

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b)
THEREUNDER

1. For the quarterly period ended **March 31, 2006.**

2. Commission identification **Number 51048.**

3. BIR Tax Identification **No. 042-000-053-167.**

4. Exact name of registrant as specified in its charter: **FILINVEST DEVELOPMENT CORPORATION**

5. **Philippines**

6. **(SEC Use Only)**

Industry Classification Code:

Province, Country or other jurisdiction of incorporation of organization

7. **173 P. Gomez St., San Juan Metro Manila**

Address of principal office

8. **727-04-31, 1500**

Registrant's telephone number, including area code

9. **Not applicable**

Former name, former address, and former fiscal year, if changed since last report

10. Securities registered pursuant to Sections 4 and 8 of the RSA

Title of Each Class

Number of Shares of Common Stock Outstanding and
Amount of Debt Outstanding

Common stock, P1.00 par value

5,955,725,452 shares; P11.9B – debt outstanding

11. Are any or all of these securities listed in the Philippines Stock Exchange?

Yes [**X**]

No []

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

Philippine Stock Exchange

Common Stock

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Revised Securities Act (RSA) and SRC Rule 17 thereunder and Sections 11 of the RSA and RSA 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines during the preceding 12 months (or for such shorter period that the registrant was required to file such reports):

Yes [**X**]

No []

(b) has been subject to such filing requirements for the past 90 days.

Yes [**X**]

No []

PART I -- FINANCIAL INFORMATION

Item 1. Financial Statements

Please refer to the attached financial statements marked Annexes A to D.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operation for the Three-Month Period Ended March 31, 2006 and 2005

The Company during the first quarter of the year was able to generate consolidated revenues of P1.11 billion, which is higher by 17%, compared to P0.95 billion of the same period last year. The consolidated net income increased by 247%, from P45.6 million to P158.5 million. The positive growth was the result of the factors discussed below.

On the real estate operations, for the first quarter of 2006, the Company's net operating income amounted to P238.6 million as against P140.4 million of the same period last year. This 69% growth was contributed by the mall, Filinvest Asia's PBCom Tower and other rental generating properties, and Other Income. Mall and Rental revenues grew by 22% with the increase in occupancy; and Other Income by 94% with the increase in interest income from installment contracts. Total expenses of real estate operations went down by 4%, from P 568.9 million to P543.3 million largely as a result of lower interest expense with the decline in this year's borrowing rates. This growth was partially offset by the decrease in consolidated sale of lots, condominium and residential units and club shares by 22%, from P760.8 million in 2005 to P596.6 million during the current period.

The financial and banking services, East West Banking Corporation (EWBC), recorded a positive growth of 38% in net revenues, from P240.3 million to P332 million. The increase came mostly from trading of government securities, trust fees, and other service charges. Costs of services declined considerably by 6% with the maturing in 2005 of several high-costs deposits, which was first introduced in 1998. The operating expenses of EWBC increased by 24% primarily due to: additional manpower costs and other expenses incurred by its new personalized banking centers, which were opened in the second and third quarters of 2005; the marketing costs incurred for auto loan and credit card facilities, which were launched starting March and August 2005, respectively.

On the financials, cash and cash equivalents stood at P4.5 billion, a decrease by 8% compared to the P4.8 billion as at December 31, 2005. The decrease was due to lower interbank loans receivables in the first quarter of 2006, the proceeds of which were used to invest in government securities.

Loans and receivables grew by 7% with the higher car loan releases.

Investments improved by P1.5 billion or 20% from previous year's P7.4 billion due to increase in placements in government securities.

Property and equipment increased by 9% with the construction of Cyberzone Properties, Inc.'s IT building.

Accounts payable and accrued expenses increased by 9% primarily due to various customer advances representing reservation fees and part downpayments, and accrual of interest expenses on additional loans obtained.

Unrealized gross profit on installment sales went up by 16% due to higher sales journalized for the period, under the installment method of accounting for gross profit for real estate sales.

Estimated liability for land and property development increased from P1.2 billion to P1.4 billion as a result of additional land developments and housing costs for new phases of existing projects.

As of March 31, 2006, total consolidated assets stood at P84.6 billion while stockholders' equity was at P38.8 billion. Long-term debt was at P11.9 billion.

The Company has no material commitments for capital expenditures, except for the ongoing project developments of its real estate subsidiaries and the initial expenses necessary for the new branches of its bank subsidiary which expenses can be adequately covered by the subsidiaries' operating cash flow. There are no events or uncertainties that are reasonably expected to have a material impact on the Company's short term or long-term liquidity or on the Company's revenues from continuing operations.

On May 5, the Company opted to convert part of its P1.2 billion convertible bond holdings amounting to P163 million, into 163 million shares of Filinvest Land, Inc. (FLI). The shares were sold on the same day at P1.57 per share.

Performance Indicators

	As of & for the Three Months Ended March 31, 2006	As of December 31, 2005 & for the Three Months Ended March 31, 2005
Earning per share (basic)	P 0.027 /share	NA
Net Income (Annualized)		
Weighted average number of outstanding shares		
Price Earnings Ratio	108.75 times	NA
Closing Price		
Earnings Per Share		
Return on Gross Revenue	9.6%	NA
Net Income		
Total Revenue		
Debt to equity ratio	0.31:1	0.30:1
Notes Payable & Long-term Debt		
Total Stockholders' Equity		
EBITDA to Total Interest Paid	1.87 times	2.09 Times
EBITDA		
Total Interest Payment		

Earnings per share is P0.027 while Price Earnings (PE) Ratio is 108.75 times. The growth in PE ratio was primarily due to raise in stock price, which was trading at P2.90 per share at the close in March 2006 versus at P1.50 per share at the close of the same period last year.

Total debt to equity ratio remained at almost the same level at 0.30:1 in previous period to 0.31:1 during the current year.

Notes to Financial Statements

- The attached interim consolidated financial reports are prepared in accordance with the generally accepted accounting principles in the Philippines applied on consistent basis. The accounting policies and methods of computation followed in the financial statements for the three-month period ended March 31, 2006 are the same as those followed in the annual financial statements of the Company for the year ended December 31, 2005.

2. The operating activities of the Company are carried out uniformly over the calendar year. There are no unusual operating cycles or seasons that will differentiate the operations for the period January to March 2006 from the operations for the rest of the year.
3. Except as disclosed in the Management's Discussion and Analysis of Financial Condition and Results of Operation, there are no unusual items affecting assets, liabilities, equity, net income or cash flows for the interim period.
4. There are no changes in estimates of amounts reported in the previous period that have material effects in the current interim period.
5. Except for those discussed in the Management's Discussion and Analysis of Financial Condition and Results of Operations, there are no issuances, repurchases and repayments of debt and equity securities.
6. There were no dividends paid (aggregate or per share) separately for ordinary shares and other shares during the interim period.
7. The Company derives its revenues from the following reportable segments:

Real estate which involves acquisition of land, planning and development of large-scale fully integrated residential and commercial communities; development and sale of residential and commercial lots and the development and leasing of retail and office space and land in these communities; construction and sale of residential housing and condominiums and office buildings; development of farm estates, industrial and business parks; operation of cinema and mall; and property management.

Banking and financial services which involve commercial and banking operations, including generations of savings and time deposits in pesos and foreign currencies; commercial mortgage and agribusiness loans; payment services, provision of credit card facilities, fund transfer, international trade settlements and remittances from overseas workers; trust and investment services including portfolio management, unit funds, trust administration and estate planning; and safety deposit facilities.

Financial information on the operations of these business segments as of and for the three months ended March 31, 2006 and 2005 are summarized in the attached Annex E.

8. Except as discussed in the Management's Discussion and Analysis of Financial Condition and Results of Operations, there are no material events subsequent to March 31, 2006 up to the date of this report that have not been reflected in the financial statements for the interim period.
9. There have been no changes in the composition of the Company during the interim period, such as business combination, acquisition or disposal of subsidiaries and long-term investments, restructurings and discontinuing operations.
10. There are no changes in contingent liabilities or contingent assets since December 31, 2005.
11. There are no material contingencies and any other events or transactions affecting the current interim period.

PART II -- OTHER INFORMATION

There is no other information required to be reported that has not been previously reported in SEC Form 17-C.


SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Issuer

FILINVEST DEVELOPMENT CORPORATION

Signature



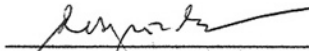
NELSON M. BONA
Treasurer

Title

Date

May 22, 2006

Signature



DESYREE V. DELAVIN
Accounting Manager

Title

Date:

May 22, 2006

**FILINVEST DEVELOPMENT CORPORATION AND
SUBSIDIARIES**

ANNEX A

CONSOLIDATED BALANCE SHEETS

(Amounts in Thousands of Pesos)

	MARCH 31, 2006	DECEMBER 31, 2005
	UNAUDITED	AUDITED
ASSETS		
Cash and cash equivalents	4,464,945	4,828,787
Receivables	6,392,701	6,640,980
Loans and receivables	10,730,195	10,066,065
Subdivision lots, condominium and residential units for sale	7,560,342	7,704,657
Investments	8,895,918	7,428,541
Land and land development	18,559,830	18,242,261
Investment properties	22,080,563	22,233,955
Property and equipment - net	1,128,739	1,036,731
Other assets	4,743,960	4,932,990
TOTAL ASSETS	84,557,193	83,114,967
LIABILITIES AND EQUITY		
Liabilities		
Deposit liabilities	20,505,254	19,995,911
Accounts payable and accrued expenses	5,855,452	5,393,861
Income tax payable	-	275
Deferred tax liabilities	5,662,605	5,947,400
Long-term debt	11,926,368	11,562,549
Unrealized gross profit on installment sales	376,918	326,100
Estimated liability for land and property development	1,426,920	1,237,819
Total Liabilities	45,753,517	44,463,915
Equity		
Capital stock issued and outstanding	5,958,124	5,958,124
Additional paid-in capital	2,099,874	2,099,874
Revaluation increment	8,390,219	8,396,411
Retained earnings	11,961,782	11,922,489
Revaluation reserve of AFS financial assets	235,282	235,004
Treasury stock	(24,220)	(24,220)
Minority interest	10,182,616	10,063,370
Total Equity	38,803,677	38,651,052
TOTAL LIABILITIES AND EQUITY	84,557,193	83,114,967

**FILINVEST DEVELOPMENT CORPORATION AND
SUBSIDIARIES**
CONSOLIDATED STATEMENTS OF INCOME
(In Thousands of Pesos except EPS)

ANNEX B

UNAUDITED Three months ended March 31

	2006	2005 (as restated)
REVENUES		
Real Estate		
Sale of lots, condominiums, residential units, and club shares	595,633	760,845
Cost of sale	(249,223)	(343,231)
Gross Profit	346,411	417,614
Deferred gross profit on prior years' sales	(40,051)	(39,380)
Mall and rental revenues	281,459	230,800
Other income	194,105	100,195
	<u>781,923</u>	<u>709,229</u>
Financial and Banking		
Interest income	441,033	447,065
Other income	171,861	90,567
Cost of services	(280,900)	(297,272)
	<u>331,994</u>	<u>240,359</u>
NET REVENUES	<u>1,113,917</u>	<u>949,588</u>
Operating expenses		
Real estate	543,322	568,850
Financial and banking	279,690	226,506
	<u>823,012</u>	<u>795,356</u>
INCOME BEFORE PROVISION FOR INCOME TAX	<u>290,905</u>	<u>154,232</u>
Provision for income tax	(132,367)	(108,584)
NET INCOME	<u>158,539</u>	<u>45,648</u>
Attributable to:		
Equity holders of the parent company	39,704	(40,518)
Minority interest	118,835	86,166
RETAINED EARNINGS		
Beginning	11,922,489	11,156,633
Ending	<u>11,962,193</u>	<u>11,116,115</u>
Earnings Per Share (EPS) - Annualized (Applicable to equity holders of the parent company)		
a. Net Income (three months)	39,704	(40,518)
b. Net Income Annualized (a * 4)	158,816	(162,072)
c. Weighted average number of outstanding common shares	5,955,725	5,955,725
d. EPS (b/c)	0.0267	(0.0272)

FILINVEST DEVELOPMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

ANNEX C

(In Thousands of Pesos)

Three months ended March 31 - UNAUDITED

2006

2005

CAPITAL STOCK - P1 par value

Preferred - cumulative

Authorized - 2,000,000 shares

Common

Authorized - 8,000,000 shares

Issued - 5,958,123,852 shares

5,958,124

5,958,124

ADDITIONAL PAID-IN CAPITAL

2,099,874

2,099,874

REVALUATION INCREMENT

8,390,219

8,122,158

RETAINED EARNINGS

Balance at beginning of year

11,922,078

11,156,633

Net income (loss) for the period

39,704

(40,518)

Balance at end of period

11,961,782

11,116,115

Revaluation reserve of AFS assets

235,282

333,990

TREASURY STOCK - at cost of 2,398,400

Common shares

(24,220)

(24,220)

Minority Interest

10,182,616

9,761,728

TOTAL STOCKHOLDERS' EQUITY

38,803,677

37,367,769

FILINVEST DEVELOPMENT CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of Pesos)

ANNEX D

	Three months ended March 31	
	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income before income tax	290,905	154,232
Adjustments to reconcile net income to net cash provided by operating activities:		
Interest expense	175,430	222,331
Interest income	(129,917)	(51,151)
Provision for probable losses	5,759	801
Retirement cost	1,286	4,582
Restatement of investment to FV		(7,437)
Depreciation and amortization	111,456	104,650
Operating income before changes in operating assets and liabilities	454,919	428,007
Changes in operating assets and liabilities		
Decrease (increase) in assets:		
Receivables	(415,851)	(660,903)
Subdivision lots, condominiums, and residential units for sale	144,315	773,332
Land and land development	(317,569)	(878,743)
Other assets	189,030	91,863
Increase (decrease) in liabilities:		
Deposit liabilities	509,343	2,905,182
Accounts payable and accruals	176,796	681,109
Estimated liability for land and land development	189,101	(72,611)
Unrealized gross profit on installment sales	50,818	37,632
Net cash provided from operations	980,902	3,304,867
Interest received	550,796	636,871
Interest paid	(853,091)	(777,924)
Income tax paid	(275)	-
Net cash provided by operating activities	678,332	3,163,814
CASH FLOWS FROM INVESTING ACTIVITIES		
Net increase in investments	(1,313,985)	(2,846,078)
Net increase in property and equipment	(92,008)	14,671
Net cash used in investing activities	(1,405,993)	(2,831,407)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds (repayment) of long-term debt	363,819	(228,701)
Net cash provided by (used in) financing activities	363,819	(228,701)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(363,842)	103,706
CASH AND CASH EQUIVALENTS, January 1	4,828,787	3,314,702
CASH AND CASH EQUIVALENTS, March 31	4,464,945	3,418,408

FILINVEST DEVELOPMENT CORPORATION AND SUBSIDIARIES
FINANCIAL INFORMATION ON OPERATIONS OF BUSINESS SEGMENTS
As of December 31, 2005 and for the three-month period ended March 31, 2006 and 2005
(In Thousands of Pesos)

ANNEX E

	Real Estate Operations		Banking and Financial Services		Combined		Eliminating		Consolidated	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
Net Revenues	807,224	719,235	371,418	271,753	1,178,642	990,988	(64,725)	(41,400)	1,113,917	949,588
Net Income	106,875	25,782	74,474	40,854	181,349	66,636	(22,811)	(20,988)	158,539	45,648
Segment assets	93,144,389	92,984,212	25,719,260	24,863,701	118,863,649	117,847,913	(34,306,455)	(34,732,946)	84,557,193	83,114,967
Less deferred tax asset	13,392	286,499	524,820	492,530	538,212	779,029	-	-	538,212	779,029
Net segment assets	93,130,997	92,697,713	25,194,440	24,371,171	118,325,436	117,068,884	(34,306,455)	(34,732,946)	84,018,981	82,335,938
Segment liabilities	41,528,797	41,483,301	22,701,072	21,931,780	64,229,869	63,415,081	(18,476,352)	(18,951,166)	45,753,517	44,463,915
Less:										
Income tax payable	-	274	-	-	-	274	-	-	-	274
Deferred tax liabilities	5,662,605	5,901,280	-	46,121	5,662,605	5,947,401	-	-	5,662,605	5,947,401
Net segment liabilities	35,866,191	35,581,747	22,701,072	21,885,659	58,567,263	57,467,406	(18,476,352)	(18,951,166)	40,090,912	38,516,240
Cash flows arising from										
Operating activities	2,955,701	2,802,821	(886,875)	1,462,922	2,068,826	4,265,743	(1,390,494)	(1,101,929)	678,332	3,163,814
Investing activities	(4,033,213)	(4,025,807)	(1,106,004)	(2,598,163)	(5,139,217)	(6,623,969)	3,733,224	3,792,562	(1,405,993)	(2,831,407)
Financing activities	3,523,089	3,041,684	-	-	3,523,089	3,041,684	(3,159,270)	(3,270,385)	363,819	(228,701)

FILINVEST DEVELOPMENT CORPORATION AND SUBSIDIARIES
FINANCIAL INFORMATION ON OPERATIONS OF BUSINESS SEGMENTS

ANNEX F

As of March 31, 2006

(In Thousands of Pesos)

Type of receivable	Total	Current	2-3 Mos.	4-6 Mos.	7 Mos - 1 year	1 year over
a) Trade Receivables						
Mortgage, Notes and Installment Contracts Receivable	4,416,363	4,362,794	13,389	-	-	40,180
Receivable from Financing Institutions	468,754	468,754	-	-	-	-
Receivable from Customer	10,730,194	9,412,430	669,982	73,722	29,634	544,427
Rentals and others	751,016	375,302	88,836	47,267	45,801	193,810
Subtotal	16,366,327	14,619,280	772,207	120,989	75,435	778,417
Less: Allowance for Doubtful Accounts	(123,518)	(244)	(12,836)	(12,199)	(23,176)	(75,063)
	16,242,809	14,619,036	759,371	108,790	52,259	703,354
b) Non-trade Receivables						
Other Receivables	880,086	839,200	7,887	12,857	15,739	4,402
Net Receivables	17,122,895	15,458,236	767,258	121,647	67,998	707,756