



Filinvest Development Corporation

August 14, 2009

Philippine Stock Exchange
4/F Philippine Stock Exchange Center
Exchange Road, Ortigas Center
Pasig City

Attention: **Ms. Janet A. Encarnacion**
Head, Disclosure Department

Dear Ms. Encarnacion,

Please find attached Quarterly Report of Filinvest Development Corporation for the period ended June 30, 2009.

Thank you.

Very truly yours,

A handwritten signature in black ink, appearing to read "Apollo M. Escarez", is written over the typed name.

ATTY. APOLLO M. ESCAREZ
Corporate Information Officer

COVER SHEET

5 1 0 4 8

S.E.C. Registration Number

F I L I N V E S T D E V E L O P M E N T

C O R P O R A T I O N

(Company's Full Name)

1 7 3 P . G O M E Z S T .

S A N J U A N , M E T R O M A N I L A

(Business Address; No. Street City / Town / Province)

c/o Atty. Pablito A. Perez

Contact Person

7270431 / 7256328

Company Telephone Number

6 09

Month Fiscal Year

3 0

Day

1 7 - Q

FORM TYPE

Month Annual Meeting

Day

Secondary License Type; If Applicable

C F D

Dept. Requiring this Doc.

Amended Articles Number / Section

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

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 June 30, 2009.
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)
Province, Country or other jurisdiction of incorporation of organization Industry Classification Code:
7. 173 P. Gomez St., San Juan City 8. 727-04-31, 1500
Address of principal office 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
	<u>Common stock, P1.00 par value</u>	<u>7,505,725,452</u>
		<u>P20,663M long-term debt</u>

11. Are any or all of these securities listed in the Philippines Stock Exchange?
Yes [] 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 [] No []

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

Yes [] No []

PART I -- FINANCIAL INFORMATION

Item 1. Financial Statements

Please refer to the attached financial statements consisting of Consolidated Balance Sheets, Consolidated Statements of Income, Consolidated Statements of Changes in Equity and Consolidated Statements of Cash Flows.

The consolidated financial statements include the financial statements of the newly acquired subsidiary of Eastwest Bank.

Item 2. Management Discussion and Analysis of Financial Condition and Results of Operation for the Six-Month Periods Ended June 30, 2009 and 2008

Results of Operations

Real Estate Operations

Real estate operations contributed P2.1 billion in net revenues. Sale of lots, condominium and residential units and club shares during the current period amounted to P1.7 billion. Most of the journalized sales came from the middle income projects of FLI which include the Medium Rise Buildings (MRB). FLI has started taking up under the percentage of completion method its sales of MRBs located in Pasig City and Davao City. Mall revenues (from Festival Supermall and South Station), office space rental revenues (from PBCOM Tower and Northgate Cyberzone) and other revenues (from Westgate and Fastbytes and lots for lease) went up by a total of 7% from P643 million to 687 million in 2009 mainly because of additional spaces generated from the two IT buildings completed late last year. Other income likewise increased by 21% because of higher parking fees, amusement revenues and interest income on installment contracts receivable and short-term investments.

Operating expenses went up by 18% from P1.2 billion to P1.4 billion attributed to: (i) higher selling and marketing expenses caused primarily by additional sellers and other persons recruited to sell and promote the Group's real estate products, intensive selling and marketing campaigns and additional sales offices set up by FLI throughout the country as a consequence of its geographic diversification; (ii) increased general and administrative expenses because of higher maintenance costs of various properties, higher EDP, miscellaneous and general expenses for mall operations; and (iii) higher interest expense and other finance charges as the Group availed of additional loans during the last quarter of 2008 and current interim period to raise funds for the development of ongoing and upcoming projects such as the MRB projects, condominium and condotel buildings and the Seascapes Resort Town project in Cebu.

Financial and Banking Operations

Financial and banking services net revenue went up by 48%, from P1.3 billion in 2008 to P2.0 billion in 2009. Net interest income amounted to P1.2 billion for the first half of 2009, P303 million higher than last year. The increase in interest income came from higher loans, receivables and investments in fixed income securities. Other income also increased with the increase in service charges on loans, fees, commissions and trading and miscellaneous income.

With the growth in the volume of business, operating expenses increased by 45% principally from the increase in manpower and expanded operations costs.

Sugar Operations

Sugar operations contributed P219 million in revenues to the Group during the current interim period. This is lower than last year's net revenues as the Company is waiting for the right time to dispose of its sugar inventories.

Net income during the period applicable to minority interests amounted to P391 million and to Parent, P585 million, or a total of P976 million.

Financial Condition

As of June 30, 2009, total consolidated assets stood at P150 billion, total stockholders' equity at P60.3 billion (including minority interest of P14.1 billion) while total liabilities stood at P90.1 billion. Debt-to-equity ratio was at 0.45:1 as of June 30, 2009, slightly higher than end of last year's 0.38:1 due to additional loans obtained in 2009, mostly by its subsidiaries to partly finance their ongoing development projects.

Total assets increased by 14% from P131.5 billion as of December 31, 2008. The following accounted for the significant movements in resources:

- Cash and cash equivalents decreased by P3.5 billion or 25% mainly because of EWBC's lendings and additional investments in securities during the current interim period.
- The 6% decrease in receivables of real estate operations was attributable to FLI's collection of monthly amortizations of installment contract receivables.
- Loans and receivables of the Bank increased by 48% or P10 billion to P31.8 billion as of June 30, 2009, due to EWBC's higher term and auto loans, credit card receivables, bills purchased, unquoted debt securities, and attributable to loans and receivables of the newly acquired AIG PhilAm Savings Bank.
- Subdivision lots, condominium and residential units for sale increased by P1.8 billion or 17% with the additional project costs provided, specifically for FAI's Entrata projects and FLI's new projects/phases of medium-rise buildings and middle-income residential.
- The sugar and molasses inventories of P744 million represents raw sugar milled and refined during the current interim period which remained unsold as of end of report period, and materials and supplies purchased for the ongoing milling operations.
- Investments went up by P9 billion or 74% due to purchases by EWBC of available-for-sale and trading securities, and additionally increased by the debt securities of the AIG.
- The 8% increase in property and equipment was mainly due to EWBC's acquisition of furniture and fixtures, increase in leasehold improvements and additional costs incurred in the construction of IT buildings in Northgate Cyberzone.
- Deferred income tax assets went up by P419 million or 69% brought about by FDC's recognition of deferred income tax for the current period and EWBC's deferred tax on provision for credit card and general loan losses.

Total liabilities amounted to P90.1 billion as of June 30, 2009, up by 25% from P71.8 billion as of December 31, 2008. Deposit liabilities and accounts payable marked an increase of P13.8 billion and P1.2 billion respectively. This is due to deposit liabilities of newly acquired AIG, in addition to the existing high level of time and savings deposits, demand draft, accrued expenses and bills payable of EWBC. Long term debt totaled to P20.7 billion as of June 30, 2009 or 19% higher than the balance as of end 2008 as a result of the issuance by the Parent Company of P1.8 billion, fixed rate, five-year term commercial notes in February 2009. Cash dividends of P0.0306 per share or total of P230 million was declared on June 11, 2009, payable on August 5, 2009 to stockholders record as of July 11, 2009.

The Company has no material commitments for capital expenditures, except for the ongoing development of its Seascapes Resort Town project in Cebu and Beaufort project in Fort Bonifacio, Taguig City, project developments of its real estate subsidiaries, the initial expenses necessary for the new branches of its bank subsidiary and the ongoing expansion programs of the sugar subsidiaries which expenditures can be adequately covered by the operating cash flow plus availments of medium and long term development loans out of existing available credit lines. 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.

Performance Indicators

	As of and for the Six-Month Period Ended June 30, 2009	As of December 31, 2008 and for the Six-Month Period Ended June 30, 2008
Earning per share	0.260 /share	0.276 /share
$\frac{\text{Net Income (Annualized)*}}{\text{Weighted average number of outstanding shares}}$		
Price Earnings Ratio	7.00 times	9.05 Times
$\frac{\text{Closing Price}}{\text{Earnings Per Share}}$		
Return on Net Revenue	23%	28%
$\frac{\text{Net Income}}{\text{Total Net Revenue}}$		
Debt to equity ratio	0.45 : 1	0.38 : 1
$\frac{\text{Notes Payable \& Long-term Debt}}{\text{Total Stockholders' Equity}}$		
EBITDA to Total Interest Paid	4.39 times	5.89 times
$\frac{\text{EBITDA}}{\text{Total Interest Payment}}$		

Earnings per share was P0.260 while Price Earnings (PE) Ratio was 7.00 times in 2009. Share price closed at P1.82 in 2009 and P2.50 in 2008.

Debt-to-equity ratio was at 0.45:1 or slightly higher than 2008 because of additional loans obtained in 2009 while EBITDA to total interest paid slightly went down to 4.39 times from 5.89 times in 2008 mainly due to higher interest payments for the additional loans availed during the current period.

Financial Assets and Liabilities

The following table sets forth the carrying values of financial assets and liabilities recognized as of June 30, 2009 and December 31, 2008. There were no material unrecognized financial assets and liabilities as of these dates.

Financial assets and liabilities

	'June 30, 2009		'December 31, 2008	
	Carrying Value	Fair Value	Carrying Value	Fair Value
(In Thousands)				
Cash and cash equivalents	10,139,514	10,139,514	13,605,819	13,605,819
Loans and receivables				
Real estate operations				
Installment contracts receivables	8,424,936	8,554,596	6,531,726	6,869,630
Others receivables	1,947,935	1,947,935	4,470,428	4,470,428
	10,372,871	10,502,531	11,002,154	11,340,258
Financial and banking services	31,838,574	29,382,424	21,490,310	21,456,921
Sugar operations	377,774	377,774	308,458	308,548
Total Loans and Receivables	42,589,218	40,262,728	32,801,012	33,105,727
Investments				
Available for sale	10,774,904	10,774,904	4,730,145	4,730,145
Held to maturity	6,589,940	6,034,670	5,628,247	5,158,283
Trading	2,417,213	2,417,213	453,403	453,403
	19,782,057	19,226,787	10,811,795	10,341,831
	72,510,790	69,629,029	57,218,626	57,053,377
Deposit liabilities				
Demand	11,788,140	11,788,140	10,419,786	10,419,786
Savings	7,926,705	7,926,705	5,981,290	5,981,290
Time	29,753,947	29,717,563	16,931,151	16,910,447
	49,468,792	49,432,408	33,332,227	33,311,523
Accounts payable and accrued expenses	13,581,135	13,581,135	12,411,696	11,956,620
Long-term debt	20,662,710	21,499,244	17,425,610	17,257,489
	83,712,637	84,512,787	63,169,533	62,525,632

The methods and assumptions used by the Group in estimating the fair value of the financial instruments are:

- Cash and cash equivalents: The carrying amounts approximate fair values considering that these accounts consist mostly of short-term deposits and floating rate placements.
- Loans and receivables: Fair value of loans and discounts is based on the discounted value of future cash flows using the applicable risk free rates and current incremental lending rates for similar types of receivables for real estate operations and financial and banking services, respectively while fair value of other receivables approximate the carrying value because of the short term nature of these receivables.
- HTM investments: Fair values are generally based on quoted market prices. If the market prices are not readily available, fair values are estimated using either values obtained from independent parties offering pricing services or adjusted quoted market prices of comparable investments.

- AFS investments and trading securities: Carrying values approximate fair values since these securities were marked to market. Fair values were determined using quoted market prices at balance sheet date; in the case of the investment in club project, the fair value could not be reliably determined and is presented at cost subject to impairment.
- Deposit liabilities: Fair values of liabilities approximate their carrying amounts due to either to demand nature or the relatively short-term maturities of these liabilities.
- Accounts payable and accrued expenses: The fair value of accounts payable and accrued expenses approximates the carrying amounts because of the short-term nature of these accounts.
- Long-term debt: Estimated fair value of debts with fixed interest rates and not subjected to quarterly repricing is based on the discounted value of future cash flows using the applicable risk free rates for similar types of loans adjusted for credit risk. Long-term debt subjected to quarterly repricing is not discounted since it approximates fair value.

Financial Risk Management Objectives and Policies

The Group's principal financial instruments are composed of cash and cash equivalents, AFS and HTM investments, loans from financial institutions, mortgage and installment contracts receivable, commodity trading receivables and other receivables. The main purpose of these financial instruments is to raise financing for the Group's operations.

The main objectives of the Group's financial risk management are as follows:

- To identify and monitor such risks on an ongoing basis;
- To minimize and mitigate such risks; and
- To provide a degree of certainty about costs.

Financial and Banking Operations

Risk Management

The risk management process is performed at the strategic, transaction and portfolio levels. At the strategic level, EWBC sets revenues goals and define its risk philosophy to create a risk culture within EWBC. Revenue goals are incorporated in the business plans putting emphasis on the identification and qualification of risk attendant to its various revenue activities. This emphasis on risks allows for basic reward/risk trade-off analyses not only in the budget process but also in a risk approval process. The resulting business plan will relate the amount of risks to be taken to achieve the desired revenue goals.

EWBC's activities are principally related to the use of financial instruments and are exposed to credit risk, liquidity risk and market risk, the latter being subdivided into trading and non-trading risks. It is also subject to operating risks. Forming part of a coherent risk management system are the risk concepts, trading tools, analytical models, statistical methodologies, historical studies and market analysis, which are being employed by EWBC. These stages constitute the essence of risk process that involves establishing core competencies in recognizing, dimensioning, assessing, limiting, assuming, managing, controlling and monitoring risks. It starts with risk identification covering the entire spectrum of risk-sensitive positions and ends with assessing the risk taking activities through performance metrics, which serve as rational basis for future business plans.

EWBC accepts deposits from customers at fixed rates, and for various periods, and seeks to earn above-average interest margins by investing these funds in high-quality assets. It also seeks to increase these margins by consolidating short-term funds and lending for longer periods at higher rates, while maintaining sufficient liquidity to meet all claims that might fall due.

EWBC trades in financial instruments where it takes positions in traded and over-the-counter instruments to take advantage of short-term market movements in bonds and in currency and interest rate. EWBC places trading limits on the level of exposure that can be taken in relation to both overnight and intra-day market positions.

Credit Risk

Credit risk refers to earnings or capital arising from an obligor/s, customer/s or counterparty's failure to perform and/or to meet the terms of any contract with the EWBC, subjecting EWBC to a financial loss. Credit risk may last for the entire tenor and set at the full amount of a transaction and in some cases may exceed the original principal exposures. The risk may arise from lending trade finance, treasury, investments and other activities undertaken by EWBC. EWBC's credit risk and loan portfolio is managed by the Risk Management Group at the transaction, borrower, product and portfolio levels. EWBC has a structured and standardized credit rating and approval process according to the business and/or product segment. For large corporate credit transactions, the EWBC has a comprehensive procedure for credit evaluation, risk assessment and a well-defined concentration limits, which are established for each type of borrower.

The Risk Management Group (RMG) undertakes several functions with respect to credit risk such as independent credit analysis, including the portfolio risks associated with particular industry sectors, regions, loan size and maturity, and development of a strategy to achieve its desired portfolio mix and risk profile. It also ensures that the EWBC's credit policies and procedures are adequate and constantly evolving to meet the changing demands of the business. The RMG is also responsible for developing procedures to streamline and expedite the processing of credit applications.

The RMG reviews the EWBC's loan portfolio in line with EWBC's policy of not having significant concentrations of exposure to specific industries or group of borrowers. It monitors compliance to the BSP's limit on exposure to any single person or group of connected persons to an amount not exceeding 25.0% of the EWBC's adjusted capital accounts.

As of June 30, 2009 and December 31, 2008 the Bank's loans and discounts amounted to P31.8 billion and P21.5 billion respectively, net of unearned discounts and allowance for probable losses of P2.7 billion and P2.3 billion respectively.

Liquidity Risk and Funding Management

Liquidity risk is the risk that there are insufficient funds available to adequately meet all maturing liabilities, including demand deposits and off-balance sheet commitments.

To ensure that EWBC has sufficient liquidity at all times, the ALCO and the Treasurer formulate a contingency plan upon consolidation and approval of business strategies of each business unit. The contingency plan sets out the amount and the sources of funds (such as unused credit facilities) that are available to EWBC and the circumstances under which such funds will be used. The Treasurer periodically performs simulated stress tests that evaluate EWBC's ability to withstand a prolonged liquidity problem. Under a stress test, the potential cash flows resulting from, among other things, a potential early termination of financial instruments and a potential increase in withdrawals of deposits. Such potential cash outflows are then compared to the amount of funds that are available to determine the liquidity status of EWBC and of each business unit during a liquidity crisis. In performing such stress test, the Treasurer assumes certain customer and market behavior under adverse market conditions and circumstances under which reputation is tarnished. The Treasurer also determines the amount of committed credit lines that should be available to EWBC during a liquidity crisis.

EWBC also manages its short-term liquidity risks through the use of a Maximum Cumulative outflow ("MCO") limit, which limits the outflow of cash on a cumulative basis and on a tenor basis. To maintain sufficient liquidity in foreign currencies, an MCO limit is set for certain designated foreign currencies. The MCO limits are endorsed by the Risk Management Committee and approved by the BOD. EWBC takes a multi-tiered approach to maintaining liquid assets, EWBC's principal source of

liquidity is comprised of Cash, Due From Other Banks, Due from the BSP and Short-Term Inter-bank Loans Receivable with maturities of less than one year. In addition to regulatory reserves, EWBC maintains a sufficient level of secondary reserves in the form of liquid assets such as short-term trading and investment securities that can be easily liquefied.

Market Risk

Market risk is the risk of future loss from changes in the value of a financial instrument held by EWBC. The primary sources of market risk for EWBC are price risk and liquidity risk. Price risk is the risk of a decrease in EWBC's earnings due to changes in the level or volatility of market factors, such as foreign exchange rates, interest rates, commodity prices or equity prices. Price risk is measured primarily through the Value-at-Risk ("VAR") model.

Treasury, in coordination with the Risk Management Department (RMD), develops a risk measurement and management process that is appropriate for EWBC's business and the Risk Management Committee (RMC) and the BOD approve such process. A product program manual, which sets out, among other things, a standardized process of measuring and managing price and liquidity risks, market risk limits, operational procedures and controls and approval procedures, is then prepared for each product.

The market risk limits of EWBC are segregated into price risk limits and liquidity risk limits. Price risk limits are applied at the business unit level and are endorsed by the RMC and approved by the BOD based on, among other things, a business unit's capacity to manage price risks, the size and distribution of the aggregate exposure to price risks and the expected return relative to price risks.

The Bank's investments in various securities are subject to market risks. As of June 30, 2009 and December 31, 2008, details of these investments are as follows:

	June 30,2009	December 31, 2008
Face value:		
Available for sale	10,812,854	4,780,205
Held to maturity	6,589,940	5,628,247
Trading securities	2,417,213	453,403
	19,820,007	10,861,855
Marked to market provision		
Available for sale	37,950	50,061
	37,950	50,061
Net amount	19,782,057	10,811,794

Foreign Currency Risk

Foreign currency liabilities generally consist of foreign currency deposits in EWBC's FCDU.

Foreign currency deposits are generally used to fund EWBC's foreign currency-denominated loan and investment portfolio in the FCDU. Banks are required by the BSP to match the foreign currency assets with the foreign currency liabilities held through FCDUs. In addition, the BSP required a 30% liquidity reserve on all foreign currency liabilities held through FCDUs.

EWBC's policy is to maintain foreign currency exposure within acceptable limits and within existing regulatory guidelines. EWBC believes that its profile of foreign currency exposure on its assets and liabilities is within limits for financial institutions engaged in the type of businesses in which EWBC is engaged.

Total foreign currency assets amounted to US\$337.3 million as of June 30, 2009 and US\$56.5 million as of December 31, 2008. Total foreign currency liabilities, on the other hand amounted to US\$333.3 million as of June 30, 2009 and US\$5.7 million as of December 31, 2008.

Interest Rate Risk

A critical element of risk management program consists of measuring and monitoring the risks associated with fluctuations in market interest rates on EWBC's net interest income. The short-term nature of its business and of its assets and liabilities reduces the exposure of its net interest income to such risks.

EWBC employs "Gap Analysis" to measure the interest rate sensitivity of its assets and liabilities. The asset/liability gap analysis measured, for any given period, the repricing gap is calculated by first distributing the assets and liabilities contained in EWBC's statement of condition into tenor buckets according to the time remaining to the next repricing date (or the time remaining to maturity if there is no repricing), and then obtaining the difference between the total of the repricing (interest rate sensitive) assets and repricing (interest rate sensitive) liabilities. If there is a positive gap, there is asset sensitivity which generally means that an increase in interest rates would have a positive effect on EWBC's net interest income. If there is a negative gap, this generally means that an increase in interest rates would have a negative effect on interest income.

A gap is considered negative when the amount of interest rate sensitive liabilities exceeds the amount of interest rate sensitive assets. A gap is considered positive when the amount of interest rate sensitive assets exceeds the amount of interest rate sensitive liabilities.

Accordingly, during a period of rising interest rates, a bank with a positive gap would be in a position of invest in higher yielding assets earlier than it would need to refinance its interest rate sensitive liabilities. During a period of falling interest rates, a bank with a positive gap would tend to see its interest rate sensitive assets repricing earlier its interest rate sensitive liabilities, which may restrain the growth of its net income or result in a decline in net interest income.

Real Estate and Sugar Operations

Interest Rate Risk

The Group's exposure to the risk for changes in market interest rates relates primarily to the Group's long-term debt obligations with a floating interest rate. The Group's interest rate exposure management policy centers on reducing the Group's overall interest expense and exposure to changes in interest rates. The Group's policy is to manage its interest cost using a mix of fixed and floating interest-rate debts. The Group regularly monitors available credit facilities in the market which is of lower interest rate and where possible substitutes higher-rate debts of the Group. The Group's long-term debt with floating interest rate usually mature after 3-5 years from the date of availment, while fixed term-loans mature after 5-7 years.

Of the total P20.7 billion loans outstanding as of June 30, 2009, P10.2 billion are on floating rate basis. The following table demonstrates the sensitivity to a reasonable possible change in interest rates, with all other variables held constant of the Group's profit before tax.

Increase (decrease) in basis points	Effect on income before tax
+ 200	(P204.2 million)
- 200	P204.2 million

Liquidity Risk

The Group seeks to manage its liquidity profile to be able to finance capital expenditures and service maturing debts. To cover its financing requirements, the Group intends to use internally generated funds and draw on available long-term and short-term credit facilities.

As part of its liquidity risk management, the Group regularly evaluates its projected and actual cash flows. It also continuously assesses conditions in the financial markets for opportunities to pursue fund raising activities, in the event any foreseeable requirements arise. Fund raising activities may include straight bank loans and capital market issuances. Accordingly, its loan maturity profile is regularly reviewed to ensure availability of funding through an adequate amount of credit facilities with financial institutions.

Overall, the Group's funding arrangements are designed to keep an appropriate balance between equity and debt, to ensure financing flexibility while continuously enhancing the Group's businesses.

Credit Risk

It is the Group's policy that buyers who wish to avail of the in-house financing scheme are subjected to credit verification procedures. Receivable balances are being monitored on a regular basis and subjected to appropriate actions to manage credit risk.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents, other receivables and AFS investments, the Group's exposure to credit risk arises from default of the counterparty, with maximum exposure equal to the carrying amount of these instruments.

Foreign Currency Risk

Financial assets and financing facilities extended to the Group were mainly denominated in Philippine Peso. As such, the Group's exposure to this type of risk is not materially significant.

Notes to Financial Statements

1. The attached interim consolidated financial statements are prepared in compliance with Philippine Financial Reporting Standards (PFRS). The accounting policies and methods of computation followed in the financial statements for the six-month period ended June 30, 2009 are the same as those followed in the annual financial statements of the Company for the year ended December 31, 2008.
2. The consolidated financial statements include the financial statements of the Company and its subsidiaries together with the Group's proportionate share in its joint ventures. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies except for PSHC whose reporting period starts from October 1 and ends on September 30.
3. Except for the sugar operations, 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 June 2009 from the operations for the rest of the year. The milling activities of the subsidiaries engaged in sugar operations usually start in October and end in May of the following year.
4. Except as disclosed in the Management 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. There are no known trends, demands, commitments, events or uncertainties that will have a material impact on the Company's liquidity.
5. There are no changes in estimates of amounts reported in the previous period that have material effects in the current interim period.
6. Except for those discussed in the Management Discussion and Analysis of Financial Condition and Results of Operations, there are no issuances, repurchases and repayments of debt and equity securities.

7. There were no other dividends paid (aggregate or per share) separately for ordinary shares and other shares during the interim period, except as discussed in the Management Discussion and Analysis of Financial Condition and Results of Operation.

8. 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, current and time deposits in pesos and foreign currencies; commercial mortgage and agribusiness loans; payment services, provision of credit card facilities, fund transfers, 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.

Sugar operations which involve planting and harvesting of sugar cane, milling of canes into raw sugar, conversion of raw sugar into refined sugar and trading of the products as well as the molasses by-product.

Financial information on the operations of these business segments as of and for the six-month period ended June 30, 2009 and 2008 are summarized in the attached Annex E.

9. Except as discussed in the Management Discussion and Analysis of Financial Condition and Results of Operations, there are no material events subsequent to June 30, 2009 up to the date of this report that have not been reflected in the financial statements for the interim period.

10. 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, except as discussed in the Developments of the Company and Management Discussion on its Results of Operations.

11. There are no changes in contingent liabilities or contingent assets since December 31, 2008.

12. There are no material contingencies and any other events or transactions affecting the current interim period.

13. There are no known events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

14. There are no known material off-balance sheet transactions, arrangements, obligations including contingent liabilities, and other relationships of the Company, with unconsolidated entities or other persons created during the reporting period.

15. There are no significant elements of income or loss, except as discussed in the Management Discussion on the Results of Operations, that did not arise from the issuer's continuing operations.

16. There are no known seasonal aspects that had a material effect on the financial condition or results of operations.

17. On January 23, 2009, EWBC and American International Group, Inc. and certain AIG subsidiaries, including the Philippine American Life and General Insurance Company and AIG Consumer Finance Group, entered into a Share Sale Agreement for EWBC to acquire all of the shares in AIGPASB Group. The Monetary Board of The BSP, in its Resolution No. 334 dated February 26, 2009, approved the share sale transaction. The transaction, being conditioned upon the receipt of the approval, was closed on March 12, 2009. On August 06, 2009, the Monetary Board of the BSP, in its Resolution No. 1128 has given its final approval on the merger of EWBC with the AIGPASB Group.

18. On February 3, 2009, FLI signed an agreement with the Cebu City government to develop 50.6 hectares of the South Road properties (SRP), a 300-hectare reclaimed land project located in the heart of the City. Under the Agreement, FLI will develop forty (40) hectares under a revenue sharing agreement with the Government. The 40 hectares will be developed in four phases over a 20-year period with FLI contributing the development costs as well as FLI. The first payment has been made to the Cebu City Government in March 2009, with the balance payable over the next six years. FLI plans to develop the 40 hectares mainly into cluster mid rise residential building while the 10.6 hectares, which has a kilometer-long sea frontage, will be developed into three or four mixed-use clusters. The clusters will include hotels, commercial or retail space, offices and residential condominiums. The master plan for the property is being finalized and FLI expects to launch its first project by the end of 2009 or early 2010.

19. On July 15, 2009, FDC filed an application with the SEC for the incorporation of Seascapes Resort, Inc. (SRI), whose primary purpose is to conduct a hotel and resort business, and to own and operate the villas and casitas in Seascapes Resort Town in Mactan Cebu. Seascapes Resort Town is a 12-hectare seaside property designed to be Cebu's premier seaside residential resort offering private lots, condominiums and a resort hotel. The residential lots have been fully sold out, while the resort hotel will be professionally managed and operated by Filarchipelago Hospitality, Inc. (FHI), a joint venture management company created by FDC and Singapore-registered Archipelago International Pte. Ltd. in early 2009. FHI has also been appointed by FDC's publicly-listed subsidiary, a Filinvest Land Inc. as manager and operator of the condotel business at the Grand Cenia Condotel and Residences, now under construction across the Cebu Business Park in Cebu City. With Seascapes Resort and the grand Cenia, the Group is strategically to take advantage of the booming tourism market in Cebu.

PART II -- OTHER INFORMATION

There are no other information required to be reported that have 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




JOSEPHINE G. YAP
Title President
Date August 12, 2009

Title
Date



NELSON M. BONA
Title Chief Finance Officer
Date August 12, 2009

Signature
Title
Date



EFREN M. REYES
Title SVP – Controller
Date August 12, 2009

FILINVEST DEVELOPMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(ANNEX A)

(Amounts in thousands of Pesos)

	'June 30, 2009 (Unaudited)	'December 31, 2008 (Audited)
ASSETS		
Cash and cash equivalents	10,139,514	13,605,819
Loans and receivables – net		
Real estate operations	10,372,871	11,002,154
Financial and banking services	31,838,574	21,490,310
Sugar manufacturing operations	377,774	308,548
Subdivision lots, condominiums and residential units for sale	11,948,262	10,190,863
Sugar and molasses inventories	744,214	287,817
Investments	21,184,286	12,144,400
Land and land development	20,049,437	19,974,882
Investment property – net	25,974,699	25,951,311
Property and equipment – net	4,145,280	3,820,578
Deferred income tax assets	1,024,871	606,003
Goodwill	10,772,635	10,233,522
Other assets	1,835,088	1,894,089
	150,407,505	131,510,296
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Deposit liabilities	49,468,792	35,717,944
Accounts payable and accrued expenses	13,581,135	12,411,696
Income tax payable	69,388	191,485
Dividends payable	229,675	-
Deferred income tax liabilities	6,094,326	6,082,008
Long-term debt	20,662,710	17,425,610
Total liabilities	90,106,026	71,828,743
EQUITY		
Equity attributable to equity holders of the parent		
Capital stock - P1 par value		
Common		
Authorized - 10,000,000,000 shares		
Issued - 7,508,123,852 shares	7,508,124	7,508,124
Additional paid-in capital	11,709,875	11,709,874
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	(10,824)	(260,026)
Retained earnings	17,582,445	17,227,121
Translation adjustment	-	8,064
Treasury stock	(24,220)	(24,220)
Total	46,193,843	45,597,380
Minority interest	14,107,636	14,084,173
Total Equity	60,300,479	59,681,553
	150,407,505	131,510,296

FILINVEST DEVELOPMENT CORPORATION AND SUBSIDIARIES

ANNEX B

CONSOLIDATED STATEMENTS OF INCOME - Unaudited

(Amounts in thousands of Pesos except earnings per share)

	This Quarter		Six-Month Period Ended June 30	
	2009	2008	2009	2008
REVENUES				
Real Estate Operations				
Sale of lots, condominium and residential units and club shares	721,003	790,985	1,747,800	1,880,465
Cost of sale of lots, condominium and residential units and club shares	(381,655)	(387,797)	(874,452)	(888,844)
Gross profit	339,348	403,188	873,348	995,621
Mall and rental revenues	358,328	330,109	687,155	643,413
Other income	219,453	232,708	513,890	425,952
	917,129	966,005	2,074,393	2,064,986
Financial and Banking Services				
Interest income	960,518	732,836	1,868,471	1,396,079
Cost of financial and banking services	(313,371)	(254,514)	(680,777)	(511,030)
Other income	450,714	239,938	773,162	438,684
	1,097,861	718,260	1,960,856	1,323,733
Sugar Operations				
Sale of sugar	484,118	336,641	637,791	765,924
Cost of sale of sugar	(359,280)	(187,358)	(446,506)	(443,231)
Other income	14,104	19,262	27,376	23,033
	138,942	168,545	218,661	345,726
NET REVENUES	2,153,932	1,852,810	4,253,910	3,734,445
Operating Expenses				
Real estate operations	769,556	616,711	1,410,036	1,198,360
Financial and banking services	832,224	553,041	1,536,783	1,063,246
Sugar operations	66,348	59,404	135,951	131,286
	1,668,128	1,229,156	3,082,770	2,392,892
INCOME BEFORE INCOME TAX	485,804	623,654	1,171,140	1,341,553
PROVISION FOR INCOME TAX	80,475	140,699	195,185	304,428
NET INCOME	405,329	482,955	975,955	1,037,125
Attributable to:				
Equity holders of the parent company	258,927	349,906	585,000	673,814
Minority interest	146,402	133,049	390,955	363,311
	405,329	482,955	975,955	1,037,125

FILINVEST DEVELOPMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY - Unaudited

ANNEX C

(Amounts in thousands of Pesos)

	For the Six Months Ended June 30	
	2009	2008
CAPITAL STOCK - P1 par value		
Preferred - cumulative		
Authorized - 2,000,000,000 shares		
Common		
Authorized - 8,000,000,000 shares		
Issued - 7,508,123,852 shares	7,508,124	7,508,124
ADDITIONAL PAID-IN CAPITAL	11,709,875	11,709,874
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 INVESTMENT	(10,824)	(232,603)
TREASURY STOCK - at cost	(24,220)	(24,220)
RETAINED EARNINGS		
Balance, beginning	17,227,121	15,993,354
Net income for the period	585,000	673,814
Cash dividends	(229,676)	-
Balance, end	17,582,445	16,667,168
Minority Interest		
Balance, beginning	14,084,173	13,802,483
Net income for the period	390,955	363,311
Cash dividends	(367,492)	-
Balance, end	14,107,636	14,165,794
TOTAL EQUITY	60,301,479	59,222,580

FILINVEST DEVELOPMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS - Unaudited
(Amount in thousands of Pesos)

(ANNEX D)

Six-Month Period Ended June 30

2009

2008

CASH FLOWS FROM OPERATING ACTIVITIES

Income before income tax	1,171,140	1,341,553
Adjustments for:		
Interest income	(193,192)	(219,465)
Interest expense	461,155	279,023
Depreciation and amortization	296,007	287,035
Gain on sale of property and equipment	-	(4,919)
Gain on asset foreclosure and dacion transactions	(385)	(5,022)
Provision for probable losses	307,367	134,812
Provision for retirement benefits	11,158	21,537
Operating income before changes in operating assets and liabilities	2,053,250	1,834,554
Decrease (increase) in:		
Loans and receivables	(10,095,574)	(3,771,617)
Subdivision lots, condominiums and residential units for sale	(1,757,399)	(560,317)
Sugar inventories	(456,397)	(274,331)
Land and land development	(74,555)	(1,486,807)
Increase in:		
Deposit liabilities	13,750,848	2,850,839
Accounts payable and accrued expenses	667,236	644,811
Net cash generated from operations	4,087,409	(762,868)
Income taxes paid	(131,474)	(252,056)
Net cash provided by operating activities	3,955,935	(1,014,924)

CASH FLOWS FROM INVESTING ACTIVITIES

Decrease (increase) in:		
Investments	(9,289,088)	(3,067,401)
Other assets	(480,112)	(521,208)
Interest received	193,192	197,797
Acquisition of investment property and property and equipment	(644,096)	(509,670)
Net cash provided by (used in) investing activities	(10,220,104)	(3,902,482)

CASH FLOWS FROM FINANCING ACTIVITIES

Interest paid	(439,236)	(315,908)
Net proceeds (payments) of long-term debt	3,237,100	1,274,200
Net cash provided by financing activities	2,797,864	958,292
NET DECREASE IN CASH AND CASH EQUIVALENTS	(3,466,305)	(3,959,114)
Cash and Cash Equivalents at beginning of period	13,605,819	14,894,429
CASH AND CASH EQUIVALENTS AT END OF PERIOD	10,139,514	10,935,315

FILINVEST DEVELOPMENT CORPORATION AND SUBSIDIARIES

(ANNEX E)

FINANCIAL INFORMATION ON OPERATIONS OF BUSINESS SEGMENTS – Unaudited

For the Six-Month Periods Ended June 30, 2009 and 2008

(Amounts in Thousands)

	Real Estate Operations		Banking and Financial Services		Sugar Manufacturing Operations	
	2009	2008	2009	2008	2009	2008
	(Unaudited)		(Unaudited)		(Unaudited)	
Net Revenues	2,474,600	2,293,624	1,894,533	1,320,688	219,135	345,725
Net income	1,069,264	1,011,070	265,623	212,983	36,044	132,919
Segment assets	129,357,742	119,169,209	68,051,494	42,782,853	3,776,590	3,135,347
Less deferred tax asset	236,816	-	941,537	660,528	36,825	15,138
Net segment assets	129,120,926	119,169,269	67,109,958	42,122,325	3,739,765	3,120,209
Segment liabilities	44,543,585	36,263,752	59,962,362	37,136,554	2,280,336	1,823,866
Less:						
Income tax payable	44,709	116,683	8,989	-	15,691	74,746
Deferred tax liabilities	6,102,985	6,229,417	1,250,000	-	178,811	229,804
Net segment liabilities	38,395,891	29,917,653	58,703,374	37,136,554	2,085,834	1,519,316
Cash flows arising from:						
Operating activities	233,264	(1,737,776)	2,113,399	170,426	155,039	(102,592)
Investing activities	(2,652,170)	(777,678)	(7,867,868)	(2,991,042)	(486,400)	(8,060)
Financing activities	963,591	1,415,605	2,000,000	(6)	154,274	(38,335)
	Combined		Eliminating		Consolidated	
	2009	2008	2009	2008	2009	2008
	(Unaudited)		(Unaudited)		(Unaudited)	
Net Revenues	4,588,268	3,960,037	334,358	225,592	4,252,881	3,734,445
Net income	1,370,930	1,356,972	394,975	319,847	974,926	1,037,125
Segment assets	201,185,827	165,087,409	50,778,321	44,895,125	153,904,040	120,192,283
Less deferred tax asset	1,215,178	675,666	190,307	-	1,024,871	675,666
Net segment assets	199,970,649	164,411,743	50,588,014	44,895,125	152,879,169	119,516,618
Segment liabilities	106,786,283	75,224,172	16,680,257	14,254,468	93,603,590	60,969,704
Less:						
Income tax payable	69,388	191,428	-	-	69,389	191,428
Deferred tax liabilities	7,531,796	6,459,221	1,437,470	-	6,094,326	6,459,221
Net segment liabilities	99,185,099	68,573,523	15,242,787	14,254,468	87,439,876	54,319,054
Cash flows arising from:						
Operating activities	2,501,702	(1,669,941)	1,454,233	(655,019)	3,955,935	(1,014,922)
Investing activities	(11,006,438)	(3,776,780)	786,334	125,702	(10,220,104)	(3,902,482)
Financing activities	3,117,864	1,377,265	(320,000)	418,973	2,797,864	958,292

FILINVEST DEVELOPMENT CORPORATION AND SUBSIDIARIES

ANNEX F

AGING OF LOANS AND RECEIVABLES - Unaudited

As of June 30, 2009

(Amounts in thousands of Pesos)

Type of receivable	Total	Current	2-3 Mos.	4-6 Mos.	7 Mos - 1 year	1 year over	Past due accts. Item in litigation
a) Trade Receivables							
Mortgage, Notes and Installment Contracts Receivable	6,945,885	6,848,430	19,972	5,019	72,464	-	-
Receivable from Financing Institutions	362,138	362,138	-	-	-	-	-
Receivable from Customer	34,598,372	30,360,724	1,093,874	283,167	708,347	1,465,280	686,980
Rentals and others	1,119,854	952,043	12,492	14,000	26,034	115,285	-
	43,026,249	38,523,335	1,126,338	302,186	806,845	1,580,565	686,980
Less: Allowance for Doubtful Accounts	2,786,443	-	507	5,007	536,623	1,557,326	686,980
	40,239,806	38,523,335	1,125,831	297,179	270,222	23,329	-
b) Non-trade Receivables	2,349,904	2,139,238	18,002	11,715	12,364	168,584	-
Less: Allowance for Doubtful Accounts	491	-	-	-	-	491	-
	2,349,413	2,139,238	18,002	11,715	12,364	168,094	
Net Receivables	42,589,219	40,662,573	1,143,833	308,894	282,586	191,333	-