



Filinvest Development Corporation

May 17, 2010

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

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

Dear Ms. Encarnacion,

Please find attached Quarterly Report of Filinvest Development Corporation for the period ended March 31, 2010.

Thank you.

Very truly yours,

A handwritten signature in black ink, appearing to read "Apollo M. Escarez", is written over a horizontal line.

ATTY. APOLLO M. ESCAREZ
VP & 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 C I T Y

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

c/o Atty. Pablito A. Perez

Contact Person

7270431 / 7256328

Company Telephone Number

3 10

Month Fiscal Year

3 1

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 March 31, 2010.
2. Commission identification Number 51048. 3. BIR Tax Identification No. 042-000-053-167.
4. Exact name of registrant as specified in its charter: FILINVEST DEVELOPMENT CORPORATION
5. Philippines 6. (SEC Use Only)
Province, Country or other jurisdiction of incorporation of organization Industry Classification Code:
7. 173 P. Gomez St., San Juan City 8. 727-04-31, 1500
Address of principal office Registrant's telephone number, including area code
9. Not applicable
Former name, former address, and former fiscal year, if changed since last report

10. Securities registered pursuant to Sections 4 and 8 of the RSA

| Title of Each Class | Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding |
|--------------------------------------|---|
| <u>Common stock, P1.00 par value</u> | <u>7,505,725,452</u> |
| | <u>P24.88B 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 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 for the Three-Month Period Ended March 31, 2010 and 2009

Results of Operations

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 is 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 P1.2 billion in net revenues. Sale of lots, condominium and residential units, and club shares during the current quarter amounted to P1.1 billion and 12% 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 by P37 million (11%) to P366.0 million during the first quarter of 2010 as a result of opening of Fastbytes -Phase 2 and increase in rental income of Westgate Complex in Filinvest Corporate City. However, other income decreased by 21% from P294.4 million in the first quarter of 2009 to P233.2 million because of lower interest income and forfeited reservation fees. Operating expenses slightly increased by 4% mainly due to additional depreciation of increase in investment properties.

Financial and Banking Operations

Financial and banking services net revenue marked a growth of 91%, from P0.86 billion in 2009 to P1.6 billion in 2010. Net interest income amounted to P1 billion for the quarter, P482 million higher than same quarter of last year. While interest income increased by P457.3 million coming from higher loans, receivables and investments in fixed income securities, interest expense decreased by P24.8 million resulting from the Bank's effort to shift its funding sources to lower cost deposits. Other income also increased by P305 million, with the increase in service charges on loans, fees, commissions and trading and miscellaneous income.

With the growth in the volume of business, operating expenses increased by 67% 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 SEC on August 6, 2009 and September 3, 2009, respectively.

Sugar Operations

Sugar operations contributed P96 million in net revenues to the Group's total revenue during the first quarter. It posted an increase of P16 million than same quarter of last year, resulting mainly from sales of inventories at higher selling prices.

Net income during the period applicable to minority interests amounted to P280.7 million and to Parent, P671.7 million, or a total of P952.40 million.

Financial Condition

As of March 31, 2010, total consolidated assets stood at P163.5 billion, total stockholders' equity at P63.3 billion (including minority interest of P15 billion) while total liabilities stood at P100 billion. Debt-to-equity ratio was at 0.64:1 as of March 31, 2009, same as end of last year's 0.64:1.

Total assets went down by P2.1 billion or 1% from P165.6 billion as of December 31, 2009. The following accounted for the significant movements in assets:

- Cash and cash equivalents significantly dropped from P22.4 billion to P12.4 billion, as EWBC's cash decreased due to purchases of investments held for trading, available for sale securities and held to maturity investments and due to decrease in its deposit liabilities by P4.2 billion.
- Loans and receivables of real estate operations increased by 14% as a result of FLI's increase in Mortgage and Installment Contracts Receivable and increase in Other Receivables. Higher receivables arose from higher real estate sales and from new journalized sales, attributed to attractive financing schemes offered on its housing projects. Receivables increased due also to acquisition by FLI of the 40% interest of Africa-Israel Properties (Phils.), Inc. in CPI and the 40% interest of Africa-Israel Investments (Phils.) Inc. in FAPI.
- The sugar, molasses and supplies inventories of P440.9 million represents sugar milled and refined in the previous crop year which remained unsold as of end of report period, and materials and supplies purchased for the milling operations.
- Investments grew by P4 billion or 23% due to purchases by EWBC of available-for-sale and trading securities and additionally increased by the debt securities of AIG Philam Group.
- Land and land development costs slightly increased by 4% with the additional development cost provided, specifically for FDC's Seascapes and Beaufort projects, and FLI's acquisition of part of SRP property in Cebu.
- Deferred income tax assets went up by P330 million or 31%, brought about by FDC's recognition of deferred income tax for the quarter.

Total liabilities amounted to P100.2 billion as of March 31, 2010, lower by 3% from P103.2 billion as of December 31, 2009. Deposit liabilities dropped to P50.6 billion, a decrease of P4.2 billion or 8% due to withdrawals of bank deposits during the quarter. Long term debt totaled to P24.9 billion as of end of first quarter or 3% higher than the balance as of end of 2009.

The Company has no material commitments for capital expenditures, except for the ongoing development of its Seascapes Resort Town project in Cebu and Beaufort project in Fort Bonifacio, Taguig City, project developments of its real estate subsidiaries, the initial expenses necessary for the new branches of its bank subsidiary and the ongoing expansion programs of the sugar subsidiaries which expenditures can be adequately covered by the operating cash flow plus availments of medium and long term development loans out of existing available credit lines. There are no events or uncertainties that are reasonably expected to have a material impact on the Company's short term or long-term liquidity or on the Company's revenues from continuing operations.

Performance Indicators

| | As of and for the Three- Month Period Ended March 31, 2010 | As of December 31, 2009 and for the Three-Month Period Ended March 31, 2009 |
|---|--|--|
| Earning per share | 0.507 /share | 0.304 /share |
| $\frac{\text{Net Income (Annualized)}}{\text{Weighted average number of outstanding shares}}$ | | |
| Price Earnings Ratio | 3.94 Times | 3.55 Times |
| $\frac{\text{Closing Price}}{\text{Earnings Per Share}}$ | | |
| Return on Net Revenue | 32% | 27% |
| $\frac{\text{Net Income}}{\text{Total Net Revenue}}$ | | |
| Debt to equity ratio | 0.64 : 1 | 0.64 : 1 |
| $\frac{\text{Notes Payable \& Long-term Debt}}{\text{Total Stockholders' Equity}}$ | | |
| EBITDA to Total Interest Paid | 5.57 times | 7.00 times |
| $\frac{\text{EBITDA}}{\text{Total Interest Payment}}$ | | |

Earnings per share was P0.507 while Price Earnings (PE) Ratio was 3.94 times in 2010. Share price closed at P2.00 in first quarter of 2010 and P1.08 in 2009.

Debt-to-equity ratio was at 0.64:1 which is same as 2009 while EBITDA to total interest paid went down to 5.57 times from 7.00 times in 2009 mainly due to higher interest payments for the additional loans availed during the latter part of last year and current period.

Financial Assets and Liabilities

The following table sets forth the carrying values of financial assets and liabilities recognized as of March 31, 2010 and December 31, 2009. There were no material unrecognized financial assets and liabilities as of these dates.

Financial assets and liabilities

| | March 31, 2010 | | December 31, 2009 | |
|-----------------------------------|-------------------|-------------------|-------------------|------------|
| | Carrying Value | Fair Value | Carrying Value | Fair Value |
| (In Thousands) | | | | |
| Financial Assets: | | | | |
| Cash and cash equivalents | 12,444,556 | 12,444,556 | 22,424,831 | 22,424,831 |
| Loans and receivables | | | | |
| Real estate operations | | | | |
| Installment contracts receivables | 7,718,113 | 7,862,107 | 6,388,768 | 6,507,961 |
| Others receivables | 4,530,290 | 4,530,290 | 3,548,170 | 3,548,170 |
| | 12,248,403 | 12,392,397 | 9,936,938 | 10,056,131 |

| | | | | |
|---------------------------------------|-------------------|-------------------|-------------|-------------|
| Financial and banking services | | | | |
| Loans and discounts | 31,548,239 | 31,548,239 | 31,190,581 | 31,190,581 |
| Others | 1,661,411 | 1,661,411 | 1,642,176 | 1,642,176 |
| | 33,209,650 | 33,209,650 | 32,832,757 | 32,833,157 |
| Sugar operations | 262,082 | 262,082 | 44,193 | 44,193 |
| Total Loans and Receivables | 45,720,135 | 45,864,129 | 42,814,288 | 42,933,481 |
| Investments | | | | |
| Available for sale | 11,655,981 | 11,655,981 | 15,893,391 | 15,893,391 |
| Held to maturity | 5,699,714 | 5,699,714 | 95,527 | 95,527 |
| Financial assets at FVPL | 2,303,844 | 2,303,844 | 1,487,102 | 1,487,102 |
| | 19,659,539 | 19,659,539 | 17,476,020 | 17,476,020 |
| | 77,824,230 | 77,968,224 | 82,715,139 | 82,834,332 |
| Deposit liabilities | | | | |
| Demand | 12,357,076 | 12,357,076 | 14,765,014 | 14,765,014 |
| Savings | 7,478,646 | 7,478,646 | 8,352,260 | 8,352,260 |
| Time | 30,743,178 | 30,973,749 | 36,667,572 | 36,942,575 |
| | 50,578,899 | 50,809,470 | 59,784,846 | 60,059,849 |
| Accounts payable and accrued expenses | 18,494,225 | 18,162,384 | 18,296,214 | 17,967,926 |
| Long-term debt | 24,881,213 | 24,506,259 | 24,246,120 | 23,880,737 |
| | 93,954,338 | 93,478,114 | 102,327,180 | 101,908,512 |

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

- Cash and cash equivalents: The carrying amounts approximate fair values considering that these accounts consist mostly of short-term deposits and floating rate placements.
- Loans and receivables: Fair value of loans and discounts is based on the discounted value of future cash flows using the applicable risk free rates and current incremental lending rates for similar types of receivables for real estate operations and financial and banking services, respectively while fair value of other receivables approximate the carrying value because of the short term nature of these receivables.
- HTM investments: Fair values are generally based on quoted market prices. If the market prices are not readily available, fair values are estimated using either values obtained from independent parties offering pricing services or adjusted quoted market prices of comparable investments.
- AFS investments and trading securities: Carrying values approximate fair values since these securities were marked to market. Fair values were determined using quoted market prices at balance sheet date; in the case of the investment in club project, the fair value could not be reliably determined and is presented at cost subject to impairment.
- Deposit liabilities: Fair values of liabilities approximate their carrying amounts due to either to demand nature or the relatively short-term maturities of these liabilities. Accounts payable and accrued expenses: The fair value of accounts payable and accrued expenses approximates the carrying amounts because of the short-term nature of these accounts.
- Long-term debt: Estimated fair value of debts with fixed interest rates and not subjected to quarterly repricing is based on the discounted value of future cash flows using the applicable risk free rates for similar types of loans adjusted for credit risk. Long-term debt subjected to quarterly repricing is not discounted since it approximates fair value.

Financial Risk Management Objectives and Policies

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

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

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

Financial and Banking Operations

Risk Management

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

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

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

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

Credit Risk

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

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

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

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.

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\$594 million as of March 31, 2010 and US\$625 million as of December 31, 2009. Total foreign currency liabilities, on the other hand amounted to US\$629 million as of March 31, 2010 and as of December 31, 2009.

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 availment, 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 | (P259 million) |
| - 200bps | P259 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 are mainly denominated in Philippine Peso. As such, the Group's exposure to this type of risk is not materially significant.

Notes to Financial Statements

1. The attached interim consolidated financial statements are prepared in compliance with Philippine Financial Reporting Standards (PFRS). The accounting policies and methods of computation followed in the financial statements for the quarter ended March 31, 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. There are no unusual operating cycles or seasons that will differentiate the operations for the period January to March 2010 from the operations for the rest of the year. The milling activities of the subsidiaries engaged in sugar operations usually start in November and end in June of the following year.

4. Except as disclosed in the Management Discussion and Analysis of Financial Condition and Results of Operation, there are no unusual items affecting assets, liabilities, equity, net income or cash flows for the interim period. There are no known trends, demands, commitments, events or uncertainties that will have a material impact on the Company's liquidity.
5. There are no changes in estimates of amounts reported in the previous period that have material effects in the current interim period.
6. Except for those discussed in the Management Discussion and Analysis of Financial Condition and Results of Operations, there are no issuances, repurchases and repayments of debt and equity securities.
7. There were no other dividends paid (aggregate or per share) separately for ordinary shares and other shares during the interim period, except as discussed in the Management Discussion and Analysis of Financial Condition and Results of Operation.
8. The Company derives its revenues from the following reportable segments:

Real estate which involves acquisition of land, planning and development of large-scale fully integrated residential and commercial communities; development and sale of residential and commercial lots and the development and leasing of retail and office space and land in these communities; construction and sale of residential housing and condominiums and office buildings; development of farm estates, industrial and business parks; operation of cinema and mall; and property management.

Banking and financial services which involve commercial and banking operations, including generations of savings, current and time deposits in pesos and foreign currencies; commercial, mortgage and agribusiness loans; payment services, provision of credit card facilities, fund transfers, international trade settlements and remittances from overseas workers; trust and investment services including portfolio management, unit funds, trust administration and estate planning; and safety deposit facilities.

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

Financial information on the operations of these business segments as of and for quarter ended March 31, 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 March 31, 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 Developments of the Company and Management Discussion on its Results of Operations.
11. There are no changes in contingent liabilities or contingent assets since December 31, 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.

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

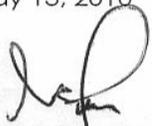
Title

President

Date

May 13, 2010

Signature:



NELSON M. BONA

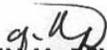
Title

Chief Finance Officer

Date

May 13, 2010

Signature:



EFREN M. REYES

Title

SVP – Comptroller

Date

May 13, 2010

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

(ANNEX A)

| | March 31, 2010 (Unaudited) | December 31, 2009 (Audited) |
|--|-------------------------------|--------------------------------|
| ASSETS | | |
| Cash and cash equivalents | 12,444,556 | 22,424,831 |
| Loans and receivables - net | | |
| Real estate operations | 12,248,403 | 10,723,718 |
| Financial and banking services | 33,209,650 | 32,833,157 |
| Sugar manufacturing operations | 262,082 | 313,076 |
| Subdivision lots, condominiums and residential units for sale | 14,359,865 | 14,939,832 |
| Sugar and molasses inventories | 440,851 | 296,765 |
| Investments | 21,435,833 | 17,476,020 |
| Land and land development | 20,735,734 | 19,860,573 |
| Investment property - net | 28,856,623 | 27,600,439 |
| Property and equipment - net | 4,365,424 | 4,438,041 |
| Deferred income tax assets | 1,412,563 | 1,082,290 |
| Goodwill | 11,190,661 | 11,190,661 |
| Other assets | 2,537,928 | 2,413,534 |
| | 163,500,173 | 165,592,937 |
| LIABILITIES AND EQUITY | | |
| LIABILITIES | | |
| Deposit liabilities | 50,578,899 | 54,766,816 |
| Accounts payable and accrued expenses | 18,494,225 | 18,339,262 |
| Income tax payable | 214,103 | 121,237 |
| Deferred income tax liabilities | 6,026,534 | 5,752,230 |
| Long-term debt | 24,881,213 | 24,246,120 |
| Total liabilities | 100,194,975 | 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 | 131,471 | 305,996 |
| Retained earnings | 19,521,336 | 18,719,337 |
| Translation adjustment | (16,502) | (14,235) |
| Treasury stock | (24,220) | (24,220) |
| Total | 48,258,526 | 47,633,319 |
| Minority interest | 15,046,672 | 14,733,953 |
| Total Equity | 63,305,198 | 62,367,272 |
| TOTAL LIABILITIES AND EQUITY | 163,500,173 | 165,592,937 |

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

(ANNEX B)

| | For the Three-Month Periods Ended March 31 | |
|---|---|------------------|
| | 2010 | 2009 |
| REVENUES | | |
| Real Estate Operations | | |
| Sale of lots, condominium and residential units and club shares | 1,148,594 | 1,026,797 |
| Cost of sale of lots, condominium and residential units and club shares | (562,645) | (492,797) |
| Gross profit | 585,949 | 534,000 |
| Mall and rental revenues | 365,961 | 328,827 |
| Other income | 233,248 | 294,437 |
| | 1,185,158 | 1,157,264 |
| Financial and Banking Services | | |
| Interest income | 1,365,225 | 907,953 |
| Cost of financial and banking services | (342,569) | (367,405) |
| Other income | 627,280 | 322,448 |
| | 1,649,936 | 862,996 |
| Sugar Operations | | |
| Sale of sugar | 235,700 | 153,673 |
| Cost of sale of sugar | (144,689) | (87,226) |
| Other income | 5,025 | 13,272 |
| | 96,035 | 79,719 |
| NET REVENUES | 2,931,129 | 2,099,979 |
| Operating Expenses | | |
| Real estate operations | 664,187 | 640,479 |
| Financial and banking services | 1,177,958 | 704,559 |
| Sugar operations | 53,463 | 69,604 |
| | 1,895,608 | 1,414,642 |
| INCOME BEFORE INCOME TAX | 1,035,521 | 685,337 |
| PROVISION FOR INCOME TAX | 83,120 | 114,710 |
| NET INCOME | 952,401 | 570,627 |
| Attributable to: | | |
| Equity holders of the parent company | 671,689 | 326,474 |
| Minority interest | 280,712 | 244,553 |
| | 952,401 | 570,627 |
| Basic/Diluted Earnings Per Share (Annualized) | 0.507 | 0.304 |

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

| | For the Three-Month Periods Ended March 31 | |
|--|---|----------------|
| | 2010 | 2009 |
| NET INCOME FOR THE PERIOD | 952,401 | 570,627 |
| OTHER COMPREHENSIVE INCOME (LOSS) | | |
| Changes in fair value of | | |
| Available-for-sale financial assets | (174,526) | |
| Translation adjustment | (2,267) | - |
| TOTAL COMPREHENSIVE INCOME | 775,608 | 570,627 |

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

| | For the Three-Month Periods Ended March 31 | |
|--|---|------------|
| | 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 | (131,471) | (35,785) |
| TRANSLATION ADJUSTMENT | (16,502) | - |
| RETAINED EARNINGS | 19,521,336 | 17,815,911 |
| TREASURY STOCK - at cost | (24,220) | (24,220) |
| Minority Interest | 15,046,672 | 14,333,990 |
| TOTAL EQUITY | 63,305,198 | 60,736,337 |

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

(ANNEX E)

| | For the Three-Month Periods Ended March 31 | |
|---|---|--------------------|
| | 2010 | 2009 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Income before income tax | 1,035,521 | 685,337 |
| Adjustments for: | | |
| Interest income | (82,487) | (140,310) |
| Interest expense | 216,347 | 240,456 |
| Depreciation and amortization | 164,082 | 255,844 |
| Gain on conversion in investment | - | (78,413) |
| Gain on sale of property and equipment | - | (7,336) |
| Gain on asset foreclosure and dacion transactions | - | (362) |
| Provision for probable losses | 239,157 | 98,010 |
| Provision for retirement benefits | 753 | 14,900 |
| Operating income before changes in operating assets and liabilities | 1,573,373 | 1,068,126 |
| Decrease (Increase) in: | | |
| Loans and receivables | (2,089,341) | (3,807,536) |
| Subdivision lots, condominiums and residential units for sale | 579,967 | (501,824) |
| Sugar inventories | (144,086) | (154,223) |
| Land and land development | (875,161) | (46,936) |
| Deposit liabilities | (4,187,917) | 3,406,638 |
| Accounts payable and accrued expenses | 290,067 | 1,671,992 |
| Net cash generated from (used by) operations | (4,853,099) | 1,730,110 |
| Income taxes paid | (72,566) | (248,211) |
| Net cash provided by (used in) operating activities | (4,925,665) | 1,481,898 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Increase in: | | |
| Investments | (3,959,813) | (7,966,760) |
| Other assets | (124,394) | (1,083,291) |
| Interest received | 82,487 | 140,310 |
| Acquisition of investment property and property and equipment | (1,347,649) | 247,446 |
| Net cash used in investing activities | (5,349,369) | (8,662,295) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Interest paid | (340,334) | (149,603) |
| Net proceeds of long-term debt | 635,093 | 3,111,200 |
| Net cash provided by financing activities | 294,759 | 2,961,597 |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | (9,980,275) | (4,218,799) |
| Cash and Cash Equivalents at Beginning of period | 22,424,831 | 13,605,819 |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | 12,444,556 | 9,387,020 |

FILINVEST DEVELOPMENT CORPORATION AND SUBSIDIARIES
(ANNEX F)
FINANCIAL INFORMATION ON OPERATIONS OF BUSINESS SEGMENTS – Unaudited
For the Three-Month Periods Ended March 31, 2010 and 2009

(Amounts in Thousands)

| | Real Estate Operations | | Banking and Financial Services | | Sugar Manufacturing Operations | |
|--------------------------|------------------------|-------------|-----------------------------------|-------------|--------------------------------|-------------|
| | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 |
| | (Unaudited) | | (Unaudited) | | (Unaudited) | |
| Net Revenues | 1,272,567 | 1,217,509 | 1,626,645 | 846,071 | 96,542 | 80,083 |
| Net income | 520,715 | 481,022 | 475,249 | 107,327 | 21,407 | (2,842) |
| Segment assets | 138,015,496 | 129,438,003 | 74,161,420 | 59,772,956 | 3,676,509 | 3,419,688 |
| Less deferred tax asset | 366,037 | - | 1,196,837 | 636,470 | 34,575 | 29,156 |
| Net segment assets | 138,649,459 | 129,438,003 | 72,964,583 | 59,136,486 | 3,641,934 | 3,390,532 |
| Segment liabilities | 51,922,329 | 44,185,982 | 64,246,891 | 53,991,609 | 2,080,459 | 1,962,319 |
| Less: | | | | | | |
| Income tax payable | 126,170 | 294,196 | - | - | 87,933 | 85,267 |
| Deferred tax liabilities | 6,051,817 | 5,880,560 | 1,250,000 | 1,250,000 | 162,188 | 187,174 |
| Net segment liabilities | 45,744,342 | 38,011,226 | 62,996,891 | 52,741,609 | 1,830,338 | 1,689,878 |
| Cash flows arising from: | | | | | | |
| Operating activities | (2,079,671) | 363,020 | (3,414,625) | (4,108,207) | (190,544) | (205,256) |
| Investing activities | (2,538,260) | (1,126,187) | (2,742,281) | (187,382) | (48,439) | (49,883) |
| Financing activities | (1,401,696) | (954,286) | - | 875,001 | - | - |
| | Combined | | Eliminating | | Consolidated | |
| | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 |
| | (Unaudited) | | (Unaudited) | | (Unaudited) | |
| Net Revenues | 2,995,754 | 2,143,663 | 64,625 | 30,649 | 2,931,129 | 2,099,979 |
| Net income | 1,017,372 | 585,507 | 64,970 | 14,879 | 952,401 | 570,627 |
| Segment assets | 216,853,425 | 192,630,647 | 53,353,252 | 62,377,206 | 163,500,173 | 130,253,441 |
| Less deferred tax asset | 1,597,448 | 665,626 | 184,886 | (81,658) | 1,412,563 | 747,284 |
| Net segment assets | 215,255,977 | 191,965,021 | 53,168,366 | 62,458,864 | 162,087,611 | 129,506,157 |
| Segment liabilities | 118,249,678 | 100,139,910 | 18,054,702 | 29,277,567 | 100,194,975 | 70,862,343 |
| Less: | | | | | | |
| Income tax payable | 214,103 | 379,463 | - | 130,475 | 214,103 | 248,988 |
| Deferred tax liabilities | 7,464,004 | 7,317,734 | 1,437,470 | 789,208 | 6,026,534 | 6,528,526 |
| Net segment liabilities | 110,571,570 | 92,442,713 | 16,617,232 | 28,357,884 | 93,954,338 | 64,084,829 |
| Cash flows arising from: | | | | | | |
| Operating activities | (5,684,840) | (3,950,443) | 759,175 | (2,817,145) | (4,925,665) | (1,133,298) |
| Investing activities | (5,328,980) | (1,363,452) | (20,388) | 6,491,886 | (5,349,369) | (7,855,338) |
| Financing activities | (1,401,696) | (79,285) | 1,696,455 | (6,061,424) | 294,759 | 5,982,139 |

FILINVEST DEVELOPMENT CORPORATION AND SUBSIDIARIES
AGING OF LOANS AND RECEIVABLES - Unaudited
As of March 31, 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. Item in litigation |
|---|-------------------|-------------------|----------------|----------------|----------------|----------------|------------------------------------|
| a) Trade Receivables | | | | | | | |
| Mortgage, Notes and Installment Contracts | - | - | - | - | - | - | - |
| Receivable | 7,718,113 | 7,526,446 | 53,789 | 30,370 | 107,508 | - | - |
| Receivable from Financing Institutions | 419,383 | 419,383 | - | - | - | - | - |
| Receivable from Customer | 31,474,049 | 27,095,988 | 725,329 | 333,039 | 712,145 | 2,063,361 | 544,186 |
| Rentals and others | 927,484 | 798,154 | 6,702 | 6,079 | 15,190 | 80,011 | 21,348 |
| | 40,539,028 | 35,839,971 | 785,821 | 369,489 | 834,842 | 2,143,372 | 565,534 |
| Less: Allowance for Doubtful Accounts | 3,371,586 | - | - | - | 662,680 | 2,143,372 | 565,534 |
| | 37,167,442 | 35,839,971 | 785,821 | 369,489 | 172,162 | - | - |
| b) Non-trade Receivables | | | | | | | |
| Other Receivables | 8,552,693 | 7,436,522 | 92,727 | 101,371 | 162,346 | 759,727 | - |
| Less: Allowance for Doubtful Accounts | - | - | - | - | - | - | - |
| Net | 8,552,693 | 7,436,522 | 92,727 | 101,371 | 162,346 | 759,727 | - |
| Net Receivables | 45,720,135 | 43,276,493 | 878,547 | 470,860 | 334,508 | 759,727 | - |