

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 2010
2. Commission Identification Number: ASO94-006430
3. BIR Tax Identification No. 003-942-108
4. EMPIRE EAST LAND HOLDINGS, INC.  
Exact name of issuer as specified in its charter
5. Metro Manila  
Province, Country or other jurisdiction of incorporation or organization
6. (SEC Use Only)  
Industry Classification Code
7. 21st Floor, The World Centre  
330 Sen. Gil J. Puyat Avenue  
Makati City, Philippines 1227  
Address of issuer's principal office
8. (632) 867-8351 to 59  
Issuer's telephone number, including area code
9. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of Class	Number of Shares of Common Stock Outstanding
<b>Common</b>	<b>10,495,236,253</b>

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

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 - Comparative Statements of Financial Position as of December 31, 2009 and March 31, 2010

Exhibit 2 - Comparative Statements of Comprehensive Income as of March 31, 2009 and March 31, 2010

Exhibit 3 - Comparative Statements of Changes in Equity as of March 31, 2010 and March 31, 2009

Exhibit 4 - Comparative Statements of Cash Flows as of March 31, 2010 and March 31, 2009

Exhibit 5 - Notes to Financial Statements

Exhibit 6 - Aging of Accounts Receivable as of March 31, 2010

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

Please refer to Exhibit 7 hereof.

## PART II - OTHER INFORMATION

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

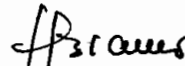
## SIGNATURE

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

**EMPIRE EAST LAND HOLDINGS, INC.**

Issuer

By:



**EVELYN G. CACHO**

Vice President for Finance (Principal Financial Officer) and Duly Authorized Officer

May 4, 2010

**EXHIBIT 1**

**EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	(In Thousands)	
	Unaudited 31-Mar-10	Audited 31-Dec-09
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	P 1,239,670	P 1,371,013
Trade and other receivables - net	2,682,989	2,914,751
Property development costs	2,401,644	1,803,599
Advances to related parties	832,388	842,608
Prepayments and other current assets	329,280	299,396
Total Current Assets	7,485,971	7,231,367
<b>NON-CURRENT ASSETS</b>		
Trade and other receivables - net	2,640,481	2,538,063
Advances to related parties	55,095	55,095
Property development costs	8,660,969	9,090,652
Advances to landowners and joint ventures	2,067,408	2,066,761
Available-for-sale financial assets	756,800	571,040
Land for future development	3,225,411	3,224,862
Investment property - net	248,571	252,772
Property and equipment - net	163,680	152,548
Other non-current assets	218,570	218,590
Total Non-current Assets	18,036,985	18,170,383
<b>TOTAL ASSETS</b>	<b>P 25,522,956</b>	<b>P 25,401,750</b>

**LIABILITIES AND EQUITY**

**CURRENT LIABILITIES**

Interest-bearing loans and borrowings	P	691,430	P	518,882
Trade and other payables		388,656		343,406
Income tax payable		3,296		3,031
Deferred gross profit on real estate sales		145,187		118,024
Customers' deposits		2,106,422		2,029,106
Advances from related parties		588,698		615,197
Reserve for property development		164,740		349,461
Other current liabilities		<u>131,460</u>		<u>134,397</u>
 Total Current Liabilities		 <u>4,219,889</u>		 <u>4,111,504</u>

**NON-CURRENT LIABILITIES**

Interest-bearing loans and borrowings		710,265		1,016,154
Trade and other payables		16,142		132,995
Reserve for property development		966,242		761,077
Deferred tax liabilities		1,159,231		1,148,314
Deferred gross profit on real estate sales		208,741		197,873
Advances from related parties		13,524		13,524
Retirement benefit obligation		<u>77,650</u>		<u>78,054</u>
 Total Non-current Liabilities		 <u>3,151,795</u>		 <u>3,347,991</u>
 Total Liabilities		 <u>7,371,684</u>		 <u>7,459,495</u>

**EQUITY**

Equity attributable to parent company's shareholders		17,291,772		17,083,253
Minority interest		<u>859,500</u>		<u>859,002</u>
 Total Equity		 <u>18,151,272</u>		 <u>17,942,255</u>

**TOTAL LIABILITIES AND EQUITY**

P	<u>25,522,956</u>	P	<u>25,401,750</u>
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**EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

	(In Thousands)			
	Unaudited		Audited	
	Jan-March 2010		Jan-March 2009	
<b>REVENUES</b>				
Real estate sales	P	273,623	P	281,054
Realized gross profit on prior years' sales		39,459		38,396
Interest Income		93,828		104,285
Commissions & other income		<u>142,831</u>		<u>127,767</u>
		<u>549,741</u>		<u>551,502</u>
<b>COST &amp; EXPENSES</b>				
Cost of real estate sales		175,739		209,166
Deferred gross profit		77,489		57,474
Finance costs		31,949		27,533
Operating expenses		226,871		227,343
Tax expense		<u>14,436</u>		<u>7,594</u>
		<u>526,484</u>		<u>529,110</u>
<b>NET PROFIT</b>		<b>23,257</b>		<b>22,392</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>				
Fair value gains (losses) on available-for-sale financial assets		<u>185,760</u>		<u>24,768</u>
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>		<b><u>209,017</u></b>		<b><u>47,160</u></b>
<b>Net profit attributable to:</b>				
Parent company's shareholders		22,759		21,625
Minority interest		<u>498</u>		<u>767</u>
		<u>23,257</u>		<u>22,392</u>
<b>Earnings Per Share</b>				
Basic		<u>0.0022</u>		<u>0.0020</u>
Diluted		<u>0.0021</u>		<u>0.0020</u>

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

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	( In Thousands)	
	Unaudited 31-Mar-2010	Unaudited 31-Mar-2009
CAPITAL STOCK	10,908,216	10,908,216
ADDITIONAL PAID-IN CAPITAL	4,281,565	4,281,565
TREASURY SHARES	(102,107)	(102,107)
REVALUATION RESERVES	(113,650)	(655,794)
RETAINED EARNINGS	2,317,748	2,168,263
MINORITY INTEREST	859,500	853,084
TOTAL EQUITY	P 18,151,272	P 17,453,227

## EXHIBIT 4

**EMPIRE EAST LAND HOLDINGS, INC. & SUBSIDIARIES**  
**COMPARATIVE CONSOLIDATED STATEMENTS OF CASH FLOWS**

	( In Thousands)			
	Unaudited 31-Mar-10		Unaudited 31-Mar-09	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Income before tax	P	37,693	P	29,984
Adjustments for:				
Depreciation and amortization		8,576		18,060
Finance costs		31,949		27,533
Interest & other income	(	93,828	(	104,284
Equity in net losses of subsidiary		-		-
Operating income before working capital changes	(	15,610	(	28,707
Net Changes in Operating Assets & Liabilities				
Increase in current & non-current assets	(	56,417		7,074
Increase in current & other non-current liabilities		13,903		27,193
Increase (decrease) in reserve for property development		20,444	(	18,090
Cash used in operations	(	37,680	(	12,530
Interest paid	(	31,949	(	27,533
Cash paid for income taxes	(	3,254	(	2,849
Net Cash Used in Operating Activities	(	72,883	(	42,912
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		74,881		82,194
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	(	133,341	(	128,095
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	(	131,343	(	88,813
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>		1,371,013		1,634,997
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	P	1,239,670	P	1,546,184

## EXHIBIT 5

### EMPIRE EAST LAND HOLDINGS, INC.

#### NOTES TO FINANCIAL STATEMENTS

- 1) The financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). The accounting policies and method of computation have been consistently followed by the Company (and its subsidiaries) and are consistent with those used in the most recent annual audited financial statements.
- 2) Cash and cash equivalents account is composed of cash on hand/in banks amounting to P195.6 million and short-term placements of P1.04 billion.
- 3) Current Trade and Other Receivables account of P2.7 billion mostly includes receivables from sales transactions. The P2.6 billion non-current portion of Trade and Other Receivables are those amounts which are not expected to be realized/collected within the one-year period.
- 4) Property Development Cost account amounting to P11.06 billion represents various development/construction related expenses.
- 5) Advances to Related Parties and to Landowners and Joint Venture totaling P2.95 billion pertain to property acquisition, joint venture and other business related transactions.
- 6) Available-for-Sale Financial Assets account amounting to P756.8 million pertains to investments in equity securities of subsidiary.
- 7) Land for Future Development of P3.2 billion refers to the properties acquired by the company. Most properties, which are specifically located in Metro Manila and Calabarzon areas, are intended for immediate and future development. This account also includes other expenses related to acquisition.
- 8) Investment Property account of P248.6 million pertains to land and building and improvements of the Company, being leased-out to third parties and certain land held for capital appreciation. This account is presented in the interim financial statements net of depreciation.
- 9) Property and Equipment account of P163.7 million is composed of fixed assets that are being depreciated over its estimated useful lives using a straight-line method. This account is presented in the interim financial statements net of depreciation.
- 10) Interest-bearing loans and borrowings account with a balance of P1.4 billion mostly includes loans obtained from commercial banks/financial institution and trade receivables discounted with recourse.
- 11) Current Liabilities account is composed of current portion of deferred gross profit amounting to P145.2 million, customers' deposits/advances of P2.1 billion and other



payables/accruals amounting to P1.1 billion. Other non-current liabilities include non-current portion of deferred tax, unearned revenue and other payables totaling to P1.5 billion.

- 12) Reserve for Property Development of P1.1 billion pertains to the remaining costs needed to complete the development/construction of the sold units.
- 13) Increase in Equity by P209 million is the total of 3-month period Net Profit of P23.2 million and fair value gains/revaluation of marketable equity securities of subsidiary amounting to P185.8 million.
- 14) Revenues include the following – real estate sales of P273.6 million, P39.5 million realized portion of the previous years gross profit, interest income of P93.8 million derived mostly from buyers in-house financing, commissions and other income totaling to P142.8 million.
- 15) There were no changes in estimates of amounts reported in prior interim periods or prior financial years that have material effect in the current interim period.
- 16) There were no material contingencies and any other events/transactions that have material impact on the current interim period.

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES

As of March 31, 2010

Amounts in thousands

1) Aging of Accounts Receivable

Type of Receivables	Total	Current Not Yet Due	1 Month	2-3 Mos.	4-6 Mos.	Above 7 Mos.	Past due accounts & Items in Litigation
a) Trade Receivables	3,783,142	3,775,883	5,652	1,323	284	-	-
b) Other Receivables	1,540,328	1,540,328	-	-	-	-	-
<b>Net Receivables</b>	<b>5,323,470</b>						

2) Accounts Receivable Description

<u>Type of Receivables</u>	<u>Nature/Description</u>	<u>Collection Period</u>
a) Trade Receivables	Sale of residential units/lots	maximum of 15 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.**  
**MANAGEMENT'S DISCUSSION OF FINANCIAL CONDITION AND RESULTS**  
**OF OPERATIONS**

**RESULTS OF OPERATION**

Review of March 31, 2010 versus March 31, 2009

During the three-month period, the consolidated net profit amounted to P23.2 million, 3.86% higher than the previous year's net income of P22.4 million. Consolidated revenues, composed of real estate sales, interest income, commissions and other revenues and net earnings of associates posted a decrease of .32% from P551.5 million to P549.7 million.

Real Estate Sales

The Group registered Real Estate Sales of P273.6 million for three months ended March 31, 2010 compared with P281.05 million in 2009. The sales generated were derived from various projects namely, California Gardens Square, Little Baguio Terraces, Pioneer Woodlands, The Cambridge Village, Laguna Bel Air 3, Laguna Bel Air 4, Governor's Hills, Sta. Rosa Heights and Suntrust Adriatico Gardens.

The Cost of Sales amounting to P175.7 million in 2010 and P209.2 million in 2009, as a percentage of Real Estate Sales, was 64% and 74%, respectively. The change was primarily due to the different composition of products sold for each year.

Gross Profit was P97.9 million during the three months of 2010 and P71.9 million in 2009, or 36% and 26% of Real Estate Sales, respectively. The gross profit margin varies depending on the product mix and the competitiveness of prices of each product. Realized Gross Profit as a percentage of Real Estate Sales was recorded at 22% and 19% amounting to P59.9 million and P52.8 million in 2010 and 2009, respectively.

Other Revenues

For 2010 and 2009, the other revenue contributor was other income amounting to P142.8 million and P127.8 million respectively, and which accounts for 26% and 23% of total revenues. The interest income amounting to P93.8 million and P104.3 million in 2010 and 2009 respectively, were derived mostly from in-house financing and accounts for 17% and 19% of total revenues. Additional sources of revenue were commissions of a subsidiary, rentals of investment property and residential/commercial spaces in various projects, and those obtained from other sources.

Operating Expenses

Operating Expenses posted a decrease from P227.3 million in 2009 to P226.9 million in 2010. Other charges/expenses include Finance Cost of P31.9 million and P27.5 million in 2010 and 2009, respectively.

## **FINANCIAL CONDITION**

### **Review of March 31, 2010 versus December 31, 2009**

Total resources of the Group as of March 31, 2010 and December 31, 2009 amounted to P25.5 billion and P25.4 billion respectively. Cash and Cash Equivalents decreased from P1.4 billion to P1.2 billion due to payments to contractors and suppliers for the development of projects. The Group remained liquid with Total Current Assets of P7.5 billion in 2010 and P7.2 billion in 2009, which accounted for 29% and 28% of the Total Assets in 2010 and 2009, respectively, while its Total Current Liabilities amounted to P4.2 billion in March 31, 2010 as compared with P4.1 billion in December 31, 2009.

Equity increased from P17.9 billion in the previous year to P18.2 billion as of March 31, 2010 due to the net income for the three-month period and revaluation reserves.

In 2010, the Group sourced its major cash requirements from internally generated funds. While in 2009, cash was sourced mostly from internally generated funds and partly from the discounting of its installment contract receivable.

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

### Material Changes in the 2010 Interim Financial Statements (increase/decrease of 5% or more in the 2010 Financial Statements)

#### Balance Sheets

- 10% decrease in Cash and Cash Equivalents  
Mainly due to use of funds for construction and development of projects and repayments of loan obligations
- 10% increase in Prepayments and Other Current Assets  
Due to increase in prepaid taxes and input vat
- 33% increase in Available-for-sale Financial Asset  
Primarily due to increase in fair market value of investment
- 7% increase in Property and Equipment  
Due to additional fixed assets
- 9% decrease in Interest-bearing Loans and Borrowings  
Due to repayments of loans
- 15% decrease in Trade and Other Payables  
Mainly due to settlement of some payables

- 9% increase in Income Tax Payable  
Due to increase in taxable income
- 12% increase in Deferred Gross Profit on Real Estate Sales  
Mainly due to unearned gross profit on sales of new projects

#### Income Statements

- 10% decrease in Interest Income  
Primarily due to varying terms of payment being offered to buyers
- 12% increase in Commissions & Other Income  
Mainly due to increase in income from other sales-related sources
- 16% decrease in Cost of Sales  
Primarily due to decrease in sales
- 35% increase in Deferred Gross Profit on Current Year Sales  
Primarily due to pre-selling of new projects
- 16% increase in Finance Cost  
Due to interest on certain borrowings
- 90% increase in Tax Expense  
Mainly due to increase in taxable income

For the year 2010, the projected capital expenditures (construction/development) of roughly P2 billion is expected to be funded mostly by collections.

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

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

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

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

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

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

## **TOP FIVE (5) KEY PERFORMANCE INDICATORS**

For the first quarter of 2010, the following are top key performance indicators of the Company and its majority-owned subsidiaries:

### **1) Availability of Cash**

The Group has adequate cash and current trade receivables to fund the construction of its ongoing/upcoming projects and acquisition of additional properties.

### **2) Ability to repay loan obligations**

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

### **3) Increase in reservation sales**

The Group's product concepts, project location, flexible payment scheme and aggressive selling have contributed to the increase in reservation sales.

### **4) Continuous development of projects**

The Group continuously undertakes construction and development activities and is committed to deliver its projects within the projected timetable.

### **5) Landbanking**

The Group has been acquiring interests in properties either through outright acquisitions or joint venture arrangements with landowners.

## ASSESSMENT OF FINANCIAL RISKS

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

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

### 1) Foreign Currency Sensitivity

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

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

The Group's U.S.-dollar denominated financial assets, translated into Philippine pesos amounted to P85.6 million as of March 31, 2010.

At March 31, 2010, if the peso had strengthened by 2% against the U.S. dollar with all other variables held constant, income before tax for the year would have been P1.6 million lower, mainly as a result of foreign exchange loss on translation of U.S. dollar-denominated cash and cash equivalents.

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

The 2% movement in the value of peso against U.S. dollar was estimated based on the market volatility in exchange rates. The sensitivity analysis is based on the Group's foreign currency financial instruments held at the reporting period.

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

### 2) Interest Rate Sensitivity

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

On March 31, 2010, if general interest rates on dollar and peso-denominated financial assets had been higher by 0.16%, with all other variables held constant, income before tax for the year would have been P178.9 thousand higher, mainly as a result of higher interest income on floating rate deposits.

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

### 3) Credit Risk

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

	<u>March 31, 2010</u>	<u>March 31, 2009</u>
Cash and cash equivalents	P 1,239,670,492	P 1,546,183,759
Trade and other receivables - net	5,323,469,659	5,602,701,776
Advances to landowners and joint venture	2,067,408,306	2,315,778,340
Advances to related parties	<u>887,483,194</u>	<u>882,868,983</u>
	<u>P 9,518,031,651</u>	<u>P10,347,532,858</u>

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

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

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

### 4) Liquidity Risk

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



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

As at March 31, 2010, the Group's financial liabilities have contractual maturities which are presented below:

	Current		Non-current	
	Within 6 Months	6 to 12 Months	1 to 5 Years	Later than 5 Years
Interest-bearing loans and borrowings	P 691,430,370	P -	P 710,265,444	P -
Trade and other payables	388,656,358	-	16,142,327	-
Advances from related parties	588,698,134	-	13,523,648	-
Other current liabilities	<u>131,458,269</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>P1,800,243,131</u>	<u>P -</u>	<u>P 739,931,419</u>	<u>P -</u>

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

	Current		Non-current	
	Within 6 Months	6 to 12 Months	1 to 5 Years	Later than 5 Years
Interest-bearing loans and borrowings	P1,434,795,314	P -	P1,249,293,548	P -
Trade and other payables	833,274,065	-	19,686,755	-
Advances from related parties	263,923,634	-	280,112,723	-
Other current liabilities	<u>161,801,635</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>P2,693,794,648</u>	<u>P -</u>	<u>P1,549,093,026</u>	<u>P -</u>

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

## 5) Other Market Price Risk

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

At March 31, 2010, if the quoted stock price for the securities had decreased by 8%, with all other variables held constant, equity would have been lower by about P62 million. The 8% estimated change in quoted market price is computed based on volatility of local index for holdings first listed at Philippine Stock Exchange.

On the other hand, if the quoted market price for these securities had increased by the same amount, with all other variables held constant, equity for the year would have been higher by the same figure.

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

## FINANCIAL INSTRUMENTS EVALUATION

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

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

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

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

### **1) Financial Assets at Fair Value through Profit or Loss**

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

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

## **2) Loans and Receivables**

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

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

The Group's loans and receivables are presented as Trade and Other Receivables, Advances to Landowners and Joint Ventures, and Advances to Related Parties in the statements of financial position.

## **3) Held-to-maturity Investments**

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

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

## **4) Available-for-sale Financial Assets**

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

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

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

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

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

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

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