

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
Mar 31, 2016
2. SEC Identification Number
AS094-006430
3. BIR Tax Identification No.
003-942-108
4. Exact name of issuer as specified in its charter
EMPIRE EAST LAND HOLDINGS, INC.
5. Province, country or other jurisdiction of incorporation or organization
Metro Manila
6. Industry Classification Code(SEC Use Only)
7. Address of principal office
21st Floor The World Centre, 330 Sen. Gil Puyat Avenue, Makati City
Postal Code
1227
8. Issuer's telephone number, including area code
(632) 8678351 to 59
9. Former name or former address, and former fiscal year, if changed since last report
N/A
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common	14,676,199,167

11. Are any or all of registrant's securities listed on a Stock Exchange?
Yes No
If yes, state the name of such stock exchange and the classes of securities listed therein:
The shares of common stock of the Company are listed on the Philippine Stock Exchange.
12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(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 No

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

Yes No

The Exchange does not warrant and holds no responsibility for the veracity of the facts and representations contained in all corporate disclosures, including financial reports. All data contained herein are prepared and submitted by the disclosing party to the Exchange, and are disseminated solely for purposes of information. Any questions on the data contained herein should be addressed directly to the Corporate Information Officer of the disclosing party.



Empire East

Empire East Land Holdings, Inc.

ELI

PSE Disclosure Form 17-2 - Quarterly Report
References: SRC Rule 17 and
Sections 17.2 and 17.8 of the Revised Disclosure Rules

For the period ended	Mar 31, 2016
Currency (indicate units, if applicable)	Pesos

Balance Sheet

	Period Ended	Fiscal Year Ended (Audited)
	Mar 31, 2016	Dec 31, 2015
Current Assets	28,241,046,581	28,176,347,515
Total Assets	37,627,497,721	37,270,221,328
Current Liabilities	7,710,671,048	7,567,169,644
Total Liabilities	12,758,420,986	12,586,231,865
Retained Earnings/(Deficit)	4,354,809,860	4,215,917,504
Stockholders' Equity	24,869,076,736	24,683,989,463
Stockholders' Equity - Parent	24,248,606,820	24,064,674,464
Book Value per Share	1.65	1.64

Income Statement

	Current Year (3 Months)	Previous Year (3 Months)	Current Year-To-Date	Previous Year-To-Date
Operating Revenue	1,087,686,627	1,255,560,180	1,087,686,627	1,255,560,180
Other Revenue	63,119,735	75,250,107	63,119,735	75,250,107
Gross Revenue	1,150,806,362	1,330,810,287	1,150,806,362	1,330,810,287
Operating Expense	909,954,909	1,098,216,111	909,954,909	1,098,216,111
Other Expense	42,120,399	36,640,347	42,120,399	36,640,347
Gross Expense	952,075,308	1,134,856,458	952,075,308	1,134,856,458
Net Income/(Loss) Before Tax	198,731,054	195,953,829	198,731,054	195,953,829
Income Tax Expense	58,683,783	57,841,929	58,683,783	57,841,929
Net Income/(Loss) After Tax	140,047,271	138,111,900	140,047,271	138,111,900
Net Income Attributable to Parent Equity Holder	138,892,355	136,243,655	138,892,355	136,243,655
Earnings/(Loss) Per Share (Basic)	0	0	0	0
Earnings/(Loss) Per Share (Diluted)	0	0	0	0

Other Relevant Information

Please note that the actual figures of the following:
 1. Earnings/ (Loss) Per Share (Basic) Current Year-To-Date: 0.0095/ Previous Year-To-Date: 0.0093
 2. Earnings/ (Loss) Per Share (Diluted) Current-To-Date: 0.0095/ Previous Year-To-Date: 0.0093

Filed on behalf by:

Name	Dohrie Edangalino
Designation	Authorized User

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 31 March 2016
2. Commission Identification Number: AS094-006430
3. BIR Tax Identification No. 003-942-108
4. EMPIRE EAST LAND HOLDINGS, INC.
Exact name of issuer as specified in its charter
5. Metro Manila
Province, Country or other jurisdiction of incorporation or organization
6. (SEC Use Only)
Industry Classification Code
7. 21st Floor, The World Centre
330 Sen. Gil J. Puyat Avenue
Makati City, Philippines 1227
Address of issuer's principal office
8. (632) 867-8351 to 59
Issuer's telephone number, including area code
9. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of Class	Number of Shares of Common Stock Outstanding
Common	14,676,199,167

10. Are any or all of the securities listed on a Stock Exchange?

Yes [X] No []

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

The shares of common stock of the Company are listed on the Philippine Stock Exchange.

11. Indicate by check mark whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Section 11 of the RSA and RSA Rule 11(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 the registrant was required to file such reports).

Yes [X] No []

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

Yes

No

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

Interim financial statements are attached as Exhibits 1 to 6 hereof and incorporated herein by reference:

Exhibit 1 – Consolidated Statements of Financial Position as of December 31, 2015 and March 31, 2016

Exhibit 2 - Consolidated Statements of Comprehensive Income as of March 31, 2015 and March 31, 2016

Exhibit 3 - Comparative Statements of Changes in Equity as of March 31, 2015 and March 31, 2016

Exhibit 4 - Comparative Consolidated Statements of Cash Flows as of March 31, 2015 and March 31, 2016

Exhibit 5 - Notes to Interim Financial Statements

Exhibit 6 - Management's Discussion of Financial Condition and Results of Operations

Item 2. Aging of Accounts Receivable as of March 31, 2016

Please refer to Exhibit 7 hereof.

Item 3. Schedule of Financial Soundness Indicators

Please refer to Exhibit 8 hereof.

PART II – OTHER INFORMATION

The Company is not in possession of information which has not been previously reported in a report on SEC Form 17-C and with respect to which a report on SEC Form 17-C is required to be filed.

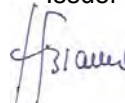
SIGNATURE

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.

EMPIRE EAST LAND HOLDINGS, INC.

Issuer

By:



EVELYN G. CACHO

Senior Vice President (Principal Financial Officer) and Duly Authorized Officer
May 12, 2016

EXHIBIT 1

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(In thousand pesos)

	Unaudited 31-Mar-16	Audited 31-Dec-15
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	P 1,261,050	P 1,398,236
Trade and other receivables - net	3,999,110	4,010,738
Advances to related parties	2,189,099	2,146,804
Residential and condominium units for sale	18,354,133	18,269,743
Property development costs	1,892,028	1,889,463
Prepayments and other current assets	545,626	461,364
Total Current Assets	28,241,046	28,176,348
NON-CURRENT ASSETS		
Trade and other receivables - net	2,454,004	2,200,848
Available-for-sale financial assets	1,857,900	1,812,860
Advances to landowners and joint ventures	606,393	605,382
Land held for future development	2,925,391	2,925,391
Investment in associates	1,162,091	1,162,060
Property and equipment - net	148,267	150,777
Investment property - net	147,742	151,943
Other non-current assets	84,664	84,612
Total Non-current Assets	9,386,452	9,093,873
TOTAL ASSETS	P 37,627,498	P 37,270,221

Unaudited 31-Mar-16	Audited 31-Dec-15
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LIABILITIES AND EQUITY

CURRENT LIABILITIES

Interest-bearing loans and borrowings	P 144,535	P 86,897
Trade and other payables	1,072,164	1,072,575
Deferred gross profit on real estate sales	35,624	33,879
Customers' deposits	2,650,774	2,612,905
Advances from related parties	2,852,868	2,832,787
Reserve for property development	349,618	337,614
Income tax payable	20,613	20,751
Other current liabilities	<u>584,475</u>	<u>569,762</u>
 Total Current Liabilities	 <u>7,710,671</u>	 <u>7,567,170</u>

NON-CURRENT LIABILITIES

Interest-bearing loans and borrowings	1,356,281	1,422,106
Deferred gross profit on real estate sales	100,320	109,268
Reserve for property development	1,581,482	1,536,370
Retirement benefit obligation	480,006	479,299
Deferred tax liabilities	<u>1,529,661</u>	<u>1,472,019</u>
 Total Non-current Liabilities	 <u>5,047,750</u>	 <u>5,019,062</u>

Total Liabilities

12,758,421 12,586,232

EQUITY

Equity attributable to parent company's shareholders	24,248,607	24,064,674
Non-controlling interest	<u>620,470</u>	<u>619,315</u>
 Total Equity	 <u>24,869,077</u>	 <u>24,683,989</u>

TOTAL LIABILITIES AND EQUITY

P 37,627,498 **P 37,270,221**

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	(In Thousands)	
	Unaudited Jan-March 2016	Unaudited Jan-March 2015
REVENUES		
Real estate sales	P 957,750	P 1,060,004
Realized gross profit on prior years' sales	23,514	23,729
Finance Income	63,090	76,538
Equity share in net earnings of an associate	30	(1,288)
Commissions & other income	<u>106,422</u>	<u>171,827</u>
	<u>1,150,806</u>	<u>1,330,810</u>
COST & EXPENSES		
Cost of real estate sales	617,054	831,380
Deferred gross profit on current year's sales	16,310	2,690
Finance costs	42,120	36,640
Operating expenses	276,591	264,146
Tax expense	<u>58,684</u>	<u>57,842</u>
	<u>1,010,759</u>	<u>1,192,698</u>
NET PROFIT	140,047	138,112
OTHER COMPREHENSIVE INCOME (LOSS)		
Fair value gains (losses) on available-for-sale financial assets	<u>45,040</u>	<u>444,770</u>
TOTAL COMPREHENSIVE INCOME (LOSS)	<u>185,087</u>	<u>582,882</u>
Net profit attributable to:		
Parent company's shareholders	138,892	136,244
Minority interest	<u>1,155</u>	<u>1,868</u>
	<u>140,047</u>	<u>138,112</u>
Total comprehensive income (loss) attributable to:		
Parent company's shareholders	183,932	581,130
Non-controlling interest	<u>1,155</u>	<u>1,752</u>
	<u>185,087</u>	<u>582,882</u>
Earnings Per Share		
Basic	<u>0.0095</u>	<u>0.0093</u>
Diluted	<u>0.0095</u>	<u>0.0093</u>

EXHIBIT 3

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES
COMPARATIVE STATEMENTS OF CHANGES IN EQUITY

	(In Thousands)	
	Unaudited 31-Mar-2016	Unaudited 31-Mar-2015
CAPITAL STOCK	P 14,803,455	P 14,803,455
ADDITIONAL PAID-IN CAPITAL	4,307,888	4,307,888
TREASURY SHARES	(102,107)	(102,107)
REVALUATION RESERVES		
Balance at beginning of year	839,520	1,548,098
Net unrealized fair value gains (losses) on available-for-sale financial assets	<u>45,040</u>	<u>444,770</u>
Balance at end of period	884,560	1,992,868
RETAINED EARNINGS	4,354,811	3,804,883
MINORITY INTEREST	<u>620,470</u>	<u>617,835</u>
TOTAL EQUITY	P <u><u>24,869,077</u></u>	P <u><u>25,424,822</u></u>

EXHIBIT 4

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousand pesos)

	Unaudited 31-Mar-16	Unaudited 31-Mar-15
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before tax	P 198,731	P 195,954
Adjustments for:		
Depreciation and amortization	8,232	8,596
Finance costs	42,120	36,640
Finance income	(63,090)	(76,538)
Equity in net loss (earnings) of associates	(30)	1,288
Operating income before working capital changes	185,963	165,940
Net Changes in Operating Assets and Liabilities		
Decrease (Increase) in current and non-current assets	(401,062)	50,776
(Decrease) Increase in current and other non-current liabilities	3,226	(458,829)
(Decrease) Increase in reserve for property development	57,116	(40,322)
Cash used in operations	(154,757)	(282,435)
Interest received	25,128	44,627
Cash paid for income taxes	(530)	(84)
Net Cash Used in Operating Activities	(130,159)	(237,892)
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES	1,159	(251)
CASH FLOWS USED IN FINANCING ACTIVITIES	(8,186)	(23,436)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(137,186)	(261,579)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	1,398,236	821,514
CASH AND CASH EQUIVALENTS AT END OF PERIOD	P 1,261,050	P 559,935
	(0)	

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES
(A Subsidiary of Megaworld Corporation)
NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE 3 MONTHS ENDED MARCH 31, 2016, AND 2015
(UNAUDITED)
(Amounts in Philippine Pesos)

1. CORPORATE INFORMATION

Empire East Land Holdings, Inc. (the Company) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on July 15, 1994. The Company is presently engaged in the development and marketing of mid-cost housing projects in the form of condominium communities, subdivision lots and house and lot packages, and commercial units to a limited extent. The Company also leases out commercial and industrial properties.

The shares of common stock of the Company are listed at the Philippine Stock Exchange (PSE).

The Company holds ownership interests in the following entities:

<u>Subsidiaries/ Associates</u>	<u>Explanatory Notes</u>	<u>Percentage of Ownership</u>	
		<u>March 2016</u>	<u>2015</u>
Subsidiaries:			
Eastwood Property Holdings, Inc. (EPHI)	(a)	100%	100%
Valle Verde Properties, Inc. (VVPI)	(b)	100%	100%
Sherman Oak Holdings, Inc. (SOHI)	(c)	100%	100%
Empire East Communities, Inc. (EECI)	(d)	100%	100%
Laguna BelAir Science School, Inc. (LBASSI)	(e)	73%	73%
Sonoma Premier Land, Inc. (SPLI)	(f)	60%	60%
20th Century Nylon Shirt Co., Inc. (20th Century)	(g)	100%	100%
Associates:			
Gilmore Property Marketing Associate, Inc.(GPMAI)	(h)	47%	47%
Pacific Coast Megacity Inc. (PCMI)	(i)	20%	20%

Explanatory Notes:

- (a) Subsidiary incorporated in 1996 and serves as the marketing arm of the Company for the latter's projects, as well as those of other related parties.
- (b) Subsidiary incorporated in 2006; additional shares were acquired in November 2008 through assignment of shares from a third party.
- (c) Subsidiary incorporated in 2007; shares acquired through assignment of shares from Yorkshire

- Holdings Inc., a related party, in January 2008.
- (d) Subsidiary incorporated in 2008 to primarily engage in the purchase, development, sale and lease of real properties but is currently engaged in the marketing of real estate properties.
 - (e) Subsidiary incorporated in 1996 to primarily engage in operating a school for primary and secondary education.
 - (f) Subsidiary incorporated in 2007 as a holding entity to primarily engage in the development and marketing of all kinds of real estate. Additional shares were acquired from First Centro, Inc. in March and June 2008.
 - (g) Subsidiary incorporated in 1952 to engage in manufacturing, distributing, buying, and selling or otherwise deal in wearing apparels and its accessories, such as zipper, buttons, etc., for men, women, and children. The Company acquired its 100% ownership interest in February 2015.
 - (h) Entity incorporated in 1996. In 2012, the entity was deconsolidated and treated as an associate of the Company.
 - (i) Entity incorporated in 2012. In 2015, the Company acquired its 20% ownership interest with a plan of acquiring its 100% interest over a period of five years.

The registered office, which is also the place of operations of the Company's subsidiaries and associates, is located at 21st Floor, The World Centre Building, 330 Sen. Gil Puyat Avenue, Makati City except for EPHI, LBASSI, 20th Century, and PCMI. The registered office, which is also the place of operations, of EPHI, LBASSI, 20th Century, and PCMI are summarized below.

- (a) EPHI – 28th Floor, The World Centre Building, 330 Sen. Gil Puyat Avenue, Makati City
- (b) LBASSI – Brgy. Don Jose, Sta. Rosa, Laguna
- (c) 20th Century – 632 Shaw Blvd. Highway Hills, Mandaluyong City
- (d) PCMI – 7th Floor 1880 Building Eastwood City E. Rodriguez Jr. Ave. Bagumbayan, Quezon City

In prior years, the Company increased its ownership interest in VVPI and LBASSI resulting to 100% and 73% ownership control over the respective subsidiaries. This resulted to the recognition of goodwill which amounted to P78.3 million as of March 31, 2016 and 2015, and shown as part of Other non-current assets account in the consolidated statements of financial position.

In February 2015, the Company acquired 100% ownership interest in 20th Century for a total consideration of P696.4 million. The excess of consideration paid over the net assets of the acquired company is attributed to the fair value of its land.

Also, in 2015, the Company invested in PCMI amounting to P877.8 million in exchange for 750,000,000 shares representing 20% ownership interest in the said company. The Company exercises significant influence over PCMI; hence, the investment is accounted as an Investment in Associate.

The Company is a subsidiary of Megaworld Corporation (Megaworld or parent company). Megaworld is engaged in the development of large scale mixed-use planned communities or townships that integrate residential, commercial, leisure and entertainment components. The parent company is

presently engaged in property-related activities, such as, project design, construction and property management. Megaworld is 67.25% owned by Alliance Global Group, Inc. (AGI), the Company's ultimate parent company. AGI is a holding company with diversified investments in food and beverage, real estate, tourism-entertainment and gaming and quick service restaurant businesses. The shares of common stock of both Megaworld and AGI are listed at the PSE.

The Company's registered office is located at 21st Floor, The World Centre Building, 330 Sen. Gil Puyat Avenue, Makati City. Megaworld's registered office is at 28th Floor of the same building as that of the Company. On the other hand, AGI's registered office is located at the 7th Floor, 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriguez Jr. Avenue, Bagumbayan, Quezon City. These entities' registered offices are also their respective principal places of business.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarized below and in the succeeding pages. The policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 *Basis of Preparation of Consolidated Financial Statements*

(a) *Statement of Compliance with Philippine Financial Reporting Standards*

The consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). PFRS are adopted by the Financial Reporting Standards Council (FRSC) from the pronouncements issued by the International Accounting Standards Board and approved by the Philippine Board of Accountancy (BOA).

The consolidated financial statements have been prepared using the measurement bases specified by PFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies that follow.

(b) *Presentation of Financial Statements*

The consolidated financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements*. The Group presents all items of income and expenses in a single statement of comprehensive income.

(c) *Functional and Presentation Currency*

These consolidated financial statements are presented in Philippine pesos, the functional and presentation currency of the Group, and all values represent absolute amounts except when otherwise indicated.

Items included in the consolidated financial statements of the Group are measured using the Company's functional currency. Functional currency is the currency of the primary economic environment in which the Company operates.

2.2 *Adoption of New and Amended PFRS*

(a) *Effective in 2016 that are Relevant to the Company*

There are new PFRS, amendments and annual improvements to existing standards effective for annual periods subsequent to 2015 which are adopted by the FRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and, unless otherwise stated, none of these are expected to have significant impact on the Group's consolidated financial statements:

- (i) PAS 1 (Amendment), *Presentation of Financial Statements – Disclosure Initiative* (effective from January 1, 2016). The amendment encourages entities to apply professional judgment in presenting and disclosing information in the financial statements. Accordingly, it clarifies that materiality applies to the whole financial statements and an entity shall not reduce the understandability of the financial statements by obscuring material information with immaterial information or by aggregating material items that have different natures or functions. Moreover, the amendment clarifies that an entity's share of other comprehensive income of associates and joint ventures accounted for using equity method should be presented based on whether or not such other comprehensive income item will subsequently be reclassified to profit or loss. It further clarifies that in determining the order of presenting the notes and disclosures, an entity shall consider the understandability and comparability of the financial statements.
- (ii) PAS 16 (Amendment), *Property, Plant and Equipment*, and PAS 38 (Amendment), *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortization* (effective from January 1, 2016). The amendment in PAS 16 clarifies that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment. In addition, amendment to PAS 38 introduces a rebuttable presumption that an amortization method that is based on the revenue generated by an activity that includes the use of an intangible asset is not appropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of an intangible asset are highly correlated. The amendment also provides guidance that the expected future reductions in the selling price of an item that was produced using the asset could indicate an expectation of technological or commercial obsolescence of an asset, which may reflect a reduction of the future economic benefits embodied in the asset.

- (iii) PAS 16 (Amendment), *Property, Plant and Equipment*, and PAS 41 (Amendment), *Agriculture – Bearer Plants* (effective from January 1, 2016). The amendment defines a bearer plant as a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales. On this basis, bearer plant is now included within the scope of PAS 16 rather than PAS 41, allowing such assets to be accounted for as property, plant and equipment and to be measured after initial recognition at cost or revaluation basis in accordance with PAS 16. The amendment further clarifies that produce growing on bearer plants remains within the scope of PAS 41.
- (iv) PAS 27 (Amendment), *Separate Financial Statements – Equity Method in Separate Financial Statements* (effective from January 1, 2016). This amendment introduces a third option which permits an entity to account for its investments in subsidiaries, joint ventures and associates under the equity method in its separate financial statements in addition to the current options of accounting those investments at cost or in accordance with PAS 39 or PFRS 9. As of the end of the reporting period, the Company has no plan to change the accounting policy for its investments in subsidiaries and associates.
- (v) PFRS 10 (Amendment), *Consolidated Financial Statements*, PFRS 12, *Disclosure of Interests in Other Entities*, and PAS 28 (Amendment), *Investments in Associates and Joint Ventures – Investment Entities – Applying the Consolidation Exception* (effective from January 1, 2016). This amendment addresses the concerns that have arisen in the context of applying the consolidation exception for investment entities. It clarifies which subsidiaries of an investment entity are consolidated in accordance with paragraph 32 of PFRS 10 and clarifies whether the exemption to present consolidated financial statements, set out in paragraph 4 of PFRS 10, is available to a parent entity that is a subsidiary of an investment entity. This amendment also permits a non-investment entity investor, when applying the equity method of accounting for an associate or joint venture that is an investment entity, to retain the fair value measurement applied by that investment entity associate or joint venture to its interests in subsidiaries.
- (vi) PFRS 10 (Amendment), *Consolidated Financial Statements*, and PAS 28 (Amendment), *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associates or Joint Venture* (effective date deferred indefinitely). The amendment to PFRS 10 requires full recognition in the investor's financial statements of gains or losses arising on the sale or contribution of assets that constitute a business as defined in PFRS 3 between an investor and its associate or joint venture. Accordingly, the partial recognition of gains or losses (i.e., to the extent of the unrelated investor's interests in an associate or joint venture) only applies to those sale of contribution of assets that do not constitute a business. Corresponding amendment has been made to PAS 28 to reflect these changes. In addition, PAS 28 has been amended to clarify that when determining whether assets that are sold or contributed constitute a business, an entity shall consider whether the sale or contribution of those assets is part of multiple arrangements that should

be accounted for as a single transaction. In December 2015, the IASB deferred the mandatory effective date of these amendments (i.e., from January 1, 2016) indefinitely.

- (vii) PFRS 9 (2014), *Financial Instruments* (effective from January 1, 2018). This new standard on financial instruments will eventually replace PAS 39 and PFRS 9 (2009, 2010 and 2013 versions). This standard contains, among others, the following:
- three principal classification categories for financial assets based on the business model on how an entity is managing its financial instruments;
 - an expected loss model in determining impairment of all financial assets that are not measured at fair value through profit or loss (FVTPL), which generally depends on whether there has been a significant increase in credit risk since initial recognition of a financial asset; and,
 - a new model on hedge accounting that provides significant improvements principally by aligning hedge accounting more closely with the risk management activities undertaken by entities when hedging their financial and non-financial risk exposures.

In accordance with the financial asset classification principle of PFRS 9 (2014), a financial asset is classified and measured at amortized cost if the asset is held within a business model whose objective is to hold financial assets in order to collect the contractual cash flows that represent solely payments of principal and interest (SPPI) on the principal outstanding. Moreover, a financial asset is classified and subsequently measured at fair value through other comprehensive income if it meets the SPPI criterion and is held in a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets. All other financial assets are measured at FVTPL.

In addition, PFRS 9 (2014) allows entities to make an irrevocable election to present subsequent changes in the fair value of an equity instrument that is not held for trading in other comprehensive income.

The accounting for embedded derivatives in host contracts that are financial assets is simplified by removing the requirement to consider whether or not they are closely related, and, in most arrangements, does not require separation from the host contract.

For liabilities, the standard retains most of the PAS 39 requirements which include amortized cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The amendment also requires changes in the fair value of an entity's own debt instruments caused by changes in its own credit quality to be recognized in other comprehensive income rather than in profit or loss.

Management is currently assessing the impact of PFRS 9 (2014) on the consolidated financial statements of the Group and it will conduct a comprehensive study of the potential impact of this standard prior to its mandatory adoption date to assess the impact of all changes.

(viii) Annual Improvements to PFRS (2012-2014 Cycle) (effective from January 1, 2016). Among the improvements, the following amendments are relevant to the Group:

- PFRS 7 (Amendment), *Financial Instruments – Disclosures*. The amendment provides additional guidance to help entities identify the circumstances under which a contract to “service” financial assets is considered to be a continuing involvement in those assets for the purposes of applying the disclosure requirements of PFRS 7. Such circumstances commonly arise when, for example, the servicing is dependent on the amount or timing of cash flows collected from the transferred asset or when a fixed fee is not paid in full due to non-performance of that asset.
- PAS 19 (Amendment), *Employee Benefits*. The amendment clarifies that the currency and term of the high quality corporate bonds which were used to determine the discount rate for post-employment benefit obligations shall be made consistent with the currency and estimated term of the post-employment benefit obligations.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Group’s consolidated financial statements in accordance with PFRS require management to make judgments and estimates that affect amounts reported in the consolidated financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may ultimately vary from these estimates.

3.1 *Critical Judgments in Applying Accounting Policies*

In the process of applying the Group’s accounting policies, management has made the following judgments, apart from those involving estimation, which have the most significant effect on the amounts recognized in the consolidated financial statements:

(a) Impairment of AFS Financial Assets

The determination when an investment is other-than-temporarily impaired requires significant judgment. In making this judgment, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flows.

(b) Distinguishing Investment Property, Owner-managed Properties and Land Held for Future Development

The Group determines whether a property qualifies as investment property. In making its judgment, the Group considers whether the property generates cash flows largely independent of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to the property but also to other assets used in the production or supply process while land held for future development are properties intended solely for future development.

(c) Distinguishing Operating and Finance Leases

The Group has entered into various lease agreements as either a lessor or lessee. Critical judgment was exercised by management to distinguish each lease agreement as either an operating or finance lease by looking at the transfer or retention of significant risk and rewards of ownership of the properties covered by the agreements. Failure to make the right judgment will result in either overstatement or understatement of assets and liabilities.

Based on management's assessment, all of the Group's current lease agreements are classified as operating leases.

(d) Recognition of Provisions and Contingencies

Judgment is exercised by management to distinguish between provisions and contingencies.

3.2 Key Sources of Estimation Uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period:

(a) Impairment of Trade and Other Receivables

Adequate amount of allowance for impairment is provided for specific and groups of accounts, where objective evidence of impairment exists. The Group evaluates the amount of allowance for impairment based on available facts and circumstances affecting the collectibility of the accounts,

including, but not limited to, the length of the Group's relationship with the counterparties, their current credit status, average age of accounts, collection experience and historical loss experience. The methodology and assumptions used in estimating future cash flows are reviewed regularly by the Group to reduce any differences between loss estimates and actual loss experience.

(b) Determining Net Realizable Value of Residential and Condominium Units for Sale, Property Development Costs and Land Held for Future Development

In determining the net realizable value of residential and condominium units for sale, property development costs and land held for future development, management takes into account the most reliable evidence available at the times the estimates are made. The future realization of the carrying amounts of these assets is affected by price changes in the different market segments as well as the trends in the real estate industry. These are considered key sources of estimation and uncertainty and may cause significant adjustments to the Group's Residential and Condominium Units for Sale, Property Development Costs and Land Held for Future Development within the next reporting period.

(c) Estimating Useful Lives of Property and Equipment and Investment Property

The Group estimates the useful lives of property and equipment and investment property based on the period over which the assets are expected to be available for use. The estimated useful lives of property and equipment and investment property are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

(d) Determining Realizable Amount of Deferred Tax Assets

The Group reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

(e) Impairment of Non-financial Assets

In assessing impairment, the Group estimates the recoverable amount of each asset or a cash-generating unit based on expected future cash flows and uses an interest rate to calculate the present value of those cash flows. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate. Though the Group believes that the assumptions used in the estimation of fair values reflected in the financial statements are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

(f) Valuation of Post-Employment Defined Benefit

The determination of the Group's obligation and cost of post-employment benefit is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions include, among others, discount rates and salary increase rate. A significant change in any of these actuarial assumptions may generally affect the recognized expense, other comprehensive income or losses and the carrying amount of the post-employment benefit obligation in the next reporting period.

(g) Revenue Recognition Based on Percentage-of-Completion Method

The Group uses the percentage-of-completion method in accounting for its realized gross profit on real estate sales. The use of the percentage-of-completion method requires the Group to estimate the portion completed to date as a proportion of the total budgeted cost of the project.

(h) Basis for Revenue Recognition Benchmark

The Group recognizes its revenue in full when a certain percentage of the net contract price is received /collected. Management believes that the revenue recognition criterion on percentage of collection is appropriate based on the Group's collection history of customers and number of back out sales in prior years. A buyer's interest in the property is considered to have vested when a defined percentage of the net contract price has been received from the buyer and the Group ascertained the buyer's commitment to complete the payment of the total contract price.

(i) Determination of Fair Value of Investment Property

Investment property is measured using the cost model. The consolidated financial statements is determined by the Group using the market comparable approach that reflects the recent transaction prices for similar properties in nearby locations.

The fair values of the properties were derived using the observable recent prices of the reference properties and were adjusted for differences in key attributes such as property size, zoning, and accessibility. The most significant input into this valuation approach is the price per square meter; hence, the higher the price per square meter, the higher the fair value of the properties.

The Group uses assumptions that are mainly based on market conditions existing at the end of each reporting periods. A significant change in these elements may affect prices and the value of the assets.

4. SEGMENT REPORTING

4.1 *Business Segments*

The Group's operating businesses are organized and managed separately according to the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The Group is engaged in the development and marketing of mid-cost housing projects in the form of condominium communities, subdivision lots and house and lot packages, and commercial units to a limited extent. It classifies and monitors its projects into high-rise and horizontal. High-rise projects refer to condominiums and other medium scale properties while the horizontal projects refer to house and lot packages and subdivision lots. Both are intended for middle income market.

4.2 *Segment Assets and Liabilities*

Segment assets include all operating assets used by a segment and consist principally of operating receivables, property development cost, residential and condominium units for sale and investment property. Segment liabilities include all operating liabilities incurred by management in each particular segment.

4.3 *Intersegment Transactions*

There are no intersegment transactions. In case of inter-segment sales and transfers, the Group generally accounts for them as if the sales or transfers were made to third parties at current market prices. Intersegment sales and transfers, if any, are eliminated in the preparation of the financial statements.

4.4 *Analysis of Segment Information*

The succeeding pages present the revenue and profit information regarding industry segments for the three months ended March 31, 2016 and 2015 and certain assets and liabilities information regarding industry segments as of March 31, 2016 and December 31, 2015.

	High Rise Projects		Horizontal Projects		Total	
	Mar. 31, 2016	Mar. 31, 2015	Mar. 31, 2016	Mar. 31, 2015	Mar. 31, 2016	Mar. 31, 2015
REVENUES						
Real Estate Sales	P 746,806,115	P 40,589,828	P 210,943,911	P 1,019,414,061	P 957,750,026	P 1,060,003,889
Realized gross profit on prior years' sale	23,514,268	23,729,234	-	-	23,514,268	23,729,234
Finance income	23,045,259	38,559,353	1,733,399	5,743,055	24,778,658	44,302,408
Commission & Other Income	43,336,089	67,848,672	13,971,702	11,559,659	57,307,791	79,408,331
Total Revenues	836,701,731	170,727,087	226,649,012	1,036,716,775	1,063,350,743	1,207,443,862
COSTS AND OTHER						
OPERATING EXPENSES						
Cost of Real Estate Sales	535,442,774	22,781,854	81,611,076	808,598,413	617,053,850	831,380,267
Deferred gross profit on current years' sale	16,285,712	2,627,681	24,698	62,339	16,310,410	2,690,020
Operating expenses	116,970,455	101,163,439	12,131,090	19,860,733	129,101,545	121,024,172
Cost and other operating expenses excluding depreciation and amortization	668,698,941	126,572,974	93,766,864	828,521,485	762,465,805	955,094,459
Depreciation and amortization	832,603	846,143	3,493,375	3,504,632	4,325,978	4,350,775
	669,531,544	127,419,117	97,260,239	832,026,117	766,791,783	959,445,234
SEGMENT OPERATING PROFIT (LOSS)						
	P 167,170,187	P 43,307,970	P 129,388,773	P 204,690,658	P 296,558,960	P 247,998,628

	High Rise Projects		Horizontal Projects		Total	
	Mar. 31, 2016	Dec. 31, 2015	Mar. 31, 2016	Dec. 31, 2015	Mar. 31, 2016	Dec. 31, 2015
SEGMENT ASSETS AND LIABILITIES						
Segment Assets	18,329,888,554	18,022,176,206	5,943,751,289	5,866,248,749	24,273,639,843	23,888,424,955
Segment Liabilities	1,881,154,822	1,831,267,195	185,888,567	185,863,869	2,067,043,389	2,017,131,064

4.5 Reconciliations

Presented below is a reconciliation of the Group's segment information to the key financial information presented in its financial statements

	<u>Mar. 31, 2016</u>	<u>Mar. 31, 2015</u>
Revenues		
Total segment revenues	P 1,063,350,743	P 1,207,443,862
Other unallocated revenues	<u>87,455,620</u>	<u>123,366,424</u>
Revenues as reported in profit or loss in profit or loss	<u>P 1,150,806,363</u>	<u>P 1,330,810,286</u>
Profit or loss		
Segment operating profit	P 296,558,960	P 247,998,628
Other unallocated income	87,455,620	123,366,424
Other unallocated expense	<u>(185,283,526)</u>	<u>(175,411,224)</u>
Profit before tax as reported in profit or loss	<u>P 198,731,054</u>	<u>P 195,953,828</u>
	<u>Mar. 31, 2016</u>	<u>Dec. 31, 2015</u>
Assets		
Segment Assets	P 24,273,639,843	P 23,888,424,955
Unallocated Assets	<u>13,353,857,878</u>	<u>13,381,796,373</u>
Total assets as reported in the consolidated statements of financial position	<u>P 37,627,497,721</u>	<u>P 37,270,221,328</u>
Liabilities		
Segment Liabilities	P 2,067,043,389	P 2,017,131,064
Unallocated Liabilities	<u>10,691,377,597</u>	<u>10,569,100,801</u>
Total liabilities as reported in the consolidated statements of financial position	<u>P 12,758,420,986</u>	<u>P 12,586,231,865</u>

5. STOCK RIGHT

On April 24, 2012, the Company's BOD approved the offer for subscription of 2,695,239,833 new shares (the "right shares") by way of a pre-emptive offer (the "rights offer") to holders of its common shares at the proportion of one new share for every four existing common shares, at the offer/exercise price equivalent to their par value of P1 per share. This was approved by SEC on August 30, 2012.

Also, on April 24, 2012, the BOD approved the increase in the Company's authorized capital stock from P23.5 billion divided into 21.5 billion common and 2 billion preferred shares both with par value of P1 each, to P33.5 billion divided into 31.5 billion common and 2 billion preferred shares both with par value of P1 per share. The application for the increase in authorized capital stock was approved by the SEC on October 17, 2012.

As of March 31, 2016, the Company's number of shares issued and outstanding totalled 14,803,455,238 with total Treasury Stock of 127,256,071.

6. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the profits attributable to parent company's shareholders divided by the weighted average number of shares in issue during the period.

Earnings per share amounts were computed as follows:

	<u>March 31, 2016</u>	<u>March 31, 2015</u>
Weighted average number of shares	<u>14,676,199,167</u>	<u>14,676,199,167</u>
Income available to parent company's Shareholders	<u>P 138,892,355</u>	<u>P 136,243,655</u>
Basic	<u>P 0.0095</u>	<u>P 0.0093</u>
Diluted	<u>P 0.0095</u>	<u>P 0.0093</u>

7. COMMITMENTS AND REAL ESTATE PROPERTIES

There were no material contingencies and any other events or transactions that have material impact on the current interim period. There were no issuances, repurchases, and repayments of debt on the current interim period.

8. SEASONAL FLUCTUATIONS

There were no seasonal aspects that had a material effect on the financial condition or results of operations of the group.

9. ASSESSMENT OF FINANCIAL RISKS

The Group is exposed to a variety of financial risks, which result from both its operating and investing activities. Risk management is carried out by a central treasury department under policies approved by the BOD, and focuses on actively securing the Group's short to medium-term cash flows by minimizing the exposure to financial markets.

The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed to are described below.

9.1) *Foreign Currency Sensitivity*

Most of the Group's transactions are carried out in Philippine pesos, its functional currency. Foreign exchange risk arises from the Group's U.S. dollar-denominated cash and cash equivalents.

To mitigate the Group's exposure to foreign currency risk, non-Philippine peso cash flows are closely monitored.

The Group's U.S.-dollar denominated financial assets, translated into Philippine pesos amounted to P32.3 million as of March 31, 2016.

At March 31, 2016, if the peso had strengthened by 2.61% against the U.S. dollar with all other variables held constant, income before tax for the year would have been P0.84 million higher, mainly as a result of foreign exchange gain on translation of U.S. dollar-denominated cash and cash equivalents.

On the other hand, if the peso had been weaker by the same percentage, with all other variables held constant, income before tax would have been lower by the same amount.

The 2.61% movement in the value of peso against U.S. dollar was estimated based on the market volatility in exchange rates. The sensitivity analysis is based on the Group's foreign currency financial instruments held at the reporting period.

Exposures to foreign exchange rates vary during the year depending on the volume of transactions. Nonetheless, the analysis above is considered to be representative of the Group's currency risk.

9.2) *Interest Rate Sensitivity*

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest rate risk arises only from cash and cash equivalents, which are subject to variable interest rates. Financial assets and liabilities at variable rates expose the group to cash flow interest rate risk. All other financial assets and liabilities have fixed rates.

On March 31, 2016, if general interest rates on dollar and peso-denominated financial assets had been higher by 0.45%, with all other variables held constant, income before tax for the year would have been P9.2M higher, mainly as a result of higher interest income on floating rate deposits.

The movements in interest rates used in the sensitivity analysis are considered reasonably possible and are based on observation of interest rate fluctuations for the past six months using a 95%-confidence level. The calculations are based on the Group's financial instruments held at each reporting period, with effect estimated from the beginning of the year.

9.3) *Credit Risk*

Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown on the face of the statements of financial position, as summarized below.

	<u>As of Mar. 31, 2016</u>	<u>As of Dec. 31, 2015</u>
Cash and cash equivalents	P 1,261,049,614	P 1,398,235,836
Trade and other receivables – net	5,440,823,879	5,175,649,678
Advances to related parties	<u>2,189,099,111</u>	<u>2,146,804,221</u>
	<u>P 8,890,972,604</u>	<u>P 8,720,689,735</u>

The credit risk for liquid funds is considered negligible, since the counter parties are reputable banks with high quality external credit ratings. In respect of trade and other receivables, the Group is not exposed to any significant credit risk exposure to any single counter party or any group of counter parties having similar characteristics.

The Group continuously monitors defaults of customers and other counter parties, identified either individually or by group, and incorporate this information into its credit risk controls. The Group's policy is to deal only with creditworthy counter parties. In addition, for a significant proportion of sales, advance payments are received to mitigate credit risk.

The Group's management considers that all the above financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due.

9.4) *Liquidity Risk*

The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash outflows due in a day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a 6-month and one-year period are identified monthly.

The Group maintains cash to meet its liquidity requirements for up to 60-day periods. Excess cash are invested in time deposits or short-term marketable securities. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

As at March 31, 2016, the Group's financial liabilities have contractual maturities which are presented below:

	Within 6 Months	1 to 5 Years
Interest-bearing loans and borrowings	P 144,535,346	P 1,356,281,500
Trade and other payables	934,712,867	-
Advances from related parties	2,852,867,910	-
Other current liabilities	<u>584,474,787</u>	<u>-</u>
	<u>P 4,516,590,910</u>	<u>P 1,356,281,500</u>

This compares to the maturity of the Group's financial liabilities in the previous reporting period as follows:

	Within 6 Months	1 to 5 Years
Interest-bearing loans and borrowings	P 26,788,653	P 1,482,213,951
Trade and other payables	996,792,762	-
Advances from related parties	2,832,787,394	-
Other current liabilities	<u>569,761,669</u>	<u>-</u>
	<u>P 4,426,130,478</u>	<u>P 1,482,213,951</u>

The above contractual maturities reflect the gross cash flows, which may differ from the carrying values of the liabilities at the reporting period.

9.5) *Other Market Price Risk*

The Group is exposed to equity securities price risk because of investments held by the Group and classified on the balance sheet as available-for-sale financial assets. The Group is not exposed to commodity price risk.

At March 31, 2016, if the quoted stock price for the securities had decreased by 0.81% with all other variables held constant, equity would have been lower by about P15.01 million. The 0.81% estimated change in quoted market price is computed based on volatility of local index for holdings first listed at Philippine Stock Exchange.

On the other hand, if the quoted market price for these securities had increased by the same amount, with all other variables held constant, equity for the year would have been higher by the same figure.

The investments in listed equity securities are considered long-term, strategic investments. In accordance with the Group's policies, no specific hedging activities are undertaken in relation to these investments. The investments are continuously monitored and voting rights arising from these equity instruments are utilized in the Group's favor.

10. FINANCIAL INSTRUMENTS EVALUATION

Financial assets include cash and financial instruments. The Group classifies its financial assets, other than hedging instruments, into the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the investments were acquired. The designation of financial assets is re-evaluated at every reporting date at which date a choice of classification or accounting treatment is available, subject to compliance with specific provisions of applicable accounting standards.

Cash and cash equivalents are defined as cash on hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

Regular purchase and sales of financial assets are recognized on their trade date. All financial assets that are not classified as at fair value through profit or loss are initially recognized at fair value, plus transaction costs. Financial assets carried at fair value through profit or loss is initially recognized at fair value and transaction costs are expensed in the statements of comprehensive income.

The foregoing categories of financial instruments are more fully described below.

10.1) *Financial Assets at Fair Value through Profit or Loss*

This category includes financial assets that are either classified as held for trading or are designated by the entity to be carried at fair value through profit or loss upon initial recognition. A financial asset is classified in this category if acquired principally for the purpose of selling it in the near term or if so designated by management. Derivatives are also categorized as 'held for trading' unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realized within 12 months from the reporting period.

Subsequent to initial recognition, the financial assets included in this category are measured at fair value with changes in fair value recognized in profit or loss. Financial assets originally are designated as financial assets at fair value through profit or loss may not be subsequently be reclassified.

10.2) *Loans and Receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivables. They are included in current assets, except for those maturities with greater than 12 months after the reporting period which are classified as non-current assets.

Loans and receivables are subsequently measured at amortized cost using the effective interest method, less any impairment losses. Any change in their value is recognized in profit or loss. Impairment loss is provided when there is objective evidence that the Group will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of the impairment loss is determined as the difference between the assets' carrying amount and the present value of estimated cash flows.

The Group's loans and receivables are presented as Trade and other receivables, Advances to landowners and joint ventures, and Advances to related parties in the statements of financial position.

10.3) *Held-to-maturity Investments*

This category includes non-derivative financial assets with fixed or determinable payments and a fixed date of maturity. Investments are classified as held-to-maturity if the Group has the positive intention and ability to hold them until maturity. Investments intended to be held for an undefined period are not included in this classification. They are included in non-current assets in the statements of financial position, except those maturing within 12 months of the reporting period.

Held-to-maturity investments are measured at amortized cost using the effective interest method. In addition, if there is objective evidence that the investment has been impaired, the financial asset is measured at the present value of estimated cash flows. Any changes to the carrying amount of the investment are recognized in profit or loss.

10.4) *Available-for-sale Financial Assets*

This category includes non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. They are included in non-current assets unless management intends to dispose of the investment within 12 months from the reporting period.

All financial assets within this category are subsequently measured at fair value, unless otherwise disclosed, with changes in value recognized in equity, net of any effects arising from income taxes. Gains and losses arising from securities classified as available-for-sale are recognized in the statements of comprehensive income when they are sold or when the investment is impaired.

In the case of impairment, any loss previously recognized in equity is transferred to the statements of comprehensive income. Impairment losses recognized in the statements of comprehensive income on equity securities are not reversed through the statements to comprehensive income. Losses recognized in prior year statements of comprehensive income resulting from the impairment of debt instruments are reversed through the statements of comprehensive income.

For investment that are actively traded in organized financial markets, fair value is determined by reference to quoted market bid prices in the stock exchange at the close of business on the reporting period. For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment.

Non-compounding interest and other cash flows resulting from holding financial assets are recognized in consolidated profit or loss when received, regardless of how the related carrying amount of financial assets is measured.

De-recognition of financial assets occurs when the rights to receive cash flows from the financial instruments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

The Group has no investment in foreign securities as of reporting period. The markets of the Group's Available-for-sale financial assets are active.

EXHIBIT 6

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

RESULTS OF OPERATIONS

Review of March 31, 2016 versus March 31, 2015

During the three-month period, the consolidated net profit amounted to P140.0 million, 1% higher than the previous year's net income of P138.1 million. Consolidated revenues, composed of real estate sales, realized gross profit, finance income, earnings of associates, commissions and other revenues posted a decrease of 14% from P1.33 billion to P1.15 billion.

Real Estate Sales

The Group registered Real Estate Sales of P957.8 million for three months ended March 31, 2016 compared with P1.06 billion in 2015. The sales generated were derived from various projects including, The Cambridge Village, The Sonoma, San Lorenzo Place, Pioneer Woodlands, Kasara Urban Resort Residences, The Rochester Gardens, Little Baguio Terraces, California Gardens Square, Greenhills Garden Square and San Francisco Gardens.

The Cost of Real Estate Sales amounting to P617.1 million in 2016 and P831.4 million in 2015, as a percentage of Real Estate Sales, was 64% and 78%, respectively. The change was primarily due to the different composition of products sold for each year.

Gross Profit was P340.7 million during the three months of 2016 and P228.6 million in 2015, or 36% and 22% of Real Estate Sales, respectively. The gross profit margin varies depending on the product mix and the competitiveness of prices of each product. Realized Gross Profit amounting to P347.9 million in 2016 and P249.7 million in 2015, represents 36% and 24% of Real Estate Sales, respectively.

Other Revenues

The finance income amounting to P63.1 million and P76.5 million in 2016 and 2015 respectively, were derived mostly from in-house financing and accounts for 5% and 6% of total revenues. Additional sources of revenue were commissions of a subsidiary, rentals of investment properties and those obtained from other sources. Commission and other income totaling P106.4 million in 2016 and P171.8 million in 2015, represents 9% and 13% of total revenues in 2016 and 2015.

Operating Expenses

Operating Expenses posted an increase from P264.1 million in 2015 to P276.6 million in 2016. Other charges/expenses include Finance Cost of P42.1 million and P36.6 million in 2016 and 2015, respectively.

FINANCIAL CONDITION

Review of March 31, 2016 versus December 31, 2015

Total resources of the Group as of March 31, 2016 and December 31, 2015 amounted to P37.6 billion and P37.3 billion respectively. Cash and Cash Equivalents decreased from P1.4 billion to P1.3 billion. The Group remained liquid with Total Current Assets of P28.2 billion in 2016 and in 2015, which accounted for 75% and 76% of the Total Assets in 2016 and 2015 respectively, while its Total Current Liabilities amounted to P7.7 billion in March 31, 2016 as compared with P7.6 billion in December 31, 2015.

The Equity increased from P24.7 billion in the previous year to P24.9 billion as of March 31, 2016 was basically due to revaluation of equity investments and Group's Net Income for the 3-month period.

For the three months of 2016 and in the year 2015, the Group sourced its major cash requirements from internally generated funds.

The Group utilized its funds for construction and development of projects, loan repayments, settlement of various payables and other operating expenses.

TOP FIVE (5) KEY PERFORMANCE INDICATORS

For the three-month period of 2016, the following are top key performance indicators of the Group:

1) Revenue in Real Estate Sales

The Group's marketing concepts and sales strategies, project location, flexible payment scheme and aggressive selling have contributed to the continuing volume in sales. The Group's new projects are connected to mass transit system and are conveniently located in business districts of Metro Manila

2) Other Revenues

Other income derived from various sources contributed to the Group's revenue.

3) Ability to repay loan obligations

The loan obligations were promptly settled. The Group maintains a good credit standing with creditor banks and has considerable standby credit facilities, which can be utilized for urgent capital requirements.

4) Continuous development of projects

The Group aggressively undertakes construction and development activities and has been exerting efforts to deliver its projects within the commitment timetable.

5) Landbanking

The Group has been continuously acquiring interests in properties through either outright acquisitions or joint venture arrangements with landowners. It intends to have sufficient properties for development within the next 5 to 7 years.

Material Changes in the 2016 Interim Financial Statements (Increase or decrease of 5% or more versus December 31, 2015)

Statements of Financial Position

- 10% decrease in Cash and cash equivalents
Mainly due to construction related payments
- 18% increase in Prepayments and other current assets
Mainly due to increase in prepaid taxes related to transfer of titles and input vat on purchases
- 5% decrease in Deferred Gross Profit on Real Estate Sales
Primarily due to increase in completion of projects

Statements of Comprehensive Income (Increase or decrease of 5% or more versus March 31, 2015)

- 10% decrease in Real estate sales
Due to lower sales recognized during the period
- 18% decrease in Finance income
Primarily due to varying payment terms of accounts under in-house financing
- 102% increase in Equity in net earnings of associates
Primarily due to increase in earnings of associate
- 38% decrease in Commission and other income
Mainly due to decrease in revenues derived from other related sources
- 26% decrease in Cost of real estate sales
Mainly attributed to decrease in sales
- 506% increase in Deferred gross profit on current year's sales
Mainly due to construction accomplishments of ongoing projects
- 15% increase in Finance costs
Mainly due to interest on additional loan

- 5% increase in Operating Expenses
Primarily due to increase in administrative expenses

For the year 2016, the projected capital expenditures (construction and development) of roughly P5.0 billion is expected to be funded by collections, borrowings and equity financing.

Fluctuations in foreign exchange rate had no adverse effect on the Group's financial conditions since the Group has very minimal importations of construction-related materials and have no foreign denominated loans.

There are no other material changes in the Group's financial position and condition (5% or more) that will warrant a more detailed discussion. Likewise, there are no material events and uncertainties known to the management that would have material impact on reported financial information and normal operations of the Group.

The nature of all revenues and expenses disclosed in the statements of comprehensive income are business related transactions and arose from the Group's continuing operations. Also, no prior period adjustment was made during any period covered by the statements of financial position.

There are no material off-statements of financial condition transactions, arrangements, obligations (including contingent obligations), and other relationships of the Group with unconsolidated entities or other persons created during the reporting period.

There are no events that will trigger direct or contingent financial obligation that is material to the Group, including any default or acceleration of an obligation.

The Group is aggressively marketing its products specially the new projects. It continuously offers competitive prices, more lenient payment schemes under in-house financing and has strong tie-ups with reputable banks for the financing requirements of its buyers.

EXHIBIT 7

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES

As of March 31, 2016

Amounts in thousands

1) Aging of Accounts Receivable

Type of Receivables	Total	Current / Not Yet Due	1-3 Months	4-6 Months	7 Months - 1 Year	Above 1 Year	Past due accounts & Items in Litigation
a) Trade Receivables	3,958,480	3,527,967	48,410	157,841	166,746	57,516	-
b) Other Receivables	2,494,634	2,494,634	-	-	-	-	-
Net Receivables	6,453,114						

2) Accounts Receivable Description

<u>Type of Receivables</u>	<u>Nature/Description</u>	<u>Collection Period</u>
a) Trade Receivables	Sale of residential units/lots	maximum of 10 years
b) Other Receivables	Advances to contractors/suppliers	1 to 2 years

3) Normal Operating Cycle: 3 to 15 years

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES
SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

	31-Mar-2016	31-Dec-2015
Current ratio	3.66	3.72
Quick ratio	0.68	0.71
Debt-to-equity ratio	0.51	0.51
Interest-bearing debt to total capitalization ratio	0.06	0.06
Asset-to-equity ratio	1.51	1.51
		31-Mar-2015
Interest rate coverage ratio	572%	635%
Net profit margin	12.17%	10.38%
Return on assets	0.38%	0.39%
Return on equity/investment	0.56%	0.54%
Return on equity/investment of owners	0.57%	0.55%

LIQUIDITY RATIOS measure the business' ability to pay short-term debt.

Current ratio - computed as current assets divided by current liabilities

Quick ratio - computed as cash, marketable securities, accounts receivable divided by current liabilities

SOLVENCY RATIOS measure the business' ability to pay all debts, particularly long-term-debt.

Debt-to-equity ratio-computed as total liabilities divided by total equity.

Interest-bearing debt to total capitalization ratio-computed as interest-bearing debt divided by interest-bearing debt + stockholder's equity attributable to controlling interest.

ASSET-TO-EQUITY RATIOS measure financial leverage and long-term solvency.

It shows how much of the assets are owned by the company. It is computed as total assets

INTEREST RATE COVERAGE RATIOS measure the business' ability to meet its interest payments.

It is computed as earnings before income tax and interest expense ("EBIT") divided by interest.

PROFITABILITY RATIOS

Net profit margin - computed as net profit divided by total revenues

Return on assets - net profit divided by average total assets

Return on investment - net profit divided by total stockholders' equity

Return on investment of equity owners - net profit attributable to owners of the parent divided by equity attributable to owners of the parent company