

FILINVEST
LAND INCORPORATED

2009

ANNUAL REPORT



Contents

Financial Highlights

2

Joint Message to Shareholders

3

Operational Highlights

5

Board of Directors & Senior Management

14

Consolidated Financial Statements

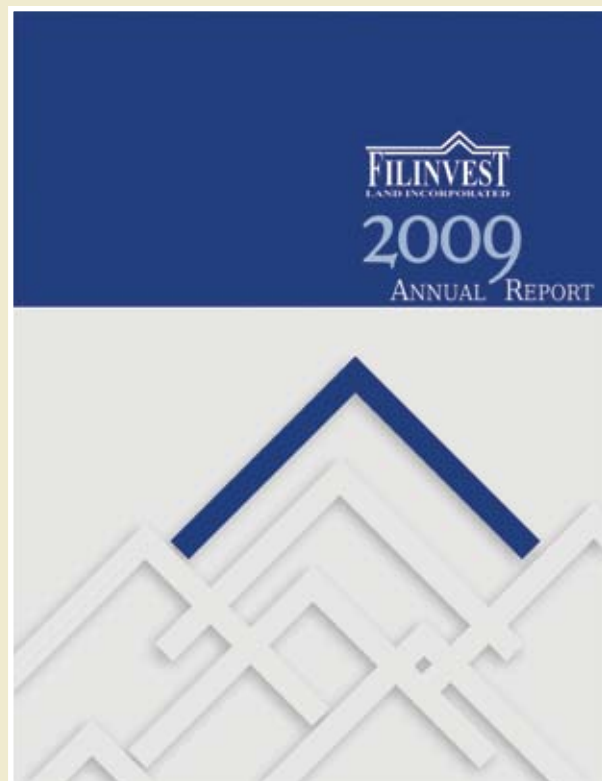
15

Map of Projects

20

Consolidated Financial Statements and Report of Independent Auditors

Insert



Cover Story

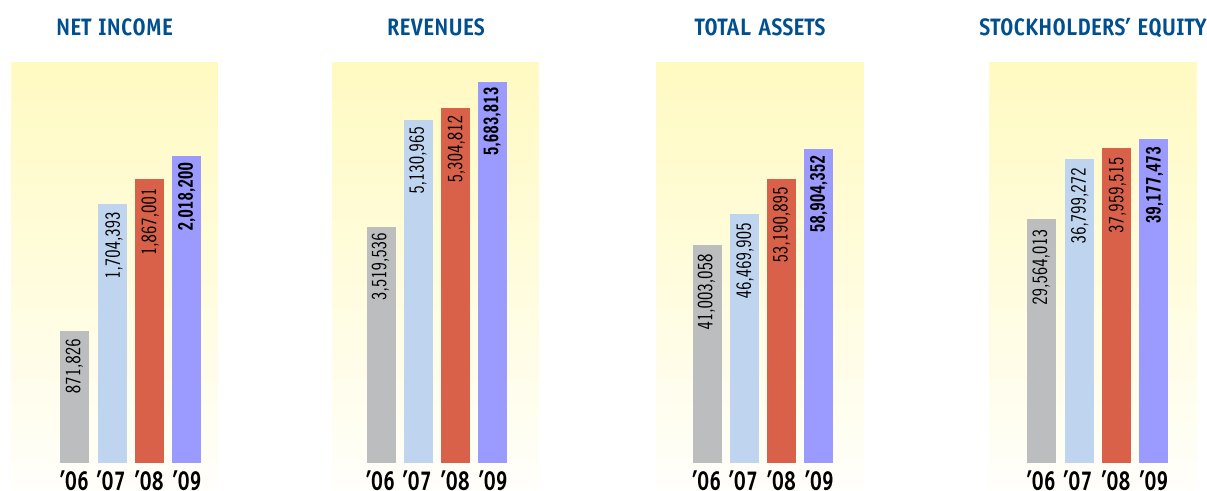
Shelter for all Seasons. Rain or shine, a strong roof provides the best protection against the harsh elements. The same way that in any economic landscape, Filinvest Land, Inc. (FLI) remains every Filipino's steadfast partner in fulfilling his cherished dream of owning a home. FLI will remain at the forefront of the property sector as long as there are families to shelter, lifestyles to create, and dreams to build.

Filinvest Land, Inc. and Subsidiaries

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

	2009	2008	2007	2006
Operating Results				
Revenues	5,683,813	5,304,812	5,130,965	3,519,536
Net Income	2,018,200	1,867,001	1,704,393	871,826
Return on Assets (avg)	4%	4%	4%	3%
Return on Equity (avg)	5%	5%	5%	4%
Financial Position				
Total Assets	58,904,352	53,190,895	46,469,905	41,003,058
Total Long-term Debt	11,330,438	6,972,300	3,515,864	7,013,000
Stockholders' Equity	39,177,473	37,959,515	36,799,272	29,564,013
No. of Shares Issued and Outstanding (000's)	24,249,759	24,249,759	24,470,708	20,770,708
Debt to Equity *	29%	18%	10%	24%
Net Debt to Equity **	14%	12%	5%	22%
Per Share Data				
Primary / Fully Diluted Earnings	PHP 0.087	PHP 0.080	PHP 0.074	PHP 0.056

* computed as long-term debt divided by Stockholders' Equity
 ** computed as long-term debt less cash equivalents divided by Stockholders' Equity



Joint Message of the Chairman and the President



After a challenging year in 2008, the Philippines faced an even more difficult year in 2009 as the subprime mortgage crisis that started in the second half of 2007 in the United States grew into a full-blown global economic crisis. There were concerns that remittances from Overseas Filipino Workers (OFWs), which account for about 10% of the country's Gross Domestic Product (GDP), would decline as the economies of the main destinations for OFWs fell into recession, and millions of people lost their jobs worldwide.

The Philippines did not escape unscathed, but fared relatively better than most other countries in the world. GDP managed to grow by 0.9%, from 3.8% in 2008 due to the government's pump priming activities which offset the 14.2% drop in exports. Meanwhile, remittances remained resilient, growing by 5.6% year-on-year to US\$17.3bn, and pushing Gross National Product (GNP) growth to 3.0%.

The Philippines did not only have to contend with external factors, but also had to struggle through natural calamities, especially Typhoons Ondoy and Pepeng which caused extensive damage in Metro Manila and Central Luzon in late 2009.

Oil prices were relatively stable in 2009, and helped keep inflation in check. In 2009, the inflation rate averaged at 3.2% compared to 9.3% in 2008.

Your Company, like the rest of the country, had to hurdle these difficulties in 2009. While the prices of construction materials, specifically cement and steel, eased from record levels in 2008, the new challenge was to keep sales growing given the tough market conditions.

Despite all the challenges in 2009, your Company continued its record of continuous growth in its performance.

FINANCIAL HIGHLIGHTS

Your Company ended 2009 with a Net Income After Tax of Php2.018 billion. Although the growth over the previous year's Net Income of Php1.867 billion was moderate at 8%, this was a notable achievement given the tough conditions of 2009.

Real Estate Sales reached Php3.675 billion, 5% more than the year before. The bulk of Real Estate Sales continued to be from FLI's core business of mass housing which include socialized, affordable and middle-income house & lot packages or condominium units of up to Php4 million each.

These mass housing units accounted for Php3.019 billion or 82% of total Real Estate Sales, with the balance of Php656 million coming from high-end projects, farm estates, club shares, industrial lots and entrepreneurial housing (Asenso Village).

Rental revenues, on the other hand, posted a 5% growth to Php1.187 billion. Your Company's investment properties were not spared from the impact of the economic downturn as some tenants pre-terminated their leases. However, we were also able to get new tenants, as well as renew leases with existing tenants. FLI's investment properties include Northgate Cyberzone with ten operational BPO buildings, the PBCom Tower in Makati and Festival Supermall in Filinvest Corporate City.

Real estate operations accounted for Php1.356 billion or 67% of net income while leasing operations contributed Php624 million or 31% of total earnings. Equity in Net Earnings from FLI's 20% stake in Filinvest Alabang Inc. contributed Php38 million or about 2% of net income.

In November 2009, your Company successfully raised Php5 billion from its retail bond sale. FLI issued Php500 million in 3-year bonds at a fixed interest rate of 7.5269% and Php4.5 billion in 5-year bonds at 8.4615%, inclusive of the full exercise of the Php2 billion over-subscription option. The bonds were assigned the highest rating of PRS Aaa by the Philippine Rating Services Corporation (Philratings) and were three times oversubscribed. Proceeds from the bonds are being used for the development of various residential projects as well as for land acquisition for future projects.

FLI's Balance Sheet remains very healthy with debt to equity ratio at 0.30:1 and a net debt to equity ratio of only 0.16:1. All of our loans are peso-denominated and long-term, thus shielding the Company from foreign exchange fluctuations. Your Company ended the year with a strong cash position of Php5.8 billion.

2009 was particularly rough on the stock markets. Your Company's share price performance in 2009 mirrored the ups and downs of the stock exchange. From Php0.39 at the end of 2008, it dropped even lower to Php0.29 in March 2009 due to the continued flight of global investors from what was then perceived as the more "risky" emerging markets. In the second half of 2009, as equity markets started to stabilize, investors saw the value of FLI shares, and its share price rose and ended the year at Php0.90, 131% higher than the end-2008 level, and 210% higher than the bottom set in March 2009.

In 2009, your Company paid a regular cash dividend of Php0.02 per share

and a special cash dividend of Php0.013 per share, or a total of Php800 million. This represented 43% of the previous year's net income, higher than the Company's target payout rate of 20%.

PROJECT HIGHLIGHTS

As of the end of 2009, FLI had 77 ongoing projects nationwide. These include the 7 new projects and 23 additional phases that were launched during 2009 with a total sales value of Php6.4 billion. Your Company completed the first two mid-rise buildings (MRBs) at One Oasis Ortigas earlier in the year, as well as the first building at Bali Oasis Marcos Highway by the end of 2009. Three new MRB projects in inner-city locations have been announced, namely Maui Oasis Sta. Mesa, Capri Oasis Pasig, and Sorrento Oasis Pasig. FLI generated sales reservations of Php7.0 billion in 2009, 6% more than the previous year, and a record in your Company's history.

On December 28, 2009, FLI signed an agreement to buy out its partner, foreign investment firm Africa-Israel Properties (Phils.), for the latter's 40% stake in Cyberzone Properties, Inc. (CPI) for Php780 million and Filinvest AII Philippines, Inc. (FAPI) for Php383 million. CPI is the developer of the 10-hectare Northgate Cyberzone while FAPI is the developer of the Timberland Sports and Nature Club and a phase of Timberland Heights in San Mateo, Rizal. The sale closed on February 8, 2010, when final payment was made upon the completion of certain closing requirements.

OUTLOOK FOR 2010

We look forward to 2010 with renewed hope and expectations. Although this early, 2010 already has its challenges. The country is currently facing the El Niño phenomenon which not only affects the country's agricultural output, but has also created a power shortage situation as a result of the shutting down of several hydro-electric power plants. The national elections in May should not have a negative impact as long as it is perceived to be clean, and is coupled with the smooth transition of power in June. Outside factors like the debt problems of Dubai as well as some members of the European Union may have some effect, especially on some OFWs, but overall, it is not expected to significantly affect the Philippines, unlike the impact of the US subprime crisis. The Bangko Sentral ng Pilipinas (BSP) has projected a growth of 6% in OFW remittances to another record of US\$18.1bn. With these continued inflows, GNP is targeted to grow by 4.7% to 5.6% in 2010.

FLI plans to launch 13 new projects and 23 additional phases in 2010 with an estimated sales value of Php8.6 billion across all market segments. We plan to launch four new socialized housing projects in Cavite, Batangas and Bulacan, as well as two new affordable housing projects, also in Batangas and Cavite. We will continue to launch more buildings in our growing number of mid-rise projects, which now include One Oasis Ortigas, Bali Oasis Marcos Highway, One Oasis Cebu, One Oasis Davao, Maui Oasis Sta. Mesa, Capri Oasis Pasig and Sorrento Oasis Pasig.

Last year's tough economic environment showed the resilience of your Company's main business - mass housing. And we will continue to launch and

offer more affordable projects nationwide so that more Filipinos may be able to "Build the Filipino Dream" of owning their own home. Your Company will continue to innovate and come up with projects to meet our customers' demands.

FLI is targeting to break ground on its first residential project within the South Road Properties (SRP) in Cebu City. We also expect to start land development on part of the 10.5 hectares earmarked for a mixed-use development within the SRP. In 2008, FLI signed a joint venture agreement with the Cebu City Government to develop 50.6 hectares (40 hectares for residential use and 10.6 hectares for a mixed-use development) of the SRP, a 300-hectare reclaimed land project located in the heart of the city.

At Northgate Cyberzone, construction work on Vector One and Vector Two continues and we expect to lease out most of the two buildings within the year, as the oversupply situation of BPO buildings within Metro Manila eases. Demand for BPO office space has picked up in the last few months and we expect it to improve further in 2010.

In 2009, your Company donated cash and relief goods to assist the victims of Typhoon Ondoy. As a group, Filinvest donated more than Php16 million worth of food, medicine and clothing materials to flood victims in Quezon City, San Mateo and other hard-hit areas. We pay particular tribute to our employees who voted as a whole to forgo their annual Christmas party and instead donate the funds to those affected by Typhoon Ondoy. Php500,000 was distributed to FLI employees affected by Ondoy while another Php500,000 was donated to the Philippine National Red Cross. This was truly our finest hour.

As an ongoing commitment to develop and strengthen our people, our most valued resource, we continue to conduct training programs aimed at enhancing skills, improving productivity and developing leadership. Aside from Customer Service Training, 5S+1, Work Values and Attitude Enhancement, the Supervisory Development Program and Planning Leadership Organizing Control (PLOC) Values Integration, we introduced several wellness programs to help our people keep a balance between their work and home life.

FLI's management and staff will continue to work together as a team as we take on new challenges, and bring the Company to even greater heights. We remain financially prudent and cautious in our undertakings, but at the same time ready to take advantage of opportunities when they arise and strengthen your Company's position as the leading provider of mass housing in the country.

We would like to thank our stakeholders, our shareholders, employees and business partners who continue to trust and support the Company.



MERCEDES T. GOTIANUN

Chairman



JOSEPH M. YAP

Director & President-CEO

Operational Highlights

Despite the global economic downturn, Filinvest Land, Inc. (FLI) continued its record of growth in 2009, one of the very few developers to do so. Demand for its core business of socialized, affordable and middle-income housing projects remained strong and accounted for 91% of the Php7.0 billion in sales reservations generated for the year, reaffirming FLI's position as one of the country's top residential property developers.

CORE HOUSING IN GREATER METRO MANILA & SUBURBS

Socialized and Affordable

Socialized housing projects continued to be a major source of revenues for FLI, ending 2009 with sales reservations of over Php900 million representing over 2,000 units. Through Pabahay Dream Homes, the socialized housing division of FLI, the company provides quality homes for families in the lower income segment through easy and affordable financing schemes. These gated subdivisions, mostly located in Batangas, Bulacan, Cavite and Laguna, offer clusters of front-expandable row houses with supporting amenities and facilities.

In Cavite, FLI completed construction of a combined total of 1,328 new houses at Belmont Hills and Belvedere Towne 3 in General Trias and Sunrise Place 3 in Tanza. Opened in May 2009, Sunrise Place 3 was able to sell 95% of its total inventory within eight months, following the success of the first two phases of Sunrise Place that have already been sold out. Because of the sustained demand, the company has started land development of Mistral Plains and Castillion Homes, socialized projects that will add 1,710 housing units in Cavite by the first half of 2010.

The Company also continued to build up its socialized projects in Batangas, constructing additional houses and facilities in the three phases of Blue Isle in Sto. Tomas. In addition, Sandia Homes, located in Tanauan, is slated for full development in 2010.

Futura Homes, FLI's affordable housing brand, continues to be a consistent contributor to FLI's overall performance. More houses, amenities and community enhancements were added to various affordable communities such as Summerbreeze and Palmridge in Batangas, Brookside Lane in Cavite, and The Glens in Laguna. Among the communities on the 2010 development schedule are Palmridge 3 and Amare Homes.

One of the key strategies of Futura is to make its products more affordable by introducing new house models that sell at less than Php1 million. In light of this, Futura has designed the P500 and P750 house models. These new house models have been offered at Tierra Vista in San Rafael Estates in Bulacan and Claremont Village in Pampanga, as well as our affordable projects in Cavite, Batangas and Laguna.



THE GLENS IN SAN PEDRO, LAGUNA



P750 MODEL HOUSE

WALNUT MODEL HOUSE



Middle and High-end

Under FLI's Filinvest Premiere and Filinvest brands, sales and development activities continued for projects in the Mega Manila area.

In San Pedro, Laguna, FLI continued to expand its South Peak communities which enjoy a cool climate and sweeping views of Laguna de Bay. Pine trees were planted in the communities of The Pines and Viridian to complement the overall "wellness" theme and to serve as the unifying element of the South Peak development.

For 2009, The Pines at South Peak focused on building up the community and creating amenity areas such as the Pines Garden and very soon the Pines Grove where the rapidly growing number of residents can unwind and have picnics overlooking the bay.

The Viridian at South Peak completed land development in 2009 and is now ready for house construction. Slated for development is the Pine Tree Park, an open area with a gazebo surrounded by pine trees.

FLI launched Princeton Heights in Cavite, a New-England themed project that features exclusive village living in progressive Bacoor. The company also expanded its residential offerings in other mid-income projects such as Tamara Lane in Caloocan City and The Tropics in Cainta, Rizal.

Within the world-class Brentville International community in Laguna, the West Parc cluster's amenity area was officially launched during the annual Christmas party for residents in December 2009. Construction of The Lagoon will start at The Arborage cluster by 2010. This is the main park and amenity area of The Arborage, the sixth residential cluster in Brentville. Each cluster is highly exclusive and comes with its own secured entry and amenity areas.

Medium-Rise Buildings (MRBs)

FLI enjoyed remarkable success with its Oasis series of mid-rise condominium developments in 2009. Targeted for the middle-income market and located in prime urban zones, tranquility and convenience come together in these themed communities designed to provide a feeling of serenity within the bustling city.

Strategically located close to the Ortigas Business District, One Oasis Ortigas was FLI's pioneer mid-rise condominium development. Residential units of the first 12 buildings were substantially sold out by the end of 2009 with two buildings already turned over to buyers. Three more buildings are scheduled for turnover in 2010. Community amenities will be completed by May 2010 including the clubhouse, playground, swimming pools, administration building and wellness hub.

Along Marcos Highway, near the Santolan LRT station, Bali Oasis



THE VIRIDIAN AT SOUTH PEAK



WEST PARC AMENITY AREA AT BRENTVILLE INTERNATIONAL



ONE OASIS ORTIGAS

also generated brisk sales for the first two buildings in Phase 1 of the development. Turnover of the first building to unit owners started as scheduled in December 2009.

In the last quarter of 2009, FLI launched two more Oasis-themed projects --- Maui Oasis and Capri Oasis. Maui Oasis brings its brand of mid-rise tropical living to Sta. Mesa, Manila with the Hawaiian vibe as its inspiration. In Brgy. Maybunga, Pasig City, Capri Oasis takes inspiration from the beautiful, romantic island of Capri in Italy to create a charming resort-inspired enclave. To be launched in the first quarter of 2010 is Sorrento Oasis along C. Raymundo Street in Pasig City. With over two hectares allocated for gardens, open spaces and amenities, this sprawling 6.3-hectare community truly provides an oasis of tranquility and serenity in the midst of the metropolis.

High-rise Condominium

The Linear is FLI's first high-rise condominium project in Makati City, targeted for the middle-income market. Ideal for young professionals, The Linear is a master-planned, two-tower development that features modern living spaces invigorated with the most modern lifestyle amenities and eco-friendly facilities. Bounded by Mayapis, Malugay, and Yakal Streets, this condo community is just five minutes away from the Makati Central Business District and minutes away from prime commercial, educational, and medical establishments.

Groundbreaking is scheduled for April 2010 with the first tower expected to be ready for turnover in 2013.

REGIONAL PROJECTS

Residential

North of Manila, FLI's San Rafael Estates township in Bulacan recently opened its clubhouse and central recreational area for residents of its Alta Vida and Tierra Vista communities in 2009. New model units were completed within the Spanish-themed Alta Vida, along with the turnover of ready-for-occupancy units. In the townhome community of Tierra Vista, the second building which features the P750 townhouse model was completed in 2009.

For Claremont and Hampton Orchards in Pampanga, 2009 saw the start of construction of the simulated community areas and ready-for-occupancy units. These are targeted for completion in 2010, together with the central amenities. At Somerset Lane in Tarlac, the Banyan and Redwood model houses were completed and utilities and street names installed.

In Cebu, new phases, amenities and facilities were added to



OASIS-THEMED MRB COMMUNITIES



THE LINEAR



HAMPTON ORCHARDS CLUBHOUSE

the communities of Corona del Mar, Aldea del Sol and Mactan Tropics. Land development at the Escala enclave within Corona del Mar is in full swing. The model units and the Phase 1 road network are targeted for completion in 2010.

FLI continued to build up its thriving communities in Mindanao. In Davao, land development and construction of facilities and amenities proceeded on schedule at Orange Grove, Le Jardin de Villa-Abrille, Villa Mercedes, Ocean Cove and Filinvest Homes Tagum. In 2009, land development was also substantially completed in Filinvest Homes Butuan and Villa San Ignacio in Zamboanga City.

Medium-Rise Buildings (MRBs) under the Oasis series in Cebu and Davao continued to expand in 2009. At the Asian-Tropical themed One Oasis Cebu, construction of the first building is in full swing, with the second slated for construction by the fourth quarter of 2010.

Right across SM City-Davao, the 2.3-hectare One Oasis Davao has one building ready for occupancy, with two others scheduled for turnover in 2010. A two-storey clubhouse and the fourth building are next on the development agenda for 2010.

Leisure

Laeuna de Taal marked a milestone in 2009 as it launched Arista, the latest addition to its 60-hectare lakeside resort community in Talisay, Batangas. Arista is a medium-rise building cluster located on one of the highest points of the property, giving it an excellent view of Taal Lake.

A series of events was held onsite to promote Arista, the existing residential enclaves of Bahia and Orilla, and the refreshing lakeside ambience. Members of the media were treated to an exciting game patterned after television's *Amazing Race* in order to enable them to experience the natural beauty of Laeuna de Taal and the Taal lake environment.

The Vivienne house model was introduced for the Orilla enclave in 2009. A model house was constructed to highlight the Asian-Tropical architecture suitable to the area's climate and terrain.

For 2010, Laeuna de Taal will provide the market with more products in order to make it the preferred choice for a leisure-oriented community. Groundbreaking ceremonies will be held soon for Calibato, the first building in Arista. Likewise, Orilla is preparing its second phase, which will offer lower-priced residential lots. In addition, the project will start development of the lakeside amenities to provide more recreational venues for residents.

Structural work on the 25-storey Grand Cenia Condotel and Residences in Cebu City is 100% complete and the architectural phase in progress. Strategically located across the Cebu Business Park, Grand



CORONA DEL MAR CLUBHOUSE



VIVIENNE HOUSE MODEL AT LAEUNA DE TAAL

Cenia merges condominium and business hotel to take advantage of the tourism boom.

Resort living with the beach literally by your doorstep is the lifestyle that FLI envisions for its premier, high-end Kembali Coast, the 50-hectare Balinese-inspired residential beach resort on Samal Island, Davao del Norte. In 2009, development activities continued in full swing for land development, utilities, the marketing area, clubhouse, welcome hut and cabanas. A quick 25 minutes by speedboat from Davao City, Kembali Coast offers ocean-view lots ranging from 800 to 1,000 square meters, a unique 1.8-kilometer scenic coastline, and a host of land and water activities for the whole family.

South Road Properties

FLI signed a joint venture with the government of Cebu City to develop 50.6 hectares of the South Road Properties, a 300-hectare reclaimed land project. On this prime location, FLI will build Citta di Mare, a world class residential and leisure development inspired by famous seaside destinations such as Newport Beach in the US and Darling Harbour in Sydney, Australia. Citta di Mare will feature four themed residential enclaves with resort amenities and a 10.6-hectare lifestyle, retail, recreational and high-end residential strip by the water's edge.

Citta di Mare is envisioned to be FLI's flagship project in the southern Philippines. Groundbreaking is targeted for the middle of 2010. FLI will launch its first two mid-rise building (MRB) projects within the year while development work on the first retail component and the first phase of the recreational facilities will commence also in 2010.

TOWNSHIP DEVELOPMENTS

Ciudad de Calamba

Beyond a majestic gateway in Laguna lies Ciudad de Calamba, FLI's 350-hectare township that is now home to residential, commercial and industrial developments that make it a thriving community.

New house models, amenities and facilities were added to the themed residential communities of Aldea Real, Montebello and Punta Altezza. The latest residential enclave, La Brisa Townhomes was launched in February 2009, featuring the affordable P750 townhouse model to cater to investors and locators of nearby industrial parks.

Occupying 52 hectares within this township is the PEZA-registered Filinvest Technology Park Calamba (FTPC), which caters to light and medium non-polluting industries. The entry of Mechanical



KEMBALI COAST



CLUBHOUSE AT CITTA DI MARE'S RESIDENTIAL CLUSTER



CIUDAD DE CALAMBA GATEWAY

Dynamics, Inc. and Fabtech Export Industries, Inc. in 2009 added to the ever-increasing number of locators in FTPC. Slated to construct their facilities in 2010 are Ferusche Stainless, Inc., Exelpack and Canlubang Techno Industries. FTPC continues to attract locators due to its numerous advantages, such as premium support services, accessibility, convenience, and its unique ability to cater to every type of industrial lot requirement.

As part of the township development, Morning Star Montessori purchased a 5,000-sqm area for an elementary and high school campus. Located right across the proposed Ciudad de Calamba Town Center, it is the second school within the township.

Havila

Havila is creating a modern paradise amidst ruggedly beautiful landscapes and verdant highlands just 12 kilometers east of the Ortigas Business District. This 300-hectare township straddles Antipolo, Angono, and Taytay in Rizal with four existing communities covering around 196 hectares of land – Mission Hills, Highlands Pointe, Villa Montserrat, and Forest Farms.

In 2009, all improvements and upgrading of facilities and existing amenities were completed in line with the reintroduction of the township under the Havila name. Most of the inventories in the older communities are almost sold out, including The Villas, the different phases of Villa Montserrat and the earlier phases of Mission Hills.

In Sta. Sofia, the newest phase of the Spanish-inspired Mission Hills in Antipolo, land development is continuous, with the gate and guardhouse substantially completed. The construction of the model unit featuring new designs and upgraded finishes is expected to further boost sales in 2010.

Highlands Pointe in Taytay now boasts of a newly refurbished main entrance, along with enhancements to the marketing office and clubhouse. Land development for The Terrace, the latest enclave within Highlands Pointe, is going full blast and is targeted for completion in 2010. The project features lot cuts of 150 to 250 square meters that come complete with breathtaking views of Laguna de Bay and the urban skyline.

Forest Farms experienced a big increase in sales in 2009, following the completion of land development and the inauguration of the onsite marketing office/model unit. Construction of the clubhouse, infinity pool, and all other amenities is ongoing and expected to be completed by mid-2010.

For 2010, Havila will continue to introduce new products to address the high demand for house and lot packages in the Php2.0-4.0 million range in the elevated area of Taytay, Rizal. Villa Montserrat 3



FOREST FARMS UPHILL HOUSES



ROXANNE MODEL UNIT AT HIGHLANDS POINTE

is scheduled for launch in the first quarter of 2010 along with other pocket developments to ensure a continuous supply of quality inventory for this market segment.

Timberland Heights

The 677-hectare Timberland Heights township in San Mateo, Rizal continued to generate sales from farm lots and residential products of Mandala Farm Estates, Banyan Ridge, The Ranch and Banyan Crest, including club shares of Timberland Sports and Nature Club.

To date, FLI has developed approximately 90 hectares of the vast township. Several families have already constructed their residences and have moved into Mandala Residential Farm Estates and The Ranch. Turnover of properties is also continuous in Banyan Ridge, alongside land development in Mandala 2 and Banyan Crest in 2009.

Timberland Sports and Nature Club (TSNC) started full operations in 2009, with all of its facilities in place to serve the recreational needs of its members and guests. The number of members has doubled since the club's opening and continues to increase as more people become aware of the unique mountain resort experience that it offers. Members were able to participate in various activities organized by the club in 2009 such as the 9-ball and rock climbing challenges, nature hikes, a speed stacking competition, bingo socials, arts and crafts classes for kids, and many more. TSNC offers the ultimate country club experience with a complete range of facilities for health, recreation, dining and business meetings amid unparalleled views of Manila Bay, and the Makati and Ortigas skylines.

Land development for the Waldorf School in Timberland Heights began in the fourth quarter of 2009. Construction of the administration building, classrooms and gymnasium is on track to meet the requirements for the school's opening by June 2010.

ALTERNATIVE RESIDENTIAL PRODUCTS

Entrepreneurial Housing

Dubbed the "Home of Future Taipans," The Asenso Village entrepreneurial project in Ciudad de Calamba offers innovative housing units as a practical choice for entrepreneurs looking to set up home-based businesses.

Sales remained strong at Asenso Village-Ciudad de Calamba. From an initial five hectares launched in 2006, the project has now grown to 15 hectares with a total of 201 units sold so far. Two units of the Taipan model building have been constructed to help build up the



TIMBERLAND SPORTS AND NATURE CLUB



ASENSO VILLAGE ENTRANCE GATE

Asenso Village community. This shophouse features a 48-sqm area for business use on the ground floor and a 2-bedroom residential area on the second floor. A single-storey version named the Taipan 1 was introduced in the fourth quarter of 2009. The 75-sqm unit provides sufficient shop area to start up a small business.

Construction of the Training Center will begin by March 2010. This will be the venue for workshops, crafts and livelihood seminars to help budding entrepreneurs hone their skills and talents.

Farm & Retirement Communities

Nusa Dua, Filinvest's pioneer farm estate project in Tanza, Cavite, is a fertile 200-hectare residential farm that features Balinese-inspired homes where residents can enjoy the comforts of home and the pleasures of hobby farming.

FLI is set to launch Nusa Dua Phase 5 in 2010. Land development is 100% complete in this 5.9-hectare expansion area that offers farm lots with typical cuts of 750 square meters.

Development also continued for the 4.6-hectare Santoso Villas residential enclave. Derived from the Balinese word for peaceful, Santoso Villas offers residential lots or house and lot packages featuring the Amanasha and Amanjaya house models.

RECURRING INCOME BASE

Cyberzone Properties, Inc.

On December 28, 2009, FLI signed an agreement with its partner, foreign investment firm Africa-Israel Properties (Phils.), for the acquisition of the latter's 40% stake in Cyberzone Properties, Inc. (CPI) for Php780 million. CPI is the developer of the 10-hectare Northgate Cyberzone, a leading outsourcing hub located in Filinvest Corporate City, Alabang.

In 2009, CPI earned a net income of Php245 million from the ten operational buildings at Northgate Cyberzone, with a total gross leaseable area of 95,146 square meters. Average occupancy rate as of end-2009 stood at 87%.

Construction of the Vector One building is in full swing and is expected to be completed by December 2010. The 14-storey building will add close to 18,000 square meters to Northgate Cyberzone's gross leaseable area. Another building, Vector Two is also under construction and will add another 17,900 square meters to the gross leaseable area in 2011.

In line with security and safety, the 24/7 Police Coordination



NUSA DUA



SANTOSO VILLAS ENTRANCE GATE



NORTHGATE CYBERZONE

Center is fully operational at the corner of Alabang-Zapote Road and North Bridgeway Avenue, while Lifeline Arrows ensures quick response for 24/7 medical emergencies. For the benefit of the growing BPO workforce, plans are being laid for additional open parking areas and a sports facility that will house a basketball court and badminton courts.

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.

In 2009, FAC earned a net income of Php108 million. The occupancy rate averaged 89% in 2009 as some tenants vacated their floors in order to consolidate their operations elsewhere. The occupancy rate has since improved as new tenants leased the vacated space. Major tenants in PBCOM Tower include EastWest Banking Corporation, Citibank, EMCI and IBM Daksh eServices.

Festival Supermall

The sprawling 20-hectare Festival Supermall remains the undisputed regional shopping center south of Metro Manila. In its 11th year of operations, the mall welcomed new additions to its over 600-strong roster of tenants. Among the new stores which opened their doors in 2009 were Vision Express, Candie's, Zoo York, Ecko Unlimited, Daiso, Hemotek Renal Care, Technomarine, Yellow Cab Pizza, Sizzling Pepper Steak, and Classic Savory Chicken.

Stores gearing up for opening in 2010 are Payless Shoe Store, Res-Toe-Run and Expressions. Victory Christian Fellowship, which occupies the fourth-level anchor area, will expand its facilities to 4,000 square meters from their existing 1,400-sqm space. At the opposite end of the mall, Cathedral of Praise also acquired a 1,800-sqm area for its own worship services.

Festival Supermall ended 2009 with an occupancy rate of 91%. It contributed a net income of Php356 million to FLI.



PBCOM TOWER



FESTIVAL SUPERMALL



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Consolidated Statements of Financial Position

(Amounts in Thousands of Pesos)

	December 31	
	2009	2008
ASSETS		
Cash and cash equivalents	₱5,757,272	₱2,433,018
Contracts receivables	7,570,778	7,771,816
Due from related parties	187,269	81,993
Other receivables	1,423,691	1,577,338
Available-for-sale financial assets	269,798	49,730
Real estate inventories	22,998,388	20,587,098
Investment in an associate	3,859,380	3,821,853
Investment properties - net	9,937,851	10,172,000
Property and equipment - net	999,143	870,020
Goodwill	5,445,488	5,445,488
Other assets	455,294	380,541
	₱58,904,352	₱53,190,895
LIABILITIES AND EQUITY		
Liabilities		
Accounts payable and accrued expenses	₱6,154,250	₱6,192,812
Income tax payable	72,566	110,444
Due to related parties	46,720	249,215
Loans payable	6,984,800	7,046,400
Bonds payable	4,936,405	-
Pension liability	37,398	32,691
Deferred tax liabilities - net	1,494,740	1,599,818
Total Liabilities	19,726,879	15,231,380
Equity		
Common stock	24,470,708	24,470,708
Preferred stock	80,000	80,000
Additional paid-in capital	5,612,321	5,612,321
Treasury stock	(221,041)	(221,041)
Retained earnings	7,361,682	6,143,724
Revaluation reserve on available-for-sale financial assets	(2,619)	(2,619)
Share in revaluation increment on land at deemed cost of an associate	1,876,422	1,876,422
Total Equity	39,177,473	37,959,515
	₱58,904,352	₱53,190,895

Consolidated Statements of Income

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

	Years Ended December 31		
	2009	2008	2007
REVENUE			
Real estate sales	₱3,674,751	₱3,507,560	₱3,155,624
Costs of real estate sales	1,788,853	1,585,592	1,473,019
Gross profit	1,885,898	1,921,968	1,682,605
OTHER INCOME			
Rental income	1,187,442	1,134,530	1,020,241
Interest income	400,708	370,243	358,649
Equity in net earnings of an associate	37,527	67,569	357,396
Foreign currency exchange gain - net	2,404	7,347	-
Others	380,981	217,563	239,055
	2,009,062	1,797,252	1,975,341
EXPENSES			
General and administrative	1,039,990	995,458	965,378
Selling and marketing	480,215	483,867	426,752
Interest and other finance charges	208,281	108,231	122,988
Foreign currency exchange loss - net	-	-	13,243
	1,728,486	1,587,556	1,528,361
INCOME BEFORE INCOME TAX	2,166,474	2,131,664	2,129,585
PROVISION FOR (BENEFIT FROM) INCOME TAX			
Current	253,351	377,744	330,826
Deferred	(105,077)	(113,081)	94,366
	148,274	264,663	425,192
NET INCOME	₱2,018,200	₱1,867,001	₱1,704,393
EARNINGS PER SHARE			
Basic/ Diluted	₱0.09	₱0.08	₱0.07

Consolidated Statements of Comprehensive Income

(Amounts in Thousands of Pesos)

	Years Ended December 31		
	2009	2008	2007
NET INCOME FOR THE PERIOD	₱2,018,200	₱1,867,001	₱1,704,393
OTHER COMPREHENSIVE INCOME			
Unrealized loss on available-for-sale financial assets	-	-	(1,710)
TOTAL COMPREHENSIVE INCOME	₱2,018,200	₱1,867,001	₱1,702,683

Consolidated Statements of Changes In Equity

(Amounts in Thousands of Pesos)

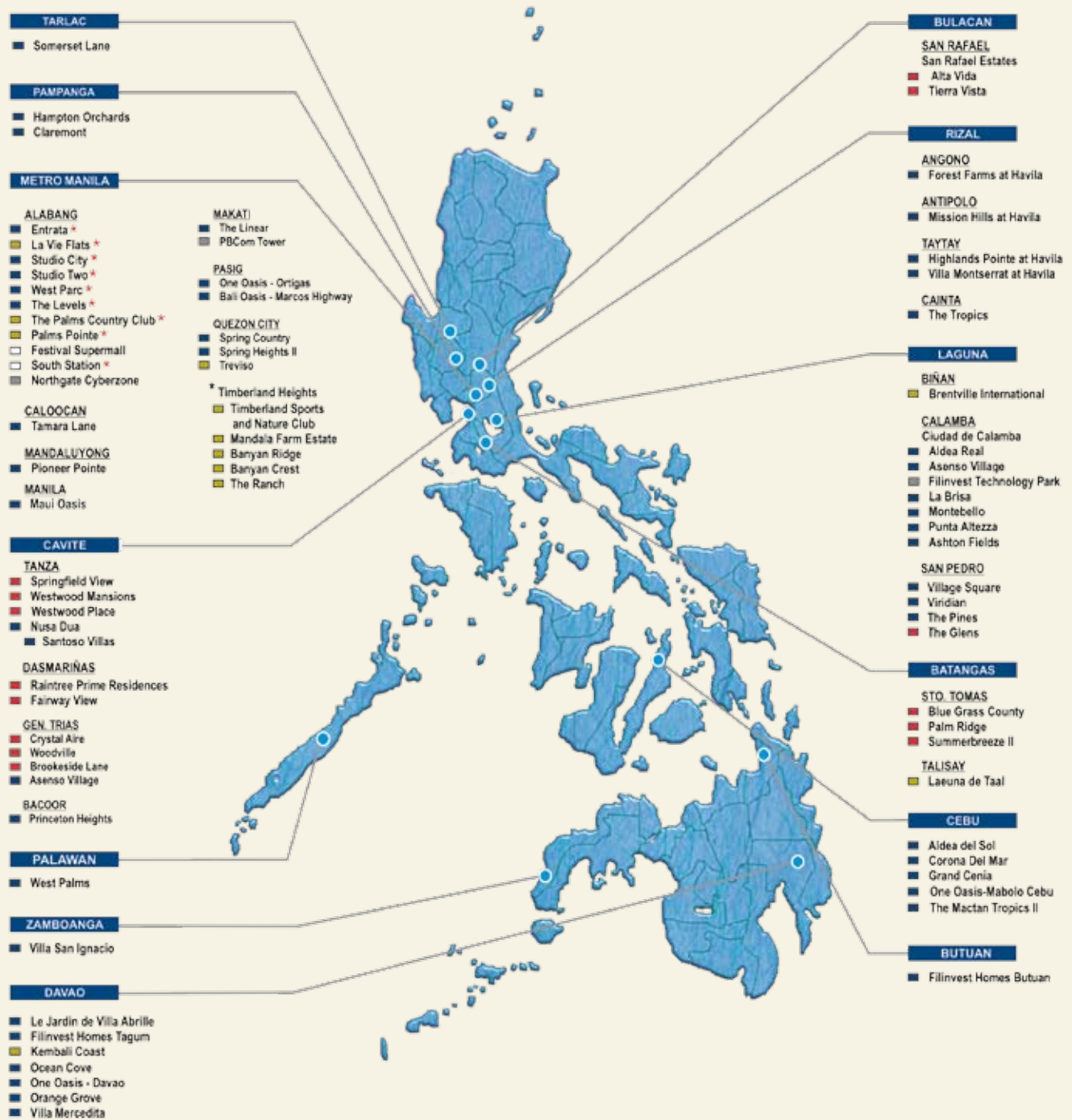
	Common Stock	Preferred Stock	Additional Paid-in Capital	Treasury Stock	Retained Earnings	Revaluation Reserve on Available-for-sale Financial Assets	Share in Revaluation Increment on Land at Deemed Cost of an Associate	Total
For the Year Ended December 31, 2009								
Balances as of January 1, 2009	P24,470,708	P80,000	P5,612,321	(P221,041)	P6,143,724	(P2,619)	P1,876,422	P37,959,515
Comprehensive income								
Net income for the year	–	–	–	–	2,018,200	–	–	2,018,200
Dividends	–	–	–	–	(800,242)	–	–	(800,242)
Balances as of December 31, 2009	P24,470,708	P80,000	P5,612,321	(P221,041)	P7,361,682	(P2,619)	P1,876,422	P39,177,473
For the Year Ended December 31, 2008								
Balances as of January 1, 2008	P24,470,708	P80,000	P5,612,321	P–	P4,762,440	(P2,619)	P1,876,422	P36,799,272
Comprehensive income								
Net income for the year	–	–	–	–	1,867,001	–	–	1,867,001
Dividends	–	–	–	–	(485,717)	–	–	(485,717)
Acquisition of treasury stock at cost	–	–	–	(221,041)	–	–	–	(221,041)
Balances as of December 31, 2008	P24,470,708	P80,000	P5,612,321	(P221,041)	P6,143,724	(P2,619)	P1,876,422	P37,959,515
For the Year Ended December 31, 2007								
Balances as of January 1, 2007	P20,770,708	P–	P3,859,745	P3,058,047	P–	P(909)	P1,876,422	P29,564,013
Comprehensive income								
Net income for the year	–	–	–	–	1,704,393	–	–	1,704,393
Other comprehensive income								
Unrealized loss on available- for-sale financial assets	–	–	–	–	–	(1,710)	–	(1,710)
Total comprehensive income	–	–	–	–	1,704,393	(1,710)	–	1,702,683
Issuance of capital stock	3,700,000	80,000	1,752,576	–	–	–	–	5,532,576
Balances as of December 31, 2007	P24,470,708	P80,000	P5,612,321	P4,762,440	P–	(P2,619)	P1,876,422	P36,799,272

Consolidated Statements of Cash Flows

(Amounts in Thousands of Pesos)

	Years Ended December 31		
	2009	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	₱2,166,474	₱2,131,664	₱2,129,585
Adjustments for:			
Depreciation and amortization	247,479	238,402	239,403
Interest expense	179,930	67,704	78,518
Interest income	(400,708)	(370,243)	(358,649)
Equity in net earnings of an associate	(37,527)	(67,569)	(357,396)
Gain on sale of investment property	(14,453)	-	-
Dividend income	(1,548)	(6,610)	(4,260)
Operating income before changes in operating assets and liabilities	2,139,647	1,993,348	1,727,201
Changes in operating assets and liabilities			
Decrease (increase) in:			
Contracts receivable	201,038	(1,027,789)	(1,101,450)
Due from related parties	(105,276)	(1,189)	21,978
Other receivables	163,270	(191,854)	(339,080)
Real estate inventories - net of raw land acquisitions	(1,429,335)	(2,151,944)	(898,116)
Other assets	(74,753)	(60,095)	114,818
Increase (decrease) in:			
Accounts payable and accrued expenses	(121,952)	1,073,197	1,437,859
Pension liability	4,707	9,039	16,417
Net cash generated from (used in) operations	777,346	(357,287)	979,627
Interest received	390,927	366,863	357,567
Dividends received	1,548	6,610	4,260
Income taxes paid	(291,230)	(351,663)	(251,489)
Net cash provided by (used in) operating activities	878,591	(335,477)	1,089,965
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of raw land	(506,713)	(985,643)	(1,086,918)
Acquisitions of property and equipment	(158,394)	(471,098)	(323,772)
Proceeds from sale of investment properties	35,679	-	-
Acquisitions of investment properties	(5,284)	-	(158,519)
Acquisitions of available-for-sale securities	(219,910)	-	-
Net cash used in investing activities	(854,622)	(1,456,741)	(1,569,209)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from bond offering	4,936,405	-	-
Proceeds from loans payable	-	4,290,000	2,394,464
Proceeds from stock offering	-	-	5,532,576
Payments of cash dividend	(800,242)	(485,717)	-
Interest and other finance charges paid	(571,783)	(403,765)	(418,022)
Increase (decrease) in amounts due to related parties	(202,495)	217,102	(18,772)
Payments of loans payable	(61,600)	(901,064)	(5,750,000)
Acquisition of treasury shares	-	(221,041)	-
Net cash provided by financing activities	3,300,285	2,495,515	1,740,246
Years Ended December 31			
	2009	2008	2007
NET INCREASE IN CASH AND CASH EQUIVALENTS	₱3,324,254	₱703,297	₱1,261,002
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	2,433,018	1,729,721	468,719
CASH AND CASH EQUIVALENTS AT END OF YEAR	₱5,757,272	₱2,433,018	₱1,729,721

Map of Projects



LEGEND:

- PREMIERE (LEISURE & RESIDENTIAL / COUNTRY CLUB)
- FILINVEST
- FUTURA
- RETAIL / COMMERCIAL
- OFFICE / IT / BUSINESS PARK
- Quezon City Environs
- Filinvest Alabang, Inc. projects (20% owned)

Filinvest. We build the Filipino dream.

173 P. Gomez St., San Juan, Metro Manila, Philippines
Tel. (632) 721-5624 Fax (632) 722-4797
www.filinvestgroup.com