SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended

   Mar 31, 2023

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, PHILIPPINES

6. Industry Classification Code(SEC Use Only)

7. Address of principal office

   2F Tower 2, Kasara Urban Resort Residences, P. Antonio St., Barangay Ugong, Pasig City, Metro Manila, Philippines

   Postal Code

   1604

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	Mar 31, 2023
Currency (indicate units, if applicable)	Php (in thousands)

Balance Sheet

	Period Ended	Fiscal Year Ended (Audited)
	Mar 31, 2023	Dec 31, 2022
Current Assets	42,475,772	42,058,118
Total Assets	47,945,386	47,280,333
Current Liabilities	13,912,747	13,511,828
Total Liabilities	16,928,140	16,520,648
Retained Earnings/(Deficit)	8,754,579	8,548,797
Stockholders' Equity	31,017,246	30,759,685
Stockholders' Equity - Parent	28,225,147	28,967,569
Book Value per Share	1.92	1.91

Income Statement

	Current Year (3 Months)	Previous Year (3 Months)	Current Year-To-Date	Previous Year-To-Date
Gross Revenue	1,215,407	1,148,314	1,215,407	1,148,314
Gross Expense	942,449	891,811	942,449	891,811
Non-Operating Income	93,153	69,276	93,153	69,276
Non-Operating Expense	89,856	84,304	89,856	84,304
Income/(Loss) Before Tax	276,255	241,475	276,255	241,475
Income Tax Expense	70,490	62,755	70,490	62,755
Net Income/(Loss) After Tax	205,765	178,720	205,765	178,720
Net Income Attributable to Parent Equity Holder	205,782	178,125	205,782	178,125
Earnings/(Loss) Per Share (Basic)	-	-	0.01	0.01
Earnings/(Loss) Per Share (Diluted)	-	-	0.01	0.01

	Current Year (Trailing 12 months)	Previous Year (Trailing 12 months)
Earnings/(Loss) Per Share (Basic)	0.05	0.05
Earnings/(Loss) Per Share (Diluted)	0.05	0.05

Other Relevant Information
None

Filed on behalf by:

Name	Dennis Edano
Designation	Corporate Secretary

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended **31 March 2023**

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, Philippines**
   Province, Country or other jurisdiction of incorporation or organization

6. (SEC Use Only)
   Industry Classification Code

7. **2F Tower 2 Kasara Urban Resort Residences**
   P. Antonio St. Barangay Ugong
   Pasig City 1604
   Address of issuer's principal office

8. **(632) 85544800**
   Issuer's telephone number, including area code

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

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

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

    Yes [X] **No [ ]**

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

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

11. Indicate by check mark whether the issuer:

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

    Yes [X] No [ ]

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

Yes [X] No [ ]

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

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

Exhibit 1 – Consolidated Statements of Financial Position as of December 31, 2022 and March 31, 2023
Exhibit 2 - Consolidated Statements of Comprehensive Income as of March 31, 2022 and March 31, 2023
Exhibit 3 - Comparative Statements of Changes in Equity as of March 31, 2022 and March 31, 2023
Exhibit 4 - Comparative Consolidated Statements of Cash Flows as of March 31, 2022 and March 31, 2023
Exhibit 5 - Notes to Interim Financial Statements
Exhibit 6 - Management's Discussion and Analysis of Results of Operations and Financial Condition

Item 2. Aging of Accounts Receivable as of March 31, 2023

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
April 28, 2023

EXHIBIT 1

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES

(A Subsidiary of Megaworld Corporation)

INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS AT MARCH 31, 2023 AND DECEMBER 31, 2022

(Amounts in thousand Philippine Pesos)

		March 31, 2023 (Unaudited)		December 31, 2022 (Audited)
A S S E T S				
CURRENT ASSETS				
Cash and cash equivalents	**P**	**3,325,944**	P	3,437,787
Trade and other receivables		**9,230,045**		8,920,678
Contract assets		**2,672,732**		2,565,005
Advances to related parties		**5,207,062**		5,084,658
Real estate inventories		**20,991,893**		21,105,557
Prepayments and other current assets		**1,048,096**		944,433
Total Current Assets		**42,475,772**		42,058,118
NON-CURRENT ASSETS				
Trade and other receivables		**2,679,939**		2,472,501
Contract assets		**13,561**		18,109
Financial asset at fair value through other comprehensive income (FVOCI)		**1,391,736**		1,339,940
Advances to landowners and joint ventures		**241,659**		241,656
Investment in an associate		**279,824**		279,751
Property and equipment - net		**133,339**		132,144
Intangible assets - net		**116,269**		117,822
Investment property - net		**608,096**		615,101
Other non-current assets		**5,191**		5,191
Total Non-current Assets		**5,469,614**		5,222,215
TOTAL ASSETS	**P**	**47,945,386**	P	47,280,333

		March 31, 2023 (Unaudited)		December 31, 2022 (Audited)
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Interest-bearing loans and borrowings	**P**	**200,000**	P	150,000
Trade and other payables		**2,423,739**		2,013,715
Customers' deposits		**4,291,474**		4,485,704
Advances from related parties		**5,846,416**		5,764,677
Contract liabilities		**230,898**		206,008
Other current liabilities		**920,220**		891,724
Total Current Liabilities		**13,912,747**		13,511,828
NON-CURRENT LIABILITIES				
Interest-bearing loans and borrowings		**800,000**		850,000
Contract liabilities		**89,402**		102,848
Retirement benefit obligation		**68,978**		67,721
Deferred tax liabilities - net		**2,057,013**		1,988,251
Total Non-current Liabilities		**3,015,393**		3,008,820
Total Liabilities		**16,928,140**		16,520,648
EQUITY				
Equity attributable to Parent Company's shareholders		**28,225,147**		27,967,569
Non-controlling interest		**2,792,099**		2,792,116
Total Equity		**31,017,246**		30,759,685
TOTAL LIABILITIES AND EQUITY	**P**	**47,945,386**	P	47,280,333

EXHIBIT 2

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES
(A Subsidiary of Megaworld Corporation)
INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022
(Amounts in thousand Philippine Pesos, except earnings per share)
(Unaudited)

		Jan to Mar 2023		Jan to Mar 2022
REVENUES				
Real estate sales	P	**1,141,132**	P	1,086,935
Finance income		**93,080**		69,276
Equity share in net income of an associate		**73**		-
Commissions and other income		**74,275**		61,379
		1,308,560		1,217,590
COST AND EXPENSES				
Cost of real estate sales		**669,695**		632,903
Finance costs		**89,856**		82,470
Equity share in net loss of an associate		**-**		1,834
Operating expenses		**272,754**		258,908
Income taxes		**70,490**		62,755
		1,102,795		1,038,870
NET PROFIT		**205,765**		178,720
OTHER COMPREHENSIVE INCOME				
Fair value gains on financial assets at FVOCI		**51,796**		81,072
TOTAL COMPREHENSIVE INCOME	P	**257,561**	P	259,792
Net profit (loss) attributable to:				
Parent Company's shareholders	P	**205,782**	P	178,125
Non-controlling interest		**(17)**		595
	P	**205,765**	P	178,720
Total comprehensive income (loss) attributable to:				
Parent Company's shareholders	P	**257,578**	P	259,197
Non-controlling interest		**(17)**		595
	P	**257,561**	P	259,792
Earnings Per Share				
Basic	P	**0.0140**	P	0.0121
Diluted	P	**0.0140**	P	0.0121

EXHIBIT 3

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES
(A Subsidiary of Megaworld Corporation)
INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022
(Amounts in thousand Philippine Pesos)
(Unaudited)

	March 31, 2023		March 31, 2022	
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 period	701,654		650,475	
Net unrealized fair value gains on financial assets at FVOCI	51,796		81,072	
Balance at end of period		753,450		731,547
OTHER RESERVES		(292,118)		(292,118)
RETAINED EARNINGS		8,754,579		8,006,707
NON-CONTROLLING INTEREST		2,792,099		2,797,550
TOTAL EQUITY		P 31,017,246		P 30,252,922

EXHIBIT 4

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES

(A Subsidiary of Megaworld Corporation)

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022

(Amounts in thousand Philippine Pesos)

(Unaudited)

		March 31, 2023		March 31, 2022
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before tax	**P**	**276,255**	P	241,475
Adjustments for:				
Depreciation and amortization		**10,642**		13,691
Finance costs		**89,856**		82,470
Finance income		**(93,080)**		(69,276)
Equity in net (income) loss of an associate		**(73)**		1,834
Operating income before working capital changes		**283,600**		270,194
Net changes in operating assets and liabilities				
Increase in current and non-current assets		**(652,965)**		(248,446)
Increase in current and non-current liabilities		**267,081**		3,431
Cash from (used in) operations		**(102,284)**		25,179
Interest received		**5,271**		10,929
Cash paid for income taxes		**(1,728)**		(536)
Net Cash From (Used In) Operating Activities		**(98,741)**		35,572
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		**5,104**		(4,932)
CASH FLOWS USED IN FINANCING ACTIVITIES		**(18,206)**		(96,938)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(111,843)**		(66,298)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		**3,437,787**		3,389,416
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**P**	**3,325,944**	P	3,323,118

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES
(A Subsidiary of Megaworld Corporation)
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022
(Amounts in Philippine Pesos)
(Unaudited)

1. CORPORATE INFORMATION

Empire East Land Holdings, Inc. (the Company) was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on July 15, 1994, primarily to engage in the business of real estate development, mass community housing, townhouses and row houses development. 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 March 31, 2023 the Company holds ownership interests in the following entities:

Subsidiaries/ Associate	Explanatory Notes	Percentage of Ownership
Subsidiaries:		
Eastwood Property Holdings, Inc. (EPHI)	(a)	**100%**
Valle Verde Properties, Inc. (VVPI)	(b)	**100%**
Sherman Oak Holdings, Inc. (SOHI)	(b)	**100%**
Empire East Communities, Inc. (EECI)	(c)	**100%**
20th Century Nylon Shirt Co., Inc. (20th Century)	(d)	**100%**
Laguna BelAir Science School, Inc. (LBASSI)	(e)	**72.50%**
Sonoma Premier Land, Inc. (SPLI)	(b)	**60%**
Pacific Coast Megacity, Inc. (PCMI)	(f)	**40%**
Associate –		
Gilmore Property Marketing Associate, Inc. (GPMAI)	(b)	**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 March 31, 2023.
(c) Subsidiary incorporated in 2008 but ceased its operations as a marketing arm of real estate properties in 2014.
(d) Subsidiary acquired in 2015 which is yet to resume its operations, which is primarily to manufacture, distribute, and buy and sell wearing apparel and its accessories such as zipper, buttons, etc.
(e) Subsidiary primarily engaged in operating a school for primary and secondary education. In 2022, the subsidiary ceased its operations.
(f) Subsidiary of the Company starting 2018 when the Company obtained de facto control over the entity and was accounted for under the pooling-of-interest method.

The registered office address, which is also the place of operations, of the Company's subsidiaries and associates, except for EPHI, LBASSI, 20th Century and PCMI, is located at 2nd Floor Tower 2, Kasara Urban Resort Residences P. Antonio St., Brgy. Ugong, Pasig City. Below is the summary of the registered office address of the other subsidiaries, which is also the place of their operation.

(a) EPHI – #188 EC Information Center, E. Rodriguez Jr. Ave., Eastwood CyberPark 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 72.50% ownership interest, respectively, over the respective subsidiaries. This resulted in the recognition of goodwill which amounted to P78.3 million as of March 31, 2023 and December 31, 2022, and shown as part of Intangible Assets – net account in the interim consolidated statements of financial position.

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 54.06% 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 April 26, 2021, the Board of Directors (BOD) had approved the change of the Company's registered office and principal place of business from 12th Floor of Alliance Global Tower, 36th Street corner 11th Avenue, Uptown Bonifacio, Taguig City to 2nd Floor of Kasara Urban Resort Residences Tower 2, P. Antonio St., Barangay Ugong, Pasig City. The amendment was approved by the SEC on September 6, 2021. The related approval from the Bureau of Internal Revenue was obtained on November 10, 2021.

Megaworld's registered office address is located on 30th Floor, Alliance Global Tower, 36th Street cor. 11th Avenue, Uptown Bonifacio, Taguig City. AGI's registered office is located at 7th Floor, 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriquez Jr. Avenue, Bagumbayan, Quezon City. These entities' registered office addresses are also their respective principal places of business.

1.2 Continuing Impact of COVID-19 Pandemic on the Group's Business

The COVID-19 pandemic began to spread in the Philippines in early March 2020, and its impact has continued until the date of the approval of these interim consolidated financial statements. In 2022, the country's economic condition improved because of resumption of local and international travels as well as the easing of health restrictions brought about by the pandemic. Demand and supply have gradually returned to pre-pandemic levels. As a result, the impact of the COVID-19 pandemic to the Group has been lessened, and the Group's operations are already nearing the pre-pandemic levels.

Management will continue to take actions to continually improve the operations as the need arises. Based on the foregoing improvements, management expects that the Group will continue to report positive results of operations and will remain liquid to meet current obligations as they near maturity. Moreover, management is taking an optimistic stance in the Group's ability to sustain its growth momentum even amid concerns on the effects of the pandemic.

2. BASIS OF PREPARATION OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS

These interim consolidated financial statements of the Group for the three months ended March 31, 2023 and 2022 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 annual consolidated financial statements of the Group as at and for the year ended December 31, 2022.

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

The preparation of the Group's interim consolidated financial statements in accordance with PFRS requires management to make judgments and estimates that affect amounts reported in the interim 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 judgments mentioned on the succeeding pages, apart from those involving estimation, which has the most significant effect on the amounts recognized in the interim consolidated financial statements:

(a) Evaluation of Timing of Satisfaction of Performance Obligations

(i) Real Estate Sales

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

- 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. Furthermore, 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 for reperformance of other companies. This demonstrates that the counterparties simultaneously receive and consume the benefits of the Group's rendering of services as it performs.

(b) 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.

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

The Group uses a provision matrix to calculate expected credit losses (ECL) for Trade Receivables, Contract Assets and other receivables. The provision rates are based on days past due for groups of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type, and coverage by letters of credit 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.

Details about the ECL on the Group's Trade and Other Receivables, Contract Assets and Advances to Related Parties are disclosed in Notes 9.2.

(d) *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.

(e) *Distinction Between Real Estate Inventories and Investment Property*

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.

(f) 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 lease agreements are classified as operating leases.

Distinction between operating and finance leases is 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.

(g) 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 subsidiary. The Group considers its ability to exercise control over these entities through voting rights held by its subsidiaries or through interlocking directors.

(h) 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 resources 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 interim consolidated financial statements. Similarly, possible inflows of economic benefits to the Group that does not yet meet the recognition criteria of an asset are considered contingent assets; hence, are not recognized in the interim 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.

Disclosures on relevant contingencies are presented in Note 7.

3.2 Key Sources of Estimation Uncertainty

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

(a) Revenue Recognition for Performance Obligation Satisfied Over Time

In determining the amount of revenue to be recognized for performance obligations satisfied over time, the Group measures progress on the basis of actual costs incurred relative to the total expected costs to complete such performance obligations. 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 applies changes as necessary. A significant change in estimated costs would result in a significant change in the amount of revenue recognized in the year of change.

(b) Estimation of Allowance for ECL

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

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

In determining the net realizable value of real estate inventories, management 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 inventories within the next reporting period.

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

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

The Group estimates the useful lives of Property and Equipment, Intangible Assets, and Investment Properties 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 March 31, 2023 and December 31, 2022, there is no change in estimated useful lives of Property and Equipment, Intangible Assets and Investment Properties during those periods. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

(e) 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 March 31, 2023 and December 31, 2022 will be utilized in the succeeding years.

(f) 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.

Significant portion of goodwill amounting to P77.3 million arising from the acquisition of LBASSI has been tested for impairment. 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.

The management determined the recoverable amount of LBASSI's CGU using the fair market value of its net assets less related costs to sell due to the cessation of operations of LBASSI. The Group assessed that only LBASSI's capital assets would have a significant difference between its carrying amount and its fair market value. All other net assets' carrying amounts approximates their fair market values.

The Group determines the fair value using market-based valuation approach where prices of comparable properties are adequate for specific market factors such as location and condition of the property. Management considered the market prices of similar assets within the location of LBASSI as the key assumptions in determining the recoverable amount of CGU as the recoverability of the CGU now entirely depend on how the market perceives and prices such units upon selling. 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 the market values used would not cause the carrying amount of the cash generating unit to exceed their respective recoverable amounts. As at March 31, 2023 and December 31, 2022, the fair value of the CGU is classified under Level 3 of the fair value hierarchy.

On March 17, 2021, the Group submitted a letter to the Department of Education Sta. Rosa City Division Office regarding the cessation of the operations of LBASSI taking effect after school year 2021-2022. On October 20, 2022, LBASSI filed for the certificate of clearance with the BIR Revenue District Office No. 057, Biñan, West Laguna. Currently, the BIR is reviewing the application.

No impairment losses were recognized on Advances to Landowners and Joint Ventures, Investment in an Associate, Property and Equipment, Intangible Assets, Investment Properties, and other non-financial assets as at March 31, 2023 and December 31, 2022.

(g) 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.

(h) Determination of Fair Value of Investment Properties

Investment properties are 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 on the basis of current market rentals for similar properties in the same location and condition.

For land, the Company determines the fair value 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.

4. SEGMENT INFORMATION

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 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 an Associate, Property and Equipment, Intangible Assets, Investment Properties 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 particular segment and consist principally of Contract Liabilities and Customers' Deposits. Excluded from segment liabilities are Interest-bearing Loans and Borrowings, Trade and Other Payables, Advances from Related Parties, 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 interim consolidated financial statements.

4.4 Analysis of Segment Information

The tables presented on the succeeding pages present the revenue and profit information for the three months ended March 31, 2023 and 2022, and certain asset and liability information regarding segments as at March 31, 2023 and December 31, 2022.

	High Rise Projects		Horizontal Projects		Total	
	March 31, 2023	March 31, 2022	**March 31, 2023**	March 31, 2022	**March 31, 2023**	March 31, 2022
REVENUES						
Real estate sales	**P 1,052,177,671**	P 995,744,925	**P 88,954,469**	P 91,189,692	**P 1,141,132,140**	P 1,086,934,617
Finance income	**4,108,401**	9,471,539	**91,115**	450,348	**4,199,516**	9,921,887
Rental income	**4,753,406**	9,313,190	**-**	-	**4,753,406**	9,313,190
Commission and other incomes	**21,153,284**	7,637,915	**212,456**	629,876	**21,365,740**	8,267,791
	1,082,192,762	1,022,167,569	**89,258,040**	92,269,916	**1,171,450,802**	1,114,437,485
COSTS AND OPERATING EXPENSES						
Cost of real estate sales	**622,969,524**	579,216,639	**46,725,828**	53,686,459	**669,695,352**	632,903,098
Operating expenses	**119,028,227**	119,379,756	**9,961,305**	15,762,671	**128,989,532**	135,142,427
	741,997,751	698,596,395	**56,687,133**	69,449,130	**798,684,884**	768,045,525
SEGMENT OPERATING PROFIT	**P 340,195,011**	P 323,571,174	**P 32,570,907**	P 22,820,786	**P 372,765,918**	P 346,391,960

	High Rise Projects		Horizontal Projects		Total	
	March 31, 2023	December 31, 2022	**March 31, 2023**	December 31, 2022	**March 31, 2023**	December 31, 2022
SEGMENT ASSETS AND LIABILITIES						
Segment assets	**P 23,303,628,758**	P 22,786,828,361	**P 7,026,389,192**	P 7,086,399,603	**P 30,330,017,950**	P 29,873,227,964
Segment liabilities	**4,579,612,025**	4,401,292,829	**293,367,187**	311,445,220	**4,872,979,212**	4,712,738,049

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.

	March 31, 2023	March 31, 2022
Revenues		
Total segment revenues	**P 1,171,450,802**	P 1,114,437,485
Other unallocated revenues	**137,110,590**	103,152,218
Revenues as reported in the interim consolidated statements of comprehensive income	**P 1,308,561,392**	P 1,217,589,703
Profit or loss		
Segment operating profit	**P 372,765,918**	P 346,391,960
Other unallocated revenues	**137,110,590**	103,152,218
Other unallocated expenses	**(304,111,656)**	(270,823,886)
Net profit as reported in the interim consolidated statements of comprehensive income	**P 205,764,852**	P 178,720,292

	March 31, 2023	December 31, 2022
Assets		
Segment Assets	**P 30,330,017,950**	P 29,873,227,964
Unallocated Assets	**17,615,368,539**	17,407,104,755
Total assets as reported in the interim consolidated statements of financial position	**P 47,945,386,489**	P 47,280,332,719
Liabilities		
Segment Liabilities	**P 4,872,979,212**	P 4,712,738,049
Unallocated Liabilities	**12,055,161,188**	11,807,909,433
Total liabilities as reported in the interim consolidated statements of financial position	**P 16,928,140,400**	P 16,520,647,482

5. EQUITY

5.1 Capital Stock

Capital stock as of March 31, 2023 and December 31, 2022 consists of:

	No. of Shares	Amount
Common shares – P1 par value		
Authorized	31,495,200,000	P31,495,200,000
Issued	14,803,455,238	P14,803,455,238
Treasury shares – at cost	(127,256,071)	(102,106,658)
Total outstanding	14,676,199,167	P14,701,348,580
Preferred shares – P1 par value		
Authorized	2,000,000,000	P 2,000,000,000

Megaworld has 81.73% ownership interest in the Group as of March 31, 2023 and December 31, 2022.

The Series B preferred shares are nonredeemable, convertible into common shares and are nonvoting. The shares have zero coupon rates and shall not be entitled to dividends. The Series B preferred shares shall be convertible to common shares any time after the end of the 18 months from the implementation date, May 29, 1998, as defined in the subscription agreements. There are no subscribed and issued preferred shares as of March 31, 2023 and December 31, 2022.

On April 24, 1996, the SEC approved the listing of the Group's shares totaling 425,000,000. The shares were issued at an offer price of P12.90 per share.

5.2 Additional Paid-in Capital

The additional paid-in capital (APIC) pertains to the excess of the total proceeds received from the Group's shareholders over the total par value of the common shares. There were no movements in the Group's APIC accounts for the end of the reporting periods.

5.3 Treasury Stock

On March 23, 2006, the Company's BOD authorized the buy-back of up to P1.0 billion worth of Group's shares of common stock within a 24-month period under certain terms and conditions as the Group's senior management may deem beneficial to the Group and its stockholders.

As of March 31, 2023 and December 31, 2022, the Group's treasury shares amounted to P102.1 million, representing the cost of 127,256,071 shares reacquired by the Company.

5.4 Revaluation Reserves

Revaluation reserves of the Group are composed of remeasurements on its retirement benefit obligation and fair value movements of the Group's financial assets at FVOCI.

5.5 Other Reserves

Other reserves of the Group pertain to the difference between the fair value of consideration paid and the relevant share in the carrying value of the net assets of PCMI as a result of obtaining de facto control over PCMI in 2018 and any subsequent change in ownership interest in the subsidiary.

5.6 Retained Earnings

Retained earnings are restricted in the amount of P102.1 million representing the cost of 127,256,071 shares held in treasury as of the end of the reporting periods.

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.

Basic and diluted earnings per share amounts were computed as follows:

		March 31, 2023		March 31, 2022
Net profit attributable to Parent Company's shareholders	P	205,782,199	P	178,125,123
Number of issued and outstanding common shares		14,676,199,167		14,676,199,167
Basic and diluted earnings per share	P	0.0140	P	0.0121

Diluted earnings per share equal the basic earnings per share since the Group does not have dilutive shares as of March 31, 2023 and December 31, 2022.

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 management of the Group is of the opinion that losses, if any, from these items will not have any material effect on its interim consolidated financial statements, taken as a whole.

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 below and on 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 results from both its operating, investing and financing activities.

(a) Foreign Currency Risk

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 March 31, 2023 and December 31, 2022. The Group has no financial liabilities denominated in foreign currency.

(b) Interest Rate Risk

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. As of March 31, 2023 and December 31, 2022, the Group is only exposed to changes in market interest through its Cash and Cash Equivalents and other fixed rate 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 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, the observed volatility rates of the fair values of the Group's investment held at fair value is determined based on the average market volatility in quoted prices, using standard deviation, estimated at 99% level of confidence. An average volatility of 6.12% and 4.4% has been observed during the period ending March 31, 2023 and December 31, 2022, respectively. The impact on the Group's interim consolidated other comprehensive income and interim consolidated equity would have increased or decreased by P85.2 million and P59.0 million as at March 31, 2023 and December 31, 2022, respectively.

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 favor.

The Group is not subject to commodity price risk.

9.2 Credit Risk

The maximum credit risk exposure of the Group is the carrying amount of the financial assets and contract assets as shown on the face of the interim consolidated statements of financial position (or in the detailed analysis provided in the notes to the interim consolidated financial statements), as summarized on the succeeding page.

		March 31, 2023		December 31, 2022
Cash and cash equivalents	**P**	**3,325,944,303**	P	3,437,787,004
Trade and other receivables – net (excluding advances to suppliers and contractors, and advances to condominium associations)		**8,476,703,778**		7,969,771,442
Contract assets		**2,686,293,262**		2,583,113,379
Advances to related parties		**5,207,061,650**		5,084,657,859
	P	**19,696,002,993**	P	19,075,329,684

None of the Group's financial assets are secured by collateral or other credit enhancements, except for Cash and Cash Equivalents, and Trade Receivables, as described below and on the succeeding pages.

(a) Cash and Cash Equivalents

The credit risk for Cash and Cash Equivalents is considered negligible, since the counterparties 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.

(b) Trade and Other Receivables and Contract Assets

Trade and other receivables (excluding Advances to suppliers and contractors and advances to condominium associations) and contract assets are subject to credit risk exposure. The Group, however, does not identify specific concentrations of credit risk with regard to Trade Receivables and Contract Assets, 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 is 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 payments 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.

Other components of receivables such as rental receivables and others are also evaluated by the Group for impairment and assessed that no ECL should be provided. A significant portion of the Group's rental receivables are from Megaworld, wherein the impairment of receivables is assessed using the latter's ability to pay. The remaining rental receivables are secured to the extent of advance rental and rental deposit received from the lessees, which are on average equivalent to six months.

Some of the unimpaired trade receivables and other receivables, which are mostly related to real estate sales, are past due as at the end of the reporting period. The trade receivables that are past due but not impaired are as follows:

		March 31, 2023		December 31, 2022
Not more than three months	**P**	**169,508,085**	P	158,304,820
More than three months but not more than six months		**276,951,957**		263,658,359
More than six months but not more than one year		**310,562,354**		294,647,279
More than one year		**109,487,120**		105,050,474
	P	**866,509,516**	P	821,660,932

(c) Advances to Related Parties and Rent Receivable and Management Fee Receivable from Related Parties

ECL for Advances to Related Parties, including rent and management fee receivables, are measured and recognized using the liquidity approach. Management determines possible impairment based on the related parties' ability to repay the advances upon demand at the reporting date taking into consideration the historical defaults from the related parties.

The Group does not consider any significant risks in the advances to other related parties with financial difficulty since Megaworld, whose credit risk for liquid funds is considered negligible, have committed to financially support these related parties as part of AGI and its long-term corporate strategy. As of March 31, 2023 and December 31, 2022, the aggregate impairment allowance on balances from Megaworld and other related parties is identified to be not material.

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates 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 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 on the basis of a rolling 30-day projection. Long-term liquidity needs for 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 is invested in time deposits. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

As at March 31, 2023 and December 31, 2022, the Group's financial liabilities have contractual maturities which are presented below.

	Within 12 months		After 12 months	
March 31, 2023				
Interest-bearing loans and borrowings	**P**	**281,177,833**	**P**	**933,704,667**
Trade and other payables		**2,114,616,577**		**-**
Advances from related parties		**5,569,471,350**		**-**
Other current liabilities		**689,686,577**		**-**
	P	**8,654,952,337**	**P**	**933,704,667**
December 31, 2022				
Interest-bearing loans and borrowings	P	216,098,550	P	975,295,950
Trade and other payables		1,901,752,517		-
Advances from related parties		5,764,677,182		-
Other current liabilities		660,018,783		-
	P	8,542,547,032	P	975,295,950

The contractual maturities reflect the gross cash flows, which may differ from the carrying values of the liabilities at the end of each 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 three levels based on the significance of inputs used to measure the fair value. The fair value hierarchy is shown below and on the succeeding page.

- 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.

10.2 Financial Instruments Measured at Fair Value

As of March 31, 2023 and December 31, 2022, only the equity securities classified as financial assets at FVOCI in the interim 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. Furthermore, the Group has no financial liabilities measured at fair value as of March 31, 2023 and December 31, 2022. There were no transfers between Levels 1 and 2 in both years.

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

Management considers that due to the short duration of these financial assets (except long-term receivables) and financial liabilities (except long-term interest-bearing loans) measured at amortized cost, their carrying amounts as of March 31, 2023 and December 31, 2022 approximate their fair value. Except for Cash and Cash Equivalents which are classified under Level 1, all other financial instruments are classified under Level 3 wherein inputs are not based on observable data.

The fair values of the financial assets and financial liabilities included in Level 3 which are not traded in an active market is determined by using generally acceptable pricing models and valuation techniques or by reference to the current market value 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.

10.4 Fair Value Measurement of Non-Financial Assets

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

As at March 31, 2023 and December 31, 2022, the fair values of the Group's investment properties, and CGU attributable to LBASSI are classified within Level 3 of the fair value hierarchy. The Group determines the fair values using market-based 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 as of March 31, 2023 and December 31, 2022.

11. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Capital components for cost of capital purposes include loans and borrowings, preferred stock, common equity and retained earnings. The Group may issue new shares and may prepay some of its interest-bearing loans. Furthermore, it intends to allocate its earnings and available cash in the acquisition and development of new/existing properties to ensure continuous business activities.

The Group monitors its capital gearing by measuring the ratio of interest-bearing loans and borrowings to total capital. The Group has complied with its covenant obligations, including maintaining the required debt-to-equity ratio as of March 31, 2023 and December 31, 2022.

EXHIBIT 6

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

For the three-month period ending 31 March 2023, the following are the top key performance indicators of the Group:

1) Real Estate Sales

The Group's marketing and development concepts, sales strategies, project location and flexible payment scheme remain to be its competitive advantages. Most projects of the Group are connected to mass transit system and are conveniently located in business districts of Metro Manila.

2) Prudent Cash Management

The Group implemented cost-saving measures, negotiated for longer payment terms from suppliers, strictly monitored cash outflows and placed excess cash in short-term investments.

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 Customer Collections

The Group implemented collection efficiency initiatives and launched an online digital payment platform to enable continuous customer payments. It also utilizes more banks to provide more convenience to clients who opt for direct payments.

RESULTS OF OPERATIONS

(Based on Financial Statements adopted in accordance with the Philippine Financial Reporting Standards)

Review of 31 March 2023 versus 31 March 2022

During the three-month period, the consolidated net profit amounted to P205.8 million, 15.1% higher than the previous year's net profit of P178.7 million. Consolidated revenues, composed of real estate sales, finance income, commissions, and other income increased by 7.5% from P1.2 billion in 2022 to P1.3 billion in 2023.

Real Estate Sales

The Group reported Real Estate Sales of P1.14 billion and P1.09 billion for three months ended 31 March 2023 and 2022, respectively. The sales were derived from various projects including, San Lorenzo Place, The Paddington Place, Kasara Urban Resort Residences, Pioneer Woodlands, The Rochester Garden, Covent Garden, The Cambridge Village, The Sonoma, Mango Tree Residences, and Little Baguio Terraces.

The Cost of Real Estate Sales amounted to P669.7 million in 2023 and P632.9 million in 2022, or 58.7% and 58.2% of Real Estate Sales for the three months ended 31 March 2023 and 2022, respectively. The change was primarily due to the different composition of products sold for each period.

Gross Profit was P471.4 million in 2023 and P454.0 million in 2022, or 41.3% and 41.8% of Real Estate Sales, for the three months ended 31 March 2023 and 2022, respectively. The gross profit margin varies depending on the product mix and the competitiveness in pricing.

Other Revenues

The Finance Income amounted to P93.1 million and P69.3 million for the three months ended 31 March 2023 and 2022, respectively, were derived mostly from in-house financing and various advances to related parties which accounts for 7.1% and 5.7% of total revenues for 2023 and 2022, respectively.

Additional sources of revenue were commissions of a subsidiary, rentals of investment properties, and those obtained from other sources. Commission and other income totaling P74.3 million in 2023 and P61.4 million in 2022, representing 5.7% and 5.0% of total revenues for 2023 and 2022, respectively.

Operating Expenses

Operating Expenses posted an increase from P258.9 million in 2022 to P272.8 million in 2023. Finance Cost posted an increase from P82.5 million in 2022 to P89.9 million in 2023.

FINANCIAL CONDITION

Review of 31 March 2023 versus 31 December 2022

Total Assets of the Group as of 31 March 2023 and 31 December 2022 amounted to 47.9 billion and P47.3 billion, respectively. Cash and Cash Equivalents decreased from P3.4 billion to P3.3 billion as of 31 December 2022 and 31 March 2023, respectively.

The Group remains liquid with Total Current Assets of P42.5 billion in 2023 and P42.1 billion in 2022, which accounted for 88.6% and 89.0% of the Total Assets as of 31 March 2023 and 31 December 2022, respectively. While, Total Current Liabilities amounted to P13.9 billion and P13.5 billion as of 31 March 2023 and as of 31 December 2022, respectively.

Total Equity increased from P30.8 billion as of 31 December 2022 to P31.0 billion as of 31 March 2023 which is mainly due to net profit for the period and 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 the construction and development of projects, loan repayments, settlement of various payables, and other operating expenses.

Material Changes as of 31 March 2023 Interim Consolidated Financial Statements

Statements of Financial Position
(Increase or decrease of 5% or more versus 31 December 2022)

- 11.0% increase in Prepayments and Other Current Assets
  Mainly due to increase in prepaid taxes related to transfer of titles and input vat from purchases

- 20.4% increase in Trade and Other Payables
  Primarily due to various payables to contractors and suppliers in relation to the construction activities for the period

Statements of Comprehensive Income
(Increase or decrease of 5% or more versus 31 March 2022)

- 5.0% increase in Real Estate Sales
  Due to higher sales recognized for the period

- 34.4% increase in Finance Income
  Primarily due to interest on the outstanding advances to related parties and short-term investments of the Group

- 21.0% increase in Commissions and other income
  Mainly due to an increase in revenues derived from other related sources

- 5.8% increase in Cost of Real Estate Sales
  Due to the increase in real estate sales for the period

- 9.0% increase in Finance Costs
  Mainly due to interest on loans and advances from related parties

- 5.3% increase in Operating Expenses
  Mainly due to an increase in marketing and administrative expenses

- 12.3% increase in Income Taxes
  Mainly due to higher taxable income for the period

The Company allocates P25.0 billion in capital expenditures over the next 5 years and is expected to be funded by collections, borrowings, and other sources.

Fluctuations in the 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 has 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 a material impact on reported financial information and normal operations of the Group.

The nature of all revenues and expenses disclosed in the unaudited interim 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 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

(A Subsidiary of Megaworld Corporation)

ACCOUNTS RECEIVABLE AGING

MARCH 31, 2023

(Amounts in thousand Philippine Pesos)

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	7,009,970	6,143,461	169,508	276,952	310,562	109,487	-
b) Other Receivables	4,900,014	4,900,014	-	-	-	-	-
Net Receivables	11,909,984						

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
(A Subsidiary of Megaworld Corporation)
SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
AS AT MARCH 31, 2023 AND DECEMBER 31, 2022

	March 31, 2023	December 31, 2022
Current ratio	3.05	3.11
Quick ratio	0.90	0.91
Debt-to-equity ratio	0.55	0.54
Interest-bearing debt to total capitalization ratio	0.03	0.03
Asset-to-equity ratio	1.55	1.54
		March 31, 2022
Interest rate coverage ratio	407%	393%
Net profit margin	15.72%	14.68%
Return on assets	0.44%	0.39%
Return on equity/investment	0.66%	0.59%
Return on equity/investment of owners	0.73%	0.65%

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 + shareholder'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 shareholders' 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