

SEC Number 16342
PSE Disclosure Security Code _____

SM INVESTMENTS CORPORATION

(Company's Full Name)

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SM Central Business Park, Bay City, Pasay City 1300**

(Company's Address)

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(Telephone Number)

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SM INVESTMENTS INCOME RISES 126% in 1Q 06

SM Investments Corporation (SMIC) posted a 126% jump in earnings in the first quarter 2006. SMIC reported a net income of P2.9 billion in January to March this year compared with P1.3 billion in 2005. An extraordinary income of P1.3 billion on account of the gain from the sale of Global Depository Receipts, in which the underlying securities are the Banco De Oro Shares, enhanced net income from ordinary operations of P1.6 billion. The Global Depository Receipts are listed in the London Stock Exchange.

Strong sales from its retail business pushed consolidated revenues to increase 10.8% to P12.3 billion in the first quarter of 2006 from the previous year's P11.0 billion. The retail group, with its network of 26 SM Department Stores, accounted for 67% of total revenues.

Retail sales grew 7.7% to P8.2 billion in 2006 from the P7.6 billion last year due to the opening of two new department stores in SM City San Lazaro and SM Sucat Annex in the second half of 2005 and an additional department store in SM City Sta. Rosa in the first quarter of 2006.

Apart from the retail group, the strong performance of other subsidiaries contributed significantly to SMIC's net income. Rental revenues from its shopping mall subsidiary, SM Prime Holdings, Inc., accounted for 19% of the total revenues in the first quarter. Rental revenues from SM Prime's 23 shopping malls increased 15% to P 2.4 billion in the first three months of the year from last year's P2.0 billion. The rise in rental income was a result of the opening of four new malls, namely, SM City San Lazaro, SM City Sta. Rosa, SM Supercenter Valenzuela and SM Supercenter Molino. These new malls enjoy a combined occupancy level of 95%.

Real estate sales of property subsidiary SM Development Corporation also improved 206% to P83.6 million in the first quarter against last year's P27.3 million. The increase came from the sale of condominium units in Clusters 1 and 2 of SMDC's Chateau Elysee, a six-cluster, six-storey French-Mediterranean-inspired residential development near SM City Bicutan in Paranaque, and the sales of units at Mezza Residences, a 38-storey four-tower high rise condominium across SM City Sta. Mesa.

Subsidiaries belonging to the financial services sector also performed above expectation. For the first quarter of 2006, a combined growth in net income of 47% totaling to P2.6 billion was contributed by Banco de Oro, China Bank, and Equitable PCI Bank.

SMIC's total consolidated cost and expenses, on the other hand, increased by only 7% from P8.6 billion in 2005 to P9.3 billion this year. Cost of sales, which represents the cost of merchandise sold, increased by 5.7% due to the increase in sales of SM Department Stores. Operating expenses also went up due to the increase in costs associated with the opening of the new malls.

SMIC expects to continue sustaining its growth. Revenues are expected to improve further in the coming months due to opening of new shopping malls and retail stores. At least four more malls are scheduled to open this year. The 386,000-square meter Mall of Asia, the company's biggest shopping complex, will open on May 21 while SM City Clark, seen to boost tourism at the Clark Special Economic Zone, will open on May 12. Other malls scheduled to open this year are the SM City Lipa and SM Supercenter Frontera Verde in Pasig.

Real estate and tourism projects are also in the pipeline. These include the on-going construction of a 10-storey ecommerce building and an exhibition and convention center at the SM Central Business Park and the development of the 5,700-hectare Hamilo Coast in Nasugbu, Batangas into a premiere resort complex.

The Company's healthy balance sheet and strong financial performance allowed it to declare cash dividend of 47% or P4.70 per share. Total amount of cash dividend is P2.5 billion, payable to all shareholders on record as of May 26, 2006. The dividend is due for payment on June 22, 2006.

SMIC believes that the improving economic situation, coupled with the strong peso, low interest rates, and improving real estate prospects, will further support the company and its subsidiaries' strong financial performance.

SIGNATURES

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

SM INVESTMENTS CORPORATION

Registrant

Date: 5-11-06



Jose T. Sio
Second Executive Vice President
and Chief Financial Officer