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

   Sep 30, 2019

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

   12th Floor, Alliance Global Tower 36th Street cor. 11th Avenue Uptown Bonifacio, Taguig City

   Postal Code

   1634

8. Issuer's telephone number, including area code

   (632) 5544800

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	14,679,199,167

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

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	Sep 30, 2019
Currency (indicate units, if applicable)	Pesos

Balance Sheet

	Period Ended	Fiscal Year Ended (Audited)
	Sep 30, 2019	Dec 31, 2018
Current Assets	39,230,354,944	37,127,677,727
Total Assets	44,064,164,417	42,600,191,736
Current Liabilities	13,260,473,561	11,110,560,288
Total Liabilities	16,674,528,472	14,905,101,929
Retained Earnings/(Deficit)	6,265,088,459	5,876,989,482
Stockholders' Equity	27,389,635,945	27,695,089,807
Stockholders' Equity - Parent	25,133,711,999	25,136,369,920
Book Value per Share	1.71	1.71

Income Statement

	Current Year (3 Months)	Previous Year (3 Months)	Current Year-To-Date	Previous Year-To-Date
Gross Revenue	1,056,141,105	802,601,468	3,330,817,999	3,044,605,854
Gross Expense	993,260,254	761,252,827	2,705,293,731	2,508,414,083
Non-Operating Income	30,452,103	56,649,874	138,482,496	165,603,795
Non-Operating Expense	88,572,853	56,972,246	211,335,095	165,847,099
Income/(Loss) Before Tax	4,760,101	41,026,269	552,671,669	535,948,467
Income Tax Expense	-334,832	47,171,794	169,250,868	180,187,150
Net Income/(Loss) After Tax	5,094,933	-6,145,525	383,420,801	355,761,317
Net Income Attributable to Parent Equity Holder	4,044,917	-6,857,186	388,098,973	354,921,509
Earnings/(Loss) Per Share (Basic)	-	-	0.02	0.02
Earnings/(Loss) Per Share (Diluted)	-	-	0.02	0.02

	Current Year (Trailing 12 months)	Previous Year (Trailing 12 months)
Earnings/(Loss) Per Share (Basic)	0.03	0.02
Earnings/(Loss) Per Share (Diluted)	0.03	0.02

Other Relevant Information
None

Filed on behalf by:

Name	Adrian Tadena
Designation	Legal Counsel

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 **30 September 2019**

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. **12th Floor, Alliance Global Tower**
   36th Street cor. 11th Avenue
   Uptown Bonifacio, Taguig City 1634
   Address of issuer's principal office

8. **(632) 85544800**
   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 [X] 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, 2018 and September 30, 2019
Exhibit 2 - Consolidated Statements of Comprehensive Income as of September 30, 2018 and September 30, 2019
Exhibit 3 - Comparative Statements of Changes in Equity as of September 30, 2018 and September 30, 2019
Exhibit 4 - Consolidated Statements of Cash Flows as of September 30, 2018 and September 30, 2019
Exhibit 5 - Notes to Interim Financial Statements

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

Please refer to Exhibit 6 hereof.

Item 3. Aging of Accounts Receivable

Please refer to Exhibit 7 hereof.

Item 4. 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
November 13, 2019

EXHIBIT 1

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES

(A Subsidiary of Megaworld Corporation)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at September 30, 2019 and December 31, 2018

(All amounts in thousands Philippine Peso)

		Unaudited 30-Sep-19		Audited 31-Dec-18
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	**P**	**1,155,548**	P	1,816,898
Trade and other receivables - net		**5,395,929**		5,543,032
Contract assets		**3,522,885**		1,437,840
Advances to related parties		**3,069,571**		2,927,206
Residential and condominium units for sale		**25,026,556**		24,821,241
Prepayments and other current assets		**1,059,866**		581,461
Total Current Assets		**39,230,355**		37,127,678
NON-CURRENT ASSETS				
Trade and other receivables - net		**1,582,517**		1,336,715
Contract assets		**434,122**		1,252,230
Financial asset at Fair value through other comprehensive income		**1,227,340**		1,339,940
Advances to landowners and joint ventures		**222,204**		142,458
Investment in associates		**280,799**		285,906
Property and equipment - net		**246,535**		248,967
Intangible assets		**50,613**		54,717
Investment property - net		**706,161**		727,175
Other non-current assets		**83,518**		84,406
Total Non-current Assets		**4,833,809**		5,472,514
TOTAL ASSETS	**P**	**44,064,164**	P	42,600,192

		Unaudited 30-Sep-19		Audited 31-Dec-18
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Interest-bearing loans and borrowings	**P**	**736,292**	P	637,986
Trade and other payables		**1,701,101**		1,786,066
Customers' deposits		**4,679,947**		3,271,411
Advances from related parties		**4,716,257**		4,578,103
Income tax payable		**92**		42
Contract liabilities		**516,206**		23,524
Other current liabilities		**910,579**		813,428
Total Current Liabilities		**13,260,474**		11,110,560
NON-CURRENT LIABILITIES				
Interest-bearing loans and borrowings		**866,667**		1,418,751
Contract liabilities		**174,246**		130,429
Retirement benefit obligation		**288,319**		305,284
Deferred tax liabilities		**2,084,823**		1,940,078
Total Non-current Liabilities		**3,414,055**		3,794,542
Total Liabilities		**16,674,529**		14,905,102
EQUITY				
Equity attributable to parent company's shareholders		**25,133,711**		25,136,371
Non-controlling interest		**2,255,924**		2,558,720
Total Equity		**27,389,635**		27,695,090
TOTAL LIABILITIES AND EQUITY	**P**	**44,064,164**	P	42,600,192

EXHIBIT 2

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES

(A Subsidiary of Megaworld Corporation)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For each of the nine months and three months ended September 30, 2019 and 2018

(All amounts in thousand Philippine Peso, except earnings per share)

	Unaudited		Unaudited (As Restated)	
	July to Sept 2019	**Jan to Sept 2019**	July to Sept 2018	Jan to Sept 2018
REVENUES				
Real estate sales	**P 657,919**	**P 2,683,201**	P 647,264	P 2,654,292
Finance income	**30,452**	**138,482**	56,650	165,604
Commissions and other income	**398,223**	**647,618**	155,338	390,314
	1,086,594	**3,469,301**	859,252	3,210,210
COSTS & EXPENSES				
Cost of real estate sales	**347,305**	**1,449,845**	404,422	1,546,656
Finance costs	**91,247**	**206,229**	55,076	159,670
Equity share in net losses of an associate	**(2,674)**	**5,106**	1,896	6,177
Operating expenses	**645,956**	**1,255,449**	356,831	961,758
Tax expense	**(335)**	**169,251**	47,172	180,187
	1,081,499	**3,085,880**	865,397	2,854,448
NET PROFIT	**5,095**	**383,421**	(6,146)	355,761
Net profit attributable to:				
Parent company's shareholders	**P 4,045**	**P 388,099**	P (6,857)	P 354,922
Non-controlling interest	**1,050**	**(4,678)**	712	840
	P 5,095	**P 383,421**	P (6,146)	P 355,761
OTHER COMPREHENSIVE INCOME (LOSS)				
Fair value gains (losses) on financial assets at FVOCI	**(511,204)**	**(112,600)**	96,836	(396,352)
TOTAL COMPREHENSIVE INCOME (LOSS)	**P (506,109)**	**P 270,821**	P 90,690	P (40,591)
Total comprehensive income (loss) attributable to:				
Parent company's shareholders	**P (507,159)**	**P 275,499**	P 89,979	P (41,430)
Non-controlling interest	**1,050**	**(4,678)**	712	840
	P (506,109)	**P 270,821**	P 90,690	P (40,591)
Earnings Per Share				
Basic		**P 0.0264**		P 0.0242
Diluted		**P 0.0264**		P 0.0242

EXHIBIT 3

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES
(A Subsidiary of Megaworld Corporation)
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For each of the nine months ended September 30, 2019 and 2018
(All amounts in thousands Philippine Peso)

	Unaudited 30-Sep-2019			Unaudited (As restated) 30-Sep-2018		
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	250,144			863,624		
Reclassification to other reserves	385,961					
Net unrealized fair value gains (losses) on financial assets at FVOCI	(112,600)			(396,352)		
Balance at end of period			523,505			467,272
OTHER RESERVES						
Balance at beginning of year	(385,961)			-		
Additional reserve from increase in investment in subsidiary	(278,157)			-		
Balance at end of period			(664,118)			-
RETAINED EARNINGS			6,265,088			5,697,693
MINORITY INTEREST			2,255,924			621,801
TOTAL EQUITY		P	27,389,635		P	25,796,002

EXHIBIT 4

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES
(A Subsidiary of Megaworld Corporation)
CONSOLIDATED STATEMENTS OF CASH FLOWS
For each of the nine months ended September 30, 2019 and 2018
(All amounts in thousands Philippine Peso)

		Unaudited 30-Sep-19		Unaudited (As Restated) 30-Sep-18
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before tax	**P**	**552,672**	P	535,948
Adjustments for:				
Depreciation and amortization		**40,375**		33,514
Finance costs		**206,229**		159,670
Finance income		**(138,482)**		(165,604)
Equity in net loss of associates		**5,106**		6,177
Operating income before working capital changes		**665,900**		569,705
Net Changes in Operating Assets and Liabilities				
Increase in current and non-current assets		**(2,642,608)**		(1,232,218)
Increase in current and other non-current liabilities		**1,946,717**		517,855
Cash used in operations		**(29,991)**		(144,658)
Interest received		**6,804**		22,264
Cash paid for income taxes		**(24,455)**		(8,531)
Net Cash Used in Operating Activities		**(47,642)**		(130,925)
CASH FLOWS USED IN INVESTING ACTIVITIES		**(23,837)**		(70,465)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		**(589,871)**		62,895
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(661,350)**		(138,495)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		**1,816,898**		1,280,896
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**P**	**1,155,548**	**P**	**1,142,401**

EXHIBIT 5

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES
(A Subsidiary of Megaworld Corporation)
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018
(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).

1.1 Composition of the Group

As of September 30, 2019, the Company holds ownership interests in the following entities:

Entities	Explanatory notes	Percentage of Ownership 2019	2018	2017
Subsidiaries:				
Eastwood Property Holdings, Inc. (EPHI)	(a)	**100%**	100%	100%
Valle Verde Properties, Inc. (VVPI)	(b)	**100%**	100%	100%
Sherman Oak Holdings, Inc. (SOHI)	(b)	**100%**	100%	100%
Empire East Communities, Inc. (EECI)	(c)	**100%**	100%	100%
20th Century Nylon Shirt Co., Inc. (20th Century)	(e)	**100%**	100%	100%
Laguna BelAir Science School, Inc. (LBASSI)	(d)	**73%**	73%	73%
Sonoma Premier Land, Inc. (SPLI)	(b)	**60%**	60%	60%
Pacific Coast Megacity Inc. (PCMI)	(f)	**40%**	20%	-
Associates:				
Gilmore Property Marketing Associate, Inc. (GPMAI)	(b)	**47%**	47%	47%
Pacific Coast Megacity Inc. (PCMI)	(f)	**-**	-	20%

Explanatory Notes:

(a) Subsidiary incorporated to market real estate properties of the Group and other related parties.

(b) Subsidiaries/associate incorporated in prior years but have not yet started commercial operations as of September 30, 2019.

(c) Subsidiary incorporated in prior year but ceased its operations as a marketing arm of real estate properties in 2014.

(d) Subsidiary primarily engaged in operating a school for primary and secondary education.
(e) Subsidiary acquired in 2015 which is yet to resume its operations.
(f) PCMI is considered as an associate of the Company from 2015. The Company obtained de facto control over PCMI in 2018 when the former gained the power to govern over the financial and operating policies of the latter. The acquisition was accounted for as pooling-of-interest method of accounting; hence, neither goodwill nor gain on acquisition was recognized. Further, in January 2019, the Company acquired additional shares of PCMI, increasing its ownership interest to 40%.

The registered office address, which is also the place of operations of the Company and its subsidiaries and associates (collectively "the Group"), is located at 12th Floor, Alliance Global Tower, 36th Street corner 11th Avenue, Uptown Bonifacio, Taguig City, except for EPHI, LBASSI, 20th Century and PCMI. Their registered office addresses, which is also their place of operations are summarized below.

(a) EPHI – #188 EC Information Center, E. Rodriguez Jr. Ave., Eastwood Cyber Park City, Bagumbayan, Quezon 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 in 100% and 73% ownership interest, respectively, over the respective subsidiaries. This resulted in the recognition of goodwill which amounted to P78.3 million as of September 30, 2019 and December 31, 2018 and shown as part of Other Non-current Assets account in the consolidated statements of financial position (Note 3.2(g)).

In February 2015, the Company acquired 100% ownership interest in 20th Century.

The Company is a subsidiary of Megaworld Corporation (Megaworld or the "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.

On December 27, 2017, the SEC approved the change in the Company's registered office and principal place of business from 21st Floor, The World Centre Building, 330 Sen. Gil Puyat Avenue, Makati City to its aforementioned office address. The related approval from the Bureau of Internal Revenue (BIR) was obtained on November 13, 2018.

Megaworld's registered office address, is located at the 30th Floor of the same building as that of the Company. AGI's registered office is located at 7th Floor, 1880 Eastwood Avenue, Eastwood City Cyber Park, 188 E. Rodriquez Jr. Avenue, Bagumbayan, Quezon City. These registered office addresses are also their respective principal places of business.

1.2 Acquisition of PCMI

PCMI became a subsidiary on December 31, 2018 when the Company obtained de facto control when the latter gained the power to govern over the financial and operating policies of the former. The acquisition was accounted for as pooling-of-interest method of accounting as PCMI was acquired from related parties under common control. Transfers of assets between commonly-controlled entities are accounted for under historical cost accounting; hence, the assets and liabilities reflected in the consolidated financial statements are at carrying values and no adjustments are made to reflect fair values or recognized any new assets or liabilities, at the date of the combination that otherwise would have been done under the acquisition method. No restatements were made to the financial information in the consolidated financial statements for periods prior to the business combination as allowed under *Philippine Interpretations Committee* (PIC) Question & Answer (Q&A) No. 2012-01, PFRS 3.2 – *Application of Pooling-of-Interest Method for Business Combination of Entities under Common Control in Consolidated Financial Statements*; hence, the profit and loss of PCMI is included in the consolidated financial statements for the year ended December 31, 2018, irrespective of when the combination took place.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these interim 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 Interim Consolidated Financial Statements

These interim consolidated financial statements of the Group for the nine months ended September 30, 2019 and 2018 have been prepared in accordance with Philippine Accounting Standard (PAS) 24: *Interim Financial Reporting*. They do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the audited consolidated financial statements of the Group as at and for the year ended December 31, 2018.

The preparation of interim consolidated financial statements in accordance with Philippine Financial Reporting Standards (PFRS) requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

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

2.2 Prior Period Restatements and Reclassifications of Accounts

In 2018, the Group adopted PFRS 9, *Financial Instruments,* which was applied using the transitional relief allowed by the standard. This allowed the Group not to restate its prior periods' consolidated financial statements. The adoption of PFRS 9 has resulted in changes in the Group's accounting policies on impairment of financial assets particularly on the application of the expected credit loss (ECL) methodology for trade and other receivables.

Further, the Group adopted in 2018 PFRS 15, *Revenue from Contracts with Customers*, and the related PIC Q&A 2016-04, *Adoption of PFRS 15, "Revenue from Contracts with Customers"*, *on Sale of Residential Properties under Pre-completion Contracts*, and PIC Q&A 2018-12, PFRS 15, *Implementation Issues Affecting the Real Estate Industry*, which were applied retrospectively to each prior reporting period in accordance with PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors.*

The Group also adopted the PIC Q&A No. 2018-11, *Classification of Land by Real Estate Developer*, which requires real estate developers to classify land based on management's intention and apply the appropriate accounting treatment as required by relevant standards.

The effects of prior period adjustments on certain line items in the interim consolidated statement of comprehensive income and statements of cash flows for the quarter ended September 30, 2018 are summarized below:

	As Previously Reported	Adoption of PFRS 15 and PIC Q&A 2018-12	As Restated
Interim Consolidated Comprehensive Income			
Real estate sales	2,719,097,615	(64,805,514)	2,654,292,101
Realized gross profit on prior years' sales	109,816,066	(109,816,066)	-
Cost of real estate sales	(1,546,143,992)	(511,989)	(1,546,655,981)
Deferred gross profit on current year's sales	(114,934,549)	114,934,549	-
Net effect in profit		(60,199,020)	
Earnings per share-Basic	0.0283	(0.0041)	0.0242
Interim Consolidated Statement of Cash Flows			
Profit before tax	596,147,487	(60,199,020)	535,948,467
Increase in current and non-current assets	(1,173,495,901)	(58,722,587)	(1,232,218,488)
Increase in current and non-current liabilities	327,106,114	190,749,090	517,855,204
Decrease in reserve for property development	71,827,483	(71,827,483)	-
		-	

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

In preparing the interim consolidated financial statements, management undertakes several judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgments, estimates and assumptions made by management and will seldom equal the estimated results. The judgments, estimates and assumptions applied in the interim consolidated financial statements, including the key sources of estimation uncertainty, were the same as those applied in the Group's latest annual financial statements as at and for the year ended December 31, 2018.

3.1 Critical Judgments in Applying Accounting Policies

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

(a) Evaluation of Timing of Satisfaction of Performance Obligations

(i) Real Estate Sales

The Group exercises significant judgment in determining whether each performance obligation to develop properties promised in its contracts with customers is satisfied over time or at a point in time. In making this judgment, the Group considers the following:

- any asset created or enhanced as the Group performs;
- the ability of the customer to control such asset as it is being created or enhanced;
- the timing of receipt and consumption of benefits by the customer; and,
- the Group's enforceable right for payment for performance completed to date.

The Group determined that its performance obligation is satisfied over time since it does not have an alternative use of the specific property sold as it is precluded by its contract from redirecting the use of the property for a different purpose. Further, the Group has rights over payment for development completed to date as the Group can choose to complete the development and enforce its rights to full payment under its contracts even if the customer defaults on amortization payments.

(ii) Forfeited Collections and Deposits

The Group determines that its revenue from forfeited collections and deposits shall be recognized at point in time in the year the contract was cancelled.

(iii) Marketing, Management Fees and Commission

The Group determines that its revenue from marketing, management fees and commission shall be recognized over time. In making its judgment, the Group considers the timing of receipt and consumption of benefits provided by the Group to the customers. The Group applies the practical expedient to recognize revenue at the amount to which it has a right to invoice, which corresponds directly to the value to the customer of the entity's performance completed to date i.e., generally when the customer has acknowledged the Group's right to invoice.

(iv) Tuition fees

The Group determines that its revenue from tuition fees shall be recognized over time. In making its judgment, the Group considers the timing of receipt and consumption of benefits provided by the Group to the counterparties. The Group render services without the need of reperformance of other companies. This demonstrates that the counterparties simultaneously receive and consume the benefits of the Group's rendering of services as it performs.

(b) Revenue Recognition on Sales of Completed and Pre-completed Real Estate Properties

The Group uses judgment in evaluating the probability of collection of contract price on real estate sales as a criterion for revenue recognition. The Group uses historical payment pattern of customers in establishing a percentage of collection threshold over which the Group determines that collection of total contract price is reasonably assured.

(c) Determination of ECL on Trade and Other Receivables, Contract Assets and Advances to Related Parties

The Group uses a provision matrix to calculate ECL for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type, and coverage by guarantee and other forms of credit insurance).

The provision matrix is based on the Group's historical observed default rates. The Group's management intends to regularly calibrate (i.e., on an annual basis) the matrix to consider the historical credit loss experience with forward-looking information (i.e., forecast economic conditions).

In relation to advances to related parties, and management fee receivable and rent receivable (related party receivable), PFRS 9 notes that the maximum period over which ECL should be measured is the longest contractual period where the Group is exposed to credit risk. In the case of these receivables from related parties, which are repayable on demand, the contractual period is the very short period needed to transfer the cash once demanded. Management determines ECL based on the sufficiency of the related parties' highly liquid assets in order to repay the Group's receivables if demanded at the reporting date, taking into consideration the historical defaults of the related parties. If the Group cannot immediately collect its receivables, management considers the expected manner of recovery to measure ECL. If the recovery strategies indicate that the outstanding balance of receivables can be fully collected, the ECL is limited to the effect of discounting the amount due over the period until cash is realized. Based on the relevant facts and circumstances existing at the reporting date, management has assessed that all strategies indicate that the Group can fully recover the outstanding balance of its receivables.

(d) Fair Value Measurement for Financial Instruments

Management applies valuation techniques to determine the fair value of financial instruments where active market quotes are not available. This requires management to develop estimates and assumptions based on market inputs, using observable data that market participants would use in pricing the instrument. Where such data is not observable, management uses its best estimate. Estimated fair values of financial instruments may vary from the actual prices that would be achieved in an arm's length transaction at the end of the reporting period (Note 10.2 and Note 10.3).

(e) Distinction Among Investment Property and Owner-managed Properties

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 and sale.

Some properties comprise a portion that is held to earn rental or for capital appreciation and another portion that is held for administrative purposes. If these portions can be sold separately (or leased out separately under finance lease), the Group accounts for the portions separately. If the portions cannot be sold separately, the property is accounted for as investment property only if an insignificant portion is held for administrative purposes. Judgment is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Group considers each property separately in making its judgment.

Based on management's assessment, properties held for lease and for capital appreciation qualifies as investment property.

(f) Distinction Between Real Estate Inventories and Investment Property

Residential and condominium units for sale, included under real estate inventories, comprise properties that are held for sale in the ordinary course of business. Meanwhile, investment properties comprise of land and buildings which are not occupied substantially for use by, or in the operations of, the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation. The Group considers management's intention over these assets in making its judgment.

(g) Distinction Between 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 the Group's current lease agreements are classified as operating leases.

(h) Distinction Between Asset Acquisition and Business Combinations

The Company acquires subsidiaries that own real estate properties. At the time of acquisition, the Company considers whether the acquisition represents the acquisition of a business. The Company accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to the property. More specifically, consideration is made with regard to the extent to which significant processes are acquired and, in particular, the extent of ancillary services provided by the Group (e.g., maintenance, cleaning, security, bookkeeping, hotel services, etc.).The significance of any process is judged with reference to the guidance in PAS 40 on ancillary services.

(i) Consolidation of Entities in which the Group Holds 50% or Less

Management considers that the Group has de facto control over PCMI even though it holds less than 50% of the ordinary shares and voting rights in that company.

(j) Recognition of Provisions and Contingencies

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

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive obligation that has resulted from past events.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the end of the reporting period, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. When time value of money is material, long-term provisions are discounted to their present values using a pre-tax rate that reflects market assessments and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the consolidated financial statements. Similarly, possible inflows of economic benefits to the Group that do not yet meet the recognition criteria of an asset are considered contingent assets; hence, are not recognized in the consolidated financial statements. On the other hand, any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision.

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) Revenue Recognition for Performance Obligation Satisfied Over Time

In determining the amount of revenue to be recognized for performance obligations satisfied over time, the Group measures progress based on actual costs incurred relative to the total expected costs to complete such performance obligation. Specifically, the Group estimates the total development costs with reference to the project development plan and any agreement with customers. Management regularly monitors its estimates and apply changes as necessary. A significant change in estimated costs would result in a significant change in the amount of revenue recognized in the year of change.

(b) Estimation of Allowance for ECL

The measurement of the allowance for ECL on financial assets at amortized cost is an area that requires the use of significant assumptions about the future economic conditions and credit behaviour (e.g., likelihood of customers defaulting and the resulting losses).

(c) Determination of Net Realizable Value of Real Estate Inventories

In determining the net realizable value of real estate inventories, management considers 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 uncertainty and may cause significant adjustments to the Group's Inventories within the next reporting period.

Considering the Group's pricing policy, the net realizable value of the Real Estate Inventories is higher than their related carrying values as of the end of the reporting periods.

(d) Estimation of Useful Lives of Property and Equipment, Intangible Asset and Investment Property

The Group estimates the useful lives of property and equipment, intangible asset, 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.

Based on management's assessment as at December 31, 2018 and 2017, there is no change in estimated useful lives of property and equipment, and investment property during those years. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

(e) *Valuation of Financial Assets Other than Trade and Other Receivables*

The Group carries certain financial assets at fair value, which requires the extensive use of accounting estimates and judgment. In cases when active market quotes are not available, 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 base of the instrument. The amount of changes in fair value would differ had the Group utilized different valuation methods and assumptions. Any change in fair value of these financial assets would affect consolidated profit and loss and equity (Note 10.3).

(f) *Determination of 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.

(g) *Impairment of Goodwill and Other Non-financial Assets*

Goodwill is reviewed annually for impairment while other non-financial assets are tested whenever certain impairment indicators become present. In assessing impairment, the management 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.

(h) *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 an actuary 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 retirement benefit obligation in the next reporting period.

(i) Determination of Fair Value of Investment Property

Investment property is measured using the cost model. The Group determines the fair values of building and building improvements using either thru the discounted cash flows valuation technique (income approach) or market-based valuation technique (market approach). The Group uses assumptions that are mainly based on market conditions existing at the end of each reporting period, such as: the receipt of contractual rentals; expected future market rentals; void periods; maintenance requirements; and, appropriate discount rates. These valuations are regularly compared to actual market yield data and actual transactions by the Group and those reported by the market. The expected future market rentals are determined based on current market rentals for similar properties in the same location and condition (Note 10.4).

For land, the Group determines the fair value through appraisals by independent valuation specialists using market-based valuation approach where prices of comparable properties are adequate for specific market factors such as location and condition of the property (Note 10.4).

(j) Basis for Revenue Recognition Collection Threshold

The Group recognizes its revenue from sale of real estate in full when at least 15% or more of the total contract price is received. Management believes that the revenue recognition criterion on percentage of collection is appropriate based on the Group's collection history from customers and number of back-out sales in prior years.

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 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 unaudited interim consolidated financial statements.

4.4 *Analysis of Segment Information*

The following presents the revenue and profit information regarding industry segments for the nine months ended September 30, 2019 and 2018 and certain assets and liabilities information regarding industry segments as of September 30, 2019 and December 31, 2018:

	High Rise Projects		Horizontal Projects		Total	
		(As restated)		(As restated)		(As restated)
	September 30, 2019	September 30, 2018	**September 30, 2019**	September 30, 2018	**September 30, 2019**	September 30, 2018
REVENUES						
Real estate sales	**P 2,357,050,287**	P 2,499,216,376	**P 326,150,268**	P 155,075,725	**P 2,683,200,555**	P 2,654,292,101
Finance income (loss)	**5,761,029**	22,674,955	**54,804**	(1,309,184)	**5,815,833**	21,365,771
Commission and other income	**237,659,951**	220,193,009	**44,214,201**	33,965,985	**281,874,152**	254,158,994
Total revenues	**2,600,471,267**	2,742,084,340	**370,419,273**	187,732,526	**2,970,890,540**	2,929,816,866
COSTS AND OTHER OPERATING EXPENSES						
Cost of real estate sales	**1,291,115,496**	1,484,704,746	**158,729,205**	61,951,235	**1,449,844,701**	1,546,655,981
Cost and other operating expenses excluding depreciation and amortization	**636,983,120**	402,406,804	**48,913,778**	49,009,594	**685,896,898**	451,416,398
	1,928,098,616	1,887,111,550	**207,642,983**	110,960,829	**2,135,741,599**	1,998,072,379
Depreciation and amortization	**11,990,095**	2,628,273	**9,306,992**	10,193,973	**21,297,087**	12,822,246
	1,940,088,711	1,889,739,823	**216,949,975**	121,154,802	**2,157,038,686**	2,010,894,625
SEGMENT OPERATING PROFIT	**P 660,382,556**	P 852,344,517	**P 153,469,298**	P 66,577,724	**P 813,851,854**	P 918,922,241

	High Rise Projects		Horizontal Projects		Total	
	September 30, 2019	December 31, 2018	**September 30, 2019**	December 31, 2018	**September 30, 2019**	December 31, 2018
SEGMENT ASSETS	**P 24,553,993,354**	P 23,298,437,486	**P 7,370,268,779**	P 7,560,051,807	**P 31,924,202,133**	P 30,858,489,293
SEGMENT LIABILITIES	**5,165,729,074**	3,173,846,164	**286,608,825**	313,724,708	**5,452,337,899**	3,487,570,872

4.5 Reconciliations

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

				(As restated)
		September 30, 2019		September 30, 2018
Revenues				
Total segment revenues	**P**	**2,970,890,540**	P	2,929,816,866
Other unallocated revenues		**498,409,955**		280,392,783
Revenues as reported in the interim consolidated statements of comprehensive income	**P**	**3,469,300,495**	P	3,210,209,649
Profit or loss				
Segment operating profit	**P**	**813,851,854**	P	918,922,241
Other unallocated income		**498,409,955**		280,392,783
Other unallocated expense		**(928,841,008)**		(843,553,707)
Net profit as reported in the interim consolidated statements of comprehensive income	**P**	**383,420,801**	P	355,761,317
		September 30, 2019		December 31, 2018
Assets				
Segment Assets	**P**	**31,924,202,133**	P	30,858,489,293
Unallocated Assets		**12,139,962,284**		11,741,702,443
Total assets as reported in the interim consolidated statements of financial position	**P**	**44,064,164,417**	P	42,600,191,736
Liabilities				
Segment Liabilities	**P**	**5,452,337,899**	P	3,487,570,872
Unallocated Liabilities		**11,222,190,573**		11,417,531,057
Total liabilities as reported in the interim consolidated statements of financial position	**P**	**16,674,528,472**	P	14,905,101,929

5. STOCK RIGHTS

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 September 30, 2019, 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:

		September 30, 2019		(As Restated) September 30, 2018
Weighted average number of shares		**14,676,199,167**		14,676,199,167
Income available to parent company's shareholders	**P**	**388,098,973**	P	354,921,509
Basic	**P**	**0.0264**	P	0.0242
Diluted	**P**	**0.0264**	P	0.0242

7. COMMITMENTS AND CONTINGENCIES

There are commitments, guarantees, and contingent liabilities that arise in the normal course of operations of the Group, which are not reflected in the accompanying unaudited interim consolidated financial statements. The Group's management's opinion, that losses, if any, from these items will not have any material effect on its unaudited interim consolidated financial statements.

In addition, there are no material off-balance sheet transactions, arrangements, obligations and other relationship of the Group with unconsolidated entities or other persons created during the reporting 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. Long-term financial investments are managed to generate lasting returns.

Exposure to foreign currency, interest rate, credit, liquidity and equity risks arise in the ordinary course of the Group's business activities. The main objective of the Group's risk management is to identify, monitor and minimize those risks and to provide cost with a degree of certainty.

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 in the succeeding pages.

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 P54.17 million as of September 30, 2019.

At September 30, 2019, if the peso had strengthened/weakened by 1.29% against the U.S. dollar with all other variables held constant, income before tax for the year would have been P0.7 million higher/lower, mainly as a result of foreign exchange gain on translation of U.S. dollar denominated cash and cash equivalents.

The 1.29% movement in the value of peso against U.S. dollar was 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 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 September 30, 2019, if general interest rates on dollar and peso-denominated financial assets had been higher by 0.84%, with all other variables held constant, income before tax for the year would have been P12.3 million 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 nine 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 interim consolidated statements of financial position, as summarized below:

		September 30, 2019		December 31, 2018
Cash and cash equivalents	**P**	**1,155,547,717**	P	1,816,898,287
Trade and other receivables - net		**4,706,174,014**		4,404,863,288
Contract assets		**3,957,007,558**		2.690.070.792
Advances to related parties		**3,069,571,438**		2.927.206.315
	P	**12,888,300,727**	P	11.839.038.682

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 based on a rolling 30-day projection. Long-term liquidity needs for a 9-month and one-year periods are identified monthly.

The Group maintains cash to meet its liquidity requirements for up to 90-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.

The following table analyses the Group's financial liabilities as at September 30, 2019 and December 31, 2018 based on the remaining period at the reporting dates to the contractual maturity dates:

		Due within 12 months		Due after 12 months
September 30, 2019				
Interest-bearing loans and borrowings	**P**	**736,292,418**	**P**	**866,666,667**
Trade and other payables		**1,323,203,306**		**-**
Advances from related parties		**4,716,257,154**		**-**
Other current liabilities		**879,898,452**		**-**
	P	**7,655,651,329**	**P**	**866,666,667**
December 31, 2018				
Interest-bearing loans and borrowings	P	791,836,059	P	1,477,853,425
Trade and other payables		1,735,390,814		-
Advances from related parties		4,578,120,879		-
Other current liabilities		702,502,850		-
	P	7,807,832,602	P	1,477,853,425

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 FVOCI. The Group is not exposed to commodity price risk.

At September 30, 2019, if the quoted stock price for the securities had increased by 1.02% with all other variables held constant, equity would have been higher/lower by about P12.51 million. The 1.02% estimated change in quoted market price is computed based on volatility of local index for holdings first listed at Philippine Stock Exchange.

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 favour.

10. FAIR VALUE MEASUREMENT AND DISCLOSURES

10.1 Fair Value Hierarchy

The Group uses the following hierarchy level in determining the fair values that will be disclosed for its financial instruments.

a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;

b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,

c) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

For investments which do not have quoted market price, the fair value is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market of another instrument which is substantially the same after taking into account the related credit risk of counterparties, or is calculated based on the expected cash flows of the underlying net asset base of the instrument.

When the Group uses valuation technique, it maximizes the use of observable market data where it is available and relies as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3.

10.2 Financial Instruments Measured at Fair Value

As of September 30, 2019, and December 31, 2018, only the equity securities classified as financial assets at FVOCI in the consolidated statements of financial position is classified as Level 1. These securities were valued based on their market prices quoted in the PSE at the end of each reporting period. There were no other financial assets measured at fair value on these dates. Further, the Group has no financial liabilities measured at fair value as of September 30, 2019, and December 31, 2018.

There were no transfers between Levels 1 and 2 for both periods.

10.3 Financial Instruments Measured at Amortised Cost for which Fair Value is Disclosed

As of September 30, 2019, and December 31, 2018, for financial assets, only cash and cash equivalents in the interim consolidated statements of financial position is classified as Level 1 while, trade and other receivables and advances to related parties is classified as Level 3. For financial liabilities, which includes interest bearing loans and borrowings, trade and other payables, advances from related parties and other current liabilities, these are classified as Level 3.

Financial assets with fair values included in Level 1, management considers that the carrying amounts of these financial instruments approximate their fair values due to their short-term duration or the effect of discounting for those with maturities of more than one year is not material (except for interest-bearing loans and borrowings).

The fair values of the financial assets and financial liabilities included in Level 3, which are not traded in an active market, are determined based on the expected cash flows of the underlying net asset or liability. For those with short term duration, the carrying amount approximates the fair value.

10.4 Fair Value Measurement of Non- Financial Assets

The fair value of the Group's investment properties earning rental income was determined through discounted cash flows valuation technique. The Group uses assumption that are mainly based on market conditions existing at each reporting period, such as: the receipt of contractual rentals; expected future market rentals; void periods; maintenance requirements; and appropriate discount rates. These valuations are regularly compared to actual market yield data and actual transactions by the Group and those reported by the market. The expected future market rentals are determined based on current market rentals for similar properties in the same location and condition.

As of September 30, 2019, and December 31, 2018, the fair value of the Group's investment properties is classified within Level 3 of the fair value hierarchy. The Group determines the fair value of the investment property through appraisals by independent valuation specialists using market – based valuation approach where prices of comparable properties are adequate for specific market factors such as location and condition of the property. On the other hand, if the observable recent prices of the reference properties were not adjusted, the fair value is included in Level 2. 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.

Also, there were no transfers into or out of Level 3 fair value hierarchy in the periods.

11. EVENTS AFTER THE REPORTING DATE

Subsequent events after reporting date that provide additional information about the Group's position at reporting date (adjusting events) are reflected in the interim consolidated financial statements. Subsequent events after reporting date that are not adjusting events are disclosed in the notes to the financial statements when material.

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 September 30, 2019 versus September 30, 2018

During the nine-month period, the consolidated net profit amounted to P383.42 million, 7.8% higher than the previous year's net profit of P355.76 million. Consolidated revenues, composed of real estate sales, finance income, commissions and other income increased by 8% from P3.21 billion to P3.47 billion.

Real Estate Sales

The Group registered Real Estate Sales of P2.68 billion for nine months ended September 30, 2019 compared with P2.65 billion in 2018. The sales were derived from various projects including, San Lorenzo Place, Pioneer Woodlands, The Rochester Gardens, The Cambridge Village, Kasara Urban Resort, The Sonoma, Little Baguio Terraces, The Xavier Hills, Covent Garden and Laguna Bel-air Projects.

The Cost of Real Estate Sales amounting to P1.45 billion in 2019 and P1.55 billion in 2018, at a percentage of Real Estate Sales, was 54% and 58%, respectively. The change was primarily due to the different composition of products sold for each year.

Gross Profit was P1.23 billion during the nine months of 2019 and P1.11 billion in 2018, or 46% and 42% of Real Estate Sales, respectively. The gross profit margin varies depending on the product mix and the competitiveness in pricing.

Other Revenues

The finance income amounting to P138.48 million and P165.6 million in 2019 and 2018 respectively, were derived mostly from in-house financing and various advances from related parties which accounts for 4% and 5% of total revenues for 2019 and 2018, respectively. Additional sources of revenue were commissions of a subsidiary, rentals of investment properties and those obtained from other sources. Commission and other income totaling P647.62 million in 2019 and P390.31 million in 2018, represents 18.7% and 12.2% of total revenues for 2019 and 2018, respectively.

Operating Expenses

Operating Expenses posted an increase from P0.96 billion in 2018 to P1.26 billion in 2019. Other charges/expenses include Finance Cost of P206.23 million and P159.67 million in 2019 and 2018, respectively.

FINANCIAL CONDITION

Review of September 30, 2019 versus December 31, 2018

Total Assets of the Group as of September 30, 2019 and December 31, 2018 amounted to P44.06 billion and P42.60 billion respectively. Cash and Cash Equivalents decreased from P1.82 billion to P1.16 billion.

The Group remains liquid with Total Current Assets of P39.23 billion in 2019 and P37.13 billion 2018, which accounted for 89% and 87% of the Total Assets in 2019 and 2018, while its Total Current Liabilities amounted to P13.26 billion in September 30, 2019 as compared with P11.11 billion in December 31, 2018.

Total equity decreased from P27.70 billion as at December 31, 2018 to P27.39 billion as of September 30, 2019 due to revaluation of equity investments.

Consistently the Group still sources its major working capital requirements from internally generated funds and partly from borrowings.

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 nine-month period of 2019, the following are top key performance indicators of the Group:

1) **Real Estate Sales**

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

2) **Reservation Sales**

   Effective marketing concepts and strategies, aggressive selling and prime location of projects contributed to increase in reservation sales and collection.

3) **Other Revenues**

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

4) **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.

5) 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.

Material Changes in the 2019 Interim Financial Statements
(Increase or decrease of 5% or more versus December 31, 2018)

Statements of Financial Position

- 36% decrease in Cash and cash equivalents
  Mainly due to construction related payments

- 47% increase in Contract assets
  Mainly due to recognition of sales from uncompleted projects

- 82% increase in Prepayments and other current assets
  Mainly due to increase in prepaid taxes related to transfer of titles and input vat on purchases

- 8% decrease in Financial Assets at Fair value through other comprehensive income
  Mainly due to decrease in fair market value of investment in securities held by a subsidiary

- 56% increase in Advances to landowners and joint ventures
  Primarily due to additional advances made to landowners

- 8% decrease in Intangible assets
  Primarily due to normal amortization

- 22% decrease in Interest-bearing loans and borrowings
  Mainly due to loan repayments

- 5% decrease in Trade and Other Payables
  Primarily due to payments made to various contractors and suppliers

- 43% increase in Customers' Deposit
  Mainly due to increase in reservation sales and collection from various projects

- 122% increase in Income tax payable
  Mainly due to increase in income tax due of a subsidiary

- 348% increase in Contract liabilities
  Mainly due to collections from sales of uncompleted projects

- 12% increase in Other current liabilities
  Due to increase in retention payable to suppliers and contractors

- 6% decrease in Retirement benefit obligation
  Primarily due to additional funding made

- 7% increase in Deferred Tax Liabilities
  Mainly due to increase in income tax expense

Statements of Comprehensive Income
(Increase or decrease of 5% or more versus September 30, 2018)

- 16% decrease in Finance income
  Primarily due to varying payment terms of accounts under in-house financing

- 66% increase in Commissions and other income
  Mainly due to increase in revenues derived from other related sources

- 6% decrease in Cost of real estate sales
  Pertaining to varying cost per project

- 29% increase in Finance costs
  Mainly due to interest on loans

- 17% decrease in Equity in net loss of associates
  Primarily due to increase in net profit of an associate

- 31% increase in Operating expenses
  Primarily due to increase in marketing and administrative expenses

- 6% decrease in Tax Expense
  Mainly due to lower taxable income

For the year 2019, 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 unaudited 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 especially the new projects. It continuously offers competitive prices, more easy payment schemes under in-house financing and has strong relationships with reputable banks for the financing requirements of its customers.

Exhibit 7

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES
As of September 30, 2019
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	3,067,913	2,490,613	88,474	179,744	251,392	57,690	-
b) Other Receivables	3,910,533	3,910,533	-	-	-	-	-
Net Receivables	6,978,446						

2) Accounts Receivable Description

Type of Receivables	Nature/Description	Collection Period
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

EXHIBIT 8

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

	30-Sep-2019	31-Dec-2018
Current ratio	2.96	3.34
Quick ratio	0.49	0.66
Debt-to-equity ratio	0.61	0.54
Interest-bearing debt to total capitalization ratio	0.06	0.08
Asset-to-equity ratio	1.61	1.54
		30-Sep-2018 (As restated)
Interest rate coverage ratio	368%	436%
Net profit margin	11.05%	11.08%
Return on assets	0.91%	0.89%
Return on equity/investment	1.40%	1.38%
Return on equity/investment of owners	1.54%	1.41%

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 liabilitites

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 divided by total equity.

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