CR05935-2017

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

   Jun 30, 2017

2. SEC Identification Number

   AS094-006430

3. BIR Tax Identification No.

   003-942-108

4. Exact name of issuer as specified in its charter

   EMPIRE EAST LAND HOLDINGS, INC.

5. Province, country or other jurisdiction of incorporation or organization

   Metro Manila

6. Industry Classification Code(SEC Use Only)

7. Address of principal office

   21st Floor, The World Centre 330 Sen. Gil J. Puyat Avenue Makati City, Philippines
   Postal Code
   1227

8. Issuer's telephone number, including area code

   (632) 867-8351 to 59

9. Former name or former address, and former fiscal year, if changed since last report

   N/A

10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

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

11. Are any or all of registrant's securities listed on a Stock Exchange?

   ☑ Yes ☐ No

   If yes, state the name of such stock exchange and the classes of securities listed therein:

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

12. Indicate by check mark whether the registrant:

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

☑ Yes ☐ No

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

☑ Yes ☐ No

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	Jun 30, 2017
Currency (indicate units, if applicable)	Pesos

Balance Sheet

	Period Ended	Fiscal Year Ended (Audited)
	Jun 30, 2017	Dec 31, 2016
Current Assets	29,553,079,471	29,560,933,430
Total Assets	39,344,284,531	38,552,758,459
Current Liabilities	8,601,990,699	8,360,063,427
Total Liabilities	13,919,187,239	13,639,147,398
Retained Earnings/(Deficit)	5,156,460,643	4,815,887,029
Stockholders' Equity	25,425,097,292	24,913,611,061
Stockholders' Equity - Parent	24,804,915,448	24,293,189,834
Book Value per Share	1.69	1.66

Income Statement

	Current Year (3 Months)	Previous Year (3 Months)	Current Year-To-Date	Previous Year-To-Date
Gross Revenue	1,258,869,830	1,449,603,573	2,585,003,510	2,537,290,200
Gross Expense	1,014,421,425	1,199,738,523	2,072,173,223	2,109,693,432
Non-Operating Income	56,992,589	60,582,696	93,607,260	123,702,431
Non-Operating Expense	48,961,041	44,268,110	118,885,744	86,388,509
Income/(Loss) Before Tax	252,479,953	266,179,636	487,551,803	464,910,690
Income Tax Expense	76,863,945	81,099,191	147,217,573	139,782,974
Net Income/(Loss) After Tax	175,616,008	185,080,445	340,334,230	325,127,716
Net Income Attributable to Parent Equity Holder	177,074,768	186,069,773	340,573,614	324,962,128
Earnings/(Loss) Per Share (Basic)	-	-	0.02	0.02
Earnings/(Loss) Per Share (Diluted)	-	-	0.02	0.22

	Current Year (Trailing 12 months)	Previous Year (Trailing 12 months)
Earnings/(Loss) Per Share (Basic)	0.04	0.04
Earnings/(Loss) Per Share (Diluted)	0.04	0.04

Other Relevant Information
None

Filed on behalf by:

Name	Dohrie Edangalino
Designation	Authorized User

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended **30 June 2017**

2. Commission Identification Number: **AS094-006430**

3. BIR Tax Identification No. **003-942-108**

4. **EMPIRE EAST LAND HOLDINGS, INC.**
   Exact name of issuer as specified in its charter

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

6. (SEC Use Only)
   Industry Classification Code

7. **21st Floor, The World Centre**
   330 Sen. Gil J. Puyat Avenue
   Makati City, Philippines 1227
   Address of issuer's principal office

8. **(632) 867-8351 to 59**
   Issuer's telephone number, including area code

9. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

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

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

    Yes [X] **No [ ]**

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

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

11. Indicate by check mark whether the issuer:

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

    Yes [X] No [ ]

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

Yes [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, 2016 and June 30, 2017
Exhibit 2 - Consolidated Statements of Comprehensive Income as of June 30, 2016 and June 30, 2017
Exhibit 3 - Comparative Statements of Changes in Equity as of June 30, 2016 and June 30, 2017
Exhibit 4 - Consolidated Statements of Cash Flows as of June 30, 2016 and June 30, 2017
Exhibit 5 - Notes to Interim Financial Statements
Exhibit 6 - Management's Discussion and Analysis Results of Operations and Financial Condition

Item 2. Aging of Accounts Receivable as of June 30, 2017

Please refer to Exhibit 7 hereof.

Item 3. Schedule of Financial Soundness Indicators

Please refer to Exhibit 8 hereof.

PART II – OTHER INFORMATION

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

SIGNATURE

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

EMPIRE EAST LAND HOLDINGS, INC.
Issuer

By:

EVELYN G. CACHO
Senior Vice President (Principal Financial Officer) and Duly Authorized Officer
August 10, 2017

EXHIBIT 1

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

		Unaudited 30-Jun-17		Audited 31-Dec-16
A S S E T S				
CURRENT ASSETS				
Cash and cash equivalents	**P**	**609,709**	P	1,008,998
Trade and other receivables - net		**5,196,119**		5,021,311
Advances to related parties		**2,406,486**		2,311,258
Residential and condominium units for sale		**18,822,087**		18,933,860
Property development costs		**1,907,425**		1,903,776
Prepayments and other current assets		**611,253**		381,730
Total Current Assets		**29,553,079**		29,560,933
NON-CURRENT ASSETS				
Trade and other receivables - net		**3,420,721**		2,782,264
Available-for-sale financial assets		**1,610,180**		1,439,028
Advances to landowners and joint ventures		**306,878**		306,871
Land held for future development		**2,925,391**		2,925,391
Investment in associates		**1,160,261**		1,162,874
Property and equipment - net		**156,150**		155,445
Investment property - net		**126,902**		135,249
Other non-current assets		**84,722**		84,703
Total Non-current Assets		**9,791,205**		8,991,825
TOTAL ASSETS	**P**	**39,344,284**	P	38,552,758

		Unaudited		Audited
		30-Jun-17		31-Dec-16
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Interest-bearing loans and borrowings	**P**	**358,873**	P	355,115
Trade and other payables		**1,455,482**		1,451,140
Deferred gross profit on real estate sales		**56,334**		53,575
Customers' deposits		**2,541,826**		2,494,779
Advances from related parties		**3,090,978**		3,012,266
Reserve for property development		**436,209**		387,963
Income tax payable		**-**		20,510
Other current liabilities		**662,289**		584,715
Total Current Liabilities		**8,601,991**		8,360,063
NON-CURRENT LIABILITIES				
Interest-bearing loans and borrowings		**1,418,473**		1,603,434
Deferred gross profit on real estate sales		**138,674**		116,609
Reserve for property development		**1,478,600**		1,425,946
Retirement benefit obligation		**530,428**		528,515
Deferred tax liabilities		**1,751,021**		1,604,580
Total Non-current Liabilities		**5,317,196**		5,279,084
Total Liabilities		**13,919,187**		13,639,147
EQUITY				
Equity attributable to parent company's shareholders		**24,804,915**		24,293,190
Non-controlling interest		**620,182**		620,421
Total Equity		**25,425,097**		24,913,611
TOTAL LIABILITIES AND EQUITY	**P**	**39,344,284**	P	38,552,758

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 2017	Jan to June 2017	April to June 2016	Jan to June 2016
REVENUES				
Real estate sales	P 1,138,247	P 2,317,236	P 1,292,373	P 2,250,123
Realized gross profit on prior years' sales	14,825	41,336	19,135	42,649
Finance income	56,803	96,220	60,973	124,063
Equity in net (loss) earnings of associates	189	(2,613)	(390)	(360)
Commissions and other income	105,799	226,432	138,096	244,518
	1,315,863	2,678,611	1,510,187	2,660,993
COSTS & EXPENSES				
Cost of real estate sales	645,739	1,295,612	827,652	1,444,706
Deferred gross profit on current year's sales	(8,097)	66,160	36,875	53,185
Finance costs	48,961	118,886	44,269	86,389
Operating expenses	376,780	710,401	335,211	611,802
Tax expense	76,864	147,218	81,099	139,783
	1,140,247	2,338,277	1,325,106	2,335,865
NET PROFIT	175,616	340,334	185,081	325,128
Net profit attributable to:				
Parent company's shareholders	P 177,074	P 340,573	P 186,070	P 324,962
Non-controlling interest	(1,458)	(239)	(989)	166
	P 175,616	P 340,334	P 185,081	P 325,128
OTHER COMPREHENSIVE INCOME (LOSS)				
Fair value gains (losses) on available-for-sale financial assets	182,412	171,152	(191,420)	(146,380)
TOTAL COMPREHENSIVE INCOME (LOSS)	P 358,028	P 511,486	P (6,339)	P 178,748
Total comprehensive income (loss) attributable to:				
Parent company's shareholders	P 359,486	P 511,725	P (5,350)	P 178,582
Non-controlling interest	(1,458)	(239)	(989)	166
	P 358,028	P 511,486	P (6,339)	P 178,748
Earnings Per Share				
Basic		P 0.0232		P 0.0221
Diluted		P 0.0232		P 0.0221

EXHIBIT 3

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

(In Thousands)

		Unaudited 30-Jun-2017		Unaudited 30-Jun-2016
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	**468,066**		839,520	
Net unrealized fair value gains (losses) on available-for-sale financial assets	**171,152**		(146,380)	
Balance at end of period		**639,218**		693,140
RETAINED EARNINGS		**5,156,461**		4,540,881
MINORITY INTEREST		**620,182**		619,481
TOTAL EQUITY		**P 25,425,097**		P 24,862,738

EXHIBIT 4

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

		Unaudited 30-Jun-17		Unaudited 30-Jun-16
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before tax	**P**	**487,552**	P	464,911
Adjustments for:				
Depreciation and amortization		**16,938**		16,619
Finance costs		**118,886**		86,389
Finance income		**(96,220)**		(124,063)
Equity in net loss of associates		**2,613**		360
Operating income before working capital changes		**529,769**		444,216
Net Changes in Operating Assets and Liabilities				
Increase in current and non-current assets		**(926,978)**		(776,075)
Increase in current and other non-current liabilities		**155,701**		45,611
Increase in reserve for property development		**100,901**		72,856
Cash used in operations		**(140,607)**		(213,392)
Interest received		**14,834**		46,623
Cash paid for income taxes		**(21,779)**		(21,821)
Net Cash Used in Operating Activities		**(147,552)**		(188,590)
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		**(7,875)**		2,605
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		**(243,862)**		544,581
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(399,289)**		358,596
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		**1,008,998**		1,398,236
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**P**	**609,709**	P	1,756,832

EXHIBIT 5

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES
(A Subsidiary of Megaworld Corporation)
NOTES TO INTERIM FINANCIAL STATEMENTS
FOR THE 6 MONTHS ENDED JUNE 30, 2017 AND 2016
(UNAUDITED)
(Amounts in Philippine Pesos)

1. CORPORATE INFORMATION

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

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

The Company holds ownership interests in the following entities:

Subsidiaries/ Associates	Explanatory Notes	Percentage of Ownership June 2017	2016	2015
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%
Laguna BelAir Science School, Inc. (LBASSI)	(d)	**73%**	73%	73%
Sonoma Premier Land, Inc. (SPLI)	(b)	**60%**	60%	60%
20th Century Nylon Shirt Co., Inc. (20th Century)	(e)	**100%**	100%	100%
Associates:				
Gilmore Property Marketing Associate, Inc. (GPMAI)	(b)	**47%**	47%	47%
Pacific Coast Megacity Inc. (PCMI)	(f)	**20%**	20%	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 June 30, 2017.

(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) Associate acquired in 2015. The Company plans to acquire 100% ownership interest over a period of five years.

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

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

In prior years, the Company increased its ownership interest in VVPI and LBASSI resulting to 100% and 73% ownership control over the respective subsidiaries. This resulted to the recognition of goodwill which amounted to P78.3 million as of June 30, 2017 and December 31, 2016, and shown as part of Other non-current assets account in the consolidated statements of financial position.

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

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

The Company is a subsidiary of Megaworld Corporation (Megaworld or parent company). Megaworld is engaged in the development of large scale mixed-use planned communities or townships that integrate residential, commercial, leisure and entertainment components. The parent company is presently engaged in property-related activities, such as, project design, construction and property management. Megaworld is 67.25% owned by Alliance Global Group, Inc. (AGI), the Company's ultimate parent company. AGI is a holding company with diversified investments in food and beverage, real estate, tourism-entertainment and gaming and quick service restaurant businesses. The shares of common stock of both Megaworld and AGI are listed at the PSE.

The Company's registered office is located at 21st Floor, The World Centre Building, 330 Sen. Gil Puyat Avenue, Makati City. Megaworld's registered office is at 30th Floor Alliance Global Tower, 36th Street corner 11th Avenue Uptown Bonifacio, Taguig City 1634. On the other hand, AGI's registered office is located at the 7th Floor, 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriquez Jr. Avenue, Bagumbayan, Quezon City. These entities' registered offices are also their respective principal places of business.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of Preparation of Consolidated Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

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

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

(b) Presentation of Financial Statements

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

(c) Functional and Presentation Currency

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

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

2.2 Adoption of New and Amended PFRS

(a) Effective in 2017 that are Relevant to the Group

There are new PFRS and amendments to existing standards effective for annual periods subsequent to 2016 which are adopted by the FRSC. Management will adopt the relevant pronouncements as discussed below and in the succeeding pages in accordance with their transitional provisions; and, unless otherwise stated, none of these are expected to have significant impact on the Group's consolidated financial statements.

(i) PAS 7 (Amendments), *Statement of Cash Flows – Disclosure Initiative* (effective from January 1, 2017). The amendments are designed to improve the quality of information provided to users of financial statements about changes in an entity's debt and related cash flows (and non-cash changes). They require an entity to provide disclosures that enable users to evaluate changes in liabilities arising from financing activities. An entity applies its judgment when determining the exact form and content of the disclosures needed to satisfy this requirement. Moreover, they suggest a number of specific disclosures that may be necessary in order to satisfy the above requirement, including: (a) changes in liabilities arising from financing activities caused by changes in financing cash flows, foreign exchange rates or fair values, or obtaining or losing control of subsidiaries or other businesses; and, (b) a reconciliation of the opening and closing balances of liabilities arising from financing activities in the statement of financial position including those changes identified immediately above.

(ii) PAS 12 (Amendments), *Income Taxes – Recognition of Deferred Tax Assets for* Unrealized *Losses* (effective from January 1, 2017). The focus of the amendments is to clarify how to account for deferred tax assets related to debt instruments measured at fair value, particularly where changes in the market interest rate decrease the fair value of a debt instrument below cost. The amendments provide guidance in the following areas where diversity in practice previously existed: (a) existence of a deductible temporary difference; (b) recovering an asset for more than its carrying amount; (c) probable future taxable profit against which deductible temporary differences are assessed for utilization; and, (d) combined versus separate assessment of deferred tax asset recognition for each deductible temporary difference.

(b) Effective Subsequent to 2017 that are Relevant to the Group

(i) PFRS 9 (2014), *Financial Instruments* (effective from January 1, 2018). This new standard on financial instruments will eventually replace PAS 39, *Financial Instruments: Recognition and Measurement,* and PFRS 9 (2009, 2010 and 2013 versions). This standard contains, among others, the following:

- three principal classification categories for financial assets based on the business model on how an entity is managing its financial instruments;

- an expected loss model in determining impairment of all financial assets that are not measured at fair value through profit or loss (FVTPL), which generally depends on whether there has been a significant increase in credit risk since initial recognition of a financial asset; and,

- a new model on hedge accounting that provides significant improvements principally by aligning hedge accounting more closely with the risk management activities undertaken by entities when hedging their financial and non-financial risk exposures.

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

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

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

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

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

(ii) PFRS 15, *Revenue from Contracts with Customers* (effective from January 1, 2018). This standard will replace PAS 18, *Revenue*, and PAS 11, *Construction Contracts*, the related Interpretations on revenue recognition: International Financial Reporting Interpretations Committee (IFRIC) 13, *Customer Loyalty Programmes*, IFRIC 15, *Agreement for the Construction of Real Estate*, IFRIC 18, *Transfers of Assets from Customers,* and Standing Interpretations Committee 31, *Revenue – Barter Transactions Involving Advertising Services*. This new standard establishes a comprehensive framework for determining when to recognize revenue and how much revenue to recognize. The core principle in the said framework is for an entity to recognize revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Relative to the adoption of PFRS 15 in the Philippines, the FRSC also approved the issuance of Philippine Interpretations Committee Question & Answer No. 2016-04, *Application of PFRS 15, "Revenue from Contracts with Customers," on Sale of Residential Properties under Pre-completion Contracts*, which provides that sales of residential properties under pre-completion stage can be recognized over time until completion of construction.

Management is currently assessing the impact of this standard on the Group's consolidated financial statements.

(iii) PFRS 16, *Leases* (effective from January 1, 2019). The new standard will eventually replace PAS 17, *Leases*.

For lessees, it requires to account for leases "on-balance sheet" by recognizing a "right of use" asset and a lease liability. The lease liability is initially measured as the present value of future lease payments. For this purpose, lease payments include fixed, non-cancellable payments for lease elements, amounts due under residual value guarantees, certain types of contingent payments and amounts due during optional periods to the extent that extension is reasonably certain. In subsequent periods, the "right-of-use" asset is accounted for similarly to a purchased asset and depreciated or amortized. The lease liability is accounted for similar to a financial liability using the effective interest method. However, the new standard provides important reliefs or exemptions for short-term leases and leases of low value assets. If these exemptions are used, the accounting is similar to operating lease accounting under PAS 17 where lease payments are recognized as expenses on a straight-line basis over the lease term or another systematic basis (if more representative of the pattern of the lessee's benefit).

For lessors, lease accounting is similar to PAS 17's. In particular, the distinction between finance and operating leases is retained. The definitions of each type of lease, and the supporting indicators of a finance lease, are substantially the same as PAS 17's. The basic accounting mechanics are also similar, but with some different or more explicit guidance in few areas. These include variable payments, sub-leases, lease modifications, the treatment of initial direct costs and lessor disclosures.

Management is currently assessing the impact of this new standard in its consolidated financial statements.

(iv) PFRS 10 (Amendments), *Consolidated Financial Statements,* and PAS 28 (Amendments), *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associates or Joint Venture* (effective date deferred indefinitely). The amendments to PFRS 10 require full recognition in the investor's financial statements of gains or losses arising on the sale or contribution of assets that constitute a business as defined in PFRS 3, *Business Combinations*, between an investor and its associate or joint venture. Accordingly, the partial recognition of gains or losses (i.e., to the extent of the unrelated investor's interests in an associate or joint venture) only applies to those sale of contribution of assets that do not constitute a business. Corresponding amendments have been made to PAS 28 to reflect these changes. In addition, PAS 28 has been amended to clarify that when determining whether assets that are sold or contributed constitute a business, an entity shall consider whether the sale or contribution of those assets is part of multiple arrangements that should be accounted for as a single transaction.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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

3.1 Critical Judgments in Applying Accounting Policies

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

(a) *Revenue Recognition*

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.

(b) *Impairment of AFS Financial Assets*

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

(c) *Distinction Among Investment Property, Owner-managed Properties and Land Held for Future Development*

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

(d) *Distinction Between Residential and Condominium Units for Sale and Investment Properties*

Residential and condominium units for sale 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.

(e) *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 of the Group's current lease agreements are classified as operating leases.

(f) 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, *Investment Property,* on ancillary services.

(g) Recognition of Provisions and Contingencies

Judgment is exercised by management to distinguish between provisions and contingencies

3.2 Key Sources of Estimation Uncertainty

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

(a) Impairment of Trade and Other Receivables and Advances to Related Parties

Adequate amount of allowance for impairment is provided for specific and groups of accounts, where objective evidence of impairment exists. The Group evaluates the amount of allowance for impairment based on available facts and circumstances affecting the collectability of the accounts, including, but not limited to, the length of the Group's relationship with the counterparties, their current credit status, average age of accounts, collection experience and historical loss experience. The methodology and assumptions used in estimating future cash flows are reviewed regularly by the Group to reduce any differences between loss estimates and actual loss experience.

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

In determining the net realizable value of residential and condominium units for sale, property development costs and land held for future development, management takes into account the most reliable evidence available at the times the estimates are made.

The future realization of the carrying amounts of these assets is affected by price changes in the different market segments as well as the trends in the real estate industry. These are considered key sources of estimation uncertainty and may cause significant adjustments to the Group's Residential and Condominium Units for Sale, Property Development Costs and Land Held for Future Development accounts within the next reporting period.

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

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

(d) 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.

(e) 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. Though the Group believes that the assumptions used in the estimation of fair values reflected in the consolidated financial statements are appropriate and reasonable, significant changes in those assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

(f) Valuation of Post-employment Defined Benefit

The determination of the Group's obligation and cost of post-employment benefit is dependent on the selection of certain assumptions used by 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.

(g) Revenue Recognition Using the Percentage-of-Completion Method

The Group uses the percentage-of-completion method in accounting for its realized gross profit on real estate sales. The use of this method requires the Group to estimate the portion completed using relevant information such as costs incurred to date as a proportion of the total budgeted cost of the project and estimates by engineers and other experts. There were no changes in the assumptions or basis for estimation during the period.

(h) Determination of Fair Value of Investment Property

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

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

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

(i) Business Combinations

On initial recognition, the assets and liabilities of the acquired business and the consideration paid for them are included in the consolidated financial statements at their fair values. In measuring fair value, management uses estimates of future cash flows and discount rates. Any subsequent change in these estimates would affect the amount of goodwill if the change qualifies as a measurement period adjustment. Any other change would be recognized in the consolidated statement of comprehensive income in the subsequent period.

4. SEGMENT REPORTING

4.1 Business Segments

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

4.2 Segment Assets and Liabilities

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

4.3 Intersegment Transactions

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

4.4 Analysis of Segment Information

The succeeding pages present the revenue and profit information regarding industry segments for the six months ended June 30, 2017 and 2016 and certain assets and liabilities information regarding industry segments as of June 30, 2017 and December 31, 2016.

	High Rise Projects		Horizontal Projects		Total	
	June 30, 2017	June 30, 2016	**June 30, 2017**	June 30, 2016	**June 30, 2017**	June 30, 2016
Real Estate Sales	**P 2,087,827,214**	P 1,809,349,345	**P 229,408,443**	P 440,773,680	**P 2,317,235,657**	P 2,250,123,025
Realized gross profit on prior years' sale	**41,336,201**	42,649,429	**-**	-	**41,336,201**	42,649,429
Finance income	**13,059,258**	42,425,441	**1,342,689**	3,740,710	**14,401,947**	46,166,151
Commission & Other Income	**85,137,293**	118,300,872	**29,167,518**	29,128,958	**114,304,811**	147,429,830
Total Revenues	**2,227,359,966**	2,012,725,087	**259,918,650**	473,643,348	**2,487,278,616**	2,486,368,435
OPERATING EXPENSES						
Cost of Real Estate Sales	**1,226,327,939**	1,280,920,270	**69,284,354**	163,785,276	**1,295,612,293**	1,444,705,546
Deferred gross profit on current years' sale	**66,054,065**	53,147,528	**105,884**	37,244	**66,159,949**	53,184,772
Operating expenses	**327,912,650**	230,055,111	**25,789,340**	24,212,358	**353,701,990**	254,267,469
Cost and other operating expenses excluding depreciation and amortization	**1,620,294,654**	1,564,122,909	**95,179,578**	188,034,878	**1,715,474,232**	1,752,157,787
Depreciation and amortization	**1,655,853**	1,671,050	**6,847,808**	6,921,287	**8,503,661**	8,592,337
	1,621,950,507	1,565,793,959	**102,027,386**	194,956,165	**1,723,977,893**	1,760,750,124
PROFIT (LOSS)	**P 605,409,459**	P 446,931,128	**P 157,891,264**	P 278,687,183	**P 763,300,723**	P 725,618,311

	High Rise Projects		Horizontal Projects		Total	
	June 30, 2017	Dec. 31, 2016	**June 30, 2017**	Dec. 31, 2016	**June 30, 2017**	Dec. 31, 2016
AND LIABILITIES						
Segment Assets	**20,702,371,657**	19,960,825,206	**5,797,783,773**	5,883,290,460	**26,500,155,430**	25,844,115,666
Segment Liabilities	**1,923,804,199**	1,798,242,997	**186,012,896**	185,849,534	**2,109,817,095**	1,984,092,531

4.5 Reconciliations

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

	June 30, 2017	June 30, 2016
Revenues		
Total segment revenues	P **2,487,278,616**	P 2,486,368,435
Other unallocated revenues	**191,332,154**	174,624,196
Revenues as reported in profit or loss in profit or loss	P **2,678,610,770**	P 2,660,992,631
Profit or loss		
Segment operating profit	P **763,300,723**	P 725,618,311
Other unallocated income	**191,332,154**	174,624,196
Other unallocated expense	**(467,081,074)**	(435,331,816)
Profit before tax as reported in profit or loss	P **487,551,803**	P 464,910,691

	June 30, 2017	Dec. 31, 2016
Assets		
Segment Assets	P **26,500,155,430**	P 25,844,115,666
Unallocated Assets	**12,844,129,101**	12,708,642,793
Total assets as reported in the consolidated statements of financial position	P **39,344,284,531**	P 38,552,758,459
Liabilities		
Segment Liabilities	P **2,109,817,095**	P 1,984,092,531
Unallocated Liabilities	**11,809,370,144**	11,655,054,867
Total liabilities as reported in the consolidated statements of financial position	P **13,919,187,239**	P 13,639,147,398

5. STOCK RIGHT

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

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

As of June 30, 2017, 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:

	June 30, 2017	June 30, 2016
Weighted average number of shares	**14,676,199,167**	14,676,199,167
Income available to parent company's Shareholders	**P 340,573,614**	P 324,962,128
Basic	**P 0.0232**	P 0.0221
Diluted	**P 0.0232**	P 0.0221

7. COMMITMENTS AND REAL ESTATE PROPERTIES

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

8. SEASONAL FLUCTUATIONS

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

9. ASSESSMENT OF FINANCIAL RISKS

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

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

9.1) Foreign Currency Sensitivity

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

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

The Group's U.S.-dollar denominated financial assets, translated into Philippine pesos amounted to P14.8 million as of June 30, 2017.

At June 30, 2017, if the peso had strengthened by 6.84% against the U.S. dollar with all other variables held constant, income before tax for the year would have been P1.0 million higher, mainly as a result of foreign exchange gain on translation of U.S. dollar-denominated cash and cash equivalents.

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

The 6.84% movement in the value of peso against U.S. dollar was estimated based on the market volatility in exchange rates. The sensitivity analysis is based on the Group's foreign currency financial instruments held at the reporting period.

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

9.2) Interest Rate Sensitivity

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

On June 30, 2017, if general interest rates on dollar and peso-denominated financial assets had been higher by 0.32%, with all other variables held constant, income before tax for the year would have been P3.0M higher, mainly as a result of higher interest income on floating rate deposits.

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

9.3) Credit Risk

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

	As of June 30, 2017	As of Dec. 31, 2016
Cash and cash equivalents	**P 609,708,539**	P 1,008,997.919
Trade and other receivables - net	**7,471,815,621**	6,589,307,708
Advances to related parties	**2,406,486,468**	2,311,257,801
	P 10,488,010,628	P 9,909,563,428

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

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

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

9.4) Liquidity Risk

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

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

As at June 30, 2017, the Group's financial liabilities have contractual maturities which are presented below:

	Within 6 Months	1 to 5 Years
Interest-bearing loans and borrowings	P 358,873,479	P 1,418,473,158
Trade and other payables	1,210,031,989	-
Advances from related parties	3,090,978,179	-
Other current liabilities	662,287,893	-
	P 5,322,171,540	**P 1,418,473,158**

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

	Within One Year	**One to Five Years**	**More than Five Years**
Interest-bearing loans and borrowings	P 443,479,080	P 1,786,311,643	P 5,963,400
Trade and other payables	1,362,915,988	-	-
Advances from related parties	3,012,266,199	-	-
Other current liabilities	584,715,486	-	-
	P 5,403,376,753	**P 1,786,311,643**	**P 5,963,400**

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

9.5) Other Market Price Risk

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

At June 30, 2017, if the quoted stock price for the securities had increased by 1.77% with all other variables held constant, equity would have been higher by about P28.5 million. The 1.77% 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 decreased by the same amount, with all other variables held constant, equity for the year would have been lower by the same figure.

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

10. FINANCIAL INSTRUMENTS EVALUATION

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

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

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

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

10.1) Financial Assets at Fair Value through Profit or Loss

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

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

10.2) Loans and Receivables

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

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

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

10.3) Held-to-maturity Investments

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

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

10.4) Available-for-sale Financial Assets

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

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

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

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

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

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

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

EXHIBIT 6

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

RESULTS OF OPERATIONS

Review of June 30, 2017 versus June 30, 2016

During the six-month period, the consolidated net profit amounted to P340.3 million, 5% higher than the previous year's net income of P325.1 million. Consolidated revenues, composed of real estate sales, realized gross profit, finance income, earnings of associates, commissions and other revenues amounted to P2.68 billion in 2017 and P2.66 billion in 2016.

Real Estate Sales

The Group registered Real Estate Sales of P2.32 billion for six months ended June 30, 2017 compared with P2.25 billion in 2016. The sales generated were derived from various projects including, The Cambridge Village, The Sonoma, San Lorenzo Place, Pioneer Woodlands, Kasara Urban Resort Residences, The Rochester Gardens, Little Baguio Terraces, California Gardens Square, Mango Tree Residences and Laguna Bel Air projects.

The Cost of Real Estate Sales amounting to P1.3 billion in 2017 and P1.4 billion in 2016, as a percentage of Real Estate Sales, was 56% and 64%, respectively. The change was primarily due to the different composition of products sold for each year.

Gross Profit was P1.0 billion during the six months of 2017 and P0.8 billion in 2016, or 44% and 36% 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 P996.8 million in 2017 and P794.9 million in 2016, represents 43% and 35% of Real Estate Sales, respectively.

Other Revenues

The finance income amounting to P96.2 million and P124.1 million in 2017 and 2016 respectively, were derived mostly from cash advances granted to certain related parties and in-house financing and accounts for 4% and 5% 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 P226.4 million in 2017 and P244.5 million in 2016, represents 8% and 9% of total revenues, respectively.

Operating Expenses

Operating Expenses posted an increase from P611.8 million in 2016 to P710.4 million in 2017. Other charges/expenses include Finance Cost of P118.9 million and P86.4 million in 2017 and 2016, respectively.

FINANCIAL CONDITION

Review of June 30, 2017 versus December 31, 2016

Total resources of the Group as of June 30, 2017 and December 31, 2016 amounted to P39.3 billion and P38.6 billion respectively. Cash and Cash Equivalents decreased from P1.0 billion to P0.6 billion. The Group remained liquid with Total Current Assets of P29.6 billion both in 2017 and 2016, which accounted for 75% in 2017 and 77% in 2016 of the Total Assets, while its Total Current Liabilities amounted to P8.6 billion in June 30, 2017 as compared with P8.4 billion in December 31, 2016.

The Equity increased from P24.9 billion in the previous year to P25.4 billion as of June 30, 2017 was basically due to Group's Net Income for the 6-month period.

For the six months of 2017 and in the year 2016, the Group sourced its major cash requirements from internally generated funds.

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

TOP FIVE (5) KEY PERFORMANCE INDICATORS

For the six-month period of 2017, 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) **Other Revenues**

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

3) **Ability to repay loan obligations**

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

4) **Continuous development of projects**

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

5) **Landbanking**

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

Material Changes in the 2017 Interim Financial Statements
(Increase or decrease of 5% or more versus December 31, 2016)

Statements of Financial Position

- 40% decrease in Cash and cash equivalents
  Mainly due to construction related payments

- 10% increase in Trade and other receivables
  Due to increase in real estate sales

- 60% increase in Prepayments and other current assets
  Mainly due to increase in prepaid taxes related to transfer of titles and input vat on purchases

- 12% increase in Available for Sale Financial Assets
  Mainly due to increase in fair market value of investment of a subsidiary

- 6% decrease in Investment property
  Primarily due to depreciation charges

- 9% decrease in Interest-bearing loans and borrowings
  Mainly due to loan payments

- 15% increase in Deferred Gross Profit on Real Estate Sales
  Mainly due to unearned gross profit on sales of new projects

- 6% increase in Reserve for property development
  Pertains to estimated cost to complete the construction/development of sold units

- 100% decrease in Income tax payable
  Mainly due to payment of previous year's income tax payable

- 13% increase in Other current liabilities
  Due to increase in retention payable to suppliers and contractors

- 9% 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 June 30, 2016)

- 22% decrease in Finance income
  Primarily due to varying payment terms of accounts under in-house financing

- 626% decrease in Equity in net earnings (loss) of associates
  Primarily due to decrease in earnings of associate

- 7% decrease in Commissions and other income
  Mainly due to decrease in revenues derived from other related sources

- 10% decrease in Cost of real estate sales
  Pertaining to decrease in cost of certain projects

- 24% increase in Deferred gross profit on current year's sales
  Mainly due to construction accomplishments of ongoing projects

- 38% increase in Finance costs
  Mainly due to interest on loan

- 16% increase in Operating Expenses
  Primarily due to increase in marketing and administrative expenses

- 5% increase in Tax Expense
  Mainly due to increase in taxable income

For the year 2017, the projected capital expenditures (construction and development) of roughly P5.0 billion is expected to be funded by collections, borrowings and equity financing.

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

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

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

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

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

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

Exhibit 7

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES
As of June 30, 2017
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	5,803,558	5,343,820	52,465	165,668	186,275	55,330	-
b) Other Receivables	2,813,282	2,813,282	-	-	-	-	-
Net Receivables	8,616,840						

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-2017	31-Dec-2016
Current ratio	**3.44**	3.54
Quick ratio	**0.67**	0.72
Debt-to-equity ratio	**0.55**	0.55
Interest-bearing debt to total capitalization ratio	**0.07**	0.07
Asset-to-equity ratio	**1.55**	1.55
		30-Jun-2016
Interest rate coverage ratio	**510%**	638%
Net profit margin	**12.71%**	12.22%
Return on assets	**0.88%**	0.88%
Return on equity/investment	**1.34%**	1.31%
Return on equity/investment of owners	**1.37%**	1.34%

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