

COVER SHEET

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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 A N D S U B S I D I A R I E S

(Company's Full Name)

1 7 3 P . G O M E Z S T . S A N J U A N C I T Y

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

c/o Atty. Pablito A. Perez

Contact Person

7270431 / 7256328

Company Telephone Number

6 10

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, 2010.**
2. Commission identification **Number 51048.** 3. BIR Tax Identification **No. 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>
	P25.33B Long-Term Debt

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 Statements of Financial Position, Consolidated Statements of Income, Consolidated Statements of Comprehensive 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

Results of Operations for the Six-Month Period Ended June 30, 2010 Compared to Six-Month Period Ended June 30, 2009

FDC and subsidiaries registered a consolidated net income of P1.9 billion for the first half of 2010, which is P.9 billion or 94% higher than same period last year of P1.0 billion. Net income attributable to minority interest was P0.5 billion, while P1.4 billion pertains to equity holders of the Parent Company.

Real Estate Operations

On December 28, 2009, Filinvest Land, Inc. (FLI), a subsidiary, executed separate deeds of absolute sale of shares of stock for the acquisition of the 40% share of Africa Israel Investments (Phils.), Inc. in Filinvest All Philippines, Inc. (FAPI) and 40% equity interest of Africa-Israel Properties (Phils.), Inc. in Cyberzone Properties Inc. (CPI). The closing of the sale transactions was subject to the full payment of the purchase prices and other conditions which were not yet fulfilled as of December 31, 2009. On February 8, 2010, the sale transactions were closed as the purchase price was fully paid by FLI and all other conditions of the sales were met. Thus, the sale transactions made FAPI and CPI wholly owned subsidiaries of FLI.

Real estate operations posted P2.4 billion in net revenues. Sale of lots, condominium and residential units, and club shares during the current period amounted to P2.6 billion, 50% higher than same period of last year. Middle income projects of FLI which include the Medium Rise Buildings (MRB) contributed most of the sales. FLI has started taking up under the percentage of completion method its sales of MRBs located in Pasig City and Davao City. Mall and rental revenues increased to P750 million, up by P63 million or 9%, for the first six months of 2010 as a result of opening of Fastbytes - Phase 2, increase in rental income of Westgate Complex in Filinvest Corporate City and the consolidation of 100% of CPI income as a result of FLI's acquisition of the 40% interest of Africa-Israel Properties (Phils), Inc. as discussed above.

Operating expenses went up by 36% from P1.4 billion to P1.9 billion because of: (i) higher selling and marketing expenses caused primarily by additional expenses 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, general expenses for mall and parking operations; (iii) higher depreciation because of additional investment properties; and (iv) higher interest expense and other finance charges as the Group availed of additional loans during the last quarter of 2009 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 revenues marked a growth of 68%, from P2.0 billion in 2009 to P3.3 billion in 2010. Interest income increased by P1.1 billion due to higher loans, receivables and investments in fixed income securities. Other income also increased by P308 million which arose from 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 21% principally from the increase in manpower and expanded operations costs.

The 2010 consolidated financial statements include the financial statements of East West Bank's newly acquired subsidiaries – AIG Philam Savings Bank, Philam Auto Finance and Leasing, Inc., and PFL Holdings, Inc. whose merger with East West Bank was approved by the BSP and the SEC on August 6, 2009 and September 3, 2009, respectively.

Sugar Operations

Sugar operations contributed P337 million in net revenues to the Group's total revenue during the current period. It posted an increase of P119 million or 54% than same period of last year, resulting mainly from sales of inventories at higher selling prices.

Hotel Operations

Hotel operations generated P3 million in net revenues after its soft opening in May 2010. Total expenses of P47 million pertain mostly to pre-opening costs.

Financial Condition as of June 30, 2010 Compared to as of December 31, 2009

As of June 30, 2010, total consolidated assets stood at P174 billion, total equity at P64 billion (including minority interest of P15 billion) while total liabilities stood at P110 billion. Debt-to-equity ratio as of June 30, 2010 was at 0.65:1.

Total assets went up by P8 billion or 5% from P166 billion as of December 31, 2009. The following are the material changes in assets:

- Cash and cash equivalents significantly dropped by 36% or P8 billion, from P22 billion to P14 billion, as EWBC's cash decreased due to purchases of available-for-sale (AFS) financial assets and financial assets at fair value through profit or loss (FVPL).
- Loans and receivables of financial and banking services grew by 6% or P2 billion as a result of EWBC's aggressive marketing efforts which led to higher loans and credit card receivables.
- Sugar and molasses inventories which had reached P1.2 billion represent sugar milled and refined during the previous crop year which remained unsold as of end of report period, and materials and supplies purchased for the milling operations.
- Investments rose to P25 billion or a growth of P7 billion or 40% representing mainly the additional purchases of EWBC's AFS financial assets and financial assets at FVPL.
- Land and land development costs of P23 million posted a considerable increase of 14% or P3 billion arising from additional land development cost of FAI and acquisition of rawland by FLI.
- Investment properties went up by P1 billion or 5% from the previous year end balance of P27.60 billion because of the consolidation of 100% of CPI's buildings in Northgate Cyberzone at their fair values. This is in connection with the acquisition by FLI of Africa-Israel's 40% interest in CPI.
- Deferred income tax assets increased by P122 million or 11%, derived from 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.
- Other assets grew to P3 billion or an increase of P762 million which substantially came from additional creditable withholding tax and input vat from various project related disbursements, and miscellaneous assets of the Bank.

Total liabilities amounted to P110 billion as of June 30, 2010, higher by 6% from P103 billion as of December 31, 2009. Deposit liabilities rose to P60 billion, an increase of P6 billion or 10% while long term debt totaled to P25 billion as of end of current period or 4% higher than the balance as of end of 2009.

The equity includes P179 million gain on changes in equity interest of a subsidiary, which in accordance with amended PAS 27 was adjusted directly as addition to Retained Earnings and deduction from Minority Interest, recognized from the following transactions:

- FDC purchase from FAI in April 2010 of P640 million FLI shares at P1.09 per share, which resulted to minimal increase in the Group's effective ownership in FLI and FAI.
- FDC purchase from outside investors of additional 23 million FLI shares in May 2010.

Cash dividends were declared by the Parent and its subsidiary FLI out of their respective unappropriated retained earnings. On June 10, 2010, the Parent Company's Board of Directors approved the declaration and payment of cash dividends of P338 million or P0.045 per share for all shareholders with shareholdings as of July 09, 2010, payable on July 30, 2010. FLI, on the other hand, paid on June 9, 2010 a cash dividend of P0.33 per share for shareholders of record as of May 18, 2010.

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 flows and if necessary, 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, 2010	As of December 31, 2009 and for the Six-Month Period Ended June 30, 2009
Earning per share	0.504 /share	0.260 /share
<u>Net Income (Annualized)</u>		
Weighted Average Number of Outstanding Shares		
Price Earnings Ratio	7.14 Times	7.00 Times
<u>Closing Price</u>		
Earnings Per Share		
Return on Net Revenue	31%	23%
<u>Net Income</u>		
Total Net Revenue		
Debt to equity ratio	0.65 : 1	0.64 : 1
<u>Notes Payable & Long-term Debt</u>		
Stockholders' Equity, net of revaluation accounts		
EBITDA to Total Interest Paid	3.85 times	4.50 times
<u>EBITDA</u>		
Total Interest Payment		

Earnings per share was P0.504 while Price Earnings (PE) Ratio was 7.14 times in 2010. Share price closed at P3.60 as of end of 2nd qtr of current year and P1.82 as of same period last year. Debt-to-equity ratio was as at 0.65:1 and 0.64:1 in 2010 and 2009, respectively. EBITDA to total interest paid went down slightly from 3.85 times in 2009 to 4.15 times in 2010, due to higher interest payments for the additional loans availed at the latter part of last year and 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, 2010 and December 31, 2009. There were no material unrecognized financial assets and liabilities as of these dates.

	June 30, 2010		December 31, 2009	
	Carrying Value	Fair Value	Carrying Value	Fair Value
(In Thousands)				
Financial assets and liabilities				
Financial Assets:				
Cash and cash equivalents	14,321,829	14,321,829	22,424,831	22,424,831
Loans and receivables				
Real estate operations				
Installment contracts receivables	7,430,546	7,569,175	6,388,768	6,507,961
Others receivables	3,700,497	3,700,497	3,548,170	3,548,170
	11,131,043	11,269,672	9,936,938	10,056,131
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Financial and banking services				
Loans and discounts	33,069,556	33,069,556	31,190,581	31,190,581
Others	1,741,528	1,741,528	1,642,176	1,642,176
	34,811,084	34,811,084	32,832,757	32,833,157
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Sugar operations	214,351	214,351	44,193	44,193
Total Loans and Receivables	46,156,478	46,295,107	42,814,288	42,933,481
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Investments				
Available for sale	22,614,814	22,614,814	15,893,391	15,893,391
Held to maturity	95,527	95,527	95,527	95,527
Financial assets at FVPL	1,840,552	1,840,552	1,487,102	1,487,102
	24,550,893	24,550,893	17,476,020	17,476,020
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	85,029,200	85,167,830	82,715,139	82,834,332
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Deposit liabilities				
Demand	13,119,572	13,119,572	9,746,984	9,746,984
Savings	7,943,519	7,943,519	8,352,260	8,352,260
Time	39,321,584	39,616,492	36,667,572	36,942,575
	60,384,675	60,679,583	54,766,816	55,041,819
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Accounts payable and accrued expenses	18,084,343	17,759,856	18,296,214	17,967,926
Long-term debt	25,334,760	24,952,972	24,246,120	23,880,737
	103,803,778	103,392,411	97,309,150	96,890,482

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 financial assets and trading securities: Fair values were determined using quoted market prices at balance sheet date.
- Deposit liabilities: Fair values of liabilities approximate their carrying amounts due either to the demand nature or the relatively short-term maturities of these liabilities except for time deposit liabilities whose fair values are estimated using the discounted cash flow methodology.
- 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 financial assets, loans from financial institutions, mortgage and installment contracts receivable, 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, portfolio and transaction levels. At the strategic level, EWBC sets revenue goals and defines its risk philosophy to create a risk culture within EWBC. Revenue goals are incorporated in the business plans putting emphasis on the identification and quantification of risk attendant to its various revenue activities. The emphasis on risks allows for basic reward/risk trade-off analyses not only in financial planning process but also in the risk-taking process. As a result, the business plan presents the amount of risks to be taken in achieving 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 tools support the key risk process that involves identifying, measuring, controlling and monitoring risks.

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 risks 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 (RMG) 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, 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 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 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% of the EWBC's adjusted capital accounts.

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 (RMC) 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 realized quickly.

Market Risk

Market risk is the risk that the fair value of future cashflows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. Price risk is measured primarily through the Value-at-Risk ("VAR") model.

Treasury, in coordination with the Risk Management Department (RMD), develops product manuals to be approved by EWBC, which sets out, among other things, business units capacity to manage price and liquidity risks, operational procedures and controls and approval procedures.

The Bank's investments in various securities are subject to market risks. As of June 30, 2010 and December 31, 2009, details of these investments are as follows:

	June 30, 2010	December 31, 2009
Face value:		
Available for sale	21,497,980	15,245,085
Financial assets at FVPL	1,840,552	1,487,102
	<u>23,338,532</u>	<u>16,732,187</u>

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 requires a 30% liquidity reserve on all foreign currency liabilities held through FCDU.

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\$569 million as of June 30, 2010 and US\$625 million as of December 31, 2009. Total foreign currency liabilities, on the other hand amounted to US\$589 million and US\$629 million as of June 30, 2010 and December 31, 2009, respectively.

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 measures, for any given period, any mismatches between the amounts of interest-earning assets and interest-bearing liabilities that would mature, or reprice, during that 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 to 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 than 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 avilment, while fixed term-loans mature after 5-7 years. 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
+ 200bps	(P289 million)
- 200bps	P289 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 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 give financing flexibility while continuously enhancing the Group's businesses.

Credit Risk

It is the Group's policy that buyers who wish to avail 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, AFS financial assets and HTM investments, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Foreign Currency Risk

Financial assets and financing facilities extended to the Group are mainly denominated in Philippine Peso. As such, the Group's exposure to this risk is not 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, 2010 are the same as those followed in the annual financial statements of the Company for the year ended December 31, 2009.
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. The sugar milling season of the Company's sugar subsidiary is usually from November to June of the following year. Except for the milling season, there are no other unusual operating cycles or seasons during the 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 current interim period, except as discussed in the previous sections.
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.

Hotel operations which involve management of hotel suites, villas, food and beverage outlets, resort and banquet facilities, and spa.

Financial information on the operations of these business segments as of and for period ended June 30, 2010 and 2009 are summarized in the attached Annex F.

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, 2010 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 Management Discussion and Analysis of Financial Condition and Results of Operations.
11. There are no changes in contingent liabilities or contingent assets since December 31, 2009.
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 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, 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 positioned to take advantage of the booming tourism market in Cebu.
18. On April 8, 2010, the Parent's subsidiary Seascapes Beach Club and Spa, Inc. filed an application with BIR for the cessation of registration when its Board of Directors and Members of Club approved the resolution to dissolve the Club as of December 31, 2009. The Club has yet to obtain the approval of governmental regulatory agencies for its liquidation.

PART II -- OTHER INFORMATION

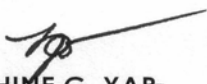
There are no other information required to be reported that have not been previously reported in SEC Form 17-C.

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, 2010

Signature



NELSON M. BONA

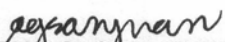
Title

Chief Finance Officer

Date

August 12, 2010

Signature



ARLENE G. SAN JUAN

Title

Accounting Head

Date

August 12, 2010

FILINVEST DEVELOPMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Amounts in thousands of Pesos)

(ANNEX A)

	June 30, 2010 (Unaudited)	December 31, 2009 (Audited)
ASSETS		
Cash and cash equivalents	14,321,829	22,424,831
Loans and receivables - net		
Real estate operations	11,131,043	10,723,718
Financial and banking services	34,811,084	32,833,157
Sugar manufacturing operations	214,351	313,076
Subdivision lots, condominiums and residential units for sale	15,597,754	14,939,832
Sugar and molasses inventories	1,188,132	296,765
Investments	24,550,893	17,476,020
Land and land development	22,633,622	19,860,573
Investment property - net	28,995,068	27,600,439
Property and equipment - net	4,587,518	4,438,041
Deferred income tax assets	1,204,256	1,082,290
Goodwill	11,190,661	11,190,661
Other assets	3,175,443	2,413,534
	173,601,654	165,592,937
LIABILITIES AND EQUITY		
LIABILITIES		
Deposit liabilities	60,384,675	54,766,816
Accounts payable and accrued expenses	18,084,343	18,339,262
Income tax payable	218,281	121,237
Deferred income tax liabilities	5,836,582	5,752,230
Long-term debt	25,334,760	24,246,120
Total liabilities	109,858,641	103,225,665
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	9,382,112	9,382,112
Revaluation reserve on available-for-sale investments	500,263	305,996
Retained earnings	19,942,554	18,719,337
Translation adjustment	(6,182)	(14,235)
Treasury stock	(24,220)	(24,220)
Total	49,058,856	47,633,319
Minority interest	14,684,157	14,733,953
Total Equity	63,743,013	62,367,272
TOTAL LIABILITIES AND EQUITY	173,601,654	165,592,937

FILINVEST DEVELOPMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME - Unaudited
(Amounts in Thousands of Pesos Except Earnings Per Share)

(ANNEX B)

	This Quarter		Six-Month Periods Ended	
	2010	2009	2010	2009
REVENUES				
Real Estate Operations				
Sale of lots, condominium and residential units and club shares	1,472,788	721,003	2,621,382	1,747,800
Cost of sale of lots, condominium and residential units and club shares	(882,944)	(381,655)	(1,445,589)	(874,452)
Gross profit	589,844	339,348	1,175,793	873,348
Mall and rental revenues	384,019	358,328	749,980	687,155
Other income	283,514	219,452	516,762	513,889
	1,257,377	917,128	2,442,535	2,074,392
Financial and Banking Services				
Interest income	1,569,110	960,518	2,934,335	1,868,471
Cost of financial and banking services	(387,336)	(313,371)	(729,905)	(680,776)
Other income	454,174	450,714	1,081,454	773,162
	1,635,948	1,097,861	3,285,884	1,960,857
Sugar Operations				
Sale of sugar	548,181	484,118	783,881	637,791
Cost of sale of sugar	(316,774)	(359,280)	(461,464)	(446,506)
Other income	9,988	14,104	15,013	27,376
	241,396	138,942	337,431	218,661
Hotel Operations				
Hotel revenues	4,509	-	4,509	-
Cost of hotel operations	(1,378)	-	(1,378)	-
Other income	15	-	15	-
	3,146	-	3,146	-
NET REVENUES	3,137,865	2,153,931	6,068,994	4,253,910
Operating Expenses				
Real estate operations	1,259,472	769,558	1,923,659	1,410,037
Financial and banking services	689,223	832,224	1,867,181	1,536,783
Sugar operations	56,771	66,346	110,234	135,950
Hotel operations	47,095	-	47,095	-
	2,052,560	1,668,128	3,948,168	3,082,770
INCOME BEFORE INCOME TAX	1,085,305	485,803	2,120,827	1,171,140
PROVISION FOR INCOME TAX	146,232	80,475	229,352	195,185
NET INCOME	939,073	405,328	1,891,474	975,955
Attributable to:				
Equity holders of the parent company	709,917	258,926	1,381,606	585,000
Minority interest	229,156	146,402	509,868	390,955
	939,073	405,328	1,891,474	975,955
Basic/Diluted Earnings Per Share (Annualized)			0.504	0.260

FILINVEST DEVELOPMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME -Unaudited
(Amounts in Thousands of Pesos)

(ANNEX C)

	Six-Month Periods Ended June 30	
	2010	2009
NET INCOME	1,891,474	975,955
OTHER COMPREHENSIVE INCOME		
Changes in fair value of available-for-sale financial assets	194,267	249,202
Translation adjustment	8,053	(8,064)
	202,320	241,138
NET COMPREHENSIVE INCOME	2,093,794	1,217,093

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

	Six-Month Periods Ended June 30	
	2010	2009
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	9,382,112	9,382,112
REVALUATION RESERVE ON		
AVAILABLE-FOR-SALE INVESTMENT	500,263	(10,824)
TRANSLATION ADJUSTMENT	(6,182)	-
TREASURY STOCK - at cost	(24,220)	(24,220)
RETAINED EARNINGS		
Balance, beginning	18,719,337	17,227,121
Net income for the period	1,381,606	585,000
Effect of changes in ownership interest	179,369	-
Dividends	(337,758)	(229,676)
Balance, end	19,942,554	17,582,445
Minority Interest		
Balance, beginning	14,733,953	14,084,173
Net income for the period	509,867	390,956
Effect of changes in ownership interest	(179,369)	-
Dividends	(380,294)	(367,492)
Balance, end	14,684,157	14,107,637
TOTAL EQUITY	63,743,013	60,301,479

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

(ANNEX E)

	Six-Month Periods Ended June 30	
	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	2,120,827	1,171,140
Adjustments for:		
Interest income	(216,715)	(193,192)
Interest expense	429,594	461,155
Depreciation and amortization	355,634	342,150
Gain on asset foreclosure and dacion transactions	(13,458)	(385)
Provision for probable losses	512,560	307,367
Provision for retirement benefits	11,620	11,158
Operating income before changes in operating assets and liabilities	3,200,061	2,099,393
Increase in:		
Loans and receivables	(2,799,088)	(10,095,574)
Subdivision lots, condominiums and residential units for sale	(657,922)	(1,757,399)
Sugar inventories	(891,367)	(456,397)
Land and land development	(2,773,049)	(74,555)
Increase in:		
Deposit liabilities	5,617,859	13,750,848
Accounts payable and accrued expenses	302,753	667,236
Net cash generated from operations	1,999,248	4,133,552
Income taxes paid	(102,128)	(131,474)
Net cash provided by operating activities	1,897,120	4,002,078
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in:		
Investments	(7,074,873)	(9,289,088)
Other assets	(748,451)	(480,112)
Interest received	216,715	193,192
Acquisition of investment property and property and equipment	(1,899,740)	(690,239)
Net cash used in investing activities	(9,506,348)	(10,266,247)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(755,697)	(439,236)
Net proceeds of long-term debt	1,088,640	3,237,100
Dividends paid	(826,718)	-
Net cash provided by (used in) financing activities	(493,774)	2,797,864
NET DECREASE IN CASH AND CASH EQUIVALENTS	(8,103,002)	(3,466,305)
Cash and Cash Equivalents at Beginning of Period	22,424,831	13,605,819
CASH AND CASH EQUIVALENTS AT END OF PERIOD	14,321,829	10,139,514

FILINVEST DEVELOPMENT CORPORATION AND SUBSIDIARIES (ANNEX F)
FINANCIAL INFORMATION ON OPERATIONS OF BUSINESS SEGMENTS – Unaudited
Six-Month Periods Ended June 30, 2010 and 2009
(Amounts in Thousands of Pesos)

	Real Estate Operations		Banking and Financial Services		Sugar Manufacturing Operations		Hotel Operations	
	2010 (Unaudited)	2009	2010 (Unaudited)	2009	2010 (Unaudited)	2009	2010	2009
Net Revenues	2,891,718	2,474,599	3,251,771	1,894,532	338,043	219,135	6,528	-
Net income	1,401,675	1,058,429	857,898	265,622	140,861	36,044	(42,341)	-
Segment assets	136,319,681	129,357,742	81,767,424	68,051,494	4,330,798	3,776,590	88,859	-
Less deferred tax asset	405,444	236,816	1,166,332	941,537	26,338	36,825	2,584	-
Net segment assets	135,914,236	129,120,926	80,601,092	67,109,957	4,304,460	3,739,765	86,275	-
Segment liabilities	51,123,506	44,543,585	71,006,317	59,962,362	2,865,294	2,280,336	109,294	-
Less:								-
Income tax payable	109,636	44,709	-	8,989	108,646	15,690	-	-
Deferred tax liabilities	6,076,695	6,102,985	-	1,250,000	156,330	178,811	-	-
Net segment liabilities	44,937,176	38,395,891	71,006,317	58,703,373	2,600,318	2,085,835	109,294	-
Cash flows arising from:								
Operating activities	(622,196)	233,264	1,344,899	2,113,399	(29,720)	155,039	(45,249)	-
Investing activities	(1,524,332)	(2,652,170)	(7,529,809)	(7,867,868)	(146,198)	(486,400)	34,888	-
Financing activities	(1,563,049)	963,591	-	2,000,000	(52,410)	154,274	-	-

	Combined		Eliminating		Consolidated	
	2010 (Unaudited)	2009	2010 (Unaudited)	2009	2010 (Unaudited)	2009
Net Revenues	6,488,059	4,588,266	419,065	334,356	6,068,994	4,253,910
Net income	2,358,093	1,360,095	466,618	384,140	1,891,474	975,955
Segment assets	222,506,762	201,185,826	48,905,108	50,778,321	173,601,654	150,407,505
Less deferred tax asset	1,600,698	1,215,178	396,443	190,307	1,204,255	1,024,871
Net segment assets	220,906,063	199,970,648	48,508,665	50,588,014	172,397,398	149,382,634
Segment liabilities	125,104,411	106,786,283	15,245,770	16,680,257	109,858,641	90,106,026
Less:						
Income tax payable	218,281	69,388	-	-	218,281	69,388
Deferred tax liabilities	6,233,025	7,531,796	396,443	1,437,470	5,836,582	6,094,326
Net segment liabilities	118,653,105	99,185,099	14,849,327	15,242,787	103,803,778	83,942,312
Cash flows arising from:						
Operating activities	647,704	2,501,702	1,249,416	(1,500,376)	1,897,120	4,002,078
Investing activities	(9,165,453)	(11,006,438)	(340,896)	(740,191)	(9,506,348)	(10,266,247)
Financing activities	(1,615,459)	3,117,865	1,121,684	320,001	(493,774)	2,797,864

FILINVEST DEVELOPMENT CORPORATION AND SUBSIDIARIES
AGING OF LOANS AND RECEIVABLES - Unaudited
As of June 30, 2010
(Amounts in Thousands of Pesos)

(ANNEX G)

Type of Receivable	Total	Current	2-3 Mos.	4-6 Mos.	7 Mos - 1 year	1 year over	Past due accts. (impaired)
a) Trade Receivables							
Mortgage, Notes and Installment Contracts Receivable	7,430,546	7,253,213	59,454	9,063	108,815	-	-
Receivable from Financing Institutions	366,735	366,735	-	-	-	-	-
Receivable from Customer	36,482,800	32,169,565	93,749	134,346	303,106	3,668,348	113,787
Rentals and others	1,019,664	865,647	7,908	6,543	11,528	102,278	25,760
	45,299,744	40,655,160	161,111	149,952	423,449	3,770,526	139,547
Less: Allowance for Doubtful Accounts	3,874,674	-	-	-	-	3,735,127	139,547
	41,425,071	40,655,160	161,111	149,952	423,449	35,399	-
b) Non-trade Receivables							
Other Receivables	4,740,881	4,512,693	5,925	18,354	14,603	189,267	39
Less: Allowance for Doubtful Accounts	9,473	-	-	-	-	9,434	(39)
Net	4,731,408	4,512,693	5,925	18,354	14,603	179,833	-
Net Receivables	46,156,478	45,167,853	167,035	168,306	438,052	215,232	-