



SEC Number 16342  
PSE Disclosure Security Code \_\_\_\_\_

**SM INVESTMENTS CORPORATION**

\_\_\_\_\_  
(Company's Full Name)

**10 Floor One E-Com Center, Harbor Drive  
Mall of Asia Complex, CBP-IA, Pasay City 1300**

\_\_\_\_\_  
(Company's Address)

**857-0100**

\_\_\_\_\_  
(Telephone Number)

**December 31**

\_\_\_\_\_  
(Year Ending)  
(month & day)

**SEC Form 17-C  
Press Release**

\_\_\_\_\_  
Form Type

\_\_\_\_\_  
Amendment Designation (If applicable)

\_\_\_\_\_  
Period Ended Date

\_\_\_\_\_  
(Secondary License Type and File Number)

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17  
OF THE SECURITIES REGULATION CODE (SRC)  
AND SRC RULE 17(a)-1(b)(3) THEREUNDER

1. May 13, 2009  
Date of Report

2. SEC Identification Number 0000016342

3. BIR Tax Identification No. 000-169-020-000

4. SM INVESTMENTS CORPORATION  
Exact name of registrant as specified in its charter

5. PHILIPPINES 6.                       
(SEC Use Only) Province, country or other jurisdiction of Industry Classification Code:  
incorporation

7. 10 Floor, One E-Com Center, Harbor Drive, Mall of Asia Complex, CBP-IA,  
Pasay City, Metro Manila 1300  
Address of principal office Postal Code

8. (632) 857-0100  
Registrant's telephone number, including area code

9. \_\_\_\_\_  
Former name or former address, 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
<b>COMMON STOCK, P10 PAR VALUE</b>	<b>611,023,038</b>
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.....	
.....	

11. Indicate the item numbers reported herein: ITEM # 9.

## Press Release

### SMIC Reports 13% Growth in Net Income

(13 May 2009. Pasay City, Philippines.) Philippine conglomerate SM Investments Corporation (SM) reported a 13% increase in net income of Php4.2 billion for the first three months of 2009, compared to Php3.7 billion during the same period in 2008.

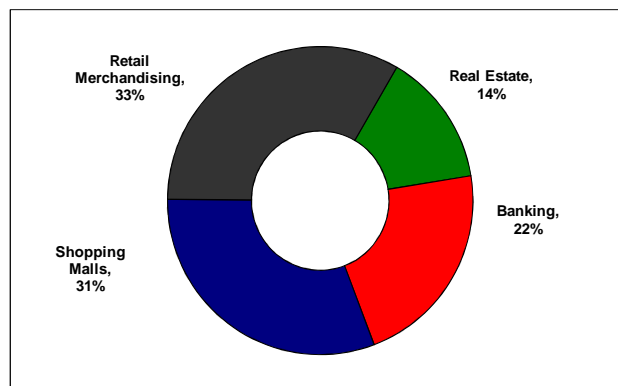
Consolidated revenues increased by 11% to Php35.2 billion buoyed by retail sales, which grew 10.4% to Php23.7 billion, rental revenues mainly from malls which grew 22% to Php3.8 billion, and the 91% surge in real estate sales worth Php1.6 billion. EBITDA stood at Php8.4 billion for an EBITDA margin of 24%.

SM President Mr. Harley T. Sy said, "SM is prepared to meet the challenge of a changing environment with vigor and a long-term view of the Philippine economy's resilience. This view sustains us in further expanding and improving our products and services not just to suit market needs, but more importantly, to give value for money to our customers."

SM is now involved in five core businesses: retail and wholesale, mall development, banking and financial services, property development, and hotel and entertainment.

### SM Investments' Net Income Profile, January to March 2009

Net income breakdown was retail – 33%, mall – 31%, banks – 22% and real estate – 14%.



## **RETAIL MERCHANDISING**

SM retail stores reported first quarter earnings of Php1.37 billion, up 30.4% from Php1.05 billion for the first quarter of 2008. This was derived from sales of Php23.7 billion, up 10.4% from same period last year and translates to a net margin of 5.8%, a marked improvement from 4.9% the previous year.

Including wholesaler Makro, operations of which are being streamlined, income growth was higher at 32.9% to Php1.4 billion.

Earlier this year, the group opened a new supermarket and department store in Naga City, and three SaveMore branches along Sta.Mesa, Laong-Laan in Manila, and P. Tuazon in Quezon City.

To date, SM has a nationwide network of 102 stores composed of 34 department stores; 41 supermarkets (16 of which are SaveMore branches); 13 hypermarkets; and 14 Makro wholesale outlets. SaveMore is the brand for stand-alone grocery stores located outside SM malls, except for one located at The Annex of SM North EDSA. The Makro stores were consolidated in late 2007 after SM increased its ownership of Pilipinas Makro, Inc. to 60%.

For the rest of 2009, the SM retail group plans to open one new SM Supermarket, seven SaveMore branches, six SM Hypermarkets, and two SM Department Stores.

## **MALL OPERATIONS**

SM Prime Holdings, Inc., the country's dominant shopping mall developer and operator, reported a 7% increase in net income of Php1.7 billion for the first quarter of 2009. EBITDA increased 14% to Php3.3 billion during the period for an EBITDA margin of 69%.

Gross revenues for the period grew 18% to Php4.7 billion as the company continues to benefit from the expanded rental revenues brought in by the new malls and mall expansions that opened in 2008, namely SM City Marikina, SM City Rosales, SM City Baliwag, The Atrium at SM Megamall, and the Annex at SM City North Edsa.

Rental revenues contributed the largest share increasing by 19% to Php4.1billion. Cinema ticket sales during the quarter improved by 8%, while income from operations rose to Php2.5 billion, up 14% from Php2.2 billion in the first quarter of 2008. Operating expenses, on the other hand, increased 23% to Php2.2 billion.

On 01 May 2009, SM Prime inaugurated SM City Naga in Camarines Sur. It is the company's first mall in the Bicol region and also its first to be opened this year. SM City Naga brings to 34 the total number of SM Prime malls in the Philippines, with a total GFA of 4.4 million square meters (sqm).

For the rest of 2009, the company will open SM City Rosario in Cavite, and SM City Pamplona in Las Piñas. It will also unveil the Sky Garden, which is an innovative expansion of SM City North Edsa, and complete the expansion of SM City Rosales in Pangasinan. By the end of this year, SM Prime expects to have 36 malls in the country, with an estimated GFA of 4.9 million sqm.

## **BANKING AND FINANCIAL SERVICES**

### **Banco De Oro (BDO)**

BDO Unibank, Inc. continued to show a strong performance in its core business in the first quarter of 2009 with net interest income expanding by 29% to Php7.0 billion due to healthy spreads and growth in loan volume. Net recurring income stood at Php1.0 billion, a 45% gain over that of last year's first quarter recurring income.

The bank's total assets increased by 27% to Php796.7 billion, likewise driven by an expansion in customer loans, which was primarily funded by the growth in deposits. Gross customer loans expanded by 25% to Php396.1 billion due to the sustained increase in demand from all market segments. Deposits grew 37% to Php636.4 billion due to the bank's deposit marketing initiatives and extended banking hours of former Equitable PCI bank branches now converted into BDO branches. The bank's NPL ratio for the first three months of 2009 was at 3.2%, a marked improvement from the 5.6% posted during the same period last year. Its capital stood at Php59.2 billion, for a 2% increase and a capital adequacy ratio of 13%.

### **China Bank (CHIB)**

Similarly, China Bank posted a solid performance. Its net income reached Php0.88 billion for a 24% increase compared to the same period last year. The bank's profit was driven by the sustained growth in its core banking activities. Net interest income reached Php1.93 billion for a 36% year-on-year growth. Interest revenues on loans increased 26% to Php2.2 billion, while fee-based revenues improved 18% due to higher trading and forex gains.

China Bank's total assets stood at Php207.8 billion, increasing by 15%. The bank's capital amounted to Php27.8 billion, translating to a capital adequacy ratio of 13%. Deposits totaled Php170.7 billion, for a 20% growth. Gross customer loans, meanwhile, increased 19% to Php96 billion, with an NPL ratio of 5.4%.

## **REAL ESTATE AND PROPERTY DEVELOPMENT**

Revenues from real estate operations for the first three months of 2009 increased by 82% to Php2.4 billion, while net income expanded by 159% to Php0.7 billion. Much of the growth came from the sale of residential condominium units by listed subsidiary SM Development Corporation. Further contributions were provided by the leasing activities of the commercial properties group; the sale of condominium units and club shares in Pico de Loro; and the resort project of Costa del Hamilo. Pico de Loro is one among 13 coves in Hamilo Coast, which is SM's springboard for tourism development.

### **SM Development Corporation (SMDC)**

SMDC reported a 30-fold increase in its consolidated net income during the first three months of this year to Php419 million, compared to Php14.0 million during the same period last year. This resulted in a 156% increase in gross profit from real estate operations to Php615 million. EBITDA reached Php463 million, for an EBITDA margin of 35%.

Net income from real estate operations, on the other hand, surged 353% during the first quarter of 2009 to Php421 million, from just Php93 million the previous year. Real estate operations continue to underpin the company's sharp growth, even with the recovery of the

equities market, which tempered profits last year as SMDC's investment portfolio posted mark-to-market losses.

For the first quarter of 2009, SMDC more than doubled its sales worth Php2.4 billion, equivalent to 1,021 residential units. Sales of units came from all of its five on-going projects. Chateau Elysee, a six-cluster mid-rise condominium project in Parañaque City, is now in its fifth cluster, which is 30% complete. Mezza Residences across SM City Sta. Mesa is 95% complete with the remaining two towers due for turnover to homebuyers by the end of this year. Berkeley residences in Katipunan Road across Miriam College is 31% complete, and Grass Residences beside SM North EDSA is 31% complete with its phase one. Lindenwood Residences, which is a residential subdivision in Muntinlupa City, is 99% complete.

Last year, SMDC broke ground for two more condominium projects. One is the Sea Residences near the Mall of Asia Complex in Pasay City, which is 7% complete and the other is Field Residences in Sucat, Parañaque City, which is approximately 20% complete. Both these projects are enjoying brisk sales.

This year, SMDC is set to launch the Princeton Residences, which is near the Gilmore LRT-2 Station along Aurora Boulevard in Quezon City; the Jupiter Residences along Jupiter Street in Makati City; the Tree Residences along Felix Avenue in Cainta, Rizal; and the Wind Residences in Tagaytay City.

- End -

For further information, please contact:  
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Tel. 857-0117

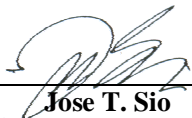
#### **SIGNATURE**

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

**SM INVESTMENTS CORPORATION**

Registrant

Date: 05-13-09

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