FILINVEST
LAND INCORPORATED

August 13, 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 Land, Incorporated for the period ended June 30, 2010.

Thank you.

Very truly yours,

**ATTY. APOLLO M. ESCAREZ**
VP & Corporate Information Officer

# COVER SHEET

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|---|---|---|---|---|---|---|---|---|---|---|---|

SEC Registration Number

F I L I N V E S T L A N D , I N C . 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 r e e t , S a n J u a n , M e
t r o M a n i l a

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

**Atty. Ma. Michelle Tibon-Judan**
(Contact Person)

**727-0431 (local 297)**
(Company Telephone Number)

**0 6** **3 0** **2 0 1 0**
*Month* *Day*
(Fiscal Year)

**1 7 - Q**
(Form Type)

*Month* *Day*
(Annual Meeting)

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

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To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

Remarks: Please use BLACK ink for scanning purposes.

**SECURITIES AND EXCHANGE COMMISSION**

# SEC FORM 17-Q

HALFLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATIONS CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the half-year period ended **June 30, 2010**

2. SEC Identification Number **170957** **3.** BIR Tax ID **000-533-224**

4. Exact name of issuer as specified in its charter **FILINVEST LAND, INC.**

**Philippines**
5. Province, Country or other jurisdiction of incorporation or organization

6. Industry Classification Code: _______ (SEC Use Only)

**173 P. Gomez St., San Juan, Metro Manila** **1500**
7. Address of issuer's principal office Postal Code

**02-727-04-31 to 39**
8. Issuer 's telephone number, including area code

**Not Applicable**
9. Former name, former address, and former fiscal year, if changed since last report

10. Securities registered pursuant to Section 8 and 12 of the SRC

| Title of Each Class | Number of shares of Common Stock Outstanding | Amount of Debt Outstanding |
|---|---|---|
| Common Stock, P 1.00 par value | 24,249,759,509 | 12,433,872,479 |

11. Are any or all of these securities listed on the Philippine Stock Exchange?

Yes [x] No [ ]

12. Indicate by check mark whether the issuer:

(a) has filed reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Section 11 of the RSA Rule 1(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);

Yes [x] No [ ]

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

Yes [x] No [ ]

## PART 1 – FINANCIAL INFORMATION

### Item 1. Financial Statements

Please refer to Annex A for the Consolidated Financial Statements of Filinvest Land, Inc, and Subsidiaries covering the interim periods as of June 30, 2010 and for the six-month period then ended and as of December 31, 2009 and for the six-month period ended June 30, 2010. Aging Schedule for the Company's receivables as of June 30, 2010 is also presented in Annex B.

FILINVEST LAND, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**1. Basis of Consolidation**

The consolidated financial statements include the financial statements of the Parent 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 Parent Company using consistent accounting policies.

The consolidated financial statements include the accounts of Filinvest Land, Inc. and the following subsidiaries and joint ventures:

| | **% of Ownership** | |
|---|---|---|
| **Subsidiaries:** | **June 2010** | **Dec. 2009** |
| Property Maximizer Professional Corp. (Promax) | 100 | 100 |
| Homepro Realty Marketing, Inc. (Homepro) | 100 | 100 |
| Property Specialist Resources, Inc. (Prosper) | 100 | 100 |
| Leisurepro, Inc. (Leisurepro) | 100 | 100 |
| Cyberzone Properties Inc. (CPI) [2] | 100 | - |
| Filinvest AII Philippines, Inc. (FAPI) [3] | 100 | - |
| | | |
| **Joint Ventures:** | | |
| Filinvest Asia Corporation (FAC) [1] | 60 | 60 |
| Cyberzone Properties Inc. (CPI) [2] | - | 60 |
| Filinvest AII Philippines, Inc. (FAPI) [3] | - | 60 |

[1] FAC owns fifty percent (50%) of the PBCom Tower in Makati City.
[2] CPI operates the Northgate Cyberzone in Filinvest Corporate City in Alabang, Muntinlupa City.
[3] FAPI develops the Timberland Sports and Nature Club and approximately 50 hectares of land comprising Phase 2 of FLI's Timberland Heights township project.

**Major Developments**

In February 2009, FLI signed a joint venture agreement with the Cebu City Government to develop 50.6 hectares of the South Road Properties (SRP), a 300-hectare reclaimed land project located in the heart of the City. Under the Agreement, FLI will develop forty (40) hectares under a revenue sharing agreement with the Government. The 40 hectares will be developed in four phases over a 20-year period with FLI contributing the development costs, as well as the marketing and management services. Another 10.6 hectares will be purchased by FLI. The first and second payments were made to the Cebu City Government in March 2009 and February 2010 respectively, with the balance payable over the next five years. FLI plans to develop the 40 hectares mainly into clusters of mid-rise residential buildings while the 10.6 hectares, which has a kilometer-long sea frontage, will be developed into three or four mixed-use clusters, which will include hotels, commercial retail space, offices, and residential condominiums. The master plan for the property is being finalized and FLI expects to launch its first project by the second half of 2010.

In December 28, 2009, FLI executed separate deeds of sale for the 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 subject to the full payment by FLI of the purchase price and delivery to FLI of certain required documents for closing.

The sale by Africa-Israel of its interest in the two companies was part of Africa-Israel's global portfolio rebalancing and consolidation activity. On the other hand, the acquisition of Africa-Israel's interests enabled FLI to consolidate its share in the strong and stable recurring revenue streams from the two companies as well as provided incremental development potential to FLI's existing revenue streams.

The transaction was officially completed on February 08, 2010, making CPI and FAPI wholly-owned subsidiaries of FLI.

**2. Segment Reporting**

The Group's operating businesses are organized and managed separately in accordance with the nature of the products and services being provided, with each segment representing a strategic business unit that offers different products and serves different markets. Generally, financial information is required to be reported on the basis that is used internally for evaluating segment performance and deciding how to allocate resources to segments.

The Group derives its revenues from the following reportable segments:

*Real estate*
This involves acquisition of land, planning, development and sale across all income segments of various real estate projects such as residential lots and housing units; entrepreneurial

communities, large-scale townships, residential farm estates, private membership club, residential resort development, medium rise-buildings, high-rise buildings and condotel.

*Leasing*

In September 2006, FLI acquired three strategic investment properties, which are categorized as retail and office. This business segment involves the operations of Festival Supermall and the leasing of office spaces in Northgate Cyberzone in Alabang and PBCom Tower in Makati City.

Comparative Financial Information Per Business Segment
(amounts in thousand pesos)
As of and for the Six-Month Period ended June 30, 2010 (Unaudited)

| | Real Estate Operations | Leasing Operations | Combined | Eliminating | Consolidated |
|---|---|---|---|---|---|
| Revenues | 2,649,813 | 720,884 | 3,370,697 | (126,411) | 3,244,286 |
| Net Income | 702,873 | 326,451 | 1,029,324 | (31,228) | 998,096 |
| Segment Assets | 45,706,906 | 13,820,969 | 59,527,875 | 237,721 | 59,765,597 |
| Segment Liabilities | 17,993,774 | 2,290,863 | 20,284,637 | 132,116 | 20,416,754 |
| Less: Def. Tax liabilities | 1,378,191 | (13,167) | 1,365,024 | 230,253 | 1,595,277 |
| Net segment liabilities | 16,615,583 | 2,304,030 | 18,919,613 | (98,137) | 18,821,476 |
| Cash flows arising from: | | | | | |
| Operating activities | 574,107 | (950,860) | (376,753) | 28,110 | (348,643) |
| Investing activities | (1,741,448) | (23,654) | (1,765,102) | - | (1,765,102) |
| Financing activities | (1,881,172) | 778,649 | (1,102,523) | (28,110) | (1,130,632) |

As of and for the Six-Month Period ended June 30, 2009 (Unaudited)

| | Real Estate Operations | Leasing Operations | Combined | Eliminating | Consolidated |
|---|---|---|---|---|---|
| Revenues | 1,854,346 | 639,747 | 2,494,093 | (15,285) | 2,478,808 |
| Net Income | 417,919 | 307,877 | 725,796 | 33,548 | 759,344 |
| Segment Assets | 47,383,606 | 4,524,307 | 51,907,914 | 1,101,713 | 53,009,627 |
| Segment Liabilities | 13,404,177 | 1,654,140 | 15,058,317 | 25,883 | 15,084,200 |
| Less: Def. Tax liabilities | 1,492,685 | (7,880) | 1,484,805 | 139,912 | 1,624,717 |
| Net segment liabilities | 11,911,492 | 1,662,020 | 13,573,512 | (114,029) | 13,459,483 |
| Cash flows arising from: | | | | | |
| Operating activities | 263,958 | 464,847 | 728,805 | (1,508) | 727,298 |
| Investing activities | (407,171) | (171,735) | (578,906) | - | (578,906) |
| Financing activities | (1,055,671) | 24,788 | (1,030,884) | 1,508 | (1,029,376) |

## 3. Long -Term Debt

The comparative details of this account are as follows (amounts in thousand pesos):

| | 2010<br>June 30 | 2009<br>December 31 |
|---|---|---|
| Term loans from a financial institution | 2,250,000 | 2,250,000 |
| Developmental loans from local banks | 5,239,583 | 4,734,800 |
| Bonds | 4,944,289 | 4,936,405 |
| Total Long-term debt | 12,433,872 | 11,921,205 |

**Term Loans from a Financial Institution**

On June 17, 2005, the Group entered into a Local Currency Loan Agreement with a financial institution whereby the Group was granted a credit facility amounting to ₽2,250.00 million. In October 2005, the Group availed of ₽ 1,125.00 million or half of the amount of the credit facility granted. In July 06, 2007, the Group availed of the remaining balance of the facility amounting to ₽ 1,125.00 million. Both loans are payable in 10 semi-annual installments commencing December 2010 and ending June 2015 with fixed interest rates of 7.72% and 7.90% per annum, respectively.

**Developmental Loans from Local Banks**

These are loans obtained from local banks with floating interest rates at different terms and repayment periods.

**Bonds**

On November 19, 2009, FLI issued Fixed Rate Retail Bonds with aggregate principal amount of ₽5 billion comprised of ₽ 500 million Three (3) Year Fixed Rate Bonds due in November 2012 and ₽ 4.5 billion Five (5) Year Fixed Rate Bonds due in November 2014 as part of the Company’s fund raising activities

The Three-Year Bonds carry a fixed interest rate of 7.5269% p.a.. Interest on the Bonds is payable quarterly in arrears starting on February 19, 2010, while the Five-Year Bonds have a fixed interest rate of 8.4615% p.a. and is payable quarterly in arrears starting on February 20, 2010.

## Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

*Results of Operations for the six-month period ended June 30, 2010 compared to six-month period ended June 30, 2009*

FLI registered a consolidated net income of ₽ 998.09 million for the first six months of 2010, higher by ₽ 238.75 million or by 31.44 % than the same period last year of ₽ 759.34 million.

*Revenues*

Total revenues from real estate and leasing segments went up by 30.43% to ₱ 3,228.67 million during the first six months of 2010 from the same period last year of ₱ 2,475.41 million. The increase is mainly due to higher real estate sales by ₱ 639.62 million or by 40.77% for the first six months of 2010. Real estate sales booked during the current period broken down into sales per sector are as follows: Middle Income 74% (inclusive of MRBs); Affordable 12%; High-end 5%; Farm Estate 3%; Socialized 3%; Others 3%. Rental revenues from the Mall and office spaces increased by 10.62 % mainly because of the acquisition of 40% interest of Africa Israel Properties (Phils.), Inc. in CPI.

Other sources of rental income include the 3 ready-built-factories in Filinvest Technology Park in Calamba, Laguna and office space in Ortigas Center in Mandaluyong City.

Interest income increased by 14.26% from ₱ 205.09 million during the first six months in 2009 to ₱ 234.33 million during the same period in 2010. The increase was due to higher interests generated from short-term investments and installment contracts receivable. The Company's equity in net earnings of an associate also increased from ₱ 6.03 million in 2009 to ₱ 21.16 million in 2010 or by 250.68 % due to higher earnings generated by Filinvest Alabang, Inc. (FAI) in 2010. FLI has a 20% equity interest in FAI. Other income of the Group for the first six months of 2010 went up to ₱ 127.79 million from ₱ 108.96 million or by ₱ 18.83 million, this was due to increase in amusement income and parking fees.

The Group also registered a foreign exchange gain of ₱ 5.54 million during the first six months of 2010, an improvement from a foreign exchange gain of ₱ 2.64 million earned for the same period in 2009.

*Expenses*

General and administrative expenses (G&A) increased by ₱ 25.38 million during the first six months or by 5.17%, from ₱ 490.77 million in 2009 to ₱ 516.14 million in 2010. The increase was due to higher expenses for corporate advertising, higher depreciation on additional investment properties, higher insurance expenses and higher transportation costs for the current period. Likewise, selling and marketing expenses also increased by ₱ 25.09 million from ₱ 252.45 million in 2009 to ₱ 277.53 million in 2010 or by 9.94%. The increase was mainly attributable to higher sales commissions, sales generation expenses and promotional expenses. As a result of higher loan balance in 2010, interest expense and other finance charges also increased by 37.73% or by ₱ 33.69 million to ₱ 122.97 million for the first six months in 2010 from ₱ 89.28 million for the same period in 2009. This was brought about by the issuance of fixed-rate retail bonds amounting to ₱ 5.0 billion in November 2009 to finance the current projects of the Group especially the various MRB projects, high rise building project and condotel project.

Provision for income tax also increased by 23.54% or by ₱ 33.90 million to ₱ 177.92 million in the first six months of 2010 from ₱ 144.02 million for the same period in 2009 due to higher taxable income brought about by higher revenues.

## ***Financial Condition as of June 30, 2010 compared to as of December 31, 2009***

As of June 30, 2010, the Group's total consolidated assets stood at ₱ 59,765.60 million, slightly higher by 1.46 % or by ₱ 861.25 million more than the P 58,904.35 million total consolidated assets as of December 31, 2009. The following are the material changes in account balances:

***56% Decrease in Cash and Cash Equivalents***
Funds were used to acquire the 40% interest of Africa-Israel Properties (Phils.), Inc. in CPI and the 40% interest of Africa Israel Investments (Phils.) in FAPI. Funds were also used for the development of existing and new projects and for the construction of new buildings (investment properties) and for rawland acquisitions. As the Group continues to develop its on-going projects as well as new ones, which have been lined up for the remaining months of the year, more funds are expected to be used.

***5% Increase in Due from Related Parties***
The increase was due to temporary advances to officers and employees for the company's operational requirements subject to immediate liquidation, and interest-bearing advances to affiliates which are all in the regular course of business. These advances are expected to be collected and / or liquidated within the second half of the year.

***5% Increase in Other Receivables***
This account increased due to additional advances made to Timberland Sports and Nature Club (TSNC, Inc.). Moreover, the 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 contributed to the increase. Higher receivables from tenants of FSI and CPI in the current period also added to the increase of this account.

***11% Increase in Real Estate Inventories***
The increase in this account was due to acquisition of rawland intended for future development projects and the conversion of certain rawland to new projects, which brought in additional revenues.

***14% Increase in Investment Properties***
The increase was due to the completed construction of ihub 1 and ihub 2, BPO buildings owned by Cyberzone Properties Inc. (CPI) and also due to the acquisition by FLI of the 40% interest of Africa-Israel Properties (Phils.), Inc. in CPI.

***6% Decrease in Property & Equipment***
Property and equipment decreased due to depreciation and the reclassification of ihub 1 and ihub 2, BPO buildings owned by CPI into investment properties.

***15% Increase in Other Assets***
The increase in this account was due to additional deposits made to suppliers, input vat and creditable withholding tax recognized during the first half of 2010.

***51% Increase in Income Tax Payable***
The increase in this account represents higher tax accruing on the taxable income earned during the first half of 2010.

***10% Decrease in Due to Related Parties***
Inter-company advances made in the ordinary course of business were settled during the current interim period.

***14% Increase in Pension Liability***
This is due to the accrual of retirement costs for the first half of 2010.

***7% Increase in Deferred Tax liabilities***
The increase in this account was mainly due to the capitalization of part of interests on long-term loans.

***7% Increase in Loans Payable***
The Company now consolidates 100% of the bank loans of CPI and FAPI as a result of the 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.

***Retained Earnings***
Movements in retained earnings were the net income generated during the first half of 2010 and the cash dividends of ₱ 0.033 per common share declared in April 2010.

## Performance Indicators

| Financial Ratios | Particulars | As of and for the 6-month period ended June 30, 2010 | As of Dec. 31, 2009 and for the 6-month period ended June 30, 2009 |
|---|---|---|---|
| Earnings per Share | Annualized | 0.086 | 0.065 |
| Debt to Equity Ratio | Long Term Debt & Other Liabilities / Total Stockholder's Equity | 0.48: 1 | 0.47 : 1 |
| Debt Ratio | Total Liabilities / Total Assets | 34% | 33% |
| Ebitda to Total Interest Paid | Ebitda / Total Interest Payment | 3.62 times | 4.81 times |
| Price Earnings Ratio | Closing Price of Share / Earnings per Share | 11.17 times | 10.57 times |

Earnings per share (EPS) posted for the first half of 2010 went up compared to the EPS for the six months ended June 30, 2009 on account of higher net income.

The debt to equity (D/E) ratio as well as the debt ratio increased due to higher loan levels.

Price earnings ratio (PER) went up due to higher market share price of FLI's stock brought about by market confidence on FLI and on the local stock market. As of June 30, 2010 and 2009, market share price of FLI's stock was at ₱ 0.96 and ₱ 0.69 per share, respectively.

## PART II - OTHER INFORMATION

### Item 3. Business Development/New Projects

FLI will remain to be focused on its core residential real estate development business which now includes medium rise buildings (MRB's), High Rise Condominium units and Condotels. MRB's are being developed in inner-city locations such as Ortigas, Pasig City; Santolan, Pasig City; Sta. Mesa, Manila; Cebu City & Davao City. Properties in other key cities in the country were also acquired for this purpose. The Group has also introduced to the market "The Linear", a joint venture project covering a high-rise building in Makati City.

The following table sets out FLI's projects with ongoing housing and/or land development and sales activities as of June 30, 2010.

| Category / Name of Project | Location |
|---|---|
| **SOCIALIZED** | |
| Belvedere Townhomes | Tanza, Cavite |
| Belmont Hills | Tanza, Cavite |
| Blue Isle | Sto. Tomas, Batangas |
| Sunrise Place | Tanza, Cavite |
| Sandia Homes | Tanauan, Batangas |
| Mistral Plains | |
| **AFFORDABLE** | |
| Amare Homes | Tanauan, Batangas |
| Alta Vida | San Rafael, Bulacan |
| Bluegrass County | Sto. Tomas, Batangas |
| Brookside Lane | Gen. Trias, Cavite |
| Palmridge | Sto. Tomas, Batangas |
| Springfield View | Tanza, Cavite |
| Summerbreeze Townhomes | Sto. Tomas, Batangas |
| Westwood Place | Tanza, Cavite |
| Woodville | Gen. Trias, Cavite |
| Aldea Real | Calamba, Laguna |
| Costa Villas | Davao City |
| Primrose Hills | Angono, Rizal |
| The Glens at Park Spring | San Pedro, Laguna |
| Somerset Lane | Tarlac City |
| Claremont Village | Mabalacat, Pampanga |
| Westwood Mansions | Tanza, Cavite |
| Tierra Vista | San Rafael, Bulacan |
| Aldea del Sol | Mactan, Cebu |
| La Brisa Townhomes | Ciudad de Calamba |

| | |
|---|---|
| **MIDDLE-INCOME** | |
| Corona Del Mar | Pooc, Talisay, Cebu City |
| Filinvest Homes- Tagum | Tagum City, Davao |
| Northview Villas | Quezon City |
| Ocean Cove | Davao City |
| Orange Grove | Matina, Pangi, Davao City |
| Spring Country | Batasan Hills, Quezon City |
| Spring Heights | Batasan Hills, Quezon City |
| Southpeak | San Pedro, Laguna |
| The Pines | San Pedro, Laguna |
| Villa San Ignacio | Zamboanga City |
| Highlands Pointe | Taytay, Rizal |
| Manor Ridge at Highlands | Taytay, Rizal |
| Ashton Fields | Calamba, Laguna |
| Montebello | Calamba, Laguna |
| Hampton Orchards | Bacolor, Pampanga |
| The Enclave at Filinvest Heights | Quezon City |
| One Oasis - Ortigas | Pasig, Metro Manila |
| One Oasis - Davao | Davao City |
| Escala | Talisay, Cebu |
| West Palms | Puerto Princesa, Palawan |
| Filinvest Homes - Butuan | Butuan, Agusan Del Norte |
| La Mirada of the South | Binan, Laguna |
| Tamara Lane (formerly Imari) | Caloocan City |
| Viridian at Southpeak | San Pedro, Laguna |
| Nusa Dua (Residential) | Tanza, Cavite |
| Bali Oasis - (Marcos Highway) | Santolan, Pasig City |
| One Oasis - Cebu | Mabolo, Cebu |
| The Tropics | Cainta, Rizal |
| Princeton Heights | Molino, Cavite |
| Maui Oasis | Sta. Mesa, Manila |
| Capri Oasis | Pasig, Metro Manila |
| Sorrento Oasis | Pasig, Metro Manila |
| | |
| **HIGH-END** | |
| Brentville International | Mamplasan, Binan, Laguna |
| Prominence 2 | Mamplasan, Binan, Laguna |
| Village Front | Binan, Laguna |
| Mission Hills - Sta. Catalina | Antipolo, Rizal |
| Mission Hills - Sta. Isabel | Antipolo, Rizal |
| Mission Hills - Sta. Sophia, ph 1 | Antipolo, Rizal |
| Banyan Ridge | San Mateo, Rizal |
| Banyan Crest | San Mateo, Rizal |
| The Ranch | San Mateo, Rizal |
| The Arborage at Brentville Int'l. | Mamplasan, Binan, Laguna |
| Kembali Coast | Davao City |
| Arista | Talisay, Batangas |

| | |
|---|---|
| **LEISURE - FARM ESTATES** | |
| Forest Farms | Angono, Rizal |
| Mandala Residential Farm | San Mateo, Rizal |
| Nusa Dua | Tanza, Cavite |
| Laeuna De Taal | Talisay, Batangas |
| | |
| **LEISURE - PRIVATE MEMBERSHIP CLUB** | |
| Timberland Sports and Nature Club | San Mateo, Rizal |
| | |
| **Entrepreneurial - Micro Small & Medium Enterprise Village** | |
| Asenso Village - Calamba | Calamba, Laguna |
| | |
| **INDUSTRIAL** | |
| Filinvest Technology Park | Calamba, Laguna |
| | |
| **HIGH RISE BUILDING** | |
| Grand Cenia Hotel & Residences | Cebu City |
| The Linear | Makati City |

Aside from the residential projects, FLI will continue to construct business process outsourcing (BPO) office spaces at Northgate Cyberzone as demand for additional office space comes in. In addition to the 10 buildings already being occupied by locators, another two (2) office buildings, namely, Vector 1 and Vector 2 will be completed by December 2010 and December 2011, respectively. With the completion of the buildings under construction, FLI will have a total gross leasable area of 167,944 sq. meters of office space in its portfolio. Currently, FLI is one of the largest BPO office space providers in the country.

The Group also intends to continue carrying out, through its subsidiaries and joint venture companies, an intensive marketing campaign so as to maintain a high occupancy rate in the Festival Supermall, PBCom Tower and Northgate Cyberzone properties; thereby, maximizing its leasing revenues.

**Financial Risk Exposures**

The Group's Finance and Treasury function operates as a centralized service for managing financial risk and activities as well as providing optimum investment yield and cost efficient funding for the Group. The Board of Directors reviews and approves the policies for managing each of these risks. The policies are not intended to eliminate risk but to manage it in such a way that risks are identified, monitored and minimized so that opportunities to create value for the stakeholders are achieved. The Group's risk management takes place in the context of the normal business processes such as strategic planning, business planning, technical, operational and support processes.

The main financial risk exposures for the Company are Liquidity Risk, Interest Rate Risk and Credit Risk.

***Liquidity Risk***

The Group seeks to manage its liquidity profile to be able to finance capital expenditures and service debts as they fall due. To cover its financing requirements, the Group intends to use internally generated funds and available long term and short-term credit facilities including receivables rediscounting lines granted by several financial institutions and issuance of financial instruments.

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 case any requirements arise. Fund raising activities may include bank loans and capital market issues.

Under the current financial scenario, it is cheaper for the Company to finance its projects by drawing on its bank lines and by rediscounting part of its PhP 6 billion receivables, in addition to the Company's internal cash generation.

***Interest Rate Risk***

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's loans from various financial institutions which carry floating interest rates. The Group regularly keeps track of the movement in interest rate and the factors influencing it.

Of the total ₱ 12,433.87 million loan outstanding as of June 30, 2010, ₱ 5,239.58 million is on floating rate basis. The following table demonstrates the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, of the Group's annualized profit before tax through the impact on floating rate borrowings.

| | Increase (decrease) In basis points | Effect on annualized income before income tax (In Thousands) |
|---|---|---|
| June 30, 2010 | +200 | (₱ 104,792) |
| | -200 | ₱ 104,792 |

***Credit Risk***

The Group is exposed to risk that a counter-party will not meet its obligations under a financial instrument or customer contract primarily on its mortgage notes and contract receivables and other receivables. It is the Group's policy that buyers who wish to avail the in-house financing scheme are subject to credit verification process. Receivable balances are being monitored on a regular basis and are subjected to appropriate actions to manage credit risk. In addition to this, the Group has a mortgage insurance contract with the Home Guaranty Corporation for a retail guaranty line. With respect to credit risk arising from other financial assets of the Group, which comprise cash and cash equivalents and AFS financial assets, the Group's exposure to credit risk arises from default of the counter-party, with a maximum exposure equal to the carrying amount of these instruments. The maximum credit risk exposure of the Group to these financial assets as of June 30, 2010 is ₱ 16,145.34 million. All of these financial assets are of high-grade credit quality. Based on the Group's experience, these assets are highly collectible or collectible on

demand. The Group holds as collaterals for its installment contract receivables the corresponding properties, which the third parties purchased in installments.

***Foreign Currency Risk***

Financing facilities extended to the Group are exclusively denominated in Philippine Peso. As such, the Group's exposure to this risk is non-existent. However, there are some financial assets denominated in foreign currency which amounts to ₽ 171.31 million only. Therefore, the Group's exposure to possible change in US dollar exchange rate is not significant.

The following table shows the sensitivity to a reasonably possible change in the US dollar exchange rate, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary asset).

| | Increase (decrease) In US dollar rate | Effect on income before income tax (In Thousands) |
|---|---|---|
| June 30, 2010 | +5% | (₽ 8,565) |
| | -5% | ₽ 8,565 |

***Financial Instruments***

The Group's principal financial instruments are composed of Cash and Cash Equivalents, Mortgage and installment contract receivables, other receivables and loans from financial institutions. The Group does not have any complex financial instruments like derivatives.

***Comparative Fair Values of Principal Financial Instrument (In Thousand Pesos)***

| | ***June 30, 2010 Carrying Values*** | ***June 30, 2010 Fair Values*** | ***Dec. 31, 2009 Carrying Values*** | ***Dec. 31, 2009 Fair Values*** |
|---|---|---|---|---|
| ***Cash & Cash Equivalents*** | *2,512,894* | *2,512,894* | *5,757,272* | *5,757,272* |
| ***Mortgage, Notes & ICR*** | *7,797,281* | *7,935,989* | *7,570,778* | *7,689,971* |
| ***Other Receivables*** | *1,496,068* | *1,496,068* | *1,423,691* | *1,423,691* |
| ***Long-term Debt*** | *12,433,872* | *12,270,120* | *11,921,205* | *11,555,822* |

Due to the short-term nature of Cash & Cash Equivalents, the fair value approximates the carrying amounts.

The estimated fair value of Mortgage, Notes and Installment Contracts Receivables, is based on the discounted value of future cash flows from these receivables.

Due to the short-term nature of Other Receivables, the fair value approximates the carrying amounts.

The estimated fair value of long-term debts with fixed interest and not subjected to quarterly re-pricing is based on the discounted value of future cash flows using the applicable risk free rates for similar type of loans adjusted for credit risk. Long term debt subjected to quarterly re-pricing is not discounted since its carrying value approximates fair value.

***Investment in foreign securities***

The Company does not have any investment in foreign securities.

**Item 4. Other Disclosures**

1. Except as disclosed in the Notes to Consolidated Financial Statements and Management's Discussion and Analysis of Financial Condition and Results of Operations, there are no unusual items affecting assets, liabilities, equity, net income or cash flows for the interim period.

2. The Group's un-audited interim consolidated financial statements were prepared in compliance with PAS 34 (PAS 34, par. 19).

3. The Group's un-audited interim consolidated financial statements do not include all of the information and disclosures required in the annual financial statements and should be read in conjunction with the consolidated annual financial statements as of and for the year ended December 31, 2009 (PAS 34, par 15).

4. The accounting policies and methods of computation adopted in the preparation of the un-audited interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements as of and for the year ended December 31, 2009.

5. Except for income generated from retail leasing, there are no seasonal aspects that had a material effect on the Company's financial conditions or results of operations. There are no unusual operating cycles or seasons that will differentiate the operations for the period January to June 30, 2010 from the operations for the rest of the year.

6. Aside from any probable material increase in interest rate on the outstanding long-term debt, there are no known trends, events or uncertainties or any material commitments that may result to any cash flow or liquidity problems of the Company within the next 12 months.

7. There are no changes in estimates of amounts reported in prior year (2009) that have material effects in the current interim period.

8. Except for those discussed in the Management's Discussion and Analysis of Financial Condition and Results of Operations, there are no other issuances, repurchases and repayments of debt and equity securities.

9. Except as discussed in the Management's Discussion and Analysis of Financial Condition and Results of Operations, and Financial Risk Exposures, 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 are no changes in contingent liabilities or contingent assets since December 31, 2009 except for the sale of additional receivables with buy back provision in certain cases during the interim period.

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

12. The Company is not in default or breach of any note, loan, lease or other indebtedness or financing arrangement requiring it to make payments, or any significant amount of the Company's payables that have not been paid within the stated trade terms.

13. There are no significant elements of income that did not arise from the Company's continuing operations.

14. Except for those discussed above there are no material changes in the financial statements of the Company from December 31, 2009 to June 30, 2010.

15. There are no off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons created during the reporting period other than those that were previously reported.

16. 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.

**FILINVEST LAND, INC.**

Signature: **JOSEPH M. YAP**

Title: President / Chief Executive Officer

Date: August 12, 2010

Signature: **NELSON M. BONA**

Title: Senior Vice-President / Chief Financial Officer

Date: August 12, 2010

Signature: **Ma. Michelle P. Tibon-Judan**

Title: Vice President - Comptroller

Date: August 12, 2010

# PART 1 - FINANCIAL INFORMATION

## Item 1 - Financial Statements

### FILINVEST LAND, INC. AND SUBSIDIARIES
### CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
### (Amounts in Thousands)

| | June 30, 2010 (Unaudited) | December 31, 2009 (Audited) |
|---|---|---|
| **ASSETS** | | |
| **Cash and cash equivalents** | **2,512,894** | 5,757,272 |
| **Mortgage, notes and installment contracts receivables** | **7,797,281** | 7,570,778 |
| **Due from related parties** | **197,493** | 187,269 |
| **Other receivables** | **1,496,068** | 1,423,691 |
| **Real estate inventories** | **25,588,503** | 22,998,388 |
| **Investment in an associate** | **3,880,541** | 3,859,380 |
| **Available-for-sale financial assets** | **261,059** | 269,798 |
| **Investment property** | **11,308,549** | 9,937,851 |
| **Property and equipment** | **935,787** | 999,143 |
| **Goodwill** | **5,262,469** | 5,445,488 |
| **Other assets** | **524,954** | 455,294 |
| **TOTAL ASSETS** | **59,765,597** | **58,904,352** |
| **LIABILITIES AND EQUITY** | | |
| **LIABILITIES** | | |
| **Accounts payable and accrued expenses** | **6,183,930** | 6,154,250 |
| **Income tax payable** | **109,636** | 72,566 |
| **Due to related parties** | **51,543** | 46,720 |
| **Pension liability** | **42,493** | 37,398 |
| **Deferred income tax liabilities-net** | **1,595,277** | 1,494,740 |
| **Loans payable** | **7,489,583** | 6,984,800 |
| **Bonds payable** | **4,944,289** | 4,936,405 |
| **Total Liabilities** | **20,416,752** | **19,726,879** |
| **EQUITY** | | |
| Common stock | **24,470,709** | 24,470,708 |
| Preferred stock | **80,000** | 80,000 |
| Treasury stock | **(221,041)** | (221,041) |
| Additional paid-in capital | **5,612,321** | 5,612,321 |
| Revaluation reserve on available-for sale financial assets | **(2,619)** | (2,619) |
| Share in revaluation increment on land at deemed cost of an associate | **1,876,422** | 1,876,422 |
| Retained earnings | **7,533,043** | 7,361,682 |
| Total Equity | **39,348,835** | **39,177,473** |
| | **59,765,597** | **58,904,352** |

## FILINVEST LAND, INC. AND SUBSIDIARIES
### CONSOLIDATED STATEMENTS OF INCOME
**(Amounts in Thousands)**
**(Unaudited)**

| | Quarter Ended June 30 | | Six - Month Period Ended June 30 | |
|---|---|---|---|---|
| | **2010** | **2009** | **2010** | **2009** |
| **REVENUES** | | | | |
| **Real estate sales** | **1,129,199** | 620,749 | **2,208,367** | 1,568,742 |
| **Cost of real estate sales** | **(649,028)** | (307,126) | **(1,157,164)** | (745,585) |
| **Gross Profit** | **480,171** | 313,622 | **1,051,203** | 823,156 |
| **OTHER INCOME** | | | | |
| **Rental income** | **335,551** | 279,363 | **652,640** | 589,988 |
| **Interest income** | **116,267** | 108,722 | **234,333** | 205,088 |
| **Equity in net earnings of an associate** | **14,699** | 1,744 | **21,160** | 6,034 |
| **Foreign exchange gain** | **2,235** | 1,970 | **5,543** | 2,640 |
| **Others-net** | **61,156** | 35,398 | **127,786** | 108,956 |
| | **1,010,079** | 740,820 | **2,092,666** | 1,735,863 |
| **EXPENSES** | | | | |
| **General and administrative** | **294,259** | 254,082 | **516,144** | 490,766 |
| **Selling and marketing** | **157,537** | 120,319 | **277,533** | 252,446 |
| **Interests** | **60,959** | 44,991 | **122,971** | 89,284 |
| | **512,755** | 419,392 | **916,647** | 832,496 |
| **INCOME BEFORE INCOME TAX** | **497,323** | 321,428 | **1,176,018** | 903,367 |
| **PROVISION FOR INCOME TAX** | | | | |
| **Current** | **(5,465)** | 39,132 | **111,512** | 119,166 |
| **Deferred** | **49,335** | (1,238) | **66,410** | 24,856 |
| | **43,871** | 37,894 | **177,922** | 144,022 |
| **NET INCOME** | **453,453** | 283,533 | **998,096** | 759,344 |

| | | |
|---|---|---|
| **EARNINGS PER SHARE** | | |
| **Basic /Diluted** | P **0.086** | P 0.065 |
| Earnings per share amounts were computed as follows: | | |
| a. Net income (annualized) | **1,996,191** | **1,518,691** |
| b. Weighted average number of outstanding common shares after considering reciprocal holdings in an associate and treasury shares | **23,346,790** | **23,268,725** |
| c. Earnings per share - basic/diluted (a/b) | P **0.086** | P 0.065 |

Reciprocal interest relating to FAI's ownership in the Group and treasury shares are deducted from the total outstanding shares in computing the weighted average number of outstanding common shares.

**FILINVEST LAND, INC. AND SUBSIDIARIES**
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**
**(Amounts in Thousands)**
**(Unaudited)**

| | Six Month Period Ended June 30 | |
|---|---|---|
| | **2010** | **2009** |
| Net Income for the period | 998,096 | 759,344 |
| Other comprehensive income<br>(Unrealized loss on available-for-sale financial assets) | - | - |
| Total comprehensive income | 998,096 | 759,344 |

**ANNEX A - 3**

**FILINVEST LAND, INC. AND SUBSIDIARIES**
**Consolidated Statements of Changes in Equity**
**(Amounts in Thousands of Pesos)**
**(Unaudited)**

| | Six-Month Period Ended June 30 | |
|---|---|---|
| | **2010** | **2009** |
| **Capital Stock** | | |
| **Common - P1 par value** | | |
| **Authorized - 33 billion shares in 2010 and 2009** | | |
| **Issued - 24,470,708,509 shares in 2010 and 2009** | 24,470,708 | 24,470,708 |
| **Outstanding- 24,249,759,509 shares in 2010 and 2009** | | |
| **Preferred - P0.01 par value** | | |
| **Authorized - 8 billion shares in 2010 and 2009** | | |
| **Issued and outstanding - 8 billion shares in 2010 and 2009** | 80,000 | 80,000 |
| **Treasury shares** | (221,041) | (221,041) |
| **Additional Paid-In Capital** | 5,612,321 | 5,612,321 |
| **Revaluation reserve on available-for-sale financial assets** | (2,619) | (2,619) |
| **Share in Revaluation Increment on land of an associate** | 1,876,422 | 1,876,422 |
| **Retained Earnings** | | |
| **Balance at beginning of the year** | 7,361,682 | 6,143,724 |
| **Cash Dividends** | (826,733) | (793,442) |
| **Net Income** | 998,096 | 759,344 |
| **Balance at end of period** | 7,533,044 | 6,109,626 |
| | 39,348,835 | 37,925,417 |

**ANNEX A - 4**

**FILINVEST LAND, INC. AND SUBSIDIARIES**
**CONSOLIDATED STATEMENTS OF CASH FLOWS**
**( Amounts in Thousands )**
**( Unaudited )**

| | Six - Month Period Ended June 30 | |
|---|---|---|
| | **2010** | **2009** |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Income before income tax | **1,176,018** | 903,367 |
| Adjustments for: | | |
| Interest expense | **122,971** | 89,284 |
| Depreciation and amortization | **121,688** | 137,345 |
| Provision for retirement benefits | **6,318** | 6,318 |
| Equity in net earnings of an associate | **(21,160)** | (6,034) |
| Interest income | **(234,333)** | (205,088) |
| Operating income before working capital changes | **1,171,501** | **925,191** |
| Changes in operating assets and liabilities: | | |
| Decrease ( increase ) in: | | |
| Mortgage, notes and installment contracts receivable | **(132,599)** | 508,893 |
| Other receivables | **(11,345)** | 87,556 |
| Real estate inventories | **(1,096,459)** | (758,114) |
| Other assets | **(66,434)** | (109,135) |
| Increase (decrease) in: | | |
| Accounts payable and accrued expenses | **(381,433)** | 136,472 |
| Pension benefits paid | **(1,222)** | (3,219) |
| Net cash used in operations | **(517,989)** | **787,644** |
| Interest received | **234,333** | 205,088 |
| Income taxes paid | **(64,987)** | (38,507) |
| Net cash used in operating activities | **(348,643)** | **954,224** |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Rawland acquisition | **(609,117)** | (381,008) |
| Acquisition of property and equipment | **(32,029)** | (169,179) |
| (Increase) Decrease in investment property | **834** | (9,408) |
| Acquisition of investment in stocks | **(1,124,791)** | (19,311) |
| Cash used in investing activities | **(1,765,102)** | **(578,906)** |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Proceeds from notes payable, corporate notes and long-term debt | **119,400** | 0 |
| Payments of notes payable, corporate notes and long-term debt | **(69,217)** | (12,900) |
| Decrease (increase) in due from related parties | **33,971** | (12,533) |
| Increase (decrease) in due to related parties | **4,823** | (210,500) |
| Interest paid | **(392,877)** | (226,927) |
| Dividends paid | **(826,733)** | (793,443) |
| Cash used in financing activities | **(1,130,632)** | **(1,256,302)** |
| **NET DECREASE IN CASH AND CASH EQUIVALENTS** | **(3,244,378)** | **(880,984)** |
| **CASH AND CASH EQUIVALENTS, BEGINNING** | **5,757,272** | 2,433,018 |
| **CASH AND CASH EQUIVALENTS, END** | **2,512,894** | **1,552,034** |

**FILINVEST LAND, INC. AND SUBSIDIARIES**
**Aging of Receivables**
**Amounts in Thousand Pesos**
**As of June 30, 2010**

| | Current | 1-30 days | 31-60 days | 61-90 days | 91-120 days | >120 days | Total |
|---|---|---|---|---|---|---|---|
| Type of Account Receivable | | | | | | | |
| a) Mortgage, Notes & Installment Contract Receivable | | | | | | | |
| 1. Installment Contracts Receivable | 7,253,213 | 27,160 | 18,322 | 13,972 | 9,063 | 108,815 | 7,430,546 |
| 2. Receivable from financing Institutions | 366,735 | | | | | | 366,735 |
| Sub-total | 7,619,948 | 27,160 | 18,322 | 13,972 | 9,063 | 108,815 | 7,797,281 |
| b) Other Receivables | 1,496,068 | | - | | | | 1,496,068 |
| Less: Allowance for doubtful accounts | | | - | | | | |
| Net | 1,496,068 | - | - | - | - | - | 1,496,068 |
| Net Receivables | **9,116,016** | **27,160** | **18,322** | **13,972** | **9,063** | **108,815** | **9,293,349** |

| Account Receivable Description<br>Type of Receivables | Nature/Description | Collection Period |
|---|---|---|
| Installment contracts receivables | This is the Company's in-house financing, where buyers are required to make downpayment and the balance will be in the form of a mortgage loan to be paid in equal monthly installments. | 5-10 years |
| Receivable from financing institution | This represents proceeds from buyers' financing under one or more of the government programs granted to finance buyers of housing units and mortgage house financing of private banks. | Current |
| Other receivables | This represents claims from other parties arising from the ordinary course of business. It also includes advances for expenses/accommodations made by the Company in favor of officers and employees. | Current |

Normal Operating Cycle: 12 calendar months

**Annex B**