108132013003060

SECURITIES AND EXCHANGE COMMISSION

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Company Information

SEC Registration No.	AS94006430
Company Name	EMPIRE EAST LAND HOLDINGS INC.
Industry Classification	
Company Type	Stock Corporation

Document Information

Document ID	108132013003060
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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 June 2013**

2. Commission Identification Number: **ASO94-006430**

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	**14,803,455,238**

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, 2012 and June 30, 2013
Exhibit 2 – Consolidated Statements of Comprehensive Income as of June 30, 2012 and June 30, 2013
Exhibit 3 – Consolidated Statements of Changes in Equity as of June 30, 2012 and June 30, 2013
Exhibit 4 – Consolidated Statements of Cash Flows as of June 30, 2012 and June 30, 2013
Exhibit 5 - Notes to Consolidated Financial Statements

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

Item 2. Aging of Accounts Receivable as of June 30, 2013

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
Vice President for Finance (Principal Financial Officer) and Duly Authorized Officer
August 13, 2013

EXHIBIT 1

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

	Unaudited 30-Jun-13	Audited 31-Dec-12
A S S E T S		
CURRENT ASSETS		
Cash and cash equivalents	P 1,523,222	P 3,033,223
Trade and other receivables - net	3,463,914	2,590,589
Residential and condominium units for sale	12,162,974	11,342,431
Property development costs	2,715,897	2,659,617
Advances to related parties	1,771,885	1,687,392
Prepayments	216,523	154,130
Other current assets	728,487	512,115
Total Current Assets	22,582,902	21,979,497
NON-CURRENT ASSETS		
Trade and other receivables - net	2,273,076	2,194,359
Advances to landowners and joint ventures	811,805	822,585
Available-for-sale financial assets	2,634,840	1,887,176
Land held for future development	3,875,876	3,662,752
Investment in associates	504,656	970,146
Investment property - net	193,955	202,357
Property and equipment - net	165,405	171,066
Goodwill	78,327	78,327
Deferred tax assets	4,066	4,066
Other non-current assets	6,364	6,419
Total Non-current Assets	10,548,370	9,999,253
TOTAL ASSETS	P 33,131,272	P 31,978,750

		Unaudited 30-Jun-13		Audited 31-Dec-12
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Interest-bearing loans and borrowings	**P**	**98,080**	P	152,990
Trade and other payables		**505,802**		948,442
Income tax payable		**336**		7,053
Deferred gross profit on real estate sales		**108,821**		90,417
Customers' deposits		**2,909,680**		2,739,542
Advances from related parties		**2,065,686**		2,788,093
Reserve for property development		**235,906**		175,551
Other current liabilities		**285,367**		197,271
Total Current Liabilities		**6,209,678**		7,099,359
NON-CURRENT LIABILITIES				
Interest-bearing loans and borrowings		**169,839**		236,894
Reserve for property development		**862,110**		906,876
Deferred tax liabilities		**1,213,884**		1,128,597
Deferred gross profit on real estate sales		**162,411**		224,930
Retirement benefit obligation		**115,980**		114,965
Total Non-current Liabilities		**2,524,224**		2,612,262
Total Liabilities		**8,733,902**		9,711,621
EQUITY				
Equity attributable to parent company's shareholders		**23,783,590**		21,654,212
Non-controlling interest		**613,780**		612,917
Total Equity		**24,397,370**		22,267,129
TOTAL LIABILITIES AND EQUITY	**P**	**33,131,272**	P	31,978,750

EXHIBIT 2

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In thousand pesos, except earnings per share)

	Unaudited		Unaudited	
	April to June 2013	Jan to June 2013	April to June 2012	Jan to June 2012
REVENUES				
Real estate sales	P 308,829	P 865,918	P 248,359	P 712,310
Realized gross profit on prior years' sales	57,469	98,082	-	6,236
Finance income	110,966	187,178	93,399	213,588
Equity in net earnings of associates	(20,774)	5,205	17,535	38,180
Commissions and other income	184,569	274,272	95,908	184,965
	641,059	1,430,655	455,201	1,155,279
COSTS & EXPENSES				
Cost of real estate sales	201,644	555,068	178,687	498,698
Deferred gross profit on current year's sales	5,505	53,966	24,012	84,690
Finance costs	44,961	83,676	16,082	45,938
Operating expenses	282,715	564,998	189,587	434,297
Tax expense	71,482	87,870	14,123	31,199
	606,307	1,345,578	422,491	1,094,822
NET PROFIT	34,752	85,077	32,710	60,457
Net profit attributable to:				
Parent company's shareholders	P 34,219	P 84,214	P 31,585	P 66,290
Non-controlling interest	533	863	1,125	(5,833)
	P 34,752	P 85,077	P 32,710	P 60,457
OTHER COMPREHENSIVE INCOME (LOSS)				
Fair value gains (losses) on available-for-sale financial assets	253,350	785,164	(142,345)	202,626
TOTAL COMPREHENSIVE INCOME (LOSS)	P 288,102	P 870,241	P (109,635)	P 263,083
Total comprehensive income (loss) attributable to:				
Parent company's shareholders	P 287,569	P 869,378	P (112,445)	P 250,913
Non-controlling interest	533	863	2,810	12,170
	P 288,102	P 870,241	P (109,635)	P 263,083
Earnings Per Share				
Basic		P 0.0057		P 0.0063
Diluted		P 0.0057		P 0.0062

EXHIBIT 3

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In thousand pesos)

		Unaudited 30-Jun-2013		Unaudited 30-Jun-2012
CAPITAL STOCK		P 14,803,455		P 10,908,216
ADDITIONAL PAID-IN CAPITAL		4,307,888		4,281,565
TREASURY STOCK		(102,107)		(116,234)
REVALUATION RESERVES				
Balance at beginning of year	1,016,726		473,951	
Net Unrealized fair value gains (losses) on available-for-sale financial assets	785,164		184,623	
Balance at end of period		1,801,890		658,574
RETAINED EARNINGS		2,972,464		2,720,605
NON-CONTROLLING INTEREST		613,780		865,783
TOTAL EQUITY		P 24,397,370		P 19,318,509

EXHIBIT 4

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

		Unaudited 30-Jun-13		Unaudited 30-Jun-12
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before tax	P	172,947	P	91,656
Adjustments for:				
Depreciation and amortization		18,458		19,607
Finance costs		83,676		45,938
Finance income		(187,178)		(251,768)
Equity in net earnings of associates		(5,205)		(38,180)
Operating income before working capital changes		82,698		(132,748)
Net Changes in Operating Assets and Liabilities				
Increase in current and non-current assets		(1,885,077)		(1,188,576)
(Decrease) Increase in current and other non-current liabilities		(947,134)		572,764
Increase in reserve for property development		15,589		156,250
Cash used in operations		(2,733,924)		(592,309)
Interest received		105,685		154,873
Cash paid for income taxes		(9,300)		(26,252)
Net Cash Used in Operating Activities		(2,637,538)		(463,688)
CASH FLOWS FROM INVESTING ACTIVITIES		6,010		262,331
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		1,121,528		(215,489)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(1,510,000)		(416,846)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		3,033,223		827,666
CASH AND CASH EQUIVALENTS AT END OF PERIOD	P	1,523,223	P	410,820

EXHIBIT 5

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2013 AND 2012
(UNAUDITED)
(Amounts in Philippine Peso)

1) The financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). The accounting policies and method of computation have been consistently followed by Empire East Land Holdings Inc. and subsidiaries (the Group) and are consistent with those used in the most recent annual audited financial statements.

2) Cash and cash equivalents account is composed of cash on hand and in banks amounting to P0.16 billion and short-term placements of P1.36 billion.

3) Current Trade and other receivables-net account of P3.5 billion mostly includes receivables from sales transactions. The P2.3 billion non-current portion of Trade and other receivables are those amounts which are not expected to be realized or collected within the one-year period.

4) Property development costs and Residential and condominium units for sale accounts amounting to P2.7 billion and P12.2 billion respectively, pertain to land development and construction costs of various projects.

5) Investment in and advances to associates and related parties and advances to landowners and joint ventures accounts totaling P3.1 billion pertain to property acquisition, joint venture and other business related transactions.

6) Available-for-sale financial assets account amounting to P2.6 billion pertain to investments in equity securities by subsidiaries.

7) Land held for future development account of P3.9 billion, which is net of the amount transferred to Property development cost account, refers to the properties acquired by the company. Most properties, which are specifically located in Metro Manila and Calabarzon areas, are intended for immediate and future development. This account also includes other expenses related to acquisition.

8) Investment property account of P194 million pertains to land and building and office and commercial units for lease, and certain lots held for capital appreciation. This account is presented in the interim financial statements net of depreciation.

9) Property and equipment account of P165 million is composed of fixed assets that are being depreciated over its estimated useful lives using the straight-line method. This account is presented in the interim financial statements net of depreciation.

10) Interest-bearing loans and borrowings account with a balance of P268 million mostly includes loans obtained from commercial banks and financial institution and trade receivables discounted with recourse.

11) Current Liabilities account is composed of current portion of Deferred gross profit on real estate sales amounting to P109 million, Customers' deposits of P2.9 billion and other payables and accruals amounting to P2.9 billion. Other non-current liabilities include non-current portion of Deferred tax, Deferred gross profit on real estate sales and other payables totaling to P1.5 billion.

12) Reserve for property development of P1.1 billion pertains to the remaining costs needed to complete the development and construction of the sold units.

13) Increase in total equity by P2.1 billion is the net effect of additional issuance of common shares, six-months net profit and the fair value gains and revaluation of marketable equity securities.

14) Revenues include the following – Real estate sales of P866 million, Realized gross profit of P98 million, Finance income of P187 million derived mostly from buyers' in-house financing, Equity in net earnings of associates of P5 million and Commissions and Other income totaling to P274 million.

15) There were no changes in estimates of amounts reported in prior interim periods or prior financial years that have material effect in the current interim period.

16) There were no material contingencies and any other events or transactions that have material impact on the current interim period.

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

18) In June 2013, the Company issued additional 1.2 billion common shares to its parent, Megaworld Corporation, for a price of P1.26 billion.

19) In June 2013, the Company sold its stake in its associate, Suntrust Properties Inc., to its parent, Megaworld Corporation. A total of 315 million shares were sold at book value for an aggregate price of P471 million.

20) There were no issuances, repurchases, and repayments of debt on the current interim period.

21) The Company'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 Company is engaged in the development and marketing of affordable and mass housing projects either in the form of condominium communities or house and lot packages, and to a limited extent, commercial and office space and mixed-use complexes. It classifies its projects into high-rise and horizontal. High-rise projects refer to condominiums and other medium scale properties which cater to middle-income market while the horizontal projects refer to house and lot packages and subdivision lots which are intended both for low and middle-income market.

The tables below and the succeeding page present the revenue and profit information regarding industry segments in the quarters ended June 30, 2013 and 2012 and certain asset and liability information regarding industry segments as of June 30, 2013 and December 31, 2012.

June 30, 2013

	High-Rise Projects	Horizontal Projects	Corporate and Others	Total
TOTAL REVENUES				
Sales to external customers	P 728,925,624	P 136,992,469	P 274,272,052	P 1,140,190.145
RESULTS				
Segment results	P 279,965,237	P 74,999,934	P 461,449,831	P 816,415,002
Unallocated expenses			(564,996,535)	(564,996,535)
Operating profit				251,418,467
Equity in net earnings of associates			5,204,999	5,204,999
Finance costs			(83,676,427)	(83,676,427)
Profit before tax				172,947,039
Tax expense			(87,870,204)	(87,870,204)
Profit before non-controlling interest				85,076,835
Non-controlling interest – share in net profit				(863,350)
Net profit attributable to parent company's shareholders				P 84,213,485
ASSETS AND LIABILITIES				
Segment assets	P 13,602,756,073	P 4,519,463,500	P 161,004,883	P 18,283,224,456
Investment in associates			504,656,203	504,656,203
Unallocated assets	-	-	14,343,391,317	14,343,391,317
Total assets	P 13,602,756,073	P 4,519,463,500	P 15,009,052,403	P 33,131,271,976
Segment liabilities	P 855,399,784	P 513,847,826	P -	P 1,369,247,610
Unallocated liabilities	-	-	7,364,654,675	7,364,654,675
Total liabilities	P 855,399,784	P 513,847,826	P 7,364,654,675	P 8,733,902,285
OTHER SEGMENT INFORMATION:				
Capital expenditures			P 6,113,238	P 6,113,238
Depreciation and amortization			18,457,783	18,457,783

June 30, 2012

	High-Rise Projects	Horizontal Projects	Corporate and Others	Total
TOTAL REVENUES				
Sales to external customers	P 576,753,793	P 135,556,157	P 184,965,005	P 897,274.955
RESULTS				
Segment results	P 115,663,901	P 19,494,216	P 398,553,466	P 533,711,583
Unallocated expenses			(434,297,004)	(434,297,004)
Operating profit				99,414,579
Equity in net earnings of associates			38,179,308	38,179,308
Finance costs			(45,937,540)	(45,937,540)
Profit before tax				91,656,347
Tax expense			(31,198,842)	(31,198,842)
Profit before non-controlling interest				60,457,505
Non-controlling interest – share in net loss				5,832,748
Net profit attributable to parent company's shareholders				P 66,290,253
ASSETS AND LIABILITIES				
Segment assets	P 12,470,671,987	P 4,528,288,193	P 168,225,441	P 17,167,185,621
Investment in an associate			970,146,246	970,146,246
Unallocated assets	-	-	13,841,417,993	13,841,417,993
Total assets	P 12,470,671,987	P 4,528,288,193	P 14,979,789,680	P 31,978,749,860
Segment liabilities	P 808,553,884	P 589,219,928	P -	P 1,397,773,812
Unallocated liabilities	-	-	8,313,847,189	8,313,847,189
Total liabilities	P 808,553,884	P 589,219,928	P 8,313,847,189	P 9,711,621,001
OTHER SEGMENT INFORMATION:				
Capital expenditures			P 16,125,846	P 16,125,846
Depreciation and amortization			19,606,572	19,606,572

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 June 30, 2013 versus June 30, 2012

During the six-month period, the consolidated net profit amounted to P85.1 million, 41% higher than the previous year's net income of P60.5 million. Consolidated revenues, composed of real estate sales, realized gross profit, finance income, earnings of associates, commissions and other revenues posted an increase of 24% from P1.2 billion to P1.4 billion.

Real Estate Sales

The Group registered Real Estate Sales of P865.9 million for six months ended June 30, 2013 compared with P712.3 million in 2012. The sales generated were derived from various projects including, San Lorenzo Place, Pioneer Woodlands, Little Baguio Terraces, The Sonoma, The Cambridge Village, California Gardens Square and Laguna Bel Air Projects.

The Cost of Real Estate Sales amounting to P555.1 million in 2013 and P498.7 million in 2012, as a percentage of Real Estate Sales, was 64% and 70%, respectively. The change was primarily due to the different composition of products sold for each year.

Gross Profit was P310.9 million during the six months of 2013 and P213.6 million in 2012, or 36% and 30% 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 P355 million in 2013 and P135 million in 2012, represents 41% and 19% of Real Estate Sales, respectively.

Other Revenues

The finance income amounting to P187.2 million and P213.6 million in 2013 and 2012 respectively, were derived mostly from in-house financing and accounts for 13% and 18% 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 P274.3 million in 2013 and P185.0 million in 2012, represents 19% and 16% of total revenues, respectively.

Operating Expenses

Operating Expenses posted an increase from P434.3 million in 2012 to P565 million in 2013. Other charges/expenses include Finance Cost of P83.7 million and P45.9 million in 2013 and 2012, respectively.

FINANCIAL CONDITION

Review of June 30, 2013 versus December 31, 2012

Total resources of the Group as of June 30, 2013 and December 31, 2012 amounted to P33.1 billion and P32.0 billion respectively. Cash and Cash Equivalents decreased from P3.0 billion to P1.5 billion. The Group remained liquid with Total Current Assets of P22.6 billion in 2013 and P22.0 billion in 2012, which accounted for 68% and 69% of the Total Assets in 2013 and 2012 respectively, while its Total Current Liabilities amounted to P6.2 billion in June 30, 2013 as compared with P7.1 billion in December 31, 2012.

Equity increased from P22.3 billion in the previous year to P24.4 billion as of June 30, 2013 due to additional subscription of shares, revaluation of equity investments and net income for the 6-month period.

For the six months of 2013 and previous year 2012, the Group sourced its major cash requirements from internally generated funds, subscription proceeds, disposal and sale of investment in associate and partly from borrowings.

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

Material Changes in the 2013 Interim Financial Statements
(Increase or decrease of 5% or more versus December 31, 2012)

Statements of Financial Position

- 50% decrease in Cash and cash equivalents
  Mainly due to construction related payments and acquisition of properties

- 20% increase in Trade and other receivables
  Due to increase in real estate sales

- 7% increase in Residential and condominium units for sale
  Due to ongoing construction and development activities

- 5% increase in Advances to related parties
  Mainly due to additional advances to associates

- 40% increase in Prepayments
  Mainly due to increase in prepaid taxes related to transfer of titles

- 42% increase in Other current assets
  Mainly attributed to input vat on various purchases and payments to contractors

- 6% increase in Land held for future development
  Mainly due to acquisition of properties

- 40% increase in Available-for-sale financial assets
  Primarily due to increase in fair market value of investment in securities held by a subsidiary

- 48% decrease in Investment in associates
  Due to sale of the company's stake in associate to its parent company

- 31% decrease in Interest-bearing loans and borrowings
  Due to repayment of loans and borrowings

- 47% decrease in Trade and other payables
  Various payments to contractors and suppliers due to increasing construction activities

- 95% decrease in Income tax payable
  Mainly due to payment of previous year's income tax payable

- 14% decrease in Deferred gross profit on real estate sales
  Primarily due to increase in completion of projects

- 6% increase in Customers' deposit
  Mainly due to increase in reservation sales and collection from various projects

- 26% decrease in Advances from related parties
  Due to payment of advances from associates

- 45% increase in Other current liabilities
  Due to increase in retention payables to suppliers and contractors

- 8% increase in Deferred tax liabilities
  Mainly due to increase in income subject to tax

Statements of Income

- 22% increase in Real estate sales
  Due to aggressive selling of projects

- 1473% increase in Realized gross profit on prior years' sale
  Primarily due to increase in construction accomplishments of ongoing projects

- 12% decrease in Finance income
  Primarily due to varying payment terms of accounts under in-house financing

- 86% decrease in Equity in net earnings of associates
  Primarily due to sale of the Group's share of stock in an associate

- 25% increase in Commission and other income
  Mainly due to increase in other revenues derived from other related sources

- 11% increase in Cost of real estate sales
  Mainly due to increase in real estate sales

- 36% decrease in Deferred gross profit on current year's sales
  Mainly due to construction accomplishments of ongoing projects

- 82% increase in Finance costs
  Mainly due to additional construction-related advances

- 30% increase in Operating expenses
  Primarily due to intensified selling and marketing activities and increase in administrative expenses

- 182% increase in Tax expense
  Mainly due to increase in taxable income

For the year 2013, the projected capital expenditures (construction and development) of roughly P4 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.

TOP FIVE (5) KEY PERFORMANCE INDICATORS

For the six-month period of 2013, the following are top key performance indicators of the Group:

1) **Increase in 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) **Increase in Other Income**

   Other income derived from various source significantly contributed in generating revenues.

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.

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.

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 P80 million as of June 30, 2013.

At June 30, 2013, if the peso had strengthened by 5% against the U.S. dollar with all other variables held constant, income before tax for the year would have been P3.9 million lower, mainly as a result of foreign exchange loss 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 higher by the same amount.

The 5% 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.

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 June 30, 2013, if general interest rates on dollar and peso-denominated financial assets had been higher by 1%, with all other variables held constant, income before tax for the year would have been P11 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 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.

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:

	As of June. 30,2013	As of Dec. 31, 2012
Cash and cash equivalents	**P 1,523,222,297**	P 3,033,222,982
Trade and other receivables - net	**5,010,525,416**	4,208,570,334
Advances to landowners and joint venture	**811,805,096**	822,584,793
Advances to related parties	**1,771,885,305**	1,687,392,195
	P 9,117,438,114	P 9,751,770,304

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.

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 June 30, 2013, the Group's financial liabilities have contractual maturities which are presented below:

	Current		Non-current	
	Within 6 Months	6 to 12 Months	1 to 5 Years	Later than 5 Years
Interest-bearing loans and borrowings	P 98,080,524	P -	P 169,839,025	P -
Trade and other payables	351,863,158	-	-	-
Advances from related parties	2,065,685,874	-	-	-
Other current liabilities	246,931,820	-	-	-
	P2,762,561,376	P -	P 169,839,025	P -

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

	Current		Non-current	
	Within 6 Months	6 to 12 Months	1 to 5 Years	Later than 5 Years
Interest-bearing loans and borrowings	P 170,684,851	P -	P 413,846,258	P -
Trade and other payables	891,315,116	-	-	-
Advances from related parties	2,874,646,777	-	-	-
Other current liabilities	180,245,087	-	-	-
	P4,116,891,831	P -	P 413,846,258	P -

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

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 June 30, 2013, if the quoted stock price for the securities had decreased by 5.23% with all other variables held constant, equity would have been lower by about P124.6 million. The 5.23% 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.

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.

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.

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 maturities 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.

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.

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.

The significant accounting policies used in this consolidated interim financial statements are consistent with those applied in the Group's annual consolidated statements as of and for the year ended December 31, 2012.

The Group does not expect to implement and adopt PFRS 9 until its effective date or until all chapters of this new standard have been published. In addition, management is currently assessing the impact of PFRS 9 on the consolidated financial statements and it plans to conduct a comprehensive study on the fourth quarter of 2014 of the potential impact of this standard prior to its mandatory adoption date to assess the impact of all changes.

Exhibit 7

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES
As of June 30, 2013
Amounts in thousands

1) Aging of Accounts Receivable

Type of Receivables	Total	Current Not Yet Due	1 Month	2-3 Mos.	4-6 Mos.	Above 7 Mos.	1-2 Yrs	3-5 Yrs	5 Yrs - above	Past due accounts & Items in Litigation
a) Trade Receivables	3,212,413	3,206,249	4,799	1,124	241	-				-
b) Other Receivables	2,524,577	2,524,577	-	-	-	-				-
Net Receivables	**5,736,990**									

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-Jun-2013	31-Dec-2012
Current ratio	**3.64**	3.10
Quick ratio	**0.80**	0.79
Debt-to-equity ratio	**0.36**	0.44
Interest-bearing debt to total capitalization ratio	**0.01**	0.02
Asset-to-equity ratio	**1.36**	1.44
		30-Jun-2012
Interest rate coverage ratio	**307%**	300%
Net profit margin	**5.95%**	5.23%
Return on assets	**0.28%**	0.23%
Return on equity/investment	**0.35%**	0.31%
Return on equity/investment of owners	**0.35%**	0.36%

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 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 plus total 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