CR05279-2020

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, 2020

2. SEC Identification Number

   AS094-006430

3. BIR Tax Identification No.

   003-942-108

4. Exact name of issuer as specified in its charter

   EMPIRE EAST LAND HOLDINGS, INC.

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

   Metro Manila

6. Industry Classification Code(SEC Use Only)

7. Address of principal office

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

   Postal Code

   1634

8. Issuer's telephone number, including area code

   (632) 85544800

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

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, 2020
Currency (indicate units, if applicable)	Pesos

Balance Sheet

	Period Ended	Fiscal Year Ended (Audited)
	Jun 30, 2020	Dec 31, 2019
Current Assets	40,543,527,843	39,673,863,735
Total Assets	45,169,140,267	44,842,066,190
Current Liabilities	13,565,829,756	12,966,482,953
Total Liabilities	16,714,778,109	16,238,341,134
Retained Earnings/(Deficit)	6,895,662,744	6,491,607,310
Stockholders' Equity	28,454,362,158	28,603,725,056
Stockholders' Equity - Parent	25,648,211,229	25,791,391,795
Book Value per Share	1.75	1.76

Income Statement

	Current Year (3 Months)	Previous Year (3 Months)	Current Year-To-Date	Previous Year-To-Date
Gross Revenue	1,021,317,674	1,048,311,470	2,365,563,897	2,274,676,894
Gross Expense	760,265,778	830,695,388	1,778,202,603	1,712,033,477
Non-Operating Income	64,392,559	59,199,634	128,548,507	108,030,393
Non-Operating Expense	67,388,346	34,851,179	138,470,739	122,762,242
Income/(Loss) Before Tax	249,056,109	241,964,537	577,439,062	547,911,568
Income Tax Expense	72,404,823	74,365,523	179,565,959	169,585,700
Net Income/(Loss) After Tax	176,651,286	167,599,014	397,873,103	378,325,868
Net Income Attributable to Parent Equity Holder	183,509,571	168,296,236	404,055,434	384,054,055
Earnings/(Loss) Per Share (Basic)	-	-	0.02	0.02
Earnings/(Loss) Per Share (Diluted)	-	-	0.02	0.02

	Current Year (Trailing 12 months)	Previous Year (Trailing 12 months)
Earnings/(Loss) Per Share (Basic)	0.04	0.03
Earnings/(Loss) Per Share (Diluted)	0.04	0.03

Other Relevant Information
NONE

Filed on behalf by:

Name	Christopher Rodriguez
Designation	Corporate Counsel

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended **30 June 2020**

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

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

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

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

6. (SEC Use Only)
   Industry Classification Code

7. **12th Floor, Alliance Global Tower**
   36th Street cor. 11th Avenue
   Uptown Bonifacio, Taguig City 1634
   Address of issuer's principal office

8. **(632) 5544800**
   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, 2019 and June 30, 2020
Exhibit 2 - Consolidated Statements of Comprehensive Income as of June 30, 2019 and June 30, 2020
Exhibit 3 - Comparative Statements of Changes in Equity as of June 30, 2019 and June 30, 2020
Exhibit 4 - Consolidated Statements of Cash Flows as of June 30, 2019 and June 30, 2020
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, 2020

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 07, 2020

EXHIBIT 1

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

		Unaudited 30-Jun-20		Audited 31-Dec-19
A S S E T S				
CURRENT ASSETS				
Cash and cash equivalents	P	1,258,673	P	1,145,333
Trade and other receivables - net		7,655,983		6,880,554
Contract assets		1,947,267		1,602,894
Advances to related parties		4,273,894		4,122,110
Residential and condominium units for sale		24,619,998		25,236,565
Prepayments and other current assets		787,713		686,408
Total Current Assets		40,543,528		39,673,864
NON-CURRENT ASSETS				
Trade and other receivables - net		2,187,163		1,787,297
Contract assets		4,955		348,984
Financial asset at FVOCI		765,680		1,312,916
Advances to landowners and joint ventures		226,307		226,304
Investment in associates		272,550		282,075
Property and equipment - net		353,782		378,706
Intangible assets		46,510		49,245
Investment property - net		685,147		699,157
Other non-current assets		83,518		83,518
Total Non-current Assets		4,625,612		5,168,202
TOTAL ASSETS	P	45,169,140	P	44,842,066

		Unaudited 30-Jun-20		Audited 31-Dec-19
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Interest-bearing loans and borrowings	**P**	**633,333**	P	733,333
Trade and other payables		**1,689,247**		1,674,531
Lease liabilities		**61,735**		47,233
Customers' deposits		**4,966,685**		4,768,480
Advances from related parties		**5,144,598**		4,776,874
Income tax payable		**-**		46
Contract liabilities		**101,824**		26,258
Other current liabilities		**968,408**		939,728
Total Current Liabilities		**13,565,830**		12,966,483
NON-CURRENT LIABILITIES				
Interest-bearing loans and borrowings		**416,667**		683,333
Contract liabilities		**132,009**		102,064
Lease liabilities		**85,810**		111,866
Retirement benefit obligation		**308,740**		345,782
Deferred tax liabilities		**2,205,722**		2,028,814
Total Non-current Liabilities		**3,148,948**		3,271,858
Total Liabilities		**16,714,778**		16,238,341
EQUITY				
Equity attributable to parent company's shareholders		**25,648,211**		25,791,392
Non-controlling interest		**2,806,151**		2,812,333
Total Equity		**28,454,362**		28,603,725
TOTAL LIABILITIES AND EQUITY	**P**	**45,169,140**	P	44,842,066

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 2020	Jan to June 2020	April to June 2019	Jan to June 2019
REVENUES				
Real estate sales	P 1,012,865	P 2,230,556	P 916,987	P 2,025,282
Finance income	64,392	128,548	59,199	108,030
Commissions and other income	(547)	135,008	131,324	249,395
	1,076,710	2,494,112	1,107,510	2,382,707
COSTS & EXPENSES				
Cost of real estate sales	618,856	1,303,907	518,877	1,102,540
Finance costs	64,516	128,946	30,864	114,982
Equity share in net losses of an associate	2,872	9,524	3,987	7,780
Operating expenses	141,410	474,296	311,818	609,493
Tax expense	72,405	179,566	74,366	169,586
	900,059	2,096,239	939,912	2,004,381
NET PROFIT	176,651	397,873	167,598	378,326
OTHER COMPREHENSIVE INCOME (LOSS)				
Fair value gains (losses) on financial asset at FVOCI	(20,268)	(547,236)	(81,072)	398,604
TOTAL COMPREHENSIVE INCOME (LOSS)	P 156,383	P (149,363)	P 86,526	P 776,930
Net profit attributable to:				
Parent company's shareholders	P 183,509	P 404,055	P 168,295	P 384,054
Non-controlling interest	(6,858)	(6,182)	(697)	(5,728)
	P 176,651	P 397,873	P 167,598	P 378,326
Total comprehensive income (loss) attributable to:				
Parent company's shareholders	P 163,241	P (143,181)	P 87,223	P 782,658
Non-controlling interest	(6,858)	(6,182)	(697)	(5,728)
	P 156,383	P (149,363)	P 86,526	P 776,930
Earnings Per Share				
Basic		P 0.0275		P 0.0262
Diluted		P 0.0275		P 0.0262

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

	(In Thousands)					
	Unaudited Jan to June 2020			Unaudited Jan to June 2019		
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	**290,548**			250,144		
Net unrealized fair value gains (losses) on available-for-sale financial assets	**(547,236)**			137,488		
Balance at end of period			**(256,688)**			387,632
RETAINED EARNINGS			**6,895,663**			6,261,044
MINORITY INTEREST			**2,806,151**			2,254,874
TOTAL EQUITY		**P**	**28,454,362**		P	27,912,786

EXHIBIT 4

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

	Unaudited 30-Jun-20	Unaudited 30-Jun-19
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before tax	P 577,439	P 547,912
Adjustments for:		
Depreciation and amortization	44,426	26,786
Finance costs	128,946	114,982
Finance income	(128,548)	(108,030)
Equity in net loss of associates	9,524	7,780
Operating income before working capital changes	631,787	589,429
Net Changes in Operating Assets and Liabilities		
Increase in current and non-current assets	(661,963)	(2,168,224)
Increase in current and other non-current liabilities	311,419	1,429,309
Cash used in operations	281,243	(149,486)
Interest received	10,738	(2,635)
Cash paid for income taxes	(2,704)	(10,474)
Net Cash Used in Operating Activities	289,277	(162,596)
CASH FLOWS USED IN INVESTING ACTIVITIES	-	(4,384)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	(175,937)	(368,992)
NET DECREASE IN CASH AND CASH EQUIVALENTS	113,340	(535,972)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	1,145,333	1,816,898
CASH AND CASH EQUIVALENTS AT END OF PERIOD	P 1,258,673	P 1,280,926

EXHIBIT 5

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES
(A Subsidiary of Megaworld Corporation)
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2020 AND 2019
(UNAUDITED)
(Amounts in Philippine Pesos)

1. CORPORATE INFORMATION

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

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

1.1 Composition of the Group

As of June 30, 2020, the Company holds ownership interests in the following entities:

Entities	Explanatory notes	Percentage of Ownership 2020	2019	2018
Subsidiaries:				
Eastwood Property Holdings, Inc. (EPHI)	(a)	**100%**	100%	100%
Valle Verde Properties, Inc. (VVPI)	(b)	**100%**	100%	100%
Sherman Oak Holdings, Inc. (SOHI)	(b)	**100%**	100%	100%
Empire East Communities, Inc. (EECI)	(c)	**100%**	100%	100%
20th Century Nylon Shirt Co., Inc. (20th Century)	(e)	**100%**	100%	100%
Laguna BelAir Science School, Inc. (LBASSI)	(d)	**72.5%**	72.5%	72.5%
Sonoma Premier Land, Inc. (SPLI)	(b)	**60%**	60%	60%
Pacific Coast Megacity Inc. (PCMI)	(f)	**40%**	40%	20%
Associates:				
Gilmore Property Marketing Associate, Inc. (GPMAI)	(b)	**47%**	47%	47%

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, 2020.

(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, which is primarily to manufacture, distribute, and buy and sell wearing apparels and its accessories such as zipper, buttons, etc.

(f) In 2015, the Company invested in PCMI amounting to P877.8 million in exchange for 750,000,000 shares, representing 20% ownership interest. The Company obtained de facto control over PCMI in 2018 when the former gained the power to govern over the financial and operating policies of the latter. The investment was accounted for as an Investment in a subsidiary. Further, in 2019, the Company acquired additional shares of PCMI, increasing its ownership interest to 40%.

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

(a) EPHI – #188 EC Information Center, E. Rodriguez Jr. Ave., Eastwood Cyber Park City, Bagumbayan, Quezon City
(b) LBASSI – Brgy. Don Jose, Sta. Rosa, Laguna
(c) 20th Century – 632 Shaw Blvd. Highway Hills, Mandaluyong City
(d) PCMI – 7th Floor 1880 Building Eastwood City E. Rodriguez Jr. Ave. Bagumbayan, Quezon City

In prior years, the Company increased its ownership interest in VVPI and LBASSI resulting in 100% and 73% ownership interest, respectively, over the respective subsidiaries. This resulted in the recognition of goodwill which amounted to P78.3 million as of June 30, 2020 and December 31, 2019 and shown as part of Other Non-current Assets account in the consolidated statements of financial position [see Note 3.2(g)].

Megaworld Corporation (Megaworld or parent company) is the parent company of Empire East Land Holdings, Inc. and subsidiaries (the Group). Megaworld 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 also listed at the PSE.

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

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

2. BASIS OF PREPARATION OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS

These interim consolidated financial statements of the Group for the six months ended June 30, 2020 and 2019 have been prepared in accordance with Philippine Accounting Standard (PAS) 24: *Interim Financial Reporting*. They do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the audited consolidated financial statements of the Group as at and for the year ended December 31, 2019.

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

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

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

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

In preparing the interim consolidated financial statements, management undertakes several judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgments, estimates and assumptions made by management and will seldom equal the estimated results. The judgments, estimates and assumptions applied in the interim consolidated financial statements, including the key sources of estimation uncertainty, were the same as those applied in the Group's latest annual financial statements as at and for the year ended December 31, 2019.

3.1 Critical Judgments in Applying Accounting Policies

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

(a) Determination of Lease Term of Contracts with Renewal and Termination Option (2019)

In determining the lease term, management considers all relevant factors and circumstances that create an economic incentive to exercise a renewal option or not exercise a termination option. Renewal options and/or periods after termination options are only included in the lease term if the lease is reasonably certain to be extended or not terminated and the renewal of the contract is not subject to mutual agreement of both parties.

The renewal and termination option for the lease of office space was not included as part of the lease term due to the provisions in its contract that requires mutual agreement of both parties on the terms and agreements of the renewal and termination of the lease contract.

The lease term is reassessed if an option is actually exercised or not exercised or the Group becomes obliged to exercise or not exercise it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the Group.

(b) Evaluation of Timing of Satisfaction of Performance Obligations

(i) Real Estate Sales

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

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

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

(ii) Marketing, Management Fees and Commission

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

(iii) Tuition fees

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

(c) Estimation of Collection Threshold for 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.

(d) Determination of Expected Credit Losses (ECL) on Trade and Other Receivables, Contract Assets and Advances to Related Parties

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

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

With respect to advances to related parties and other related party receivables, the Group uses the liquidity approach as the receivables are collectible on demand.

Based on the relevant facts and circumstances existing at the reporting date, management has assessed that all strategies indicate that the Group can fully recover the outstanding balance of its receivables (see Note 9.2).

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

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

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

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

(f) Distinction Between Real Estate Inventories and Investment Property

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

(g) Distinction Between Operating and Finance Leases

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

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

In 2019, upon adoption of PFRS 16, distinction between operating and finance leases are applicable only to lease agreements as a lessor. All leases entered into as a lessee, except for those qualified under the optional exemptions as provided by the standard, are required to be recognized on-balance sheet.

(h) Distinction Between Asset Acquisition and Business Combinations

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

In 2018, the Group acquired de factor control over PCMI as described in Note 1.1. The acquisitions are accounted for as business combinations.

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

Management considers that the Group has de facto control over PCMI even though it holds less than 50% of the ordinary shares and voting rights in that company. The Group considers its ability to exercise control over these entities through voting rights held by its subsidiaries or through interlocking directors.

(j) Recognition of Provisions and Contingencies

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

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

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

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

3.2 Key Sources of Estimation Uncertainty

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

(a) Determination of Appropriate Discount Rate in Measuring Lease Liabilities (2019)

The Group measures its lease liabilities at present value of the lease payments that are not paid at the commencement date of the lease contract. The lease payments were discounted using a reasonable rate deemed by management equal to the Group's incremental borrowing rate. In determining a reasonable discount rate, management considers the term of the leases, the underlying asset and the economic environment. Actual results, however, may vary due to changes in estimates brought about by changes in such factors.

(b) Revenue Recognition for Performance Obligation Satisfied Over Time

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

(c) Estimation of Allowance for ECL

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

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

In determining the net realizable value of real estate inventories, management considers the most reliable evidence available at the times the estimates are made. The future realization of the carrying amounts of these assets is affected by price changes in the different market segments as well as the trends in the real estate industry. These are considered key sources of estimation uncertainty and may cause significant adjustments to the Group's Inventories within the next reporting period.

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

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

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

Based on management's assessment as at June 30, 2020 and December 31, 2019, there is no change in estimated useful lives of property and equipment, and investment property during those years. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

(f) Determination of Realizable Amount of Deferred Tax Assets

The Group reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Management assessed that the balance of deferred tax assets recognized as at June 30, 2020 and December 31, 2019 will be utilized in the succeeding years.

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

Goodwill is reviewed annually for impairment while other non-financial assets are tested whenever certain impairment indicators become present. In assessing impairment, the management estimates the recoverable amount of each asset or a cash-generating unit based on expected future cash flows and uses an interest rate to calculate the present value of those cash flows. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Material amount of goodwill amounting to P77.3 million arising from the acquisition of LBASSI has been tested for impairment. The discount rates and growth rate are the key assumptions used by management in determining the recoverable amount of cash generating units. Management believes that the key assumptions used are appropriate and reasonable, significant changes in those assumptions may materially affect the assessment of recoverable amounts and any resulting impairment loss could have a material adverse effect on the results of operations. Management has also determined that a reasonably possible change in these key assumptions would not cause the carrying amount of the cash generating unit exceed their respective recoverable amounts. Based on management's assessment, no impairment loss needs to be recognized on goodwill since the recoverable amount of the cash generating units is greater than their carrying amount in both years presented (see Note 1).

No impairment losses were recognized on advances to landowners and joint ventures, investments in associates, property and equipment, intangible asset, investment property, and other non-financial assets as at June 30, 2020 and December 31, 2019.

(h) Valuation of Post-employment Defined Benefit

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

(i) Determination of Fair Value of Investment Property

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

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

4. SEGMENT REPORTING

4.1 Business Segments

The Group's operating businesses are organized and managed separately according to the nature of 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, contract assets and real estate inventories. Excluded from segment assets are Cash and cash equivalents, Advances to related parties, Prepayments, Advances to landowners and joint ventures, Investments in subsidiaries and associates, Property and equipment, Intangible asset, Investment property and other assets which are considered corporate assets and are not allocated to any segment's assets.

Segment liabilities include all operating liabilities incurred by management in each segment and consist principally of contract liabilities and customer deposits. Excluded from segment liabilities are Interest bearing loans and borrowings, Trade and other payables, Lease liabilities, Advances from related parties, Stock subscriptions payable, Deferred tax liabilities and Retirement benefit obligation as the Group's management determined that these accounts are not directly related to the Group's segment.

4.3 Intersegment Transactions

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

4.4 Analysis of Segment Information

The following presents the revenue and profit information regarding industry segments for the six months ended June 30, 2020 and 2019 and certain assets and liabilities information regarding industry segments as of June 30, 2020 and December 31, 2019:

	High Rise Projects		Horizontal Projects		Total	
	June 30, 2020	June 30, 2019	**June 30, 2020**	June 30, 2019	**June 30, 2020**	June 30, 2019
REVENUES						
Real estate sales	**P 2,168,901,791**	P 1,714,113,681	**P 61,653,717**	P 311,168,759	**P 2,230,555,508**	P 2,025,282,440
Finance income (loss)	**9,556,081**	(2,456,705)	**803,381**	(787,002)	**10,359,462**	(3,243,707)
Commission and other income	**51,850,910**	135,067,198	**15,879,321**	2,151,348	**67,730,231**	137,218,546
Total revenues	**2,230,308,782**	1,846,724,174	**78,336,419**	312,533,105	**2,308,645,201**	2,159,257,279
COSTS AND OTHER OPERATING EXPENSES						
Cost of real estate sales	**1,272,604,497**	963,845,733	**31,302,073**	138,694,466	**1,303,906,570**	1,102,540,199
Cost and other operating expenses excluding depreciation and amortization	**154,130,581**	197,616,163	**15,686,264**	29,769,573	**169,816,845**	227,385,736
	1,426,735,078	1,161,461,896	**46,988,337**	168,464,039	**1,473,723,415**	1,329,925,935
Depreciation and amortization	**7,944,098**	8,001,264	**6,199,814**	6,204,661	**14,143,912**	14,205,925
	1,434,679,176	1,169,463,160	**53,188,151**	174,668,700	**1,487,867,327**	1,344,131,860
SEGMENT OPERATING PROFIT	**P 795,629,606**	P 677,261,014	**P 25,148,268**	P 137,864,405	**P 820,777,874**	P 815,125,419

	High Rise Projects		Horizontal Projects		Total	
	June 30, 2020	December 31, 2019	**June 30, 2020**	December 31, 2019	**June 30, 2020**	December 31, 2019
SEGMENT ASSETS	**P 24,697,041,516**	P 24,297,127,389	**P 7,271,487,493**	P 7,333,417,274	**P 31,968,529,009**	P 31,630,544,663
SEGMENT LIABILITIES	**4,717,996,933**	4,309,464,596	**330,231,824**	328,121,410	**5,048,228,757**	4,637,586,006

4.5 Reconciliations

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

		June 30, 2020		June 30, 2019
Revenues				
Total segment revenues	**P**	**2,308,645,201**	P	2,159,257,279
Other unallocated revenues		**185,467,203**		223,450,008
Revenues as reported in the interim consolidated statements of comprehensive income	**P**	**2,494,112,404**	P	2,382,707,287
Profit or loss				
Segment operating profit	**P**	**820,777,874**	P	815,125,419
Other unallocated income		**185,467,203**		223,450,008
Other unallocated expense		**(608,371,974)**		(660,249,559)
Net profit as reported in the interim consolidated statements of comprehensive income	**P**	**397,873,103**	P	378,325,868

		June 30, 2020		December 31, 2019
Assets				
Segment Assets	**P**	**31,968,529,009**	P	31,630,544,663
Unallocated Assets		**13,200,611,259**		13,211,521,526
Total assets as reported in the interim consolidated statements of financial position	**P**	**45,169,140,268**	P	44,842,066,190
Liabilities				
Segment Liabilities	**P**	**5,048,228,757**	P	4,637,586,006
Unallocated Liabilities		**11,666,549,353**		11,600,755,128
Total liabilities as reported in the interim consolidated statements of financial position	**P**	**16,714,778,110**	P	16,238,341,134

5. STOCK RIGHTS

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

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

As of June 30, 2020, 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, 2020		June 30, 2019
Weighted average number of shares		**14,676,199,167**		14,676,199,167
Income available to parent company's shareholders	**P**	**404,055,434**	P	384,054,056
Basic	**P**	**0.0275**	P	0.0262
Diluted	**P**	**0.0275**	P	0.0262

7. COMMITMENTS AND CONTINGENCIES

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

In addition, there are no material off-balance sheet transactions, arrangements, obligations and other relationship of the Group with unconsolidated entities or other persons created during the reporting period.

8. SEASONAL FLUCTUATIONS

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

9. RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

9.1 Market Risk

The Group is exposed to market risk through its use of financial instruments and specifically to foreign currency risk, and interest rate risk which result from both its operating, investing and financing activities.

(a) *Foreign Currency Sensitivity*

There is no significant exposure to foreign currency risks since most of the Group's transactions are denominated in Philippine peso, which is its functional currency. The Group's financial asset denominated in foreign currency only pertains to cash and cash equivalents. However, the amount is insignificant to the financial statements as of June 30, 2020 and December 31,2019. The Group has no financial liabilities denominated in foreign currency.

(b) *Interest Rate Sensitivity*

The Group's policy is to minimize interest rate cash flow risk exposures on long-term financing. Long-term borrowings are therefore usually obtained and negotiated at fixed rates. At June 30, 2020 and December 31, 2019, the Group is only exposed to changes in market interest through its cash and cash equivalents and long-term borrowings, which are deemed by management to be not significant.

All other financial assets and liabilities have either short-term maturities, noninterest-bearing or are subject to fixed rates (e.g. related party advances).

(c) *Other Market Price Risk*

The Group's market price risk arises from its investments carried at fair value (classified as financial assets at FVOCI). It manages its risk arising from changes in market price by monitoring the changes in the market price of the investments.

For equity securities listed in the Philippines, an average volatility of 11.91% and 31.65% has been observed as at June 30, 2020 and December 31, 2019, respectively. If quoted price for these securities increased or decreased by that percentage, the equity would have increased or decreased by P91.2 million in 2020 and P415.6 million in 2019.

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

The Group is not exposed to commodity price risk.

9.2 Credit Risk

Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown on the face of the interim consolidated statements of financial position, as summarized in the succeeding page:

	June 30, 2020	December 31, 2019
Cash and cash equivalents	**P 1,258,672,971**	P 1,145,332,574
Trade and other receivables – net (excluding advances to suppliers and contractors, and advances to condominium associations)	**7,093,088,121**	5,996,733,160
Contract assets	**1,952,222,040**	1,951,878,579
Advances to related parties	**4,273,893,878**	4,122,109,792
	P 14,577,877,010	P 13,216,054,105

None of the Group's financial assets are secured by collateral or other credit enhancements, except for Cash and cash equivalents, and Trade receivables.

The credit risk for Cash and cash equivalents is considered negligible, since the counter parties are reputable banks with high quality external credit ratings. Included in the Cash and cash equivalents are cash in banks and short-term placements which are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P0.5 million for every depositor per banking institution.

In respect of Trade and other receivables and Contract assets, 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, as the amounts recognized resemble a large number of receivables from various customers. The Group also retains the titles to the property until such time that the trade receivables are fully collected. Repossessed properties are offered for sale to other customers.

Credit risk of receivables from sale of real estate properties is managed primarily through credit reviews and analyses of receivables on a regular basis. The Group undertakes credit review procedures for all installment payment terms. Customer payments are facilitated through the use of post-dated checks. Exposure to doubtful accounts is not substantial as title to real estate properties are not transferred to the buyers until full payment of the amortization has been made and the requirement for remedial procedures is negligible considering the Group's buyers' profile.

The Group has used the simplified approach in measuring ECL and has calculated ECL based on lifetime ECL. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECL at each reporting date. An impairment analysis is performed at each reporting date using a provision matrix to measure ECL. The provision rate based on days past due of all customers as they have similar loss patterns. The credit enhancements such as advance payment and value of the real estate for sale are considered in the calculation of impairment as recoveries.

The Group considers trade receivables in default when contractual payment are 90 days past due, except for certain circumstances when the reason for being past due is due to reconciliation with customers of payment records which are administrative in nature which may extend the definition of default to 90 days and beyond. Furthermore, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

The management determined that there is no required ECL to be recognized since the real estate sold is collateralized to the related receivable arising from sale. Therefore, expected loss given default is nil as the recoverable amount from subsequent resale of the real estate is sufficient.

The Group continuously monitors defaults of customers and other counterparties, 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 counterparties.

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.

9.3 Liquidity Risk

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

The following table analyses the Group's financial liabilities as at June 30, 2020 and December 31, 2019 based on the remaining period at the reporting dates to the contractual maturity dates:

		Due within 12 months		**Due after 12 months**
June 30, 2020				
Interest-bearing loans and borrowings	**P**	**633,333,352**	**P**	**416,666,666**
Trade and other payables		**1,345,536,485**		**-**
Lease liabilities		**70,718,721**		**90,270,368**
Advances from related parties		**5,144,597,549**		**-**
Other current liabilities		**968,407,966**		**-**
	P	**8,162,594,073**	**P**	**506,937,034**
December 31, 2019				
Interest-bearing loans and borrowings	P	811,207,266	P	721,232,438
Trade and other payables		1,606,335,760		-
Lease liabilities		55,465,664		119,389,841
Advances from related parties		4,776,873,636		-
Other current liabilities		789,754,303		-
	P	8,039,636,629	P	840,622,279

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

10. FAIR VALUE MEASUREMENT AND DISCLOSURES

10.1 Fair Value Hierarchy

In accordance with PFRS 13, *Fair Value Measurement*, the fair value of financial assets and financial liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS, are categorized into levels based on the significance of inputs used to measure the fair value. The fair value hierarchy are shown below.

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

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

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

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

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

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

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

10.2 Financial Instruments Measured at Fair Value

As of June 30, 2020, and December 31, 2019, only the equity securities classified as financial assets at FVOCI in the consolidated statements of financial position is classified as Level 1. These securities were valued based on their market prices quoted in the PSE at the end of each reporting period. There were no other financial assets measured at fair value on these dates. Further, the Group has no financial liabilities measured at fair value as of June 30, 2020 and December 31, 2019.

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

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

As of June 30, 2020, and December 31, 2019, for financial assets, only cash and cash equivalents in the interim consolidated statements of financial position is classified as Level 1 while, trade and other receivables and advances to related parties is classified as Level 3. For financial liabilities, which includes interest bearing loans and borrowings, trade and other payables, advances from related parties and other current liabilities, these are classified as Level 3.

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

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

10.4 Fair Value Measurement of Non-Financial Assets

As of June 30, 2020, and December 31, 2019, the fair value of the Group's investment properties is classified within Level 3 of the fair value hierarchy. The Group determines the fair value of the investment property through appraisals by independent valuation specialists using market – based valuation approach where prices of comparable properties are adequate for specific market factors such as location and condition of the property. On the other hand, if the observable recent prices of the reference properties were not adjusted, the fair value is included in Level 2. The most significant input into this valuation approach is the price per square meter; hence, the higher the price per square meter, the higher the fair value.

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

11. EVENTS AFTER THE REPORTING DATE

Subsequent to the end of the reporting period, the Group and other businesses have been significantly exposed to the risks brought about by the outbreak of the new coronavirus disease, COVID-19. Governmental efforts being implemented to control the spread of the virus include travel bans, quarantines, social distancing and suspension of non-essential services. The management of the Group is carefully reviewing all rules, regulations, and orders and is responding accordingly.

Though the disruption is currently expected to be temporary, the Group anticipates that these will have an adverse impact on economic and market conditions and affect various segments of its business. Work stoppage on construction sites and slowdown on the supply chain may potentially lead to delays on the targeted completion and turnover of projects. Community quarantine also requires closure of educational institutions.

While management currently believes that it has adequate liquidity and business plans to continue to operate the business and mitigate the risks associated with COVID-19, the ultimate impact of the pandemic is highly uncertain and subject to change. The severity of these consequences will depend on certain developments, including the duration and spread of the outbreak, valuation of assets, and impact on the Group's customers, suppliers, and employees. Specifically, demand for the Group's real estate properties for sale is negatively affected due to reduced liquidity of potential customers and slowdown of construction progress. Collection of receivables may be affected due to possible negative impact to the finances of the customers. Leasing operations shall likewise be affected due to limited operating hours and tenants' liquidity. Revenue from tuition fees will decline due to uncertainty of the timing of school resumptions. Financial consequences of aforementioned impact are uncertain and cannot be predicted as of the date of the issuance of the Group's consolidated financial statements. Accordingly, management is not able to reliably estimate the impact of the outbreak on the Group's financial position and results of operation for future periods.

The Group would continue to conduct its business while placing paramount consideration on the health and welfare of its employees, customers, and other stakeholders. The Group has implemented measures to mitigate the transmission of COVID-19, such as by adjusting operating hours, making hand sanitizers available within its properties, increasing the frequency of disinfection of facilities, limiting face-to-face meetings, requiring temperature checks for employees and customers, and implementing health protocols for employees. The Group has also activated business continuity plans, both at the corporate level and business operations level, and conducted scenario planning and analysis to activate contingency plans.

The Group has determined that these events are non-adjusting subsequent events. Accordingly, their impact was not reflected in the Group's consolidated financial statements as of and for the period ending June 30, 2019.

EXHIBIT 6

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

RESULTSOFOPERATIONS

ReviewofJune30,2020versusJune30,2019

During the six-month period, the consolidated net profit amounted to P397.87 million, 5% higher than the previous year's net profit of P378.33 million. Consolidated revenues, composed of real estate sales, finance income, commissions and other income increased by 5% from P2.38 billion to P2.49 billion.

RealEstateSales

The Group registered Real Estate Sales of P2.23 billion for six months ended June 30, 2020 compared with P2.03 billion in 2019. The sales were derived from various projects including, San Lorenzo Place, Pioneer Woodlands, The Rochester Gardens, The Cambridge Village, Kasara Urban Resort, The Sonoma, Little Baguio Terraces, The Xavier Hills, Covent Garden and Laguna Bel-air Projects.

The Cost of Real Estate Sales amounting to P1.30 billion in 2020 and P1.10 billion in 2019, at a percentage of Real Estate Sales, was 58% and 54%, respectively. The change was primarily due to the different composition of products sold for each year.

Gross Profit was P926.65 million during the six months of 2020 and P922.74 million in 2019, or 42% and 46% of Real Estate Sales, respectively. The gross profit margin varies depending on the product mix and the competitiveness in pricing.

OtherRevenues

The finance income amounting to P128.55 million and P108.03 million in 2020 and 2019 respectively, were derived mostly from in-house financing and various advances from related parties which accounts for 5% of total revenues for 2020 and 2019. Additional sources of revenue were commissions of a subsidiary, rentals of investment properties and those obtained from other sources. Commission and other income totaling P135.01 million in 2020 and P249.39 million in 2019, represents 5% and 10% of total revenues for 2020 and 2019, respectively.

OperatingExpenses

Operating Expenses posted a decrease from P609.49 million in 2019 to P474.30 million in 2020. Other charges/expenses include Finance Cost of P128.95 million and P114.98 million in 2020 and 2019, respectively.

FINANCIALCONDITION

ReviewofJune30,2020versusDecember31,2019

Total Assets of the Group as of June 30, 2020 and December 31, 2019 amounted to P45.17 billion and P44.84 billion respectively. Cash and Cash Equivalents increased from P1.15 billion to P1.26 billion.

The Group remains liquid with Total Current Assets of P40.54 billion in 2020 and P39.67 billion 2019, which accounted for 90% and 88% of the Total Assets in 2020 and 2019, while its Total Current Liabilities amounted to P13.57 billion in June 30, 2020 as compared with P12.97 billion in December 31, 2019.

Total equity decreased from P28.60 billion as at December 31, 2019 to P28.45 billion as of June 30, 2020 due to revaluation of equity investments.

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

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

TOP FIVE (5) KEY PERFORMANCE INDICATORS

For the six-month period of 2020, the following are top key performance indicators of the Group:

1) **Real Estate Sales**

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

2) **Reservation Sales**

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

3) **Other Revenues**

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

4) **Ability to repay loan obligations**

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

5) Continuous development of projects

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

Material Changes in the 2020 Interim Financial Statements
(Increase or decrease of 5% or more versus December 31, 2019)

Statements of Financial Position

- 10% increase in Cash and cash equivalents
  Mainly due to collections from customers

- 14% increase in Trade and other receivables
  Mainly due to recognition of sales from completed projects

- 15% increase in Prepayments and other current assets
  Mainly due to increase in prepaid taxes related to transfer of titles and input vat on purchases

- 42% decrease in Financial Assets at Fair value through other comprehensive income
  Mainly due to decrease in fair market value of investment in securities held by a subsidiary

- 7% decrease in Property and equipment
  Primarily due to depreciation for the period

- 6% decrease in Intangible assets
  Pertains to amortiztion for the period

- 26% decrease in Interest-bearing loans and borrowings
  Mainly due to loan repayments

- 8% increase in Advances from related parties
  Pertains to additional advances made from related party

- 100% decrease in Income tax payable
  Pertains to payment of prior year income tax due of a subsidiary

- 82% increase in Contract liabilities
  Mainly due to collections from sales of uncompleted projects

- 7% decrease in Lease liabilities
  Pertains to lease payments made during the period

- 11% decrease in Retirement benefit obligation
  Primary due to additional funding made

- 9% increase in Deferred tax liabilities
  Primarily due to increase in tax expense

Statements of Comprehensive Income
(Increase or decrease of 5% or more versus June 30, 2019)

- 10% increase in Real estate sales
  Due to higher sales recognized for the period

- 19% increase in Finance income
  Primarily due to varying payment terms of accounts under in-house financing

- 46% decrease in Commissions and other income
  Mainly due to decrease in revenues derived from other related sources

- 18% increase in Cost of real estate sales
  Due to increase of real estate sales

- 12% increase in Finance costs
  Mainly due to repayments of loans

- 22% increase in Equity in net loss of associates
  Due to net losses of associates

- 22% decrease in Operating expenses
  Primarily due to decrease in corporate and administrative expenses

- 6% increase in Tax Expense
  Mainly due to higher taxable income

For the year 2020, the projected capital expenditures (construction and development) of roughly P5.0 billion is expected to be funded by collections, borrowings and equity financing.

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

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

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

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

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

The Group is aggressively marketing its products especially the new projects. It continuously offers competitive prices, more easy payment schemes under in-house financing and has strong relationships with reputable banks for the financing requirements of its customers.

Exhibit 7

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES
As of June 30,2020
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	5,478,914	4,906,183	110,475	179,756	210,149	72,351	-
b) Other Receivables	4,364,232	4,364,232	-	-	-	-	-
Net Receivables	9,843,146						

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

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

	30-Jun-2020	31-Dec-2019
Current ratio	2.99	3.06
Quick ratio	0.66	0.62
Debt-to-equity ratio	0.59	0.57
Interest-bearing debt to total capitalization ratio	0.04	0.05
Asset-to-equity ratio	1.59	1.57
		30-Jun-2019
Interest rate coverage ratio	548%	577%
Net profit margin	15.95%	15.88%
Return on assets	0.89%	0.90%
Return on equity/investment	1.40%	1.36%
Return on equity/investment of owners	1.58%	1.50%

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