-to-go, fashion accessories, gadgets, RTW and service establishments. The opening of a pedestrian bridgeway made it more accessible and helped ease traffic flow in the area.



South Station Market



Studio One perspective

The full development of the South Station Market started in the third quarter of 2006. This retail component will offer a total gross leasable area of 15,000 square meters and will showcase different concepts such as a pet station, garden center, hawkers' food area and various bargain outlets and specialty shops.

In 2006, Wilcon Builders' Depot opened its biggest branch on a 1.5-hectare lot at the corner of Alabang-Zapote Road and Bridgeway Avenue in Filinvest Corporate City. Catering to the Southern market, the two-level depot offers a complete

selection of tiles, furniture, home accessories, hardware and homebuilding tools.

Residential Sector

Within Filinvest Corporate City, FAI offers condominium units and residential lots targeting different lifestyles and client profiles.

The idyllic Palms Pointe gated community, composed of 148 prime residential lots, is 74% sold with a total of 75 lots already turned over to the clients. Amenities such as the clubhouse, covered court, and playground are fully operational.

Two residential condominiums, Vivant Flats and West Parc Alder, started turnover of units to the owners in 2006. Construction work is in full swing for the 22-storey La Vie Flats and West Parc's Birch and Cedar Buildings. The Levels, composed of four high-rise buildings, is targeted for launching in mid-2007.

The 12-storey Studio One condominium, located in Northgate Cyberzone, broke ground in November 2006. Designed for the growing 24/7 population within the outsourcing hub, Studio One offers compact 13-sqm units ideal for the young call center market. Plans are underway for the soft launch of Studio Two in mid-2007.

Office Sector

The 12-storey 2301 Civic Place, Filinvest's first venture into SOHO (Small Office-Home Office) development, was inaugurated in September 2006. Following its success is the 10-storey Civic Prime which is under construction and scheduled for completion by the second quarter of 2008.



La Vie Flats model unit



The year 2007 will see the launch of Entrata, situated at the gateway of Filinvest Corporate City from the Montillano area. Straddled by Festival Supermall and South Station, it enjoys a premium location with superior accessibility. A four-tower complex, Entrata will feature a hotel and a small office-home office (SOHO) tower.

Leisure Sector

The Palms Country Club members reached 1,706 last year. The club also held its first stockholders' meeting in May 2006. It continued to be busy hosting banquets, corporate functions and other events for members. Among the successful events organized for the members last year were the New Year's Eve Party, Thai Food Festival, Summer Camp 06, and the re-launching of The Palms Deli outlet.



2301 Civic Place

EAST WEST BANK

www.eastwestbanker.com



Inauguration of East West Bank's Binondo branch

East West Bank registered significant growth in 2006. Total assets grew by 22% to P30.30 billion from P24.83 billion in 2005. Total deposits increased by 19% to P25.22 billion from P21.20 billion in 2005. Significantly, low cost current account and savings accounts (CASA) grew by 40%. Loans also expanded by 20% to P14.61 billion. Consumer loans registered a very robust growth of 38% to P7.7 billion. Furthermore, the bank's balance sheet remains very liquid with 42% of resources in liquid assets.

Despite these fundamental gains however, net income is lower by 37% at P127.28 million. Primarily, this was due to the substantial lower trading gains at P154.43 million vs. the P210.46 million in 2005. This was expected as domestic and Republic of the Philippines (ROP) bond prices are already so high such that the huge trading profits of the past are no longer likely to happen.

The second important factor that caused the lower net income is the 4% dropped in net interest income from P945.08 to P909.05 million. This is the effect of the low domestic interest rates and lower risk premium on ROP bonds. Just like most Philippine banks, East West had substantial income coming from domestic and foreign currency ROP bonds in the past. The gains made in increasing the loan portfolio, increasing low-cost CASA, and the general expansion of the balance sheet were not enough to offset the effects of lower interest rates. Partly, this is because the benefits from the asset expansion and improving deposit structure were not reflected fully in 2006 as bigger gains

were made in the latter part of the year. The year 2007 should reflect these gains in a more pronounced manner.

Compounding the difficult environment, operating expenses went up by 11% to P1.34 billion. This is due to the substantial salary adjustments and the increase in operating expenses as a result of increased volume of business.

Responding to challenges

East West Bank recognizes the changing business environment and the need to respond to the new challenges. The bank's redefined vision expresses its future direction: *to become a world-class bank anchored on service excellence in its chosen markets.*

The bank will focus on defined target market segments that it could serve excellently and differentiate itself through service excellence. It has identified the corporate middle markets and upper segments for individuals as its primary targets for its liability and distribution businesses. On the asset side, the focus will be on corporate middle markets and consumer lending. With these market definitions, the bank's products will move towards cash management, corporate loans and trade finance, consumer lending and distribution businesses.

2007 and Beyond

To improve its competitiveness, East West Bank has beefed up its management team and will continue to strengthen its infrastructure and streamline business processes.

The bank has also finalized a multi-component capital build-up program appropriate for its growth objectives. Last March, FDC infused P500 million for the first part of the program. It is lodged as deposits for future subscription pending approval of FDC's request with the Central Bank to convert its preferred shares to common equity.

In 2006, the board completed the preparations to put East West Bank on better competitive footing and set in motion programs to make it a significant player in the banking industry. This reflects the conviction of FDC that East West Bank is a strategic component of its long-term strategy. With the positive prospects of the real estate industry in particular and the Philippine economy in general, FDC is in a good position to support the growth agenda of East West Bank. Most of the programs are in place and it should only be a matter of time before East West Bank reaps the fruits of these preparations.

FDC PROPERTIES

Seascapes Resort Town - Mactan, Cebu

Seascapes Resort Town, Filinvest's 12-hectare resort community in Cebu, was launched in 2006. Major accomplishments for last year were the completion of the road access and landscaping, and the establishment of the site marketing office. Upon obtaining SEC approval, the sales team started offering Seascapes Beach Club and Spa shares in 2006.

Development goes full blast in 2007 with the selling and land development of the seaside lots, as well as the groundbreaking for the club, villas and casitas. Seascapes will also start offering fractional shares for the casitas and condominiums. The target for the start of resort operations is the end of 2008.

Fort Bonifacio

In 2007, FDC will also launch a premier residential condominium in Fort Bonifacio. Situated on one of the last remaining lots fronting the Manila Golf Club, this 42-storey, two-tower complex will command excellent views of the golf course, the Bonifacio city center and the Makati skyline.



Seascapes Cebu marketing office

Board of Directors

FILINVEST
DEVELOPMENT CORPORATION



- Andrew L. Gotianun, Sr. – Chairman Emeritus (2)
- Jonathan T. Gotianun – Chairman (3)
- Lourdes Josephine G. Yap – Director & President-CEO (5)
- Cornelio C. Gison – Independent Director (4)
- Andrew T. Gotianun, Jr. – Director (7)
- Mercedes T. Gotianun – Director (1)
- Lamberto U. Ocampo – Independent Director (6)



Subsidiary Heads

- Eley T. Ramos – President, East West Banking Corporation (retired on Dec. 31, 2006)
- Antonio C. Moncupa, Jr. – President, East West Banking Corporation (effective September 16, 2006)
- Joseph M. Yap – President, Filinvest Land, Inc.

Senior Management

- Josephine G. Yap – President & CEO
- Nelson M. Bona – Sr. Vice President & Treasurer
- Michael T. Gotianun – Vice President
- Abner C. Gener – Corporate Secretary

Consolidated Balance Sheets

(Amounts in Thousands of Pesos)

	December 31	
	2006	2005
ASSETS		
Cash and cash equivalents	P8,671,394	P4,862,199
Loans and receivables - net		
Real estate operations	7,343,605	6,670,239
Financial and banking services	13,053,884	10,223,360
Subdivision lots, condominiums and residential units for sale	7,882,048	7,420,733
Financial assets at fair value through profit or loss	670,753	2,493,017
Available-for-sale investments	4,008,929	1,848,862
Held-to-maturity investments	916,689	2,501,123
Land and land development	18,824,671	18,242,468
Investment property - net	22,070,222	21,326,518
Property and equipment - net	1,054,215	1,092,330
Deferred income tax assets	471,787	446,409
Other assets - net	1,228,398	1,637,710
	P86,196,595	P78,764,968
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Deposit liabilities	P24,784,603	P19,995,911
Bills and acceptances payable	1,316,880	123,876
Accounts payable and accrued expenses	5,689,375	6,523,636
Income tax payable	11,027	339
Deferred income tax liabilities	6,092,876	5,579,536
Long-term debt	11,709,180	11,562,549
Unrealized gross profit on installment contracts receivable	401,579	326,100
Total Liabilities	50,005,520	44,111,947

(Forward)

Consolidated Balance Sheets

(Amounts in Thousands of Pesos)

	December 31	
	2006	2005
STOCKHOLDERS' EQUITY		
Equity attributable to equity holders of the parent		
Capital stock - P1 par value		
Preferred - cumulative		
Authorized - 2,000,000,000 shares		
Common		
Authorized - 8,000,000,000		
Issued - 5,958,124,000 shares	P5,958,124	P5,958,124
Additional paid-in capital	2,099,874	2,099,874
Revaluation increment in land	46,331	46,331
Revaluation reserve on investment property at deemed cost	9,382,112	9,382,112
Revaluation reserve on available-for-sale investments	19,320	53,215
Retained earnings	13,791,365	11,922,489
Treasury stock	(24,220)	(24,220)
Total	31,272,906	29,437,925
Minority interest	4,918,169	5,215,096
Total Stockholders' Equity	36,191,075	34,653,021
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	P86,196,595	P78,764,968

Consolidated Statements of Income

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

	Years Ended December 31		
	2006	2005	2004 (As restated)
REVENUES			
Real Estate Operations			
Sale of lots, condominium and residential units and club shares	₱3,249,324	₱2,850,660	₱2,910,466
Cost of sale of lots, condominium and residential units and club shares	(1,451,811)	(1,318,366)	(1,329,253)
Gross profit	1,797,513	1,532,294	1,581,213
Mall and rental revenues	1,251,659	989,669	919,057
Other income	1,567,814	1,389,918	870,856
	4,616,986	3,911,881	3,371,126
Financial and Banking Services			
Interest income	1,950,852	1,953,871	1,450,354
Cost of financial and banking services	(1,195,230)	(1,177,017)	(922,140)
Other income	520,174	509,786	235,399
	1,275,796	1,286,640	763,613
NET REVENUES	5,892,782	5,198,521	4,134,739
Operating Expenses			
Real estate operations	2,520,938	2,301,382	1,847,153
Financial and banking services	1,410,639	1,199,304	917,023
	3,931,577	3,500,686	2,764,176
INCOME BEFORE INCOME TAX	1,961,205	1,697,835	1,370,563
PROVISION FOR INCOME TAX			
Current	149,165	75,727	100,237
Deferred	385,598	441,980	384,882
	534,763	517,707	485,119
NET INCOME	₱1,426,442	₱1,180,128	₱885,444
Attributable to:			
Equity holders of the parent company	₱1,172,151	₱803,097	₱564,184
Minority interest	254,291	377,031	321,260
	₱1,426,442	₱1,180,128	₱885,444
Basic/Diluted Earnings Per Share	₱0.197	₱0.135	₱0.095

Consolidated Statements of Changes in Stockholders' Equity

(Amounts in Thousands of Pesos)

	Equity Attributable to Equity Holders of the Parent										
	Capital Stock	Additional Paid-in Capital	Revaluation Increment in Land	Revaluation Reserve on Investment Property At Deemed Cost	Revaluation Reserve on Available-for-Sale Investments	Net Unrealized Loss on Decline in Market Value of Noncurrent Marketable Equity Securities	Retained Earnings	Treasury Stock	Total	Minority Interest	Total
For the Year Ended December 31, 2006											
Balance as of December 31, 2005	₱5,958,124	₱2,099,874	₱46,331	₱9,382,112	₱93,215	₱-	₱11,922,489	(₱14,220)	₱29,437,925	₱5,215,896	₱34,653,021
Changes in fair value of available-for-sale investments recognized directly in equity	-	-	-	-	(33,895)	-	-	-	(33,895)	(16,687)	(50,582)
Net income for the year	-	-	-	-	-	-	1,172,151	-	1,172,151	254,291	1,426,442
Total income and expense for the year	-	-	-	-	(33,895)	-	1,172,151	-	1,138,256	237,604	1,375,860
Adjustment to minority interest for additional equity in affiliates	-	-	-	-	-	-	696,725	-	696,725	(696,725)	-
Issuance of additional shares to minority interest	-	-	-	-	-	-	-	-	-	164,230	164,230
Dividends paid	-	-	-	-	-	-	-	-	-	(2,036)	(2,036)
Balance as of December 31, 2006	₱5,958,124	₱2,099,874	₱46,331	₱9,382,112	₱59,320	₱-	₱13,791,365	(₱14,220)	₱31,271,906	₱4,918,569	₱36,191,075

(Forward)

Consolidated Statements of Changes in Stockholders' Equity

(Amounts in Thousands of Pesos)

	Equity Attributable to Equity Holders of the Parent										
	Capital Stock	Additional Paid-in Capital	Revaluation Increment in Land	Revaluation Reserve on Investment Property At Decred Cost	Revaluation Reserve on Available-for-Sale Investments	Net Unrealized Loss on Decline in Market Value of Noncurrent Marketable Equity Securities	Retained Earnings	Treasury Stock	Total	Minority Interest	Total
For the Year Ended December 31, 2005											
Balances as of December 31, 2004	P5,958,124	P2,099,874	P45,007	P9,114,052	P-	(P23,904)	P11,156,633	(P24,220)	P28,325,566	P4,652,967	P32,978,539
Cumulative effect of change in accounting for investments	-	-	-	-	69,583	23,904	(128,435)	-	(34,948)	(102,615)	(137,562)
Balances as of January 1, 2005	5,958,124	2,099,874	45,007	9,114,052	69,583	-	11,028,198	(24,220)	28,290,618	4,550,351	32,840,966
Changes in fair value of available-for-sale investments recognized directly in equity	-	-	-	-	(16,368)	-	-	-	(16,368)	16,368	-
Net income for the year	-	-	-	-	-	-	883,897	-	883,897	377,031	1,180,128
Total income and expense for the year	-	-	-	-	(16,368)	-	883,897	-	786,729	393,399	1,180,128
Effect of change in tax rate	-	-	1,324	268,068	-	-	-	-	269,392	-	269,394
Adjustment to minority interest for additional equity in affiliates	-	-	-	-	-	-	91,194	-	91,194	(91,194)	-
Issuance of additional shares to minority interest	-	-	-	-	-	-	-	-	-	362,513	362,513
Balances as of December 31, 2005	P5,958,124	P2,099,874	P46,331	P9,382,112	P53,215	P-	P11,922,489	(P24,220)	P29,637,925	P5,215,066	P34,853,023
For the Year Ended December 31, 2004											
Balances as of January 1, 2004	P5,958,124	P2,099,874	P45,007	P9,114,052	P-	(P23,904)	P10,592,449	(P24,220)	P27,761,382	P4,331,733	P32,093,115
Net income for the year	-	-	-	-	-	-	564,184	-	564,184	321,288	885,444
Balances as of December 31, 2004	P5,958,124	P2,099,874	P45,007	P9,114,052	P-	(P23,904)	P11,156,633	(P24,220)	P28,325,566	P4,652,967	P32,978,539

Consolidated Statements of Cash Flows

(Amounts in Thousands of Pesos)

	Years Ended December 31		
	2006	2005	2004 (As restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	₱1,961,205	₱1,697,835	₱1,370,563
Adjustments for:			
Interest income	(775,160)	(392,012)	(188,723)
Interest expense	740,795	665,174	512,656
Depreciation and amortization	416,525	407,343	287,844
Provision for probable losses	142,206	103,411	2,009
Gain on exchange of property	(138,073)	(15,868)	–
Gain on sale of investments	(66,695)	(88,383)	(85,839)
Dividend income	(38,418)	(73)	–
Amortization of computer software	23,423	42,831	35,327
Provision for retirement benefits	19,954	21,136	21,017
Gain on asset foreclosure and dacion transactions	(11,117)	(63,164)	(3,969)
Loss (gain) on sale of property and equipment and investment properties	(4,504)	4,539	22
Unrealized loss (gain) on sale of financial assets at fair value through profit or loss	(3,359)	(9,600)	3,083
Provision for impairment loss	–	–	3,744
Operating income before changes in operating assets and liabilities	2,266,782	2,373,169	1,957,734
Decrease (increase) in:			
Loans and receivables	(2,942,017)	(2,653,109)	(4,839,864)
Subdivision lots, condominiums and residential units for sale	(279,539)	(382,193)	(275,356)
Land and land development	163,309	(7,014,828)	3,990,630
Increase (decrease) in:			
Deposit liabilities	4,788,692	2,586,191	2,813,567
Accounts payable and accrued expenses	(1,063,560)	6,990,433	(2,561,501)
Pension benefit paid	–	(16,111)	(9,848)
Unrealized gross profit on installment contracts receivable	75,479	189,812	(4,341)
Net cash generated from operations	3,009,146	2,073,364	1,071,021
Income taxes paid	(142,170)	(110,985)	(159,415)
Net cash provided by operating activities	2,866,976	1,962,379	911,606

(Forward)

Consolidated Statements of Cash Flows

(Amounts in Thousands of Pesos)

	Years Ended December 31		
	2006	2005	2004 (As restated)
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease (increase) in:			
Due from related parties	₱638,496	₱1,200,894	₱496,810
Financial assets at fair value through profit or loss	1,825,622	(1,934,639)	–
Other assets	14,092	323,431	83,511
Purchases of:			
Available-for-sale investments	(29,653,962)	(31,936,773)	(685,879)
Held-to-maturity investments	(5,022,820)	(8,218,861)	(2,210,961)
Investment in shares of stock	–	–	(254,727)
Proceed from:			
Sale of:			
Available-for-sale investments	27,895,185	31,756,676	58,783
Held-to-maturity investments	6,607,254	7,820,314	–
Investment in shares of stock	–	–	800,977
Disposal of investment properties	18,206	9,389	11,428
Exchange of property	–	15,868	–
Interest received	428,021	406,683	275,244
Acquisitions of investment property and property and equipment	342,721	(392,633)	(475,859)
Dividends received	38,418	–	–
Net cash provided by (used in) investing activities	3,131,233	(949,651)	(1,900,673)
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in due to related parties	(1,622,790)	(1,518,520)	(909,419)
Interest paid	(900,383)	(743,305)	(760,685)
Proceeds from:			
Bills and acceptances payable	91,412,673	89,375,232	73,225
Long-term debt	1,128,227	6,225,676	2,642,933
Bonds payable	–	–	(119,132)
Payments of:			
Bills and acceptances payable	(90,248,960)	(89,827,495)	–
Long-term debt	(1,955,745)	(2,865,125)	(801,452)
Dividends	(2,036)	–	–
Net cash provided by (used in) financing activities	(2,189,014)	646,463	125,470
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,809,195	1,659,191	(863,597)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	4,862,199	3,203,008	4,066,605
CASH AND CASH EQUIVALENTS AT END OF YEAR	₱8,671,394	₱4,862,199	₱3,203,008

FILINVEST

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