



Filinvest Development Corporation

22 January 2009

Philippine Stock Exchange

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

Attention: **Atty. Pete M. Malabanan**
Head, Disclosure Department

Re: **Amended SEC Form 17-Q**

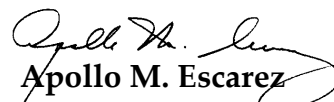
Dear Atty. Malabanan:

Enclosed for your information is the Amended SEC Form 17-Q of Filinvest Development Corporation for the 3rd Quarter, Year 2008. Amendments made refer to:

- Presentation of basic/diluted earnings per share on the face of the income statement. (Annex "B" – Income Statement).
- Reclassification of financial instruments. (Note 3, Notes to the Financial Statements)

Please be guided accordingly.

Truly yours,


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

9 08
Month Fiscal Year

3 0
Day

1 7 - Q - A
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 **September 30, 2008.**
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	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Title of Each Class	
<u>Common stock, P1.00 par value</u>	<u>7,505,725,452</u>
	<u>P9,781M 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.

Item 2. Management Discussion and Analysis of Financial Condition and Results of Operation for the Nine-Month Periods Ended September 30, 2008 and 2007

2.1 Developments:

On June 6, 2008, The Company's Board of Directors approved the declaration of cash dividends of P0.05 for every common share payable on July 15, 2008 to stockholders of record as of June 30, 2008.

On April 20, 2008, the Company held a groundbreaking ceremony for its Beaufort project located in Fort Bonifacio, Taguig City. The project consists of two office/residential towers of 43-storeys and 42-storeys.

On June 29, 2007, to further diversify its business, the Company acquired from its parent company, ALG Holdings Corporation (ALGHC), 100% ownership interest in Pacific Sugar Holdings Corporation (PSHC) in exchange for 1,550,000,000 shares of its common stock. PSHC wholly owns and controls three subsidiaries, namely, Davao Sugar Central Company, Inc. (DASUCECO), Cotabato Sugar Central Company, Inc. (COSUCECO), and High Yield Sugar Farms Corporation (HYSFC). PSHC and its subsidiaries are primarily engaged in the growing, milling, refining and marketing of sugar. DASUCECO owns and operates a raw sugar mill and a refinery located in Guihing, Hagonoy, Davao del Sur while COSUCECO owns and operates a raw sugar mill located in Kilada, Matalam, North Cotabato. HYSFC, on the other hand, is engaged in corporate farming of sugar cane in Davao del Sur and North Cotabato. This acquisition allows the Company to tap into the productive sugar industry and avail of opportunities to venture into allied businesses such as alternative fuel production. The assignment likewise provides for a diversified revenue base for FDC.

In February 2007, the residential property development subsidiary of the Company, Filinvest Land Inc. (FLI), achieved a record-breaking success with its follow-on offering where it listed up to 3.7 billion new common shares at the Philippine Stock Exchange. The follow-on offering was more than five times oversubscribed, raising the equivalent of around \$204 million for both the primary and secondary offerings.

Also in the same FLI follow-on offering, the Company's commercial property development arm Filinvest Alabang, Inc (FAI) sold 2,509,852,590 shares of its holdings in FLI to outside investors. Proceeds received from this transaction amounted to about P3.8 billion.

2.2 Results of Operations

Net income during the current period was P1.7 billion which is 21% higher than last year's regular net income of P1.4 billion. Last year's net income amounted to P3.9 billion. However this included a one-time extraordinary gain of P2.2 billion from the change in equity interests in FLI resulting from the sale of FLI common shares during the primary and secondary offering as discussed in Item 2.1 above, and amortization of a deferred income amounting to P301.2 million as a result of such change in equity interest in a

subsidiary. Discounting these extraordinary gains, core or regular net income in 2007 would amount to P1.4 billion..

Real Estate Operations

Real estate operations contributed P3.3 billion in net revenues. Gross sales improved by 13% with increases in sales of FAI and take up by FDC of the sale of its Seascapes lots. FAI sales increased because of sale of a commercial lot with sales value of P156.7 million and higher sales of its condominium projects. During the current period, FDC started to book the sales of lots in its own project, Seascapes Resort Town in Cebu. Mall revenues (from Festival Supermall, Inc.) and office space rental revenues (from Cyberzone Properties, Inc.) went up by a total of 16% with the addition of two buildings in Northgate Cyberzone during the latter part of 2007, namely Plaza D and 5132 Building and iHub 1 in the second quarter of 2008, , while new tenants were added in the Greens and Grills area of Festival Supermall.

Operating expenses went up by 23% from P1.4 billion to P1.7 billion attributed to: (i) higher selling and marketing expenses which was due in turn to aggressive advertising which now includes TV and radio; (ii) additional sales offices set up by FLI in various parts of the country as a consequence of its geographic diversification, and (iii) higher sales which correspondingly increased variable expenses like broker's commissions. General and administrative expenses likewise increased because of higher real property taxes, maintenance costs of various properties, higher transportation and traveling expenses because of additional regional and provincial projects, and higher fuel costs.

Financial and Banking Operations

Financial and banking services net revenue went up by 46%, from P1.3 billion in 2007 to P1.9 billion in 2008, mostly coming from other income with the increase in service charges on loans and credit card, fees and trading and forex gains. Interest income increased by 21% mainly sourced from auto loans, credit card, term loans and on various securities held by the bank.

With the growth in the volume of business, operating expenses increased by 36% principally from the increase in manpower and expanded operations, and provisions for probable losses for credit card receivables.

Sugar Operations

Sugar operations contributed P1.24 billion in revenues to the Company during the period, 71.5% higher than revenues in the prior year. Gross profit reached P498.4 million for an increase of 98.9% from 2007. This buoyant performance was attributed to an aggregate 25% increase in sugar cane milled tonnage, which was accompanied by a 13% increase in harvested areas, over the 2006-2007 crop year. Notwithstanding challenges in milling and refining operations the volume of raw and refined sugar produced for trading was substantially higher during the period which compensated for relatively flat market prices.

Financial Condition

As of September 30, 2008, total consolidated assets stood at P122.9 billion, total stockholders' equity at P59.1 billion (alongside minority interest of P14.4 billion) while total liabilities stood at P63.8 billion. Debt-to-equity ratio was at 0.28:1, slightly higher than last year's 0.22:1 due to additional loans obtained in 2008, mostly by its subsidiaries to partly finance their ongoing development projects.

Total assets increased by 7% from P114.6 billion as of December 31, 2007. The following accounted for the significant movements in resources:

- Cash and cash equivalents declined by P6.6 billion or (44%) mainly because of EWBC's additional investments in securities, interbank and corporate and consumer lendings, and due from Bangko Sentral ng Pilipinas. Also, during the period, FLI made some purchases of parcels of land mainly for its MRB projects. Buy-backs of FLI shares reached a total of P218.7 million up to September 30, 2008.
- Real estate receivables were higher by 8% due to recognition by FAI of sales on its La Vie Flats, Studio One and Westparc Birch and the increase in journalized in-house financed sales by FLI.
- Loans and receivables of the Bank increased by 22% or P3.8 billion to P21.2 billion as of September 30, 2008, attributed to higher credit card receivables, auto loans, FCDU onshore loans, bills discounted and term loans granted during the period.
- Investments went up by P6.2 billion or 107% due to additional purchases by EWBC of available-for-sale, held to maturity and trading securities.
- Land and land development was higher by 13% principally caused by the purchases of land by FLI, mainly for its various MRB projects and the setting up of development costs for the Seascapes Beach Club, Casitas and Villas projects of FDC in Mactan, Cebu.
- Property and equipment increased by 10% mainly due to ongoing building construction in Northgate Cyberzone to create additional office space to meet the growing demand from BPOs and call centers.
- Other assets went up by P885.0 million or 63% due to additional advances to contractors and suppliers, creditable withholding tax, prepaid expenses incurred for various sales offices, input tax on various project-related disbursements and miscellaneous assets of EWBC.

Total liabilities amounted to P63.8 billion as of September 30, 2008, up by 14% from P56.1 billion as of December 31, 2007. Volume of bank deposits went up by P3.9 billion or 13% due to increases in time and savings deposits generated. Accounts payable was higher by 9% due to set-up of estimated costs for the construction of La Vie Flats condominium, deferred credits and accruals of taxes. Long-term debt increased by 26% due to availments of loans by PSHC, FLI, FAI, FAPI and CPI to partly finance their ongoing developments and by EWBC for unsecured subordinated debt (Tier 2 Capital).

Net income during the period applicable to minority interests amounted to P581.4 million and to Parent, P1.1 billion.

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 Nine-Month Period Ended September 30, 2008	As of December 31, 2007 and for the Nine-Month Period Ended September 30, 2007
Earning per share	0.302 /share	0.511 /share
$\frac{\text{Net Income (Annualized)*}}{\text{Weighted average number of outstanding shares}}$		
Price Earnings Ratio	6.28 times	10.56 Times
$\frac{\text{Closing Price}}{\text{Earnings Per Share}}$		
Return on Net Revenue	30%	79% ^a
$\frac{\text{Net Income}}{\text{Total Net Revenue}}$		
Debt to equity ratio	0.28 : 1	0.22 : 1
$\frac{\text{Notes Payable \& Long-term Debt}}{\text{Total Stockholders' Equity}}$		
EBITDA to Total Interest Paid	7.16 times	7.29 times
$\frac{\text{EBITDA}}{\text{Total Interest Payment}}$		

**(Note: In the computation of 2007 annualized net income, the extraordinary gains were considered.)*

a- If the one-time gain would be excluded from net income, ratio would be 31%.

Earnings per share was P0.302 while Price Earnings (PE) Ratio was 6.28 times in 2008. Share price closed at P1.90 in 2008 and P5.40 in 2007.

Debt-to-equity ratio was at 0.28:1 or slightly higher than 2007 because of additional loans obtained in 2008 while EBITDA to total interest paid slightly went down to 7.16 times from 7.29 times in 2007 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 September 30 and June 30, 2008. There were no material unrecognized financial assets and liabilities as of September 30 and June 30, 2008

Financial assets and liabilities

	September 30, 2008		June 30, 2008	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	(In Thousands)			
Cash and cash equivalents	8,345,599	8,345,599	10,935,316	10,935,316
Loans and receivables				
Real estate operations				
Installment contracts receivables	6,929,500	7,571,530	6,642,885	8,522,249
Others receivables	2,589,653	2,589,653	3,249,179	3,249,179
	9,519,153	10,161,184	9,892,064	11,771,428
Financial and banking services				
Loans and discounts	20,838,727	17,689,504	20,077,385	17,065,777
Others	351,216	351,216	164,024	164,024
	21,189,943	18,040,720	20,241,409	17,229,801
Sugar operations	362,692	362,692	392,462	392,462
Total Loans and Receivables	31,071,788	28,564,595	30,525,935	29,393,691
Investments				
Available for sale	2,956,917	2,956,917	2,090,159	2,090,159
Held to maturity	5,629,396	5,629,396	5,681,071	5,681,071
Trading	3,415,914	3,415,914	672,018	672,018
	12,002,227	12,002,227	8,443,248	8,443,248
	51,419,614	48,912,422	49,904,499	48,772,255
Deposit liabilities				
Demand	8,432,206	8,432,206	8,141,414	8,141,414
Savings	4,669,503	4,669,503	4,695,504	4,695,504
Time	21,046,959	21,025,938	20,245,395	20,225,150
	34,148,668	34,127,647	33,082,313	33,062,068
Accounts payable and accrued expenses	10,550,472	10,550,472	10,181,093	10,181,093
Long-term debt	12,322,749	13,247,920	11,055,649	11,885,688
	57,021,889	44,678,119	54,319,055	43,243,161

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 value equals the carrying value since these investments were marked to market as of September 30, 2008 and June 30, 2008. 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 September 30, 2008 and June 30, 2008 the Bank's loans and discounts amounted to P20.8 billion and P20.1 billion respectively, net of allowance for probable losses of P2.1 billion and P2.0 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 September 30, 2008 and June 30, 2008, details of these investments are as follows:

	September 30	June 30
Face value:		
Available for sale	3,153,650	2,351,282
Held to maturity	5,742,033	5,683,742
Trading securities	3,415,914	672,018
	12,311,597	8,707,042
Marked to market provision		
Available for sale	196,733	261,123
Held to maturity	112,637	2,671
	309,370	263,794
Net amount	12,002,227	8,443,248

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\$223.5 million as of September 30, 2008 and US\$201.8 million as of June 30, 2008. total foreign currency liabilities, on the other hand amounted to US\$219.7 million as of September 30, 2008 and US\$192.5 million as of June 30, 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 P12.3 billion loans outstanding as of September 30, 2008, P8.0 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	(P86.2 million)
- 200	P86.2 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 except for certain assets and liabilities of the Bank as earlier discussed with net foreign currency assets amounting to US\$3.8 million. 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 nine-month period ended September 30, 2008 are the same as

those followed in the annual financial statements of the Company for the year ended December 31, 2007.

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. The Company has opted not to reclassify its own financial instruments. However, its subsidiary bank, East West Bank, reclassified some of its financial instruments in accordance with the rules and guidelines established by the Bangko Sentral ng Pilipinas. Following are the reclassification made by East West Bank on October 31, 2008, the effective date of reclassification.

		Amount (In Thousand)
<hr/>		
a.	Held to Trading Securities	
	1 ROP Treasury Bonds	2,613,009
	2 ROP Other Bonds	<u>599,707</u>
		<u><u>3,212,715</u></u>
	Reclassification :	
From	: Financial Assets Held for Trading	<u>3,212,715</u>
To	: Available for Sales Financial Assets	1,849,157
	Held to Maturity Financial Assets	1,427,683
	Unquoted Debt Securities Classified as Loans	<u>184,932</u>
		<u><u>3,461,772</u></u>
b.	Available for Sale Financial Assets	
	1 ROP Treasury Bonds	3,510,355
	2 GOCC Securities	794,444
	3 Banks	186,968
	4 Private Corporation	<u>707,185</u>
		<u><u>5,198,953</u></u>
	Reclassification :	
From	: Available for Sales Financial Assets	<u>5,198,953</u>
To	: Held to Maturity Financial Assets	2,782,667
	Unquoted Debt Securities Classified as Loans	<u>2,353,137</u>
		<u><u>5,135,804</u></u>

On the effective date of reclassification, the Bank reclassified the above listed securities using the market prices of the securities as of September 11, 2008 as the new balances of investments. In the process, the Bank realized a net gain of P185.91 million.

4. 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 September 2008 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.

5. 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.
6. There are no changes in estimates of amounts reported in the previous period that have material effects in the current interim period.
7. 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.
8. 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 preceding sections of this report.
9. 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 nine-month period ended September 30, 2008 and 2007 are summarized in the attached Annex E.

10. Except as discussed in the Management Discussion and Analysis of Financial Condition and Results of Operations, there are no material events subsequent to September 30, 2008 up to the date of this report that have not been reflected in the financial statements for the interim period.
11. 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.
12. There are no changes in contingent liabilities or contingent assets since December 31, 2007.

13. There are no material contingencies and any other events or transactions affecting the current interim period.
14. 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.
15. 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.
16. 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.
17. There are no known seasonal aspects that had a material effect on the financial condition or results of operations.

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



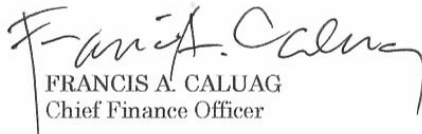
JOSEPHINE G. YAP
President

Title

Date

January 21, 2009

Signature



FRANCIS A. CALUAG
Chief Finance Officer

Title

Date

January 21, 2009

FILINVEST DEVELOPMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(ANNEX A)

(Amounts in thousands of Pesos)

	September 30, 2008 (Unaudited)	DECEMBER 31, 2007 (Audited)
ASSETS		
Cash and cash equivalents	8,345,599	14,894,429
Loans and receivables – net		
Real estate operations	9,519,153	8,830,624
Financial and banking services	21,189,943	17,439,004
Sugar manufacturing operations	362,692	484,691
Subdivision lots, condominiums and residential units for sale	9,813,923	9,401,694
Sugar and molasses inventories	956,049	394,355
Investments	12,002,227	5,798,906
Land and land development	18,295,973	16,181,940
Investment property – net	26,013,295	25,938,512
Property and equipment – net	3,175,501	2,889,482
Deferred income tax assets	720,274	664,130
Goodwill	10,233,522	10,233,522
Other assets	2,281,564	1,396,531
	122,909,715	114,547,820
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Deposit liabilities	34,148,668	30,231,474
Accounts payable and accrued expenses	10,550,472	9,636,260
Income tax payable	223,341	119,546
Deferred income tax liabilities	6,546,162	6,347,708
Long-term debt	12,322,749	9,781,449
Total liabilities	63,791,392	56,116,437
STOCKHOLDERS' 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	11,709,874	11,709,874
Revaluation increment in land	46,331	46,331
Revaluation reserve on investment property at deemed cost	9,695,077	9,382,112
Revaluation reserve on available-for-sale investments	(174,228)	13,326
Retained earnings	15,952,698	15,993,354
Treasury stock	(24,220)	(24,220)
Total	44,713,656	44,628,901
Minority interest	14,404,667	13,802,482
Total Stockholders' Equity	59,118,323	58,431,383
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	122,909,715	114,547,820

FILINVEST DEVELOPMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME - Unaudited
(Amounts in thousands of Pesos except earnings per share)

(ANNEX B)

	This Quarter		Nine-Month Period ended September 30	
	2008	2007	2008	2007
REVENUES				
Real Estate Operations				
Sale of lots, condominium and residential units and club shares	1,279,547	1,194,501	3,160,012	2,788,352
Cost of sale of lots, condominium and residential units and club shares	(686,455)	(599,307)	1,571,298)	(1,342,740)
Gross profit	593,092	595,194	1,588,714	1,445,612
Mall and rental revenues	353,695	297,536	997,109	861,816
Other income	304,696	514,077	730,648	1,078,451
	1,251,483	1,406,807	3,316,471	3,385,879
Financial and Banking Services				
Interest income	808,349	635,380	2,204,428	1,815,945
Cost of financial and banking services	(288,304)	(272,976)	(799,334)	(828,001)
Other income	97,874	154,534	536,558	340,793
	617,919	516,938	1,941,652	1,328,737
Sugar Operations				
Sale of sugar	477,078	724,829	1,243,002	724,829
Cost of sale of sugar	(343,727)	(474,305)	(786,958)	(474,305)
Other income	19,307	-	42,338	
	152,658	50,524	498,382	250,524
NET REVENUES	2,022,059	2,174,269	5,756,504	4,965,140
Operating Expenses				
Real estate operations	495,371	299,765	1,693,732	1,378,990
Financial and banking services	589,533	467,524	1,652,779	1,215,861
Sugar operations	46,558	60,068	177,843	60,068
	1,131,462	827,357	3,524,354	2,654,919
Gain on Changes in Equity Interest In a Subsidiary	-	-		2,162,877
INCOME BEFORE INCOME TAX	890,597	1,346,912	2,232,150	4,473,098
PROVISION FOR INCOME TAX	225,897	312,787	530,326	566,778
NET INCOME	664,701	1,034,125	1,701,825	3,906,320
Attributable to:				
Equity holders of the parent company	446,660	885,698	1,120,473	3,345,649
Minority interest	218,040	148,427	581,351	560,671
	664,701	1,034,125	1,701,825	3,906,320
Basic/Diluted Earnings Per Share (Annualized)			0.302	0.511

FILINVEST DEVELOPMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY - Unaudited
(Amounts in thousands of Pesos)

ANNEX C

	For the nine months ended September 30	
	2008	2007
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	11,709,874	11,709,874
REVALUATION INCREMENT IN LAND	46,331	46,331
REVALUATION RESERVE ON INVESTMENT		
PROPERTY AT DEEMED COST	9,695,077	9,382,112
REVALUATION RESERVE ON		
AVAILABLE-FOR-SALE INVESTMENT	(174,228)	6,051
RETAINED EARNINGS	15,952,698	17,269,251
TREASURY STOCK - at cost	(24,220)	(24,220)
Minority Interest	14,404,667	12,838,550
TOTAL STOCKHOLDERS' EQUITY	59,118,323	58,736,073

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

(ANNEX D)

	Nine-Month Period ended September 30	
	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	2,232,150	4,473,098
Adjustments for:		-
Interest income	(789,337)	(599,735)
Interest expense	331,743	354,201
Depreciation and amortization	440,608	309,066
Gain on changes in equity interest in a subsidiary	-	(2,162,877)
Gain on sale of property and equipment	(13,139)	
Gain on asset foreclosure and dacion transactions	(1,692)	
Provision for probable losses	177,765	101,013
Provision for retirement benefits	29,787	11,951
Operating income before changes in operating assets and liabilities	2,407,885	2,486,717
Decrease (increase) in:		
Loans and receivables	(4,317,470)	(3,908,872)
Subdivision lots, condominiums and residential units for sale	(412,228)	(426,863)
Sugar inventories	(561,693)	(326,277)
Land and land development	(2,114,033)	2,352,170
Increase in:		-
Deposit liabilities	3,917,195	2,755,722
Accounts payable and accrued expenses	1,056,523	2,587,612
Net cash generated from operations	(23,822)	5,520,209
Income taxes paid	(438,097)	(15,434)
Net cash provided by operating activities	(461,919)	5,504,775
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease (increase) in:		
Due from related parties	(252,055)	146,492
Financial assets at fair value through profit or loss		64,935
Investments	(6,278,104)	(974,738)
Other assets	(885,033)	(204,719)
Interest received	282,162	292,424
Acquisition of investment property and property and equipment	(286,020)	(769,285)
Net cash provided by (used in) investing activities	(7,419,050)	(1,444,891)
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in due to related parties	(257,762)	(199,012)
Interest paid	(575,994)	(360,214)
Net proceeds from bills and acceptances payable		1,840,219
Net proceeds (payments) of long-term debt	2,541,300	(1,147,272)
Dividends paid	(375,406)	(119,162)
Net proceeds from primary and secondary offerings		5,532,576
Net cash provided by financing activities	1,332,139	5,547,135
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(6,548,830)	9,607,019
Cash and Cash Equivalents at Beginning of period	14,894,429	8,671,394
CASH AND CASH EQUIVALENTS AT END OF PERIOD	8,345,599	18,278,413

FILINVEST DEVELOPMENT CORPORATION AND SUBSIDIARIES

(ANNEX E)

FINANCIAL INFORMATION ON OPERATIONS OF BUSINESS SEGMENTS – Unaudited

For the Nine-Month Periods Ended September 30, 2008 and 2007

(Amounts in Thousands)

	Real Estate Operations		Banking and Financial Services		Sugar Manufacturing Operations	
	2008	2007	2008	2007	2008	2007
	(Unaudited)		(Unaudited)		(Unaudited)	
Net Revenues	3,606,355	3,671,504	1,948,878	1,334,622	498,382	258,185
Net income	1,608,481	4,147,470	253,535	67,081	181,073	131,577
Segment assets	118,876,359	116,734,176	44,765,610	36,413,691	3,276,129	3,236,407
Less deferred tax asset	-	227,774	705,352	433,788	14,922	22,938
Net segment assets	118,876,359	116,506,402	44,060,258	35,979,903	3,261,208	3,213,469
Segment liabilities	35,754,084	37,079,051	39,073,509	32,992,717	1,916,494	2,028,140
Less:						
Income tax payable	131,670	128,478	-	-	91,670	197,621
Deferred tax liabilities	6,323,192	6,468,119	1,250,000	-	222,970	242,681
Net segment liabilities	29,299,222	30,482,454	37,823,509	32,992,717	1,601,854	1,587,838
Cash flows arising from:						
Operating activities	(1,342,833)	2,689,984	(3,191,317)	2,003,190	(270,643)	369,286
Investing activities	(796,986)	(8,159,461)	(1,179,576)	266,805	(86,671)	(174,913)
Financing activities	934,933	8,988,485	(900,740)	2,340,219	95,230	(27,018)
	Combined		Eliminating		Consolidated	
	2008	2007	2008	2007	2008	2007
	(Unaudited)		(Unaudited)		(Unaudited)	
Net Revenues	6,053,615	5,264,311	297,111	299,171	5,756,504	4,965,140
Net income	2,043,089	4,346,128	341,264	439,808	1,701,825	3,906,320
Segment assets	166,918,098	156,384,274	44,008,383	42,650,738	122,909,715	113,733,536
Less deferred tax asset	720,274	684,500	-	-	720,274	684,500
Net segment assets	166,197,824	155,699,774	44,008,383	42,650,738	122,189,441	113,049,036
Segment liabilities	76,744,087	72,099,908	12,952,695	16,585,336	63,791,392	55,514,572
Less:						
Income tax payable	223,341	326,099	-	-	223,341	326,099
Deferred tax liabilities	7,796,162	6,710,800	1,250,000	-	6,546,162	6,710,800
Net segment liabilities	68,724,585	65,063,009	11,702,695	16,585,336	57,021,889	48,477,673
Cash flows arising from:						
Operating activities	(4,804,793)	5,062,460	(4,342,875)	(442,315)	(461,919)	5,504,775
Investing activities	(2,063,234)	(8,067,569)	5,355,817	(6,622,678)	(7,419,050)	(1,444,891)
Financing activities	129,423	11,301,686	(1,202,716)	5,754,551	1,332,139	5,547,135

FILINVEST DEVELOPMENT CORPORATION AND SUBSIDIARIES

ANNEX F

AGING OF LOANS AND RECEIVABLES - Unaudited

As of September 30, 2008

(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	5,679,493	5,472,857	56,584	16,443	133,609	-	-
Receivable from Financing Institutions	21,839,630	19,104,744	245,247	411,476	194,711	1,394,803	488,649
Receivable from Customer	19,011	18,982	-	-	-	29	-
Rentals and others	1,340,530	1,094,189	48,529	42,648	36,445	118,719	-
	28,878,664	25,690,772	350,360	470,567	364,765	1,513,551	488,649
Less: Allowance for Doubtful Accounts	94,552	12,909	-	-	1,883	79,760	-
	28,784,112	25,677,863	350,360	470,567	362,882	1,433,791	488,649
b) Non-trade Receivables							
Other Receivables	2,287,676	1,940,093	48,809	88,483	35,934	174,357	-
Net Receivables	31,071,788	27,617,956	399,169	559,050	398,816	1,608,148	488,649