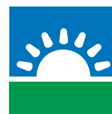
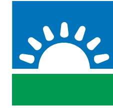


Empire East

Empire East Land Holdings, Inc.

ANNUAL REPORT 2015

STRENGTHENING THE EMPIRE EAST BRAND



Empire East

Empire East Land Holdings, Inc.

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PRESIDENT'S MESSAGE

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ANTHONY CHARLEMAGNE C. YU
President

STRENGTHENING THE EMPIRE EAST BRAND

For more than 20 years, the visibility and quality of the Empire East brand has steadily increased, buoyed by the patronage of Filipino customers that have experienced firsthand the lifestyle that is offered by the company's various projects in Metro Manila and the south. Whether Empire East is moving urban families forward, promoting work-life integration or tapping new areas of growth, it constantly adds value to every location it decides to be part of. Strengthening the brand comes with successfully shaping the landscape and improving lives—and that comes with truly understanding the market. It is this deep understanding that Empire East is committed to as it continues to create new ways for real estate to be relevant, meaningful and transformative.

MOVING URBAN FAMILIES FORWARD

Sustainable mobility was the rallying cry of Empire East when it unveiled in 2007 the country's first transit-oriented development. The innovativeness of this real estate concept was anchored on the company's dedication to make the urban commute easier and more accessible to homeowners. With current traffic conditions, the advantage of a home located near the metro rail systems and other modes of public transport has never been more pronounced. Today, Empire East's portfolio of TODs continues to be well-received as it makes good on the promise of a mobile Filipino family—one that is active, progressive, and dedicated to going places.

Little Baguio Terraces

Located along N. Domingo Street in San Juan City, Little Baguio Terraces enjoys quick access to the J. Ruiz and Gilmore stations of the LRT-2 line. Set near Manila's university belt, the project enjoys a healthy take-up by households with students.

Little Baguio Terraces is composed of four towers which host 1,226 units in two- and three-bedroom layouts, ranging in size from 30 to 60 square meters. A swimming pool, sunbathing lounge, children's pool, playground, spa, day care center, gym and landscaped areas with benches make up the recreational amenities of the community.

Turnover of the now-complete Tower 1 and Tower 4 is at the 15th and 17th levels, respectively.

Work for Tower 3 is on track and has reached 74 percent. Final painting application is in progress at the first to fifth floors, while painting preparation work is under way for units at the 12th to 14th levels. Other ongoing work includes roughing-in installation for water lines at the 19th floor and restoration work for air-conditioner drains at the 20th floor.

Construction activities are approaching the halfway mark for Tower 2. Water lines are currently being installed at the fourth to sixth floors. Wiring installation for the fire alarm sensors, as well as testing of fire sprinklers, continue at the fourth level. At the 16th floor, roughing-in installations for the toilet and baths are ongoing.

LITTLE BAGUIO TERRACES

Pioneer Woodlands

The 1.3-hectare Pioneer Woodlands development continues to take shape at the junction of EDSA and Pioneer Street in Mandaluyong City, where it links directly to the Boni Station of the MRT-3 through the interlink bridgeway completed by Empire East. From the community, the workplaces of the Ortigas CBD and a myriad of leisure destinations can be easily reached.

The project's six towers are home to 3,054 studios, one- to two-bedroom residences and three-bedroom combined units offering 20.50 to 61 square meters of space. The lifestyle offerings here include a swimming pool, playground and gym, as well as a two-storey retail arcade.

Tower 1 of Pioneer Woodlands is complete. Tower 2 is virtually complete, with landscaping work remaining at the ground level. Handover is ongoing at the 30th level of the first tower and the 29th level of the second tower.

Work for Woodland Park 1 is nearly finished. All structural, concreting and wet works are complete. Meanwhile, the installation of windows, interior walls, ceiling board-ups, doors and cabinets are nearing completion, alongside painting, mechanical, electrical, plumbing, auxiliary, fire protection and landscaping works.

Excavation work is now at 80 percent for Woodland Park II, with rebar work and concreting for beams and slab reaching the 16th level. Masonry, mechanical, electrical, plumbing, auxiliary and fire protection works are also under way.

Pioneer Woodlands

PIONEER WOODLANDS

San Lorenzo Place

Empire East's Makati CBD offering, San Lorenzo Place, has been designed with young professionals and their families in mind. The 1.3-hectare development is located at the corner of EDSA and Chino Roces Avenue, and connects to the Magallanes Station of the MRT-3.

Showcasing 2,173 units, the four towers of the project offer variety in terms of living space—from one- to three-bedroom layouts that are 22.50 to 77 square meters in size. Opportunities for play are provided at the amenity deck with its swimming pool complex, outdoor spa, children's playground, clubhouse, tennis court and landscaped paths.

Construction for Tower 4 is complete. Work is ongoing to close out punchlist items and cleaning for handover, which continues up to the 36th level. Landscaping work is in progress at the ground level.

Towers 1 and 2 are both virtually complete, with architectural and finishing works substantially complete. Mechanical work is nearing 90 percent. Painting, aluminum and glazing works are being concluded for both towers, while electrical, plumbing, auxiliary and fire protection works are also being finished. Turnover of Tower 1 is under way up to the 31st floor.

Overall construction work for Tower 3 has reached 43.17 percent. Masonry work is in progress at the ninth and 10th levels, as is the fabrication of pre-cast walls and the installation of exterior and interior pre-cast walls up to the 22nd floor. Formworks installation, rebar work and concreting for beams and slab are ongoing up to the 23rd level.

Meanwhile, aluminum and glass works are at 60.77 percent, mechanical work at 15.09 percent, electrical work at 28.33 percent, plumbing work at 24.85 percent, auxiliary work at 9.45 percent, and fire protection work at 37.35 percent.

HOME

SAN LORENZO PLACE

PROMOTING WORK-LIFE INTEGRATION

Increasing demands in the workplace have dramatically informed the Filipino family's choice in a home. By recognizing the priority given by homebuyers to owning a residence that also serves as a self-contained recreational haven, Empire East successfully introduced real estate developments that bring together nature and resort-style amenities. These communities, located in dynamic cosmopolitan areas, have entered the customer mind space as urban resort residences. Here, people are empowered to bring balance back into their lives through leisure, with a special focus on well-being and family bonding.

The Sonoma

Set in Sta. Rosa, Laguna, The Sonoma is Empire East's first offering in the urban resort residence category. Families that choose to have access to both Metro Manila and the greenery-rich suburbs find that this master-planned village-type community offers the best of both worlds.

The massive 50-hectare development has a lot going for it in terms of space, which encourages physical movement and exercise. Amenities include a 25-meter lap pool, children's pool, dip pool, children's playground, basketball court, tennis court, jogging path, pocket gardens and sunken deck, as well as a clubhouse that features a multi-purpose area ideal for 200 guests, a mini bar, game room and fitness center. An upscale retail strip called 1433 West Row hosts the community's commercial offerings.

The Sonoma's four residential phases—Enclave, Country Club, Esplanade and Pavilion—offer 1,060 residential lots that range from 150 to 670 square meters in size. The entire enclave has been designed to reflect an Asian Modern aesthetic.

All four phases are complete and are currently being turned over. Construction for individual houses under way. Empire East is completing punchlisting work at Pavilion, the final phase.

THE SONOMA

THE SONOMA

The Rochester

The Asian Modern inspiration of The Rochester, a three-hectare development at the junction of Jabson and Elisco roads in San Joaquin, Pasig City, provides residents with a soothing respite from the vibrant bustle of the community's surroundings.

Ten mid- to high-rise towers host the project's 2,652 units. These residences come in one- to three-bedroom suite and bi-level suite layouts offering 24.20 to 93 square meters of space. Communal recreation is easily enjoyed at the clubhouse, which is home to a bar with lounge, a billiards and darts game area, a gym and a function hall spacious enough for 100 guests. Outdoors, there is a 25-meter lap pool, children's pool, children's playground, gazebo, tennis/basketball court, pocket gardens and jogging paths.

Garden Villas 1 and 2 of The Rochester are complete and turned over. Construction work for the Breeze Tower is at the 87 percent mark. In progress are tiling and painting works, as well as the installation of ceiling enclosures, toilet and bath plumbing fixtures and kitchen cabinets up to the 16th level. Exterior finishing work is nearing completion. Mechanical work is at 80.25 percent, while electrical, plumbing and fire protection works are at 90 percent.

Parklane Tower, Palmridge Tower and Hillcrest Tower have approached the 17 percent, 12 percent and 8 percent mark, respectively.

Current work for Parklane range from pile hacking to excavation and foundation preparation. Formworks installation, rebar work and concreting for the fifth floor have been concluded. Foundation work has been completed for Palmridge, while formworks installation, rebar work and concreting has reached the second level.

Meanwhile, at Hillcrest, pile hacking, excavation and foundation preparation is under way. Formworks installation, rebar work and concreting has reached the second floor. Overall structural work and electrical, plumbing and fire protection works are in the early stages.

THE ROCHESTER

Kasara

A large lake-inspired swimming pool is the focal point of Kasara, which takes its eponymous name from the Sanskrit word meaning "lake." Dedicating nearly 65 percent of the development to amenities and greenery, the 1.8-hectare Kasara draws urban dwellers that are mindful of the amount of space in the community they live in, as well as the quality of the amenities they have access to. The project is bounded by Eagle Avenue and P.E. Antonio Street in Ugong, Pasig City.

Kasara has six towers that feature 3,192 studios, one- and two-bedroom units and bi-level penthouse loft suites ranging from 22.50 to 141 square meters of space.

Aside from the main pool, residents enjoy access to more leisure facilities such as a pool deck with bubblers, koi and turtle ponds, and a clubhouse with a mini-bar. Other offerings include waterfalls that start at the fourth level, infinity pools, open courts, a playground, fitness gym, day care center, function room and jogging paths.

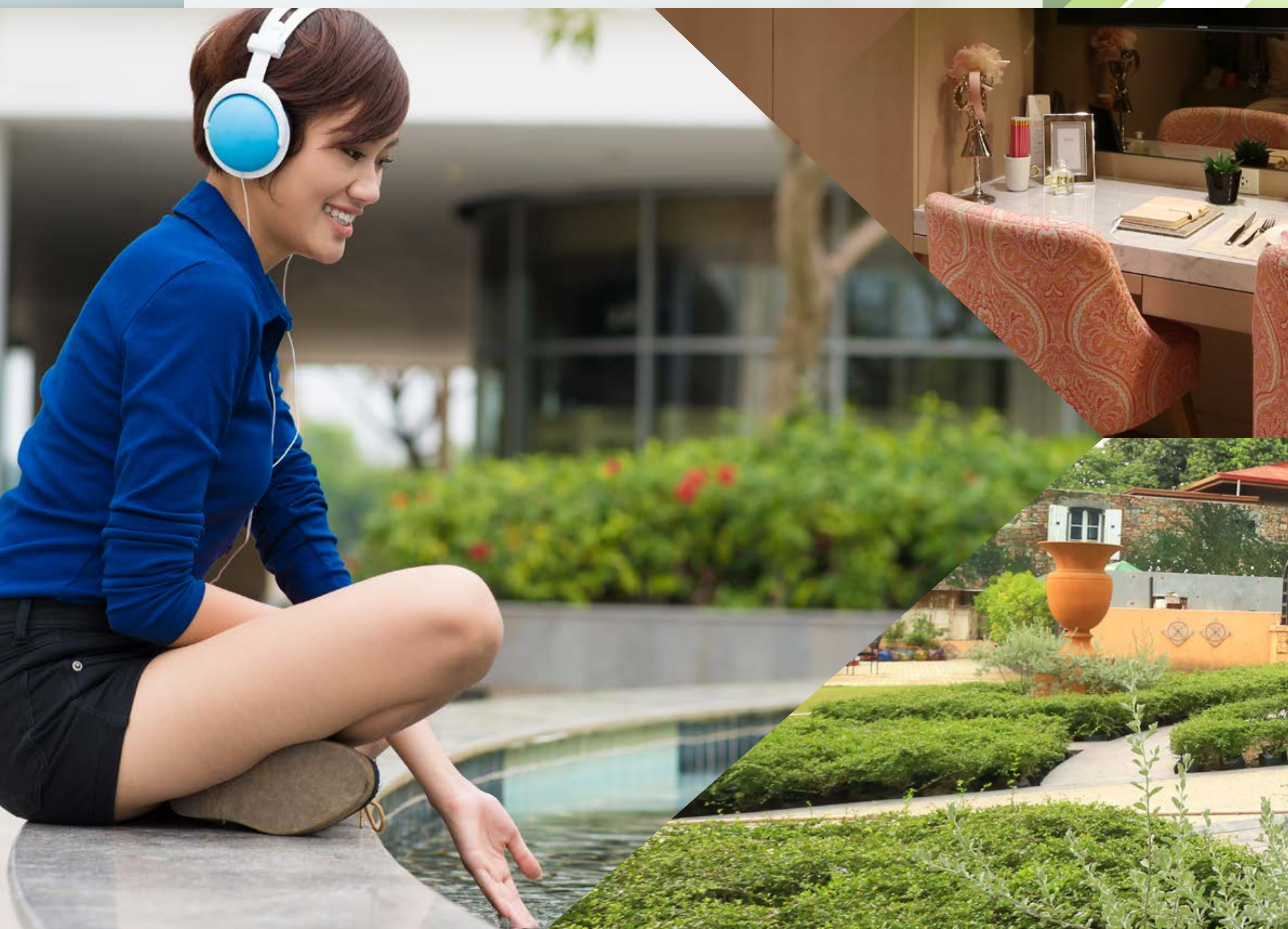
Construction is on schedule for Tower 1 and Tower 2, now 33 and 30 percent complete, respectively. Formworks installation, rebar work and concreting are in progress at the 25th level of Tower 1 and the 21st level of Tower 2. Wall installation is ongoing at the eighth to 14th floors of the first tower and the seventh to 10th levels of the second tower.

Architectural work for Tower 2 has reached 36.31 percent, while rubbed concrete work continues at the 12th to 17th floors.

KASARA

THE
BEATLES
THE
BEATLES A N T H O L O G Y

TAPPING NEW AREAS OF GROWTH



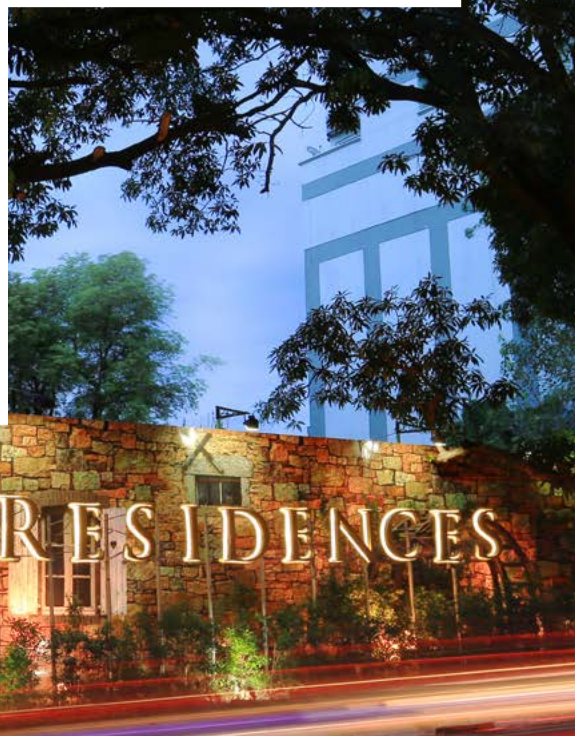
As Empire East keeps on top of the construction and delivery activities for its current projects, it constantly looks into fresh locations and markets that can benefit from the introduction of high-quality real estate development. In 2014, the company unveiled two new projects designed with the same exacting standards that the developer is known for. Like their predecessors, the TODs and the urban resort residences, Mango Tree Residences in San Juan City and Covent Garden in Sta. Mesa, Manila, are seen to drive the Empire East brand even further by enhancing the day-to-day experiences of a new breed of discriminating customers.

Mango Tree Residences

San Juan City, a popular location among families with young students, is where Mango Tree Residences is set to flourish as a community. It is located at the junction of M. Paterno and Ledesma streets, and offers convenient access to learning institutions such as La Salle Greenhills, Xavier School and Poveda. The CBDs of Ortigas and Makati are also a short drive away from the project.

Two high-rise towers bring together the homes of Mango Tree Residences, which come in one- and two-bedroom layouts that are 30 to 92.64 square meters in size. The residential levels are low-density in character, with only nine to 10 units per floor. As the project's name suggests, mango trees will be part of the landscape, and are envisioned to add a refreshing element of green to the community.

At the ground level are amenities such as a 25-meter lap pool, a children's pool, alfresco lounge, gym, yoga station and shower/changing rooms. There is also a function room that can seat around 100 guests. As an additional recreational option, there is a garden deck at the seventh level.



MANGO TREE RESIDENCES

Covent Garden

Set to enliven the Sta. Mesa area in Manila, Covent Garden has characteristics of a TOD and an urban resort residence. The development is located near the V. Mapa and Pureza stations of LRT-2, which puts it close to the Manila university belt. In addition, about 70 percent of the community has been dedicated to open spaces, which invites relaxation and rejuvenation among homeowners.

The two-tower Covent Garden features studios, one- and two-bedroom homes and bi-level units with living spaces that range from 23.42 to 122.11 square meters.

Recreation can be enjoyed at the fifth-level podium, where there is a 22-meter lap pool, a children's pool, children's playground, an outdoor bar and lounge, a jogging path, fitness gym and function hall. The ground level has been reserved for commercial spaces.

Empire East

COVENT GARDEN

Statement of Management's Responsibility for Financial Statements

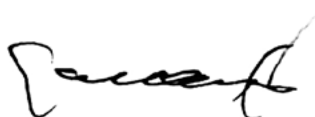
The management of **Empire East Land Holdings, Inc. and subsidiaries** (the Group) is responsible for the preparation and fair presentation of the financial statements for the years ended December 31, 2015 and 2014, in accordance with Philippine Financial Reporting Standards, including the following additional supplemental information filed separately from the basic financial statements:

a. Supplementary Schedules Required under Annex 68-E of the Securities Regulation Code Rule 68
b. Reconciliation of Retained Earnings Available for Dividend Declaration
c. Schedule of PFRS Effective as of December 31, 2015
d. Schedule of Financial Indicators for December 31, 2015 and 2014
e. Map Showing the Relationship Between and Among the Company and its Related Entities
f. Schedule of Proceeds and Expenditures for the Recent Stock Rights Offering;

Management responsibility on the financial statements includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

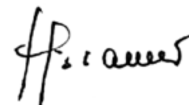
The Board of Directors reviews and approves the financial statements, including the additional supplemental information, and submits the same to the stockholders.

Punongbayan & Araullo, the independent auditors appointed by the stockholders, has examined the Financial statements of the Company in accordance with Philippine Standards on Auditing and, in its report to the Board of Directors and stockholders, has expressed its opinion on the fairness of presentation upon completion of such examination.



ANDREW L. TAN
Chairman of the Board

ANTHONY CHARLEMAGNE C. YU
Chief Executive Officer

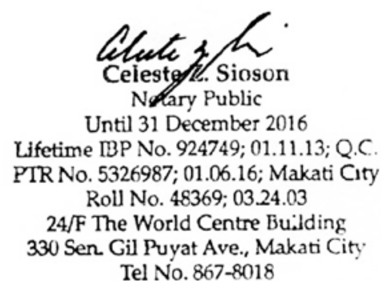


EVELYN G. CACHO
Chief Financial Officer

SUBSCRIBED AND SWORN to me before this 12th day of April 2016 affiant exhibiting to me their Tax Identification Number (TIN) as follows:

Andrew L. Tan	125-960-003
Anthony Charlemagne C. Yu	132-173-451
Evelyn G. Cacho	127-32G686

Doc. No. 281;
Page No. 57;
Book No. XXX;
Series of 2016



The Board of Directors and Stockholders
Empire East Land Holdings, Inc. and Subsidiaries
(A Subsidiary of Megaworld Corporation)
21st Floor, The World Centre Building
330 Sen. Gil Puyat Avenue, Makati City

We have audited the accompanying consolidated financial statements of Empire East Land Holdings, Inc. and Subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2015 and 2014, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2015, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Empire East Land Holdings, Inc. and Subsidiaries as at December 31, 2015 and 2014, and their consolidated financial performance and their consolidated cash flows for each of the three years in the period ended December 31, 2015 in accordance with Philippine Financial Reporting Standards.

PUNONGBAYAN & ARAULLO

By: Nelson L. Dinio
Partner

CPA Reg. No. 0097048
TIN 201-771-632
PTR No. 5321727, January 4, 2016, Makati City
SEC Group A Accreditation
Partner - No. 1036-AR-1 (until Aug. 21, 2016)
Firm - No. 0002-FR-4 (until Apr. 30, 2018)
BIR AN 08-002511-32-2013 (until Nov. 7, 2016)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Dec. 31, 2018)

March 10, 2016

	Notes		2015		2014
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	5	P	**1,398,235,836**	P	821,513,652
Trade and other receivables - net	6		**4,010,737,757**		4,021,021,060
Advances to related parties	23		**2,146,804,221**		1,956,360,549
Residential and condominium units for sale	7		**18,269,742,532**		16,765,013,572
Property development costs	7		**1,889,462,729**		2,428,011,799
Prepayments and other current assets	2		**461,364,440**		658,003,473
Total Current Assets			**28,176,347,515**		26,649,924,105
NON-CURRENT ASSETS					
Trade and other receivables - net	6		**2,200,848,056**		2,412,999,198
Available-for-sale financial assets	8		**1,812,860,000**		2,539,130,000
Advances to landowners and joint ventures	9		**605,381,608**		775,835,465
Land held for future development	10		**2,925,390,962**		2,218,661,983
Investments in associates	11		**1,162,060,445**		293,290,510
Property and equipment - net	12		**150,777,539**		153,529,494
Investment property - net	13		**151,942,870**		168,747,693
Other non-current assets	1		**84,612,333**		84,612,960
Total Non-current Assets			**9,093,873,813**		8,646,807,303
TOTAL ASSETS		**P**	**37,270,221,328**	P	35,296,731,408
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
Interest-bearing loans and borrowings	14	**P**	**86,896,890**	P	58,691,642
Trade and other payables	15		**1,072,574,728**		709,271,471
Deferred gross profit on real estate sales	2		**33,878,967**		37,796,605
Customers' deposits	16		**2,612,905,347**		3,608,515,425
Advances from related parties	23		**2,832,787,394**		2,170,359,594
Reserve for property development	2		**337,613,720**		243,836,218
Income tax payable			**20,750,928**		20,641,970
Other current liabilities	17		**569,761,670**		450,672,211
Total Current Liabilities			**7,567,169,644**		7,299,785,136
NON-CURRENT LIABILITIES					
Interest-bearing loans and borrowings	14		**1,422,105,714**		77,829,911
Deferred gross profit on real estate sales	2		**109,268,330**		115,497,634
Reserve for property development	2		**1,536,370,047**		1,185,419,892
Retirement benefit obligation	21		**479,298,630**		433,173,474
Deferred tax liabilities - net22			**1,472,019,500**		1,343,085,670
Total Non-current Liabilities			**5,019,062,221**		3,155,006,581
Total Liabilities			**12,586,231,865**		10,454,791,717
EQUITY					
Attributable to the Parent Company's stockholders					
Capital stock	24		**14,803,455,238**		14,803,455,238
Additional paid-in capital			**4,307,887,996**		4,307,887,996
Treasury stock - at cost	24	**(**	**102,106,658)**	(	102,106,658)
Revaluation reserves			**839,520,384**		1,548,097,532
Retained earnings	24		**4,215,917,504**		3,668,638,956
Total equity attributable to the Parent Company's stockholders			**24,064,674,464**		24,225,973,064
Non-controlling interests			**619,314,999**		615,966,627
Total Equity			**24,683,989,463**		24,841,939,691
TOTAL LIABILITIES AND EQUITY		P	**37,270,221,328**	P	35,296,731,408

See Notes to Consolidated Financial Statements.

Consolidated Statements of Comprehensive Income

For the Years Ended December 31, 2015, 2014 and 2013 *(Amounts in Philippine Pesos)*

	Notes	2015	2014	2013
REVENUES AND INCOME				
Real estate sales	2	**P 4,017,372,548**	P 3,480,191,566	P 1,705,620,061
Finance income	20	**324,162,386**	381,185,394	492,576,792
Commissions	23	**143,273,471**	134,923,506	147,636,430
Rental income	13	**106,051,918**	111,812,748	121,363,871
Realized gross profit on prior years' sales	2	**64,055,734**	113,810,909	193,650,909
Equity share in net earnings (losses) of associates	11	**(9,006,812)**	(81,725)	34,635,124
Other income	19	**412,755,308**	353,854,913	255,633,125
		5,058,664,553	4,575,697,311	2,951,116,312
COSTS AND EXPENSES				
Cost of real estate sales	18	**2,615,303,158**	2,300,438,219	1,152,377,269
Salaries and employee benefits	21	**411,242,638**	302,327,535	255,508,254
Commissions		**248,760,584**	193,938,329	190,078,824
Finance costs	20	**177,380,882**	127,855,308	126,572,738
Travel and transportation		**164,333,838**	106,764,956	108,794,974
Advertising and promotion		**150,278,865**	98,878,593	101,628,164
Deferred gross profit on current year's sales	2	**53,908,791**	92,115,417	53,293,704
Taxes and licenses	10, 13	**37,285,107**	268,431,334	125,442,799
Depreciation and amortization	12, 13	**34,217,740**	37,777,025	37,015,034
Other expenses	19	**383,272,046**	298,231,868	329,796,416
Income taxes	22	**232,167,646**	264,418,347	170,136,355
		4,508,151,295	4,091,176,931	2,650,644,531
NET PROFIT		**550,513,258**	484,520,380	300,471,781
OTHER COMPREHENSIVE INCOME (LOSS)				
Item that will not be reclassified subsequently through profit or loss:				
Remeasurements on retirement benefit obligation	21	**25,260,742**	(94,939,688)	(96,792,260)
Tax income (expense) on remeasurement	22	**(7,454,228)**	28,355,076	28,805,985
		7,806,514	(66,584,612)	(67,986,275)
Item that will be reclassified subsequently through profit or loss:				
Fair value gains (losses) on available-for-sale financial assets	8	**(726,270,000)**	(365,950,000)	1,017,904,000
TOTAL COMPREHENSIVE INCOME (LOSS)		**(P 157,950,228)**	P 51,985,768	P 1,250,389,506
Net profit attributable to:				
Parent company's shareholders		**P 547,278,548**	P 481,845,568	P 299,466,849
Non-controlling interest		**3,234,710**	2,674,812	1,004,932
		P 550,513,258	P 484,520,380	P 300,471,781
Total comprehensive income (loss) attributable to:				
Parent company's shareholders		**(161,298,600)**	P 49,427,217	P 1,249,596,958
Non-controlling interest		**3,348,372**	2,558,551	792,548
		(P 157,950,228)	P 51,985,768	P 1,250,389,506
EARNINGS PER SHARE - Basic and Diluted	25	**P 0.037**	P 0.033	P 0.021

See Notes to Consolidated Financial Statements.

Consolidated Statements of Changes in Equity

For the Years Ended December 31, 2015, 2014 and 2013 *(Amounts in Philippine Pesos)*

	Notes	Attributable to Parent Company's Shareholders							
		Capital Stock	Additional Paid-in-Capital	Treasury Stock	Revaluation Reserves	Retained Earnings	Total	Non-controlling Interest	Total
Balance at January 1, 2015		**P 14,803,455,238**	**P 4,307,887,996**	**(P 102,106,658)**	**P 1,548,097,532**	**P 3,668,638,956**	**P24,225,973,064**	**P 615,966,627**	**P 24,841,939,691**
Total comprehensive income for the year									
Net profit for the year		-	-	-	-	547,278,548	547,278,548	3,234,710	550,513,258
Fair value losses on available-for-sale financial assets	8	-	-	-	(726,270,000)	-	(726,270,000)	-	(726,270,000)
Remeasurements on retirement benefit obligation	21	-	-	-	25,147,080	-	25,147,080	113,662	25,260,742
Tax income on remeasurement	22	-	-	-	(7,454,228)	-	(7,454,228)	-	(7,454,228)
Balance at December 31, 2015	24	**P 14,803,455,238**	**P 4,307,887,996**	**(P 102,106,658)**	**P 839,520,384**	**P 4,215,917,504**	**P 24,064,674,464**	**P 619,314,999**	**24,683,989,463**
Balance at January 1, 2014		P 14,803,455,238	P 4,307,887,996	(P 102,106,658)	P 1,980,515,883	P 3,186,793,388	P 24,176,545,847	P 613,408,076	P 24,789,953,923
Total comprehensive income for the year									
Net profit for the year		-	-	-	-	481,845,568	481,845,568	2,674,812	484,520,380
Fair value losses on available-for-sale financial assets	8	-	-	-	(365,950,000)	-	(365,950,000)	-	(365,950,000)
Remeasurements on retirement benefit obligation	21	-	-	-	(94,823,427)	-	(94,823,427)	(116,261)	(94,939,688)
Tax income on remeasurement	22	-	-	-	28,355,076	-	28,355,076	-	28,355,076
Balance at December 31, 2014	24	P 14,803,455,238	P 4,307,887,996	(P 102,106,658)	P 1,548,097,532	P 3,668,638,956	P 24,225,973,064	P 615,966,627	24,841,939,691
Balance at January 1, 2013		P 13,603,455,238	P 4,247,887,996	(P 102,106,658)	P 1,030,385,774	P 2,887,326,539	P 21,666,948,889	P 612,615,528	P 22,279,564,417
Transaction with owners –									
Additional subscription during the year	24	1,200,000,000	60,000,000	-	-	-	1,260,000,000	-	1,260,000,000
Total comprehensive income for the year:									
Net profit for the year		-	-	-	-	299,466,849	299,466,849	1,004,932	300,471,781
Fair value gains on available-for-sale financial assets	8	-	-	-	1,017,904,000	-	1,017,904,000	-	1,017,904,000
Remeasurements on retirement benefit obligation	21	-	-	-	(96,579,876)	-	(96,579,876)	(212,384)	(96,792,260)
Tax income on remeasurement	22	-	-	-	28,805,985	-	28,805,985	-	28,805,985
Balance at December 31, 2013	24	P 14,803,455,238	P 4,307,887,996	(P 102,106,658)	P 1,980,515,883	P 3,186,793,388	P 24,176,545,847	P 613,408,076	P 24,789,953,923

See Notes to Consolidated Financial Statements.

Consolidated Statements of Cash Flows

For the Years Ended December 31, 2015, 2014 and 2013 *(Amounts in Philippine Pesos)*

	Notes	2015	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		**P 782,680,904**	P 748,938,727	P 470,608,136
Adjustments for:				
Finance income	20	**(P 289,256,386)**	(P 338,397,394)	(449,788,792)
Finance costs	20	**177,380,882**	127,855,309	126,572,738
Dividend income	20	**(34,906,000)**	(42,788,000)	(42,788,000)
Depreciation and amortization	12, 13	**34,217,740**	37,777,025	37,015,034
Equity share in net losses (earnings) of associates	11	**9,006,812**	81,725	(34,635,124)
Impairment loss - LBASSI	6	**94,375**	62,244	79,820
Loss from sale of investment in an associate	11	**-**	-	35,422,273
Gain on sale of property and equipment	12	**-**	-	(487,890)
Operating profit before working capital changes		**679,218,327**	533,529,636	141,998,195
Decrease (increase) in trade and other receivables		**230,526,025**	(885,019,119)	(593,261,118)
Decrease (increase) in advances to related parties		**(58,118,389)**	97,431,225	(133,230,631)
Increase in residential and condominium units for sale		**(1,478,407,262)**	(3,924,472,242)	(1,456,829,490)
Decrease (increase) in property development costs		**538,549,070**	474,631,107	(243,026,014)
Decrease (increase) in prepayments and other current assets		**196,774,448**	102,089,591	(93,961,622)
Decrease in advances to landowners and joint ventures		**170,453,857**	11,239,780	35,509,548
Decrease (increase) in land held for future development		**(706,728,979)**	1,869,638,135	(425,547,777)
Decrease (increase) in other non-current assets		**627**	(154,430)	287,614
Increase (decrease) in trade and other payables		**367,625,402**	164,193,169	(510,308,745)
Decrease in deferred gross profit on real estate sales		**(10,146,942)**	(21,695,493)	(140,357,205)
Increase (decrease) in customers' deposits		**(995,610,078)**	651,146,670	217,826,347
Increase (decrease) in reserve for property development		**444,727,657**	480,875,103	(134,045,868)
Increase in other current liabilities		**119,089,459**	144,971,919	108,429,012
Increase in retirement benefit obligation		**51,773,782**	34,125,993	32,328,471
Cash used in operations		**(450,272,996)**	(267,468,956)	(3,194,189,283)
Interest received		**141,922,390**	185,446,993	301,396,245
Cash paid for income taxes		**(110,579,086)**	(57,082,990)	(77,894,360)
Net Cash Used in Operating Activities		**(418,929,692)**	(139,104,953)	(2,970,687,398)
CASH FLOWS FROM INVESTING ACTIVITIES				
Additional investment in associates	11	**(877,776,747)**	-	-
Dividends received	20	**34,906,000**	42,788,000	42,788,000
Acquisitions of property and equipment	12	**(14,796,377)**	(14,227,073)	(11,815,910)
Interest received		**6,822,758**	5,145,818	17,228,413
Proceeds from sale of property and equipment	12	**-**	208,585	2,789,118
Proceeds from sale of investment in an associate	11	**-**	-	471,236,862
Net Cash From Investing Activities		**(850,844,366)**	33,915,330	522,226,483
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from interest-bearing loans and borrowings	14	**2,310,000,000**	-	-
Payments of interest-bearing loans and borrowings	14	**(937,518,949)**	(83,209,598)	(170,152,311)
Proceeds from advances from related parties	23	**538,840,568**	556,226,387	142,239,176
Payments of advances from related parties	23	**(34,181,534)**	(28,439,048)	(1,286,978,539)
Interest paid		**(30,643,843)**	(22,345,797)	(25,399,062)
Proceeds from issuance of shares of stock	24	**-**	-	1,260,000,000
Net Cash From (Used in) Financing Activities		**1,846,496,242**	422,231,944	(80,290,736)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**576,722,184**	317,042,321	(2,528,751,651)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**821,513,652**	504,471,331	3,033,222,982
CASH AND CASH EQUIVALENTS AT END OF YEAR		**P 1,398,235,836**	P 821,513,652	P 504,471,331

Supplemental Information on Non-cash Investing and Financing Activities:

In the normal course of business, the Group enters into non-cash transactions which include Settlement of Advances to Landowners through receipt of certain parcels of land and reclassification to real estate assets upon full payment (see Note 10).

See Notes to Consolidated Financial Statements.

1. CORPORATE INFORMATION

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

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

As of December 31, the Company holds ownership interests in the following entities:

Subsidiaries/ Associates	Explanatory Notes	Percentage of Ownership 2015	2014	2013
Subsidiaries:				
Eastwood Property Holdings, Inc. (EPHI)	(a)	**100%**	100%	100%
Valle Verde Properties, Inc. (VVPI)	(b)	**100%**	100%	100%
Sherman Oak Holdings, Inc. (SOHI)	(c)	**100%**	100%	100%
Empire East Communities, Inc. (EECI)	(d)	**100%**	100%	100%
Laguna BelAir Science School, Inc. (LBASSI)	(e)	**73%**	73%	73%
Sonoma Premier Land, Inc. (SPLI)	(f)	**60%**	60%	60%
20th Century Nylon Shirt Co., Inc. (20th Century)	(g)	**100%**	-	-
Associates:				
Gilmore Property Marketing Associate, Inc. (GPMAI)	(h)	**47%**	47%	47%
Pacific Coast Megacity Inc. (PCMI)	(i)	**20%**	-	-

Explanatory Notes:

(a) Subsidiary incorporated in 1996 and serves as the marketing arm of the Company for the latter's projects, as well as those of other related parties.
(b) Subsidiary incorporated in 2006; additional shares were acquired in November 2008 through assignment of shares from a third party.
(c) Subsidiary incorporated in 2007; shares acquired through assignment of shares from Yorkshire Holdings Inc., a related party, in January 2008.
(d) Subsidiary incorporated in 2008 to primarily engage in the purchase, development, sale and lease of real properties but is currently engaged in the marketing of real estate properties.
(e) Subsidiary incorporated in 1996 to primarily engage in operating a school for primary and secondary education.
(f) Subsidiary incorporated in 2007 as a holding entity to primarily engage in the development and marketing of all kinds of real estate. Additional shares were acquired from First Centro, Inc. in March and June 2008.
(g) Subsidiary incorporated in 1952 to engage in manufacturing, distributing, buying, and selling or otherwise deal in wearing apparels and its accessories, such as zipper, buttons, etc., for men, women, and children. The Company acquired its 100% ownership interest in February 2015.
(h) Entity incorporated in 1996. In 2012, the entity was deconsolidated and treated as an associate of the Company.
(i) Entity incorporated in 2012. In 2015, the Company acquired its 20% ownership interest with a plan of acquiring its 100% interest over a period of five years.

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

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

In prior years, the Company increased its ownership interest in VVPI and LBASSI resulting to 100% and 73% ownership control over the respective subsidiaries. This resulted to the recognition of goodwill which amounted to P78.3 million as of December 31, 2015 and 2014, and shown as part of Other non-current assets account in the consolidated statements of financial position.

In February 2015, the Company acquired 100% ownership interest in 20th Century for a total consideration of P696.4 million. The excess of consideration paid over the net assets of the acquired company is attributed to the fair value of its land.

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

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

The Company's registered office is located at 21st Floor, The World Centre Building, 330 Sen. Gil Puyat Avenue, Makati City. Megaworld's registered office is at 28th Floor of the same building as that of the Company. On the other hand, AGI's registered office is located at the 7th Floor, 1880 Eastwood Avenue, Eastwood City CyberPark, 188 E. Rodriquez Jr. Avenue, Bagumbayan, Quezon City. These entities' registered offices are also their respective principal places of business.

The consolidated financial statements of Empire East Land Holdings, Inc. and Subsidiaries (the Group) as of and for the year ended December 31, 2015 (including the comparative financial statements as of December 31, 2014 and for the years ended December 31, 2014 and 2013) were authorized for issue by the Company's Board of Directors (BOD) on March 10, 2016.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of Preparation of Consolidated Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

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

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

(b) Presentation of Financial Statements

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

The Group presents a third statement of financial position as at the beginning of the preceding period when it applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items that has a material effect on the information in the statement of financial position at the beginning of the preceding period. The related notes to the third statement of financial position are not required to be disclosed.

(c) Functional and Presentation Currency

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

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

2.2 Adoption of New and Amended PFRS

(a) Effective in 2015 that are Relevant to the Group

The Group adopted for the first time the following amendments and annual improvements to PFRS, which are mandatorily effective for annual periods beginning on or after July 1, 2014, for its annual reporting period beginning January 1, 2015:

PAS 19 (Amendment)	:	Employee Benefits: Defined Benefit Plans – Employee Contributions
Annual Improvements	:	Annual Improvements to PFRS (2010-2012 Cycle) and PFRS (2011-2013 Cycle)

Discussed below are the relevant information about these amendment and improvements.

(i) PAS 19 (Amendment), *Employee Benefits: Defined Benefit Plans – Employee Contributions*. The amendment clarifies that if the amount of the contributions to defined benefit plans from employees or third parties is dependent on the number of years of service, an entity shall attribute the contributions to periods of service using the same attribution method (i.e., either using the plan's contribution formula or on a straight-line basis) for the gross benefit. The amendment did not have a significant impact on the Group's consolidated financial statements since the Group's defined benefit plan does not require employees or third parties to contribute to the benefit plan.

(ii) Annual Improvements to PFRS. Annual improvements to PFRS (2010-2012 Cycle) and PFRS (2011-2013 Cycle) made minor amendments to a number of PFRS. Among those improvements, the following amendments are relevant to the Group but had no material impact on the Group's consolidated financial statements as these amendments merely clarify the existing requirements:

Annual Improvements to PFRS (2010-2012 Cycle)

- PAS 16 (Amendment), *Property, Plant and Equipment* and PAS 38 (Amendment), *Intangible Assets*. The amendments clarify that when an item of property, plant and equipment and intangible assets is revalued, the gross carrying amount is adjusted in a manner that is consistent with a revaluation of the carrying amount of the asset.

- PAS 24 (Amendment), *Related Party Disclosures*. The amendment clarifies that an entity providing key management services to a reporting entity is deemed to be a related party of the latter. It also clarifies that the information required to be disclosed in the financial statements are the amounts incurred by the reporting entity for key management personnel services that are provided by a separate management entity and not the amounts of compensation paid or payable by the management entity to its employees or directors.

- PFRS 3 (Amendment), *Business Combinations*. This amendment clarifies that an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity in accordance with PAS 32, *Financial Instruments: Presentation*. It also clarifies that all non-equity contingent consideration should be measured at fair value at the end of each reporting period, with changes in fair value recognized in profit or loss.

- PFRS 8 (Amendment), *Operating Segments*. This amendment requires disclosure of the judgments made by management in applying the aggregation criteria to operating segments. This includes a description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics. It further clarifies the requirement to disclose for the reconciliations of segment assets to the entity's assets if that amount is regularly provided to the chief operating decision maker.

Annual Improvements to PFRS (2011-2013 Cycle)

- PAS 40 (Amendment), *Investment Property*. The amendment clarifies the interrelationship of PFRS 3, *Business Combinations*, and PAS 40 in determining the classification of property as an investment property or owner-occupied property, and explicitly requires an entity to use judgment in determining whether the acquisition of an investment property is an acquisition of an asset or a group of asset in accordance with PAS 40 or a business combination in accordance with PFRS 3.

- PFRS 3 (Amendment), *Business Combinations.* It clarifies that PFRS 3 does not apply to the accounting for the formation of any joint arrangement under PFRS 11, *Joint Arrangement*, in the financial statements of the joint arrangement itself.

- PFRS 13 (Amendment), *Fair Value Measurement*. The amendment clarifies that the scope of the exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis (the portfolio exception) applies to all contracts within the scope of and accounted for in accordance with PAS 39, *Financial Instruments: Recognition and Measurement*, or PFRS 9, *Financial Instruments*, regardless of whether they meet the definition of financial assets or financial liabilities as defined in PAS 32, *Financial Instruments: Presentation*.

(b) Effective in 2015 but are not Relevant to the Group

The annual improvement to PFRS 2, *Share-based Payment – Definition of Vesting Condition*, is mandatory for accounting periods beginning on or after July 1, 2014 but is not relevant to the Group's consolidated financial statements.

(c) Effective Subsequent to 2015 but not Adopted Early

There are new PFRS, amendments and annual improvements to existing standards effective for annual periods subsequent to 2015 which are adopted by the FRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and, unless otherwise stated, none of these are expected to have significant impact on the Group's consolidated financial statements:

(i) PAS 1 (Amendment), *Presentation of Financial Statements – Disclosure Initiative* (effective from January 1, 2016). The amendment encourages entities to apply professional judgment in presenting and disclosing information in the financial statements. Accordingly, it clarifies that materiality applies to the whole financial statements and an entity shall not reduce the understandability of the financial statements by obscuring material information with immaterial information or by aggregating material items that have different natures or functions. Moreover, the amendment clarifies that an entity's share of other comprehensive income of associates and joint ventures accounted for using equity method should be presented based on whether or not such other comprehensive income item will subsequently be reclassified to profit or loss. It further clarifies that in determining the order of presenting the notes and disclosures, an entity shall consider the understandability and comparability of the financial statements.

(ii) PAS 16 (Amendment), *Property, Plant and Equipment*, and PAS 38 (Amendment), *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortization* (effective from January 1, 2016). The amendment in PAS 16 clarifies that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment. In addition, amendment to PAS 38 introduces a rebuttable presumption that an amortization method that is based on the revenue generated by an activity that includes the use of an intangible asset is not appropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of an intangible asset are highly correlated. The amendment also provides guidance that the expected future reductions in the selling price of an item that was produced using the asset could indicate an expectation of technological or commercial obsolescence of an asset, which may reflect a reduction of the future economic benefits embodied in the asset.

(iii) PAS 16 (Amendment), *Property, Plant and Equipment*, and PAS 41 (Amendment), *Agriculture – Bearer Plants* (effective from January 1, 2016). The amendment defines a bearer plant as a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales. On this basis, bearer plant is now included within the scope of PAS 16 rather than PAS 41, allowing such assets to be accounted for as property, plant and equipment and to be measured after initial recognition at cost or revaluation basis in accordance with PAS 16. The amendment further clarifies that produce growing on bearer plants remains within the scope of PAS 41.

(iv) PAS 27 (Amendment), *Separate Financial Statements – Equity Method in Separate Financial Statements* (effective from January 1, 2016). This amendment introduces a third option which permits an entity to account for its investments in subsidiaries, joint ventures and associates under the equity method in its separate financial statements in addition to the current options of accounting those investments at cost or in accordance with PAS 39 or PFRS 9. As of the end of the reporting period, the Company has no plan to change the accounting policy for its investments in subsidiaries and associates.

(v) PFRS 10 (Amendment), *Consolidated Financial Statements*, PFRS 12, *Disclosure of Interests in Other Entities*, and PAS 28 (Amendment), *Investments in Associates and Joint Ventures – Investment Entities – Applying the Consolidation Exception* (effective from January 1, 2016). This amendment addresses the concerns that have arisen in the context of applying the consolidation exception for investment entities. It clarifies which subsidiaries of an investment entity are consolidated in accordance with paragraph 32 of PFRS 10 and clarifies whether the exemption to present consolidated financial statements, set out in paragraph 4 of PFRS 10, is available to a parent entity that is a subsidiary of an investment entity. This amendment also permits a non-investment entity investor, when applying the equity method of accounting for an associate or joint venture that is an investment entity, to retain the fair value measurement applied by that investment entity associate or joint venture to its interests in subsidiaries.

(vi) PFRS 10 (Amendment), *Consolidated Financial Statements*, and PAS 28 (Amendment), *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associates or Joint Venture* (effective date deferred indefinitely). The amendment to PFRS 10 requires full recognition in the investor's financial statements of gains or losses arising on the sale or contribution of assets that constitute a business as defined in PFRS 3 between an investor and its associate or joint venture. Accordingly, the partial recognition of gains or losses (i.e., to the extent of the unrelated investor's interests in an associate or joint venture) only applies to those sale of contribution of assets that do not constitute a business. Corresponding amendment has been made to PAS 28 to reflect these changes. In addition, PAS 28 has been amended to clarify that when determining whether assets that are sold or contributed constitute a business, an entity shall consider whether the sale or contribution of those assets is part of multiple arrangements that should be accounted for as a single transaction. In December 2015, the IASB deferred the mandatory effective date of these amendments (i.e., from January 1, 2016) indefinitely.

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

- three principal classification categories for financial assets based on the business model on how an entity is managing its financial instruments;
- an expected loss model in determining impairment of all financial assets that are not measured at fair value through profit or loss (FVTPL), which generally depends on whether there has been a significant increase in credit risk since initial recognition of a financial asset; and,
- a new model on hedge accounting that provides significant improvements principally by aligning hedge accounting more closely with the risk management activities undertaken by entities when hedging their financial and non-financial risk exposures.

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

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

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

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

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

(viii) Annual Improvements to PFRS (2012-2014 Cycle) (effective from January 1, 2016). Among the improvements, the following amendments are relevant to the Group:

- PFRS 7 (Amendment), *Financial Instruments – Disclosures.* The amendment provides additional guidance to help entities identify the circumstances under which a contract to "service" financial assets is considered to be a continuing involvement in those assets for the purposes of applying the disclosure requirements of PFRS 7. Such circumstances commonly arise when, for example, the servicing is dependent on the amount or timing of cash flows collected from the transferred asset or when a fixed fee is not paid in full due to non-performance of that asset.

- PAS 19 (Amendment), *Employee Benefits.* The amendment clarifies that the currency and term of the high quality corporate bonds which were used to determine the discount rate for post-employment benefit obligations shall be made consistent with the currency and estimated term of the post-employment benefit obligations.

2.3 Basis of Consolidation and Interests in Joint Ventures

The Group's consolidated financial statements comprise the accounts of the Company and its subsidiaries as enumerated in Note 1, after the elimination of intercompany transactions. All intercompany assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities under the Group, are eliminated in full on consolidation. Unrealized profits and losses from intercompany transactions that are recognized in assets are also eliminated in full. Intercompany losses that indicate impairment are recognized in the consolidated financial statements.

The financial statements of subsidiaries are prepared for the same reporting period as the Company, using consistent accounting principles.

The Company accounts for its investments in subsidiaries, associates, non-controlling interests and interests in joint ventures as follows:

(a) Investments in Subsidiaries

Subsidiaries are entities (including structured entities) over which the Group has control. The Company controls an entity when (a) it has power over the entity, (b) it is exposed, or has rights to, variable returns from its involvement with the entity, and (c) it has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date the Company obtains control.

The Company reassesess whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of controls indicated above. Accordingly, entities are deconsolidated from the date that control ceases.

The acquisition method is applied to account for acquired subsidiaries. This requires recognizing and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group, if any. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred and subsequent change in the fair value of contingent consideration is recognized directly in profit or loss.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree, either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any existing equity interest in the acquiree over the acquisition-date fair value of identifiable net assets acquired is recognized as goodwill. If the consideration transferred is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly as gain in profit or loss (see also Note 2.9).

(b) Investments in Associates

Associates are those entities over which the Company is able to exert significant influence but not control and which are neither subsidiaries nor interests in a joint venture. Investment in associates are initially recognized at cost and subsequently accounted for using the equity method.

Acquired investment in associate is subject to the purchase method. The purchase method involves the recognition of the acquiree's identifiable assets and liabilities, including contingent liabilities, regardless of whether they were recorded in the financial statements prior to acquisition. Goodwill represents the excess of acquisition cost over the fair value of the Company's share of the identifiable net assets of the acquiree at the date of acquisition. Any goodwill or fair value adjustment attributable to the Company's share in the associate is included in the amount recognized as investment in associates.

All subsequent changes to the ownership interest in the equity of the associate are recognized in the Company's carrying amount of the investments. Changes resulting from the profit or loss generated by the associates are credited or charged against the Equity Share in Net Earnings (Losses) of Associates in the Group's consolidated statement of comprehensive income.

Impairment loss is provided when there is objective evidence that the investment in associates will not be recovered (see Note 2.17).

Changes resulting from other comprehensive income of the associates or items recognized directly in the associates' equity are recognized in other comprehensive income or equity of the Company, as applicable. However, when the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the investor resumes recognizing its share of those profits only after its share of the profits exceeds the accumulated share of losses that has previously not been recognized.

Distributions received from the associates are accounted for as a reduction of the carrying value of the investment.

Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Company's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

(c) *Transactions with Non-controlling Interests*

The Group's transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transaction with the owners of the Group in their capacity as owners. The difference between the fair value of any consideration paid and the relevant share acquired of the carrying value of the net assets of the subsidiary is recognized in equity. Disposals of equity investments to non-controlling interests result in gains and losses for the Group that are also recognized in equity.

When the Group ceases to have control over a subsidiary, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

(d) *Interests in Joint Ventures*

For interests in jointly controlled operations, the Group recognizes in its consolidated financial statements its share of the jointly controlled assets, any liabilities that it has incurred, its share of any liabilities incurred jointly with the other venturers in relation to the joint venture, any income from the sale or use of its share of the output of the joint venture, and any expenses that it has incurred in respect of its interest in the joint venture. No adjustment or other consolidation procedures are required for the assets, liabilities, income and expenses of the joint venture that are recognized in the separate financial statements of the venturers.

The Company holds interests in various subsidiaries and associates as presented in Note 1.

2.4 Financial Assets

Financial assets are recognized when the Group becomes a party to the contractual terms of the financial instrument. For purposes of classifying financial assets, an instrument is considered as an equity instrument if it is non-derivative and meets the definition of equity for the issuer in accordance with the criteria of PAS 32. All other non-derivative financial instruments are treated as debt instruments.

(a) Classification and Measurement of Financial Assets

Financial assets other than those designated and effective as hedging instruments are classified into the following categories: financial assets at FVTPL, loans and receivables, held-to-maturity investments and available-for-sale (AFS) 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.

Regular purchases and sales of financial assets are recognized on their trade date. All financial assets that are not classified as at FVTPL are initially recognized at fair value plus any directly attributable transaction costs. Financial assets carried at FVTPL are initially recorded at fair value and the related transaction costs are recognized in profit or loss. A more detailed description of the categories of financial assets currently relevant to the Group is as follows:

(i) Loans and Receivables

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

The Group's financial assets categorized as loans and receivables are presented as Cash and Cash Equivalents, Trade and Other Receivables (excluding Advances to suppliers and contractors), and Advances to Related Parties accounts in the consolidated statements of financial position. Cash and cash equivalents include cash on hand, demand deposits and short-term, highly liquid investments with original maturities of three months or less readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

Loans and receivables are subsequently measured at amortized cost using the effective interest method, less impairment loss, if any.

(ii) AFS 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 in the statement of financial position 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, except for equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured which are measured at cost, less impairment loss, if any. Gains and losses are recognized in other comprehensive income, net of any income tax effects, and are reported as part of the Revaluation Reserves account in equity, except for interest and dividend income, impairment losses and foreign exchange differences on monetary assets, which are recognized in profit or loss.

When the financial asset is disposed of or is determined to be impaired, that is, when there is a significant or prolonged decline in the fair value of the security below its cost, the cumulative fair value gains or losses recognized in other comprehensive income is reclassified from equity to profit or loss and is presented as reclassification adjustment within other comprehensive income even though the financial asset has not been derecognized.

(b) Impairment of Financial Assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. The Group recognizes impairment loss based on the category of financial assets as follows:

(i) Carried at Amortized Cost – Loans and Receivables

If there is objective evidence that an impairment loss on loans and receivables carried at cost has been incurred, the amount of the impairment loss is determined as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred), discounted at the financial asset's original effective interest rate or current effective interest rate determined under the contract if the loan has a variable interest rate.

The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of the loss shall be recognized in profit or loss.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the previously recognized impairment loss is reversed by adjusting the allowance account. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortized cost would have been had the impairment not been recognized at the date the impairment is reversed. The amount of the reversal is recognized in the profit or loss.

(ii) Carried at Cost – AFS Financial Assets

If there is objective evidence of impairment for any of the unquoted equity instruments that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and required to be settled by delivery of such an unquoted equity instrument, impairment loss is recognized. The amount of impairment loss is the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

(iii) Carried at Fair Value – AFS Financial Assets

When a decline in the fair value of an AFS financial asset has been recognized in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss – measured as the difference between the acquisition cost (net of any principal repayment and amortization) and current fair value, less any impairment loss on that financial asset previously recognized in profit or loss – is reclassified from Revaluation Reserves to profit or loss as a reclassification adjustment even though the financial asset has not been derecognized.

Impairment losses recognized in profit or loss on equity instruments are not reversed through profit or loss. Reversal of impairment losses are recognized in other comprehensive income, except for financial assets that are debt securities which are recognized in profit or loss only if the reversal can be objectively related to an event occurring after the impairment loss was recognized.

(c) Items of Income and Expense Related to Financial Assets

All income and expenses, including impairment losses, relating to financial assets that are recognized in profit or loss are presented as part of Finance Income or Finance Costs account in the consolidated statement of comprehensive income.

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

(d) Derecognition of Financial Assets

The financial assets (or where applicable, a part of a financial asset or part of a group of financial assets) are derecognized when the contractual rights to receive cash flows from the financial instruments expire, or when the financial assets and all substantial risks and rewards of ownership have been transferred to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

2.5 Prepayments and Other Assets

Prepayments and other assets pertain to other resources controlled by the Group as a result of past events. They are recognized in the consolidated financial statements when it is probable that the future economic benefits will flow to the Group and the asset has a cost or value that can be measured reliably.

Other recognized assets of similar nature, where future economic benefits are expected to flow to the Group beyond one year after the end of the reporting period or in the normal operating cycle of the business, if longer, are classified as other non-current assets.

2.6 Property and Equipment

Property and equipment are stated cost less accumulated depreciation, amortization and any impairment in value. The cost of an asset comprises its purchase price and directly attributable costs of bringing the asset to working condition for its intended use. Expenditures for additions, major improvements and renewals are capitalized while expenditures for repairs and maintenance are charged to expense as incurred.

Depreciation and amortization is computed on the straight-line basis over the estimated useful lives of the assets as follows:

Building and other improvements	5-25 years
Transportation equipment	5 years
Office furniture and equipment	3-5 years

Leasehold improvements are amortized over the term of the lease or lives of the improvements, whichever is shorter.

Fully depreciated and amortized assets are retained in the accounts until they are no longer in use and no further charge for depreciation is made in respect of those assets.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.17).

The residual values, estimated useful lives and method of depreciation of property and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period.

An item of property and equipment, including the related accumulated depreciation and any impairment losses, is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated profit or loss in the year the item is derecognized.

2.7 Investment Property

Investment property consists of building and office/commercial units held for lease and a parcel of land held for capital appreciation. Land held for capital appreciation is measured at cost less any impairment while building and office/commercial units held for lease are stated at cost less accumulated depreciation and any impairment in value.

The cost of an asset comprises its purchase price and directly attributable costs of bringing the asset to working condition for its intended use. Expenditures for additions, major improvements and renewals are capitalized while expenditures for repairs and maintenance are charged to expense as incurred.

Depreciation for building and office/commercial units classified as investment property is computed on the straight-line basis over the estimated useful life of 20 years.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.17).

Investment property is derecognized upon disposal or when permanently withdrawn from use and no future economic benefit is expected from its disposal.

2.8 Financial Liabilities

Financial liabilities, which include interest-bearing loans and borrowings, trade and other payables (except tax-related liabilities), advances from related parties and other current liabilities, are recognized when the Group becomes a party to the contractual terms of the instrument. All interest-related charges incurred on a financial liability are recognized as an expense in the consolidated profit or loss under the caption Finance Costs in the consolidated statement of comprehensive income.

Interest-bearing loans and borrowings are raised for support of long-term funding of operations. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are charged to profit or loss on an accrual basis using the effective interest method and are added to the carrying amount of the instrument to the extent that these are not settled in the period in which they arise.

Trade and other payables, advances from related parties and other current liabilities are recognized initially at their fair values and subsequently measured at amortized cost, using effective interest method for maturities beyond one year, less settlement payments.

Dividend distributions to shareholders are recognized as financial liabilities when dividends are approved by the BOD.

Financial liabilities are classified as current liabilities if payment is due to be settled within one year or less after the reporting period (or in the normal operating cycle of the business, if longer), or the Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. Otherwise, these are presented as non-current liabilities.

Financial liabilities are derecognized from the consolidated statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration. The difference between the carrying amount of the financial liability derecognized and the consideration paid or payable is recognized in profit or loss.

2.9 Business Combinations

Business acquisitions are accounted for using the acquisition method of accounting.

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed (see Note 2.17).

Negative goodwill which is the excess of the Group's interest in the net fair value of net identifiable assets acquired over acquisition cost is charged directly to income.

For the purpose of impairment testing, goodwill is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The cash-generating units or groups of cash-generating units are identified according to operating segment.

Gains and losses on the disposal of an interest in a subsidiary include the carrying amount of goodwill relating to it.

If the business combination is achieved in stages, the acquirer is required to remeasure its previously held equity interest in the acquiree at its acquisition-date fair value and recognize the resulting gain or loss, if any, in the consolidated profit or loss or other comprehensive income, as appropriate.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

2.10 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the resulting net amount, considered as a single financial asset or financial liability, is reported in the consolidated statement of financial position when the Group currently has legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. The right of set-off must be available at the end of the reporting period, that is, it is not contingent on a future event. It must also be enforceable in the normal course of business, in the event of default, and in the event of insolvency or bankruptcy; and must be legally enforceable for both entity and all counterparties to the financial instruments.

2.11 Provisions and Contingencies

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

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

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

2.12 Real Estate Transactions and Revenue and Expense Recognition

Acquisition costs of raw land intended for future development, including other costs and expenses incurred to effect the transfer of title to the property to the Group, are charged to the Land Held for Future Development account. These costs are reclassified to the Property Development Costs account as soon as the Group starts the development of the property. Related property development costs are then accumulated in this account. A reclassification from Property Development Costs account to Residential and Condominium Units for Sale account is made once the project has been made available for sale to market. Interest on certain loans incurred during the development of the real estate properties are also capitalized as part of the Property Development Costs or Residential and Condominium Units for Sale accounts (see Note 2.19). Revenues, on the other hand, are recognized when certain percentage of total contract price is collected.

Costs of properties and projects accounted for as Land Held for Future Development, Property Development Costs and Residential and Condominium Units for Sale are assigned using specific identification of their individual costs. These properties and projects are valued at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs to complete and the estimated costs necessary to make the sale.

For financial reporting purposes, revenues on sales of residential and condominium units are recognized using the percentage-of-completion method. Under this method, revenue is recognized by reference to the stage of development of the properties, i.e., revenue is recognized in the period in which the work is performed. Uncompleted portion of gross profit in condominium and residential units sold are recognized in the Deferred Gross Profit on Real Estate Sales in the consolidated statement of financial position. Completed portion during the year from Deferred Gross Profit on Real Estate Sales of prior year is recognized as income under Realized Gross Profit on Prior Years' Sales in the consolidated statement of comprehensive income. Collections, which have not yet met the threshold (determined as a certain percentage of the net contract price) before a sale is recognized, are initially recorded as Advances from customers under the Customers' Deposits account in the consolidated statement of financial position.

Revenue and cost relating to forfeited or backed-out sales are reversed in the current year as they occur. Any collections received from customers which will not be refunded are recognized as Forfeited collections and deposits, included as part of Other Income in the consolidated statement of comprehensive income.

For tax purposes, revenue on sales of condominium units is recognized in full in the year of sale when a certain percentage of the net contract price has been received. Otherwise, the taxable income for the year is computed based on collections from the sales.

Cost of real estate property sold before completion of the development is determined based on the actual costs incurred to date plus estimated costs to complete the development of the property. The estimated expenditures for the development of real estate property sold, as determined by the entities' project engineers, are charged to the cost of residential and condominium units sold with a corresponding credit to the Reserve for Property Development account, which pertains to the remaining costs that will be incurred relative to the development/construction of the sold units.

The Group recognizes the effect of revisions in the total project cost estimates in the year in which these changes become known. Any impairment loss from a real estate project is charged to operations in the period in which the loss is determined.

Revenues, other than those originating from real estate transactions, are recognized to the extent that it is probable that future economic benefits will flow to the Group; revenue can be measured reliably; and, the costs incurred or to be incurred can be measured reliably. The following specific recognition criteria must also be met before revenue is recognized:

(a) *Rental income* – Lease income from operating lease is recognized on a straight-line basis over the lease term [see Note 2.14 (b)].

(b) *Forfeited collections and deposits* – Revenue is recognized in the year the contract was cancelled.

(c) *Marketing fees* – Revenue is recognized when the performance of contractually agreed services have been substantially rendered.

(d) *Tuition and miscellaneous fees* – Revenue is recognized over the corresponding school term.

(e) *Interest income* – Revenue is recognized as the interest accrues taking into account the effective yield on the asset.

(f) *Dividends* – Revenue is recognized when the stockholders' right to receive the payment is established.

Other costs and expenses are recognized in profit or loss upon utilization of the services, receipt of goods or at the date they are incurred. All finance costs are reported in profit or loss on an accrual basis, except capitalized borrowing costs which are included as part of the cost of the related qualifying asset (see Note 2.19).

2.13 Commissions

Commissions represent a certain percentage of contract price given to the real estate brokers and/or agents who handle the sales marketing of the Group's residential and high-rise projects. Commissions are recognized as expense in the period in which they are incurred.

2.14 Leases

The Group accounts for its leases as follows:

(a) Group as Lessee

Leases which do not transfer to the Group substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments (net of any incentive received from the lessor) are recognized as expense in the consolidated profit or loss on a straight-line basis over the lease term. Associated costs, such as repairs and maintenance and insurance, are expensed as incurred.

(b) Group as Lessor

Leases which do not transfer to the lessee substantially all the risks and benefits of ownership of the asset are classified as operating leases. Lease income from operating leases is recognized as income in the consolidated profit or loss on a straight-line basis over the lease term.

The Group determines whether an arrangement is, or contains, a lease based on the substance of the arrangement. It makes an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

2.15 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision-maker who is responsible for allocating resources and assessing performance of the operating segments.

In identifying its operating segments, management generally follows the Group's products and service lines as disclosed in Note 4, which represent the main products and services provided by the Group.

Each of these operating segments is managed separately as each of these service lines requires different resources as well as marketing approaches. All inter-segment transfers are carried out at arm's length prices.

The measurement policies the Group uses for segment reporting under PFRS 8 are the same as those used in its financial statements, except that post-employment benefit expense is not included in arriving at the operating profit of the operating segments.

In addition, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment.

There have been no changes from prior periods in the measurement methods used to determine reported segment profit or loss.

2.16 Foreign Currency Transactions and Translation

The accounting records of the Group are maintained in Philippine pesos. Foreign currency transactions during the year are translated into the functional currency at exchange rates which approximate those prevailing on transaction dates.

Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss in the consolidated statement of comprehensive income.

2.17 Impairment of Non-financial Assets

The Group's advances to landowners and joint ventures, investment in associates, investment property, property and equipment, goodwill and other non-financial assets are tested for impairment. Goodwill is tested for impairment at least annually. All other individual assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested for impairment either individually or at cash-generating unit level.

Impairment loss is recognized in profit or loss for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amounts which is the higher of its fair value less costs to sell and its value in use. In determining value in use, management estimates the expected future cash flows from each cash-generating unit and determines the suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risk factors.

All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment loss is reversed if the asset's or cash generating unit's recoverable amount exceeds its carrying amount.

2.18 Employee Benefits

The Group provides post-employment benefits to employees through a defined benefit plan and defined contribution plans, and other employee benefits which are recognized as follows:

(a) Post-employment Defined Benefit Plan

A defined benefit plan is a post-employment plan that defines an amount of post-employment benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary. The legal obligation for any benefits from this kind of post-employment plan remains with the Group, even if plan assets for funding the defined benefit plan have been acquired. Plan assets may include assets specifically designated to a long-term benefit fund, as well as qualifying insurance policies. The Group's defined benefit post-employment plan covers all regular full-time employees. The pension plan is tax-qualified, non-contributory and administered by a trustee.

The liability recognized in the consolidated statement of financial position for a defined benefit plan is the present value of the defined benefit obligation (DBO) at the end of the reporting period less the fair value of plan assets. The DBO is calculated annually by an independent actuary using the projected unit credit method. The present value of the DBO is determined by discounting the estimated future cash outflows for expected benefit payments using a discount rate derived from the interest rates of a zero coupon government bond as published by Philippine Dealing and Exchange (PDEx) Corporation, that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related post-employment liability.

Remeasurements, comprising of actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions and the return on plan assets (excluding amount included in interest) are reflected immediately in the consolidated statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they arise. Net interest is calculated by applying the discount rate at the beginning of the period, taking account of any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payments. Net interest is reported as part of Finance Costs or Finance Income account in the consolidated statement of comprehensive income.

Past-service costs are recognized immediately in profit or loss in the period of a plan amendment and curtailment.

(b) Post-employment Defined Contribution Plans

A defined contribution plan is a post-employment plan under which the Group pays fixed contributions into an independent entity. The Group has no legal or constructive obligations to pay further contributions after payment of the fixed contribution. The contributions recognized in respect of defined contribution plans are expensed as they fall due. Liabilities and assets may be recognized if underpayment or prepayment has occurred and are included in current liabilities or current assets as they are normally of a short-term nature.

(c) Compensated Absences

Compensated absences are recognized for the number of paid leave days (including holiday entitlement) remaining at the end of each reporting period. They are included in Trade and Other Payables account in the consolidated statement of financial position at the undiscounted amount that the Group expects to pay as a result of the unused entitlement.

2.19 Borrowing Costs

Borrowing costs are recognized as expenses in the period in which they are incurred, except to the extent that they are capitalized. For financial reporting purposes, interest and other costs on certain borrowings that are attributable to the acquisition, construction or development of a qualifying asset (i.e., an asset that takes a substantial period of time to get ready for its intended use or sale) are capitalized as part of Property Development Costs and Residential and Condominium Units for Sale accounts in the consolidated statement of financial position (see Note 2.12). The capitalization of borrowing costs commences when expenditures for the asset are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization ceases when substantially all such activities are complete.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

For income tax purposes, interest and other borrowing costs are charged to expense when incurred.

2.20 Income Taxes

Tax expense recognized in consolidated profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity, if any.

Current tax assets or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting period, that are uncollected or unpaid at the end of each reporting period. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognized as a component of tax expense in the consolidated profit or loss.

Deferred tax is accounted for using the liability method, on temporary differences at the end of each reporting period between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Under the liability method, with certain exceptions, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and the carryforward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will be available to allow such deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled provided such tax rates have been enacted or substantively enacted at the end of the reporting period.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Most changes in deferred tax assets or liabilities are recognized as a component of tax expense in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in the consolidated other comprehensive income or directly in equity, respectively.

Deferred tax assets and deferred tax liabilities are offset if the Group has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred taxes relate to the same entity and the same taxation authority.

2.21 Related Party Transactions and Relationships

Related party transactions are transfers of resources, services or obligations between the Group and its related parties, regardless whether a price is charged.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. These parties include: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Company; (b) associates; (c) individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the Group and close members of the family of any such individual; and, (d) the Group's funded retirement plan.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on the legal form.

2.22 Earnings Per Share

Basic earnings per share (EPS) is computed by dividing net profit attributable to equity holders of the Company by the weighted average number of shares issued and outstanding, adjusted retroactively for any stock dividend, stock split or reverse stock split declared during the current period.

Diluted EPS is computed by adjusting the weighted average number of ordinary shares outstanding to assume conversion of dilutive potential shares. For the years ended December 31, 2015, 2014 and 2013, the Company does not have potentially dilutive shares outstanding; hence, the diluted earnings per share is equal to the basic earnings per share.

2.23 Equity

Capital stock represents the nominal value of shares that have been issued.

Additional paid-in capital includes any premiums received on the issuance of capital stock. Any transaction costs associated with the issuance of shares are deducted from additional paid-in capital, net of any related income tax benefits.

Treasury stock are stated at the cost of reacquiring such shares and are deducted from equity attributable to the Company's equity holders until the shares are cancelled, reissued or disposed of.

Revaluation reserves arise from remeasurements on retirement benefit obligation, net of applicable taxes and unrealized gains and losses arising from fair value changes of AFS financial assets.

Retained earnings represent all current and prior period results of operations as reported in the profit or loss section of the consolidated statement of comprehensive income.

2.24 Events After the End of the Reporting Period

Any post-year-end event that provides additional information about the Group's consolidated financial position at the end of the reporting period (adjusting event) is reflected in the consolidated financial statements. Post-year-end events that are not adjusting events, if any, are disclosed when material to the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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

3.1 Critical Judgments in Applying Accounting Policies

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

(a) Impairment of AFS Financial Assets

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

Based on the recent evaluation of information and circumstances affecting the Group's AFS financial assets, no impairment losses was recognized in the Group's AFS financial assets in 2015 and 2014. Future changes in those information and circumstances might significantly affect the carrying amount of the assets.

(b) Distinguishing Investment Property, Owner-managed Properties and Land Held for Future Development

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

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.

(c) Distinguishing Operating and Finance Leases

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

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

(d) Recognizing Provisions and Contingencies

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition of provisions and contingencies are discussed in Note 2.11 and disclosures on relevant contingencies are presented in Note 26.

3.2 Key Sources of Estimation Uncertainty

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

(a) Impairment of Trade and Other Receivables

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

The carrying value of trade and other receivables and the analysis of allowance for impairment on such financial assets are shown in Note 6.

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

In determining the net realizable value of residential and condominium units for sale, property development costs and land held for future development, management takes into account the most reliable evidence available at the times the estimates are made. The future realization of the carrying amounts of these assets is affected by price changes in the different market segments as well as the trends in the real estate industry. These are considered key sources of estimation uncertainty and may cause significant adjustments to the Group's Residential and Condominium Units for Sale, Property Development Costs and Land Held for Future Development accounts within the next reporting period.

Considering the Group's pricing policy, the net realizable values of real estate, residential and condominium units for sale, property development costs and land held for future development are higher than their related carrying values as of the end of the reporting periods.

(c) *Estimating Useful Lives of Property and Equipment and Investment Property*

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

The carrying amounts of property and equipment and investment property are analyzed in Notes 12 and 13, respectively. Based on management's assessment as at December 31, 2015 and 2014, there is no change in estimated useful lives of property and equipment and investment property during those years. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

(d) *Determining 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.

The carrying values of the Group's deferred tax assets as of December 31, 2015 and 2014 are disclosed in Note 22.2.

(e) *Impairment of Non-financial Assets*

In assessing impairment, the Group 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 (see Note 2.17). Though the Group believes that the assumptions used in the estimation of fair values reflected in the financial statements are appropriate and reasonable, significant changes in those assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

No impairment losses were recognized on advances to landowners and joint ventures, investments in associates, property and equipment and investment property and other non-financial assets in 2015, 2014 and 2013 (see Notes 9, 11, 12 and 13).

(f) *Valuation of Post-Employment Defined Benefit*

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

The amounts of retirement benefit obligation and expense and an analysis of the movements in the estimated present value of post-employment benefit, as well as the significant assumptions used in estimating such obligation are presented in Note 21.2.

(g) *Revenue Recognition Based on Percentage-of-Completion Method*

The Group uses the percentage-of-completion method in accounting for its realized gross profit on real estate sales. The use of the percentage-of-completion method requires the Group to estimate the portion completed to date as a proportion of the total budgeted cost of the project. Should the proportion of the percentage of completed projects differ by 10% from management's estimates, the amount of revenue recognized in 2015, 2014 and 2013 would have increased by P41.5 million, P99.4 million, and P28.9 million, respectively, if percentages of completion were increased by 10%. Consequently, revenue would have decreased by P355.9 million, P123.2 million, and P56.1 million in 2015, 2014, and 2013, respectively, if the percentages of completion were decreased by 10%.

(h) Basis for Revenue Recognition Benchmark

As discussed in Note 2.12, the Group recognizes its revenue in full when a certain percentage of the net contract price is received/collected. Management believes that the revenue recognition criterion on percentage of collection is appropriate based on the Group's collection history of customers and number of back out sales in prior years. A buyer's interest in the property is considered to have vested when a defined percentage of the net contract price has been received from the buyer and the Group ascertained the buyer's commitment to complete the payment of the total contract price.

(i) Determining Fair Value of Investment Property

Investment property is measured using the cost model. The fair value disclosed in Note 29.4 to the consolidated financial statements is determined by the Group using the market comparable approach that reflects the recent transaction prices for similar properties in nearby locations.

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

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

4. SEGMENT REPORTING

4.1 Business Segments

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

4.2 Segment Assets and Liabilities

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

4.3 Intersegment Transactions

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

4.4 Analysis of Segment Information

Segment information for the years ended December 31, 2015, 2014 and 2013 is analyzed in the succeeding pages.

	High Rise Projects			Horizontal Projects			Total		
	2015	2014	2013	**2015**	2014	2013	**2015**	2014	2013
REVENUES									
Real estate sales	**P 1,989,641,166**	P 2,606,331,123	P 1,393,785,610	**P 2,027,731,382**	P 873,860,443	P 311,834,451	**P 4,017,372,548**	P 3,480,191,566	P 1,705,620,061
Finance income	**138,358,950**	216,913,253	335,211,278	**6,407,363**	(5,855,810)	(16,461,227)	**144,766,313**	211,057,443	318,750,051
Rental income	**84,969,766**	91,652,776	99,522,551	**17,648,547**	17,133,640	18,805,389	**102,618,313**	108,786,416	118,327,940
Realized gross profit on prior years' sale	**64,055,734**	62,338,430	111,914,555	**-**	51,472,479	81,736,354	**64,055,734**	113,810,909	193,650,909
Others	**191,457,440**	214,791,657	139,366,064	**12,210,078**	42,144,945	48,657,616	**203,667,518**	256,936,602	188,023,680
Total Revenues	**2,468,483,056**	3,192,027,239	2,079,800,058	**2,063,997,370**	978,755,697	444,572,583	**4,532,480,426**	4,170,782,936	2,524,372,641
COSTS AND OTHER OPERATING EXPENSES									
Cost of real estate sales	**1,354,772,805**	1,822,392,339	988,400,529	**1,260,530,353**	478,045,880	163,976,740	**2,615,303,158**	2,300,438,219	1,152,377,269
Commissions	**184,616,757**	125,878,411	103,382,383	**23,037,529**	31,038,978	42,622,296	**207,654,286**	156,917,389	146,004,679
Rentals	**177,547,914**	103,940,256	102,227,942	**2,003,751**	10,112,477	16,087,532	**179,551,665**	114,052,733	118,315,474
Advertising and promotion	**110,747,939**	62,287,965	42,673,406	**20,230,020**	16,321,735	31,426,143	**130,977,959**	78,609,700	74,099,549
Deferred gross profit on current year's sales	**53,657,526**	91,662,975	37,359,174	**251,265**	452,442	15,934,530	**53,908,791**	92,115,417	53,293,704
Association dues	**21,469,983**	24,323,939	18,927,486	**-**	-	4,526,170	**21,469,983**	24,323,939	23,453,656
Taxes and licenses	**19,188,727**	16,858,491	29,025,731	**14,113,029**	10,437,720	21,537,594	**33,301,756**	27,296,211	50,563,325
Salaries and employee benefits	**-**	4,856	-	**470,281**	473,242	471,320	**470,281**	478,098	471,320
Others	**38,295,591**	20,179,055	21,167,818	**12,056,949**	9,686,452	13,440,746	**50,352,540**	29,865,507	34,608,564
Cost and other operating expenses excluding depreciation and amortization	**1,960,297,242**	2,267,528,287	1,343,164,469	**1,332,693,177**	556,568,926	310,023,071	**3,292,990,419**	2,824,097,213	1,653,187,540
Depreciation and amortization	**3,376,678**	3,360,116	3,395,290	**14,009,866**	13,990,685	14,061,920	**17,386,544**	17,350,801	17,457,210
	1,963,673,920	2,270,888,403	1,346,559,759	**1,346,703,043**	570,559,611	324,084,991	**3,310,376,963**	2,841,448,014	1,670,644,750
SEGMENT OPERATING PROFIT (LOSS)	**P 504,809,136**	P 921,138,836	P 733,240,299	**P 717,294,327**	P 408,196,086	P 120,487,592	**P 1,222,103,463**	P 1,329,334,922	P 853,727,891
SEGMENT ASSETS AND LIABILITIES									
Segment assets	**P 18,022,176,206**	P 16,657,976,354	P 14,074,551,368	**P 5,866,248,749**	P 6,611,226,516	P 4,990,407,147	**P 23,888,424,955**	P 23,269,202,870	P 19,064,958,515
Segment liabilities	**1,831,267,195**	1,397,195,150	798,100,219	**185,863,869**	185,355,199	325,270,520	**2,017,131,064**	1,582,550,349	1,123,370,739

4.5 Reconciliations

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

	2015	2014	2013
Revenues			
Total segment revenues	P 4,532,480,426	P 4,170,782,936	P 2,524,372,641
Unallocated revenues:			
Finance income	179,396,073	170,127,951	173,826,741
Commissions	143,273,471	134,923,506	147,636,430
Equity share in net earnings (losses) of associates	(9,006,812)	(81,725)	34,635,124
Rental income from investment property	3,433,605	3,026,332	3,035,931
Other income	209,087,790	96,918,311	67,609,445
	526,184,127	404,914,375	426,743,671
Revenues as reported in the consolidated statements of comprehensive income	P 5,058,664,553	P 4,575,697,311	P 2,951,116,312
Profit or loss			
Segment operating profit	P 1,222,103,463	P 1,329,334,922	P 853,727,891
Other unallocated income	526,184,127	404,914,375	426,743,671
Other unallocated expenses	(1,197,774,332)	(1,249,728,917)	(979,999,781)
Net profit as reported in the consolidated statements of comprehensive income	P 550,513,258	P 484,520,380	P 300,471,781
Assets			
Segment assets	P 23,888,424,955	P 23,269,202,870	
Unallocated assets:			
Cash and cash equivalents	1,398,235,836	821,513,652	
Trade and other receivables	2,482,366,119	2,357,842,759	
Advances to related parties	2,146,804,221	1,956,360,549	
Prepayments and other current assets	461,364,440	658,003,473	
Advances to landowners and joint ventures	605,381,608	775,835,465	
Land held for future development	2,925,390,962	2,218,661,983	
Available-for-sale financial assets	1,812,860,000	2,539,130,000	
Investment in associates	1,162,060,445	293,290,510	
Property and equipment – net	150,777,539	153,529,494	
Investment property – net	151,942,870	168,747,693	
Other non-current assets	84,612,333	84,612,960	
	13,381,796,373	12,027,528,538	
Total assets as reported in consolidated statements of financial position	P 37,270,221,328	P 35,296,731,408	

		2015		2014
Liabilities				
Segment liabilities	**P**	**2,017,131,064**	P	1,582,550,349
Unallocated liabilities:				
Interest-bearing loans and borrowings		**1,509,002,604**		136,521,553
Customers' deposits		**2,612,905,347**		3,608,515,425
Trade and other payables		**1,072,574,728**		709,271,471
Advances from related parties		**2,832,787,394**		2,170,359,594
Income tax payable		**20,750,928**		20,641,970
Other current liabilities		**569,761,670**		450,672,211
Deferred tax liabilities – net		**1,472,019,500**		1,343,085,670
Retirement benefit obligation		**479,298,630**		433,173,474
		10,569,100,801		8,872,241,368
Total liabilities as reported in consolidated statements of financial position	**P**	**12,586,231,865**	P	10,454,791,717

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components as of December 31:

		2015		2014
Cash on hand and in banks	**P**	**505,847,642**	P	524,100,973
Short-term placements		**892,388,194**		297,412,679
	P	**1,398,235,836**	P	821,513,652

Cash in banks generally earn interest at rates based on the daily bank deposit rates.

Peso-denominated short-term placements are made for varying periods of up to 60 days in 2015, 2014, and 2013 and earn annual effective interest ranging from 0.1% to 2.5% in 2015, 0.2% to 3.6% in 2014 and 0.3% to 3.0% in 2013. Dollar-denominated short-term placements are made for varying periods of up to 78 days in 2015, 91 days in 2014 and 118 days in 2013 and earn annual effective interest ranging from 0.4% to 1.5% in 2015, 0.3% to 1.5% in 2014 and 0.5% to 2.0% in 2013 (see Note 20.1).

6. TRADE AND OTHER RECEIVABLES

This account is composed of the following:

		2015		2014
Current:				
Trade receivables	**P**	**2,291,500,689**	P	2,478,920,095
Advances to suppliers and contractors		**1,035,936,136**		937,015,136
Interest receivable		**279,553,577**		330,228,876
Rent receivable		**175,745,272**		125,542,439
Others		**228,503,315**		149,886,104
		4,011,238,989		4,021,592,650
Allowance for impairment	**(**	**501,232)**	(	571,590)
		4,010,737,757		4,021,021,060
Non-current:				
Trade receivables		**2,048,798,849**		2,283,831,537
Refundable security deposits		**88,228,856**		65,347,310
Others		**63,820,351**		63,820,351
		2,200,848,056		2,412,999,198
	P	**6,211,585,813**	P	6,434,020,258

The Group's trade and other receivables have been reviewed for indications of impairment. Certain trade receivables were found to be impaired; hence, adequate amounts of allowance for impairment have been recognized.

A reconciliation of the allowance for impairment on current trade and other receivables at the beginning and end of 2015 and 2014 is shown below.

	2015	2014
Balance at beginning of year	**P 571,590**	P 559,030
Write-off during the year	**(144,733)**	-
Impairment losses during the year	**94,375**	62,244
Recovery of accounts previously provided with allowance	**(20,000)**	(49,684)
Balance at end of year	**P 501,232**	P 571,590

Trade receivables of the Group are either interest-bearing or noninterest-bearing. The installment period of interest-bearing sales contracts ranges from 2 to 15 years. Interest-bearing receivables bear nominal interest rates, which are equal to the effective interest rates ranging from 17.0% to 22.0% in 2015, 16.0% to 22.0% in 2014, and 14.0% to 19.0% in 2013. The related interest earned on these sales contracts amounting to P89.5 million in 2015, P145.4 million in 2014, and P267.5 million in 2013 are reported as part of Finance Income in the consolidated statements of comprehensive income (see Note 20.1).

The installment period of noninterest-bearing sales contracts ranges from three to five years. The fair values of the noninterest-bearing trade receivables as of December 31, 2015 and 2014 were determined by calculating the present value of the cash flows anticipated to be received until the end of the installment term using a discount rate of 6.8% and 9.0% in 2015 and 2014, respectively. Amortization of day-one loss amounting to P55.3 million in 2015, P65.7 million in 2014, and P51.3 million in 2013 are presented as part of Finance Income in the consolidated statements of comprehensive income (see Note 20.1).

All trade receivables are subject to credit risk exposure. The Group, however, does not identify specific concentrations of credit risk with regard to trade and other receivables, as the amounts recognized resemble a large number of receivables from various customers. In addition, certain accounts receivable from trade customers are covered by post-dated checks. 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.

The Group partially finances its real estate projects and other business undertakings through discounting of its trade receivables on a with-recourse basis with certain local banks. The carrying amount of discounted trade receivables amounted to P69.0 million and P136.5 million as of December 31, 2015 and 2014, respectively, while the related liability is presented as part of Interest-bearing Loans and Borrowings in the consolidated statements of financial position (see Note 14.1).

Advances to suppliers and contractors represent downpayments made by the Group to the suppliers and contractors based on a certain percentage of the contract price, construction materials purchased by the Group that are used by the contractors, and utility consumption that are chargeable to contractors. The initial payment will eventually be recouped or deducted from the amount payable of the Group either in a pro-rated basis or in full once billed by the suppliers and contractors.

Refundable deposits include various deposits to third parties for electrical, internet subscription, exhibits and other utilities, and equipment needed in the development of the projects. All deposits, except for deposits to an electric company, do not earn interest. Such deposits are only refundable upon completion of the projects or upon return of the equipment used. However, the exact date or period of completion of projects or return of equipment is indeterminable. Accordingly, refundable deposits are accounted for at cost.

Other receivables, both current and non-current, include association dues, advances to joint ventures for processing of business permits and licenses, and unliquidated advances from employees and real estate consultants.

7. REAL ESTATE INVENTORIES

7.1 Residential and Condominium Units for Sale

This account represents the accumulated costs incurred, net of recognized cost of real estate sales in the consolidated statements of comprehensive income (see Note 18), on house and lots and condominium units available for sale. The subdivision houses include houses that are ready for occupancy, house models and units under construction.

Total borrowing costs capitalized to this account during the year amounted to P26.3 million, P15.8 million and P25.4 million in 2015, 2014 and 2013, respectively (see Note 14.2).

Certain properties presented as part of Residential and Condominium Units for Sale with total estimated carrying value of P312.1 million and P497.8 million as of December 31, 2015 and 2014, respectively are used as security for the Group's interest-bearing loans and borrowings (see Note 14.1).

7.2 Property Development Costs

This account pertains to accumulated costs incurred on projects which are not yet offered for sale as of the end of the reporting periods.

7.3 Net Realizable Value

Management believes that the net carrying amounts of these assets are lower than their net realizable values considering present market rates; hence, no provisions for write-down of real estate inventories have been recognized in the consolidated financial statements.

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

The movement of the carrying amounts of AFS financial assets is as follows:

	2015	2014
Balance at beginning of year	**P 2,539,130,000**	P 2,905,080,000
Fair value losses – net	**(726,270,000)**	(365,950,000)
Balance at end of year	**P 1,812,860,000**	P 2,539,130,000

AFS financial assets mainly consist of investments held by EPHI in equity securities of the ultimate parent company, whose shares are listed in the PSE. The fair value of these securities has been determined directly by reference to published prices in an active market. The fair value of these investments, amounting to P1,812.9 million and P2,539.1 million as of December 31, 2015 and 2014, respectively, is categorized as Level 1 in the fair value hierarchy (see Note 29.2).

The net accumulated fair value gains or losses in AFS financial assets is shown as part of Revaluation Reserves in the equity section of the consolidated statements of financial position (see Note 24.3).

Dividends earned amounted to P34.9 million in 2015 and P42.8 million in 2014 and 2013 and are presented as Dividend income under Finance Income in the consolidated statements of comprehensive income (see Note 20.1).

9. ADVANCES TO LANDOWNERS AND JOINT VENTURES

The cash advances made by the Group relate to a number of joint venture agreements entered into with landowners covering the development of certain parcels of land. The joint venture agreements stipulate that the Group's joint venture partners shall contribute parcels of land and the Group shall be responsible for the planning, conceptualization, design, demolition of existing improvements, construction, financing and marketing of condominium units to be constructed on the properties. Costs incurred by the Group for these projects are recorded under the Residential and Condominium Units for Sale and Property Development Costs accounts in the consolidated statements of financial position (see Note 7). In addition to providing specified portion of the total project development costs, the Group also commits to advance mutually agreed-upon amounts to the landowners which will then be used for purposes such as reconsolidation/separation/subdivision of mother titles and relocation of existing occupants. Repayments of these advances may be made upon completion of the project development either in the form of residential condominium, commercial units or developed lots corresponding to the landowners' share in the projects or in the form of cash to be derived from the sales of the landowners' share in the saleable lots and residential condominium units.

The details of advances to landowners and joint ventures as of December 31, 2015 and 2014 are as follows:

	2015	2014
Advances to landowners:		
Balance at beginning of year	**P 91,143,779**	P 25,000,029
Reclassifications	**(66,143,750)**	-
Additional advances granted	**-**	66,143,750
Balance at end of year	**25,000,029**	91,143,779
Advances to joint ventures:		
Balance at beginning of year	**684,691,686**	762,075,216
Collections	**(104,310,107)**	(85,055,347)
Additional advances granted	**-**	7,671,817
Balance at end of year	**580,381,579**	684,691,686
	P 605,381,608	P 775,835,465

In 2015, the Group reclassified an amount of P16.1 million to Property Development Costs account presented as current asset in the consolidated statement of financial position upon full payment of the Group's purchase of a property located in Batangas.

In 2014, the Group advanced an amount of P50.0 million as down payment to acquire a property owned by 20th Century located in Mandaluyong City. However, in 2015, the Group decided to acquire instead the entire shares of 20th Century. Hence, advance payment made in 2014 was reclassified to the Investments in Subsidiaries and Associates account in the 2015 statement of financial position (see Note 1).

The Group commits to develop the properties based on the terms agreed with the joint venture partners. The Group has no existing commitment for cash advances under the joint venture agreements as this commitment has been fully complied with by the Group as of December 31, 2015 and 2014.

The net commitment for construction expenditures amounts to:

	2015	2014
Total commitment for construction expenditures	**P 9,560,904,389**	P 7,465,887,664
Total expenditures incurred	**(5,246,924,674)**	(4,354,160,487)
Net commitment	**P 4,313,979,715**	P 3,111,727,177

The Group's interest in jointly controlled operations and projects ranges from 55% to 82% in 2015 and 2014. The Group's jointly controlled projects are as follows:

- Pioneer Woodlands
- San Lorenzo Place
- Various Metro Manila and Calabarzon projects

As of December 31, 2015 and 2014, the Group has no other material contingent liabilities with regard to these joint ventures.

10. LAND HELD FOR FUTURE DEVELOPMENT

This account includes cost of several parcels of land acquired by the Group and other costs incurred to effect the transfer of the title of the properties to the Group. Most of these properties are located in Metro Manila and Calabarzon areas and are intended for future development. Real estate taxes paid relating to these properties amounted to P2.5 million, P2.0 million and P9.4 million in 2015, 2014 and 2013, respectively, and is presented as part of Taxes and Licenses in the consolidated statements of comprehensive income. Considering the Group's pricing policy, management believes that the net realizable value of land held for future development is higher than its related carrying value as of the end of the reporting periods.

11. INVESTMENTS IN ASSOCIATES

The components of investments in associates as of December 31, 2015 and 2014 are as follows:

	2015		**2014**	
	% Interest Held	**Amount**	% Interest Held	Amount
Investments in associates – at equity				
Acquisition costs:				
PCMI	**20%**	**P 877,776,747**	-	P -
GPMAI	**47%**	**293,960,618**	47%	293,960,618
		1,171,737,365		293,960,618
Accumulated equity in net earnings:				
Balance at beginning of year		**(670,108)**		(588,383)
Equity share in net losses for the year		**(9,006,812)**		(81,725)
Balance at end of year		**(9,676,920)**		(670,108)
		P 1,162,060,445		P 293,290,510

11.1 Purchase of PCMI

In 2015, the Company acquired 20% ownership interest in PCMI amounting to P877.8 million. The Company exercises significant influence but not control over PCMI; hence, the investment is accounted as an Investment in Associate.

11.2 Sale of Investment in SPI

On June 7, 2013, the Company sold its 33% ownership interest in SPI to Megaworld. A total of 315,000,008 shares were sold for a total consideration of P471.2 million. The carrying amount of investment in SPI at the time of sale is P506.7 million. Accordingly, loss on the sale of investment amounting to P35.4 million was recognized and presented as part of Other Expenses in the 2013 consolidated statement of comprehensive income (see Note 19.2).

11.3 Summarized Financial Information

The aggregated amounts of assets, liabilities and net profit (loss) of the associates are as follows:

	Assets	**Liabilities**	**Revenues**	**Net Profit (Loss)**
2015:				
PCMI	P 2,458,015,617	P 8,172,960	P -	(P 9,234,061)
GPMAI	598,975,335	11,973,014	3,349,927	(7,955,482)
	P 3,056,990,952	**P 20,145,974**	**P 3,349,927**	**(P 17,189,543)**
2014:				
GPMAI	P 606,947,764	P 11,989,961	P 5,404,122	P 77,338

As of December 31, 2015 and 2014, there are no available fair values for these investments in associates as they are not listed in the stock markets. The related book values of these investments amounted to P1,162.1 million and P293.3 million, respectively.

11.4 Contingent Liabilities

As of December 31, 2015 and 2014, the Company has no contingent liabilities for subsidiaries and associates which were incurred jointly with other investors and the Company is not severally liable for all or part of the contingent liabilities of the subsidiaries and associates.

12. PROPERTY AND EQUIPMENT

As of December 31, 2015 and 2014, this account includes land amounting to P81,095,000 which is used as LBASSI's school site. The gross carrying amounts and accumulated depreciation and amortization of other items of property and equipment at the beginning and end of 2015 and 2014 are shown below.

	Building and Other Improvements	Leasehold Improvements	Transportation Equipment	Office Furniture and Equipment	Total
December 31, 2015					
Cost	P 74,353,446	P 66,933,359	P 55,313,073	P 127,261,868	P 323,861,746
Accumulated depreciation and amortization	(31,059,484)	(60,885,483)	(48,790,111)	(113,444,129)	(254,179,207)
Net carrying amount	**P 43,293,962**	**P 6,047,876**	**P 6,522,962**	**P 13,817,739**	**P 69,682,539**
December 31, 2014					
Cost	P 74,190,122	P 61,489,310	P 51,703,111	P 121,858,719	P 309,241,262
Accumulated depreciation and amortization	(28,094,085)	(57,402,832)	(45,738,945)	(105,570,906)	(236,806,768)
Net carrying amount	P 46,096,037	P 4,086,478	P 5,964,166	P 16,287,813	P 72,434,494
January 1, 2014					
Cost	P 73,617,523	P 59,561,765	P 51,677,754	P 110,449,797	P 295,306,839
Accumulated depreciation and amortization	(25,130,765)	(50,307,365)	(42,325,796)	(98,267,819)	(216,031,745)
Net carrying amount	P 48,486,758	P 9,254,400	P 9,351,958	P 12,181,978	P 79,275,094

A reconciliation of the carrying amounts at the beginning and end of 2015 and 2014 is shown below.

	Building and Other Improvements	Leasehold Improvements	Transportation Equipment	Office Furniture and Equipment	Total
Balance at January 1, 2015, net of accumulated depreciation and amortization	P 46,096,037	P 4,086,478	P 5,964,166	P 16,287,813	P 72,434,494
Additions	163,324	5,444,049	3,609,962	5,579,042	14,796,377
Depreciation and amortization charges for the year	(2,965,399)	(3,482,651)	(3,051,166)	(7,913,701)	(17,412,917)
Reclassification	-	-	-	(135,415)	(135,415)
Balance at December 31, 2015, net of accumulated depreciation and amortization	**P 43,293,962**	**P 6,047,876**	**P 6,522,962**	**P 13,817,739**	**P 69,682,539**

	Building and Other Improvements	Leasehold Improvements	Transportation Equipment	Office Furniture and Equipment	Total
Balance at January 1, 2014, net of accumulated depreciation and amortization	P 48,486,758	P 9,254,400	P 9,531,958	P 12,181,978	P 79,275,094
Additions	572,599	1,927,545	294,500	11,432,429	14,227,073
Depreciation and amortization charges for the year	(2,963,320)	(7,095,467)	(3,473,707)	(7,439,708)	(20,972,202)
Disposals - net	-	-	(208,585)	-	(208,585)
Reclassifications	-	-	-	113,114	113,114
Balance at December 31, 2014, net of accumulated depreciation and amortization	P 46,096,037	P 4,086,478	P 5,964,166	P 16,287,813	P 72,434,494

The Group recognized a gain on disposal of its property and equipment amounting to P0.5 million in 2013 which is presented as part of Miscellaneous under Other Revenues in the 2013 consolidated statement of comprehensive income (see Note 19.1). In 2014, no gain on disposal was recognized on the sale of the Company's property and equipment. There was no similar transaction in 2015.

The amount of depreciation and amortization of property and equipment is presented as part of Depreciation and Amortization under Costs and Expenses in the consolidated statements of comprehensive income.

The cost of fully depreciated assets still used in business amounted to P179.2 million and P176.5 million as of December 31, 2015 and 2014, respectively.

13. INVESTMENT PROPERTY

The Company's investment property pertains to building and office/commercial units held for lease and a parcel of land held for capital appreciation. Rental revenues recognized for the years ended December 31, 2015, 2014 and 2013 amounted to P106.1 million, P111.8 million and P121.4 million, respectively, and are presented as Rental Income in the consolidated statements of comprehensive income. Real estate taxes and depreciation substantially represent direct costs incurred related to these properties. Real estate tax amounting to P1.4 million in 2015 and 2014 and P1.1 million in 2013 was recognized as a related expense and presented as part of Taxes and Licenses in the consolidated statements of comprehensive income.

The gross carrying amounts and accumulated depreciation of investment property at the beginning and end of 2015 and 2014 is shown below.

	2015	2014
Cost	**P 337,136,458**	P 337,136,458
Accumulated depreciation	**(185,193,588)**	(168,388,765)
Net carrying amount	**P 151,942,870**	P 168,747,693

A reconciliation of the carrying amount of investment property at the beginning and end of 2015, 2014 and 2013 is as follows:

	2015	2014	2013
Balance at January 1, net of accumulated depreciation	**P 168,747,693**	P 185,552,516	P 202,357,339
Depreciation charges for the year	**(16,804,823)**	(16,804,823)	(16,804,823)
Balance at December 31, net of accumulated depreciation	**P 151,942,870**	P 168,747,693	P 185,552,516

The amount of depreciation on investment property is presented as part of Depreciation and Amortization under Costs and Expenses in the consolidated statements of comprehensive income.

Other information relating to fair value measurements and disclosures of investment property are disclosed in Note 29.4.

14. INTEREST-BEARING LOANS AND BORROWINGS

14.1 Bank Loans

As of December 31, 2015 and 2014, the Company's short-term and long-term interest bearing loans and borrowings consist only of bank loans amounting to P1,509.0 million and P136.5 million, respectively. These loans bear annual interest rates ranging from 3.2% (subject to repricing every 30-180 days) to 9.1% in 2015, 7.8% to 9.5% in 2014 and 7.8% to 10.5% in 2013. As of December 31, 2015, the loan with floating interest rate was repriced at 5.4% fixed rate for seven years commencing on December 4, 2015 until the loan maturity of September 30, 2022. On the other hand, various loans with unfloating interest rate will mature until December 2018. Bank loans also include proceeds received from certain trade receivables that were discounted on a with-recourse basis (see Note 6).

The Group's interest-bearing loans and borrowings are secured by trade receivables with discounted value of P69.0 million and P136.5 million as of December 31, 2015 and 2014, respectively, and certain properties presented as part of Residential and Condominium Units for Sale with total estimated carrying value of P312.1 million and P497.8 million as of December 31, 2015 and 2014, respectively (see Notes 6 and 7.1).

Finance costs that are directly attributable to construction of the Group's projects are capitalized as part of Property Development Costs and Residential and Condominium Units for Sale accounts (see Note 14.2).

Certain bank loans require the Group to maintain a debt-to-equity ratio of not more than 1:1 and a current ratio of not less than 2:1. As of December 31, 2015 and 2014, the Group is in compliance with such financial covenant obligation (see Note 30).

14.2 Interests

Total interests on these interest-bearing loans and borrowings in 2015, 2014, and 2013 amounted to P26.3 million, P15.8 million, and P25.4 million, respectively, and are directly attributable to the construction of the Group's projects; hence, capitalized as part of Property and Development Costs and Residential and Condominium Units for Sale account in the consolidated statements of financial position. The Group's capitalization rate is 9.3%, 8.8%, and 9.2% in 2015, 2014, and 2013, respectively (see Note 7.1). Unpaid interest as of December 31, 2015 and 2014 amounted to P0.4 million in both years and is presented as Interest payable under the Trade and Other Payables account in the consolidated statements of financial position (see Note 15).

15. TRADE AND OTHER PAYABLES

This account consists of:

	Note		**2015**		2014
Trade payables		**P**	**945,343,753**	P	601,285,258
Taxes payable			**75,781,966**		68,473,961
Accrued expenses			**40,928,665**		26,809,500
Commissions			**9,759,017**		11,759,017
Interest payable	14.2		**437,328**		433,498
Miscellaneous			**323,999**		510,237
		P	**1,072,574,728**	P	709,271,471

Accrued expenses include the Group's obligations to its suppliers that are expected to be settled within 12 months from the end of the reporting period. These liabilities arise mainly from accrual of construction expenditures incurred during the year.

16. CUSTOMERS' DEPOSITS

Presented below are the details of this account.

		2015		2014
Advances from customers	**P**	**2,171,548,063**	P	3,329,730,939
Other deposits		**441,357,284**		278,784,486
	P	**2,612,905,347**	P	3,608,515,425

Advances from customers represent cash received from customers for real estate property purchases which have not yet reached the sales recognition threshold of the Group. The advances are deducted from the contract price once the related real estate sales are recognized by the Group.

Other deposits mainly pertain to cash received from customers for miscellaneous fees and other related expenses to process the transfer of title to customers.

17. OTHER CURRENT LIABILITIES

As of December 31, other current liabilities include the following:

		2015		2014
Retention payable	P	**521,984,871**	P	410,254,495
Refundable deposits		**26,077,394**		23,903,098
Deferred income		**9,802,389**		13,115,533
Miscellaneous		**11,897,016**		3,399,085
	P	**569,761,670**	P	450,672,211

Retention payable pertains to amounts withheld from payments made to contractors to ensure compliance and completion of contracted projects, which ranges from 5% to 10% of every billing made by the contractor. Upon completion of the contracted projects, submission of required bonds and final acceptance of works, the amounts are returned to contractors.

Deferred income represents unearned tuition, miscellaneous and other fees relating to the portion of the school year applicable to the succeeding financial year.

18. COST OF REAL ESTATE SALES

The total cost of real estate sales for the years ended December 31, are as follows:

		2015		2014		2013
Actual costs	P	**2,219,237,029**	P	1,635,161,064	P	947,428,609
Estimated costs		**396,066,129**		665,277,155		204,948,660
	P	**2,615,303,158**	P	2,300,438,219	P	1,152,377,269

The breakdown of the cost of real estate sales are as follows (see Note 7):

		2015		2014		2013
Contracted services	P	**2,029,736,881**	P	1,810,033,099	P	879,384,935
Land cost		**531,119,337**		426,583,937		209,681,813
Borrowing costs		**33,842,962**		41,019,614		42,526,982
Others		**20,603,978**		22,801,569		20,783,539
	P	**2,615,303,158**	P	2,300,438,219	P	1,152,377,269

19. OTHER INCOME AND EXPENSES

19.1 Other Income

The details of this account are shown below.

		2015		2014		2013
Forfeited collections and deposits	P	**203,546,999**	P	258,958,962	P	188,025,808
Tuition and miscellaneous fees		**52,700,885**		46,424,880		40,659,477
Marketing and management fees		**152,337,451**		45,266,136		20,036,844
Miscellaneous		**4,169,973**		3,204,935		6,910,996
	P	**412,755,308**	P	353,854,913	P	255,633,125

Forfeited collections and deposits include reservation fees and all payments made by delinquent buyers. This also includes portion of payments received by the Group upon approval of buyer's request to transfer to other units.

Miscellaneous fees include registration fees, medical and dental fees, laboratory fees, energy fees, and other fees charged to students upon enrolment.

19.2 Other Expenses

The breakdown of other expenses is shown below.

	Notes	**2015**	2014	2013
Rentals	26.2	**P 228,121,389**	P 157,719,595	P 162,986,752
Utilities		**34,475,744**	26,856,166	26,148,135
Association dues		**26,308,296**	28,714,377	29,087,260
Security services		**18,058,398**	17,650,157	17,529,361
Documentation		**15,071,126**	4,544,472	8,065,249
Representation		**8,879,768**	4,654,045	646,371
Janitorial services		**4,700,195**	3,740,024	5,368,875
Repairs and maintenance		**7,332,404**	5,648,126	7,097,326
Professional fees		**5,993,530**	9,596,697	7,244,942
Office supplies		**5,860,351**	6,715,505	5,248,190
Insurance		**4,273,836**	3,385,706	3,234,555
Outside services		**3,793,845**	3,628,675	3,824,093
Marketing events and awards		**579,456**	2,320,101	1,201,920
Loss on sale of investment in an associate	11.2	**-**	-	35,422,273
Miscellaneous		**19,823,708**	23,058,222	16,691,114
		P 383,272,046	P 298,231,868	P 329,796,416

Miscellaneous expenses include bank charges, donations and contributions, trainings and seminars, motor vehicle registration and others.

20. FINANCE INCOME AND FINANCE COSTS

20.1 Finance Income

The details of this account are shown below.

	Notes	**2015**	2014	2013
Interest income:				
Advances to related parties	23.1	**P 132,325,283**	P 122,027,646	P 108,034,380
Trade and other receivables	6	**89,481,544**	145,397,708	267,456,702
Cash and cash equivalents	5	**6,822,758**	2,889,125	16,201,060
Tuition fees		**1,125,565**	2,423,180	1,027,354
		229,755,150	272,737,659	392,719,496
Amortization of day-one loss on noninterest – bearing financial instruments	6	**55,284,769**	65,659,735	51,293,349
Dividend income	8	**34,906,000**	42,788,000	42,788,000
Foreign currency gains – net		**4,216,467**	-	5,775,947
		P 324,162,386	P 381,185,394	P 492,576,792

20.2 Finance Costs

The breakdown of Finance costs is shown below.

	Notes		**2015**		2014		2013
Interest expense on advances from related parties	23.1	**P**	**157,768,766**	P	112,101,093	P	117,115,432
Net interest expense on post-employment defined benefit obligation	21.2		**19,612,116**		15,227,357		9,457,306
Foreign currency losses – net			**-**		526,858		-
		P	**177,380,882**	P	127,855,308	P	126,572,738

21. SALARIES AND EMPLOYEE BENEFITS

21.1 Salaries and Employee Benefits Expense

Expenses recognized for salaries and employee benefits are presented below.

	Note		**2015**		2014		2013
Short-term benefits		**P**	**352,460,844**	P	265,201,543	P	219,979,783
Post-employment benefits	21.2		**58,781,794**		37,125,992		35,528,471
		P	**411,242,638**	P	302,327,535	P	255,508,254

21.2 Post-employment Benefits

(a) Characteristics of the Defined Benefit Plan

The Group maintains a partially-funded, tax-qualified, non-contributory, post-employment defined benefit plan that is being administered by a trustee bank that is legally separated from the Group. The post-employment defined benefit plan covers all regular full-time employees.

The normal retirement age is 60 with a minimum of five years of credited service. The post-employment defined benefit plan provides for retirement ranging from 60% to 200% of final monthly salary for every year of credited service, but shall not be less than the regulatory benefit under the Republic Act 7641, *The Retirement Pay Law*, or the applicable retirement law at the time of the member's retirement.

(b) Explanation of the Amounts Presented in the Consolidated Financial Statements

Actuarial valuations are made annually to update the retirement benefit costs and the amount of contributions. All amounts presented below are based on the actuarial valuation reports obtained from an independent actuary in 2015 and 2014.

The amounts of post-employment DBO recognized in the consolidated statements of financial position are determined as follows:

		2015		2014
Present value of the obligation	**P**	**496,923,682**	P	447,721,635
Fair value of the assets	**(**	**17,625,052)**	(	14,548,161)
	P	**479,298,630**	P	433,173,474

The movements in the present value of the post-employment DBO recognized in the books are as follows:

	2015	2014
Balance at beginning of year	**P 447,721,635**	P 300,366,865
Current service cost	**58,781,794**	37,125,992
Interest expense	**20,318,368**	15,780,613
Benefits paid	**(4,008,012)**	-
Remeasurements:		
Actuarial losses (gains) arising from		
- changes in financial assumptions	**(41,480,767)**	69,607,504
- experience adjustments	**15,189,844**	24,840,661
- demographic assumption	**400,820**	-
Balance at end of year	**P 496,923,682**	P 447,721,635

The movements in the fair value of plan assets are presented below.

	2015	2014
Balance at beginning of year	**P 14,548,161**	P 11,486,428
Contributions to plan	**3,000,000**	3,000,000
Interest income	**706,252**	553,256
Return on plan assets (excluding amounts included in net interest	**(629,361)**	(491,523)
Balance at end of year	**P 17,625,052**	P 14,548,161

The Group's plan assets only consist of cash and cash equivalents as of December 31, 2015 and 2014 and do not comprise any of the Group's financial instruments or any of its assets occupied and/or used in its operations.

The plan assets earned a return of P76,891 in 2015 and P61,733 in 2014.

The components of amounts recognized in the consolidated statements of comprehensive income in respect of the post-employment defined benefit plan are as follows:

	Notes	**2015**	2014	2013
Reported in profit or loss:				
Current service cost	21.1	**P 58,781,794**	P 37,125,992	P 35,528,471
Net interest expense	20.2	**19,612,116**	15,227,357	9,457,306
		P 78,393,910	P 52,353,349	P 44,985,777
Reported in other comprehensive income:				
Actuarial losses (gains) arising from:				
- changes in financial assumptions		**(P 41,480,767)**	P 69,607,504	P 98,849,047
- experience adjustments		**15,189,844**	24,840,661	(2,709,706)
- demographic assumption		**400,820**	-	-
Return on plan assets (excluding amounts included in net interest)		**629,361**	491,523	652,919
		(P 25,260,742)	P 94,939,688	P 96,792,260

Current service cost is presented as part of Salaries and Employee Benefits under Costs and Expenses in the consolidated statements of comprehensive income (see Note 21.1) while the amounts of net interest expense is included as part of Finance Costs under Costs and Expenses in the consolidated statements of comprehensive income (see Note 20.2).

The amounts recognized in other comprehensive income were included within items that will not be reclassified subsequently to profit or loss.

In determining the amounts of the defined benefit post-employment obligation, the following significant actuarial assumptions were used:

	2015	2014	2013
Company			
Discount rates	**4.89%**	4.49%	5.32%
Expected rate of salary increases	**10.00%**	10.00%	10.00%
EPHI			
Discount rates	**5.40%**	4.88%	5.65%
Expected rate of salary increases	**7.80%**	8.20%	6.00%
LBASSI			
Discount rate	**5.16%**	4.73%	5.17%
Expected rate of salary increases	**5.00%**	6.00%	6.00%

The other subsidiaries currently do not have employees and their accounting and other administrative functions are being handled by the Company; hence, there was no cost of retirement benefits recognized.

Assumptions regarding future mortality experience are based on published statistics and mortality tables. The average remaining working life of an individual retiring at the age of 60 for both males and females are as follows:

	Retirement Age	Average Remaining Working Life
Company	60	31
LBASSI	60	25
EPHI	65	21

These assumptions were developed by management with the assistance of an independent actuary. Discount factors are determined close to the end of each reporting period by reference to the interest rates of a zero coupon government bond with terms to maturity approximating to the terms of the retirement obligation. Other assumptions are based on current actuarial benchmarks and management's historical experience.

(c) *Risks Associated with the Retirement Plan*

The plan exposes the Group to actuarial risks such as interest rate risk, longevity risk and salary risk.

(i) *Interest Risks*

The present value of the DBO is calculated using a discount rate determined by reference to market yields of government bonds. Generally, a decrease in the interest rate of a reference government bonds will increase the plan obligation.

(ii) *Longevity and Salary Risks*

The present value of the DBO is calculated by reference to the best estimate of the mortality of the plan participants both during and after their employment, and to their future salaries. Consequently, increases in the life expectancy and salary of the plan participants will result in an increase in the plan obligation.

(d) *Other Information*

The information on the sensitivity analysis for certain significant actuarial assumptions, the Group's asset-liability matching strategy, and the timing and uncertainty of future cash flows related to the retirement plan are described in the succeeding pages.

(i) Sensitivity Analysis

The following table summarizes the effects of changes in the significant actuarial assumptions used in the determination of the DBO as of December 31, 2015 and 2014:

	Impact on Post-employment Benefit Obligation		
	Change in Assumption	Increase in Assumption	Decrease in Assumption
2015			
Company			
Discount rate	**+0.50%/-1.00%**	**(P 70,809,422)**	**P 88,898,169**
Salary increase rate	**+0.75%/-1.25%**	**79,007,454**	**(65,224,032)**
LBASSI			
Discount rate	**+/-1.00%**	**(689,243)**	**815,771**
Salary increase rate	**+/-1.00%**	**756,175**	**(657,192)**
EPHI			
Discount rate	**+/-0.50%**	**(3,484,835)**	**3,848,810**
Salary increase rate	**+/-1.00%**	**7,618,560**	**(6,412,140)**
2014			
Company			
Discount rate	+0.50%/-1.00%	(P 64,189,242)	P 80,767,663
Salary increase rate	+0.75%/-1.25%	71,528,291	(58,979,949)
LBASSI			
Discount rate	+/-1.00%	(102,847)	1,642,963
Salary increase rate	+/-1.00%	1,566,888	(62,254)
EPHI			
Discount rate	+/-0.50%	(3,693,771)	4,100,666
Salary increase rate	+/-1.00%	8,044,281	(6,710,441)

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. This analysis may not be representative of the actual change in the DBO as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the DBO has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the DBO recognized in the consolidated statements of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous years.

(ii) Asset-liability Matching Strategies

To efficiently manage the retirement plan, the Group through its BOD, ensures that the investment positions are managed in accordance with its asset-liability matching strategy to achieve that long-term investments are in line with the obligations under the retirement scheme. This strategy aims to match the plan assets to the retirement obligations by investing in cash and cash equivalents with maturities that match the benefit payments as they fall due and in the appropriate currency. The Group actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the retirement obligations.

There has been no change in the Group's strategies to manage its risks from previous periods.

(iii) Funding Arrangements and Expected Contributions

The plan is currently underfunded by P479.3 million based on the latest actuarial valuation. While there are no minimum funding requirements in the country, the size of the underfunding may pose a cash flow risk in about 10 years' time when a significant number of employees is expected to retire.

The Group does not expect to make contribution to the plan during the next financial year.

The maturity profile of undiscounted expected benefit payments from the plan follows for the next 10 years:

		2015		2014
Within one year	**P**	**8,391,869**	P	13,338,676
More than one year to five years		**12,822,543**		485,787
More than five years to 10 years		**187,757,237**		155,593,805
	P	**208,971,649**	P	169,418,268

The weighted average duration of the DBO at the end of the reporting period is 18 to 22 years.

22. TAXES

22.1 Registration with the Board of Investments (BOI)

On April 11, 2014, the BOI approved the Company's application for registration as a New Developer of Low Cost Mass Housing Project on a Non-pioneer Status relative to its various units of Kasara Urban Resort Residences (Tower 1 and Tower 2) project. Under the registration, the applicable rights and privileges provided in the Omnibus Investment Code of 1987 shall equally apply and benefit the Company with certain incentives including income tax holiday (ITH) for a period of three years from the date of registration.

22.2 Current and Deferred Taxes

The components of tax expense (income) reported in the consolidated statements of comprehensive income for the years ended December 31 are as follows:

		2015		2014		2013
Reported in profit or loss:						
Current tax expense:						
Regular corporate income tax (RCIT) at 30% and 10%	**P**	**109,427,206**	P	69,997,949	P	58,642,014
Final tax at 20% and 7.5%		**1,260,838**		459,898		3,131,633
Capital gains tax at 10%		**-**		-		16,334,686
		110,688,044		70,457,847		78,108,333
Deferred tax expense relating to origination and reversal of temporary differences		**121,479,602**		193,960,500		92,028,022
	P	**232,167,646**	P	264,418,347	P	170,136,355
Reported in other comprehensive income (loss) –						
Deferred tax expense (income) at 30% and 10% relating to origination and reversal of temporary differences	**P**	**7,454,228**	(P	28,355,076)	(P	28,805,985)

LBASSI, as an educational institution, is subject to 10% tax on its taxable income as defined under the tax regulations of the National Internal Revenue Code (NIRC) Section 27(B).

The reconciliation of tax on pretax profit computed at the applicable statutory rates to tax expense as reported in the profit or loss section of the consolidated statements of comprehensive income is as follows:

	2015	2014	2013
Tax on pretax profit at 30% and 10%	**P 234,947,391**	P 222,836,225	P 171,138,247
Adjustment for income subjected to lower income tax rates:			
Final tax	**(649,053)**	(298,891)	(1,649,690)
Capital gains tax	**-**	-	(13,689,927)
Taxeffects of:			
Nontaxable income	**(10,484,596)**	(12,871,440)	(12,856,959)
Nondeductible expenses	**3,368,629**	3,060,536	17,082,179
Income subject to ITH-ERO	**(2,184,724)**	-	-
Nondeductible interest expense	**623,059**	232,058	-
Unrecognized deferred tax assets	**520,731**	4,945,348	10,112,505
Nondeductible taxes and licenses	**-**	49,627,001	-
Nondeductible loss on discounting	**-**	(3,112,490)	-
Others – net	**6,026,209**	-	-
Tax expense reported in profit or loss	**P 232,167,646**	P 264,418,347	P 170,136,355

The net deferred tax liabilities as of December 31 relate to the following:

	Consolidated Statements of Financial Position		**Consolidated Statements of Comprehensive Income**		
	2015	2014	**2015**	2014	2013
Deferred tax assets:					
Retirement benefit obligation	**P 142,307,744**	P 128,570,691	**(P 21,191,281)**	(P 14,621,787)	(P 12,407,640)
Unamortized past service cost	**3,264,000**	2,877,000	**(387,000)**	(477,000)	(627,000)
Accrued rent	**(181,203)**	14,446	**195,649**	63,698	31,754
Unrealized foreign currency losses - net	**-**	158,058	**158,058**	(158,058)	-
	145,390,541	131,620,195	**(21,224,574)**	(15,193,147)	(13,002,886)
Deferred tax liabilities:					
Uncollected realized gross profit	**(1,406,450,852)**	(1,245,834,388)	**160,616,464**	218,868,080	108,146,579
Capitalized borrowing cost	**(209,694,249)**	(228,871,477)	**(19,177,228)**	(7,981,649)	(6,234,219)
Unrealized foreign exchange gains – net	**(1,264,940)**	-	**1,264,940**	(1,732,784)	3,118,548
	(1,617,410,041)	(1,474,705,865)	**142,704,176**	209,153,647	105,030,908
Deferred Tax Expense			**P 121,479,602**	P 193,960,500	P 92,028,022
Net Deferred Tax Liabilities	**(P 1,472,019,500)**	(P 1,343,085,670)			

The deferred tax expense (income) recognized in other comprehensive income amounting to P7.5 million, (P28.4 million) and (P28.8 million) in 2015, 2014 and 2013, respectively, pertains to the tax effect of remeasurements of retirement benefit obligation.

The Group is subject to the MCIT which is computed at 2% of gross income, as defined under the tax regulations or RCIT, whichever is higher.

The details of net operating loss carry over (NOLCO) incurred by certain subsidiaries, which can be claimed as deduction from their respective future taxable income within three years from the year the loss was incurred, are shown below.

Subsidiary	Year Incurred	Amount	Valid Until
EECI	2015	P 1,454,879	2018
	2014	16,275,621	2017
	2013	33,552,513	2016
SPLI	2015	166,247	2018
	2014	166,158	2017
	2013	158,754	2016
SOHI	2015	140,228	2018
	2014	909,343	2017
	2013	1,332,016	2016
VVPI	2015	142,675	2018
	2014	142,908	2017
	2013	271,483	2016

EECI, SPLI, SOHI and VVPI did not recognize deferred tax assets on their respective NOLCO as management believes that the related deferred tax assets may not be recovered within the prescriptive period. The amount of NOLCO for the year ended 2015 for which the related deferred tax asset has not been recognized amounted to a total of P1.9 million with a total tax effect of P0.6 million.

The aggregated amounts of assets, deficit, revenues and net loss of the subsidiaries which incurred NOLCO are as follows:

	Assets	Deficit	Revenues	Net Loss
2015				
EECIP	25,329,850	P 207,021,525	P 1,093	P 12,682,768
SPLI	511,988,624	9,658,842	-	166,247
SOHI	16,874,821	8,331,846	-	140,228
VVPI	90,915,892	3,560,661	-	142,675
	P 645,109,187	**P 228,572,874**	**P 1,093**	**P 13,131,918**
2014				
EECIP	27,771,361	P 194,338,757	P 13,917,726	P 26,446,421
SPLI	511,946,672	9,492,595	-	166,158
SOHI	17,007,166	8,191,618	-	909,343
VVPI	90,889,549	3,417,986	-	142,908
	P 647,614,748	P 215,440,956	P 13,917,726	P 27,664,830

In 2015, 2014 and 2013, the Group opted to claim itemized deductions in computing for its tax due.

23. RELATED PARTY TRANSACTIONS

The Group's related parties include its associate, parent company, ultimate parent company, stockholders, related parties under common ownership, key management personnel, and the Group's retirement plan as described below.

The summary of the Group's significant transactions and outstanding balances with its related parties follows:

Related Party		Amounts of Transaction		Outstanding Balance		
Category	Notes	**2015**	2014	2013	**2015**	2014
Ultimate Parent:						
AFS financial assets	8	**(P 726,270,000)**	(P 365,950,000)	P 1,017,904,000	**P 1,812,860,000**	P 2,539,130,000
Dividend income	20.1	**34,906,000**	42,788,000	42,788,000	**-**	-
		(P 691,364,000)	(P 323,162,000)	P 1,060,692,000	**P 1,812,860,000**	P 2,539,130,000
Advances to related parties:						
Associates:	23.1					
Loans and interest		**P -**	P -	(P 913,981,506)	**P -**	P -
Capital expenditure		**-**	-	(231,570,819)	**-**	-
Working capital		**44,068,233**	31,989,602	5,778,194	**360,258,562**	316,190,329
		P 44,068,233	P 31,989,602	(P 1,139,774,131)	**P 360,258,562**	P 316,190,329
Under common ownership:	23.1					
Loans and interest		**P 146,474,919**	P 130,007,806	P 1,029,390,050	**P 1,339,704,458**	P 1,193,229,539
Investment		**-**	(36,875,000)	242,250,000	**205,375,000**	205,375,000
Capital expenditure		**-**	-	231,570,819	**234,164,981**	234,164,981
Working capital		**(99,480)**	(222,553,633)	2,962,841	**7,301,220**	7,400,700
		P 146,375,439	(P 129,420,827)	P 1,506,173,710	**P 1,786,545,659**	P 1,640,170,220
Related Party		**Amounts of Transaction**		**Outstanding Balance**		
Category	Notes	**2015**	2014	2013	**2015**	2014
Advances from related parties:						
Parent Company:	23.1					
Loans and interest		**(P 402,674,392)**	(P 584,038,848)	P -	**(P 1,528,331,514)**	(P 1,125,657,122)
Capital expenditure		**-**	-	1,125,828,215	**(577,248,542)**	(577,248,542)
Working capital		**28,556,534**	34,297,062	8,154,691	**(8,724,865)**	(37,281,399)
		(P 374,117,858)	(P 549,741,786)	P 1,133,982,906	**(P 2,114,304,921)**	(P 1,740,187,063)
Associates:	23.1					
Capital expenditure		**P -**	P -	P -	**(P 380,770,134)**	(P 380,770,134)
Working capital		**(282,202,270)**	(2,775,769)	(493,543)	**(291,903,610)**	(9,701,340)
		(P 282,202,270)	(P 2,775,769)	(P 493,543)	**(P 672,673,744)**	(P 390,471,474)
Under common ownership:	23.1					
Capital expenditure		**P 5,625,000**	P 11,250,000	P 11,250,000	**(P 46,492,245)**	(P 52,117,245)
Working capital		**(11,732,671)**	14,261,944	(37,500,000)	**683,516**	12,416,187
Sale of property	23.6	**999,082,400**	-	-	**-**	-
		P 992,974,729	P 25,511,944	(P 26,250,000)	**(P 45,808,729)**	(P 39,701,058)

The Group's outstanding receivables from and payables to related parties arising from interest-bearing loans, joint venture agreements, lease of property and cash advances to related party are unsecured and are generally settled in cash or through offsetting arrangements with the related parties.

There were no impairment losses recognized on the outstanding receivables from related parties in 2015, 2014 and 2013 based on management's assessment.

23.1 Advances to and from Related Parties

The Company grants to and obtains unsecured advances from stockholders, subsidiaries, associates and other related parties for working capital purposes.

The details of Advances to Related Parties as presented in the consolidated statements of financial position are as follows:

		2015		2014
SPI	**P**	**1,741,902,031**	P	1,595,425,894
MCPI		**360,258,562**		291,776,004
First Oceanic Property Management, Inc.		**34,377,016**		34,449,016
Other related parties		**10,266,612**		34,709,635
	P	**2,146,804,221**	P	1,956,360,549

The movements in the advances to related parties are shown below.

		2015		2014
Balance at beginning of year	**P**	**1,956,360,549**	P	2,053,791,774
Additional advances		**190,544,371**		207,276,862
Reclassification	**(**	**28,699)**	(	3,272,528)
Collections received	**(**	**72,000)**	(	301,435,559)
Balance at end of year	**P**	**2,146,804,221**	P	1,956,360,549

The details of Advances from Related Parties are as follows:

		2015		2014
Advances from parent company:				
Balance at beginning of year	**P**	**1,740,187,063**	P	1,190,445,277
Additions		**402,674,392**		584,739,351
Repayments	**(**	**28,556,534)**	(	34,997,565)
Balance at end of year	**P**	**2,114,304,921**	P	1,740,187,063
Advances from associates and related parties under common ownership:				
Balance at beginning of year	**P**	**430,172,531**	P	452,908,707
Additions		**293,934,942**		2,819,201
Repayments	**(**	**5,625,000)**	(	24,773,648)
Reclassification		**-**	(	781,729)
Balance at end of year	**P**	**718,482,473**	P	430,172,531
Total advances from related parties:				
Balance at beginning of year	**P**	**2,170,359,594**	P	1,643,353,984
Additions		**696,609,334**		587,558,552
Repayments	**(**	**34,181,534)**	(	59,771,213)
Reclassification		**-**	(	781,729)
Balance at end of year	**P**	**2,832,787,394**	P	2,170,359,594

These advances to/from stockholders, associate and other related parties are generally unsecured. Some of these are interest-bearing (see Notes 20.1 and 20.2). The amounts are generally collectible/payable in cash on demand or through offsetting arrangements with the related parties (see Note 28.2).

23.2 Marketing Fees

The Group earns marketing fees from the sale of Megaworld's real estate properties. The marketing fee recognized amounted to P143.3 million, P134.9 million, and P147.6 million in 2015, 2014, and 2013, respectively, which is presented as Commissions under costs and expenses in the consolidated statements of comprehensive income.

23.3 Deed of Assignment

In June 2011, Fil-Estate Properties, Inc. (FEPI), a related party under common ownership, has agreed to assign the right to develop a certain property. In consideration of the assignment, the Company shall pay FEPI a non-refundable cash consideration totaling P60.0 million. The consideration was presented as part of Property Development Costs in the consolidated statements of financial position. At the end of 2014, the unpaid portion of the cash consideration amounting to P5.6 million is presented as part of the Advances from Related Parties account in the 2014 consolidated statement of financial position. In 2015, the Company has paid in full the balance of the cash consideration received.

23.4 Key Management Personnel Compensation

The compensation of the Group's key management personnel are as follows:

	2015	2014	2013
Short-term benefits	**P 30,199,457**	P 27,578,218	P 25,295,848
Post-employment benefits	**12,290,634**	10,981,129	10,283,038
	P 42,490,091	P 38,559,347	P 35,578,886

These are presented as part of Salaries and Employee Benefits under Cost and Expenses in the consolidated statements of comprehensive income for the years ended December 31, 2015, 2014 and 2013 (see Note 21.1).

23.5 Retirement Plan

The Group's retirement fund for its post-employment defined benefit plan is administered and managed by a trustee bank. The plan assets consist only of cash and cash equivalents amounting to P17.6 million and P14.5 million as of December 31, 2015 and 2014, respectively (see Note 21.2).

The retirement fund neither provides any guarantees or surety for any obligation of the Group nor its investments covered by any restrictions or liens.

The details of the contributions of the Group and benefits paid out by the plan are presented in Note 21.2.

23.6 Sale of Property

In 2015, the Company sold one of its land properties in Balayan, Batangas to a related party under common ownership with an area of 169,336 square meters for a total consideration of P999.1 million, net of VAT, under the normal course of the Company's business and is presented as part of the Company's Real Estate Sales account under Revenues in the 2015 consolidated statement of comprehensive income. This has been paid in full in 2015.

24. EQUITY

24.1 Capital Stock

Capital stock consists of:

	Shares		**Amount**	
	2015	2014	**2015**	2014
Common shares – P1 par value				
Authorized:	**31,495,200,000**	31,495,200,000	**P 31,495,200,000**	P 31,495,200,000
Issued:	**14,803,455,238**	14,803,455,238	**P 14,803,455,238**	P 14,803,455,238
Preferred shares – P1 par value				
Authorized:	**2,000,000,000**	2,000,000,000	**P 2,000,000,000**	P 2,000,000,000

On June 26, 2013, the Company issued additional 1.2 billion common shares to Megaworld at P1.05 per share for a total cash consideration of P1.3 billion resulting to APIC of P60.0 million. Megaworld has 81.73%, 81.72%, and 81.53% ownership interest in the Company as of December 31, 2015, 2014, and 2013, respectively.

On April 24, 2012, the Company's BOD approved the offer for subscription of 2,695,239,834 new shares (the "right shares") by way of a pre-emptive offer (the "rights offer") to holders of its common shares at the proportion of one new share for every four existing common shares, at the offer/exercise price equivalent to their par value of P1 per share. This was approved by the SEC on August 30, 2012.

Also, on April 24, 2012, the BOD approved the increase in the Company's authorized capital stock from P23.5 billion divided into 21.5 billion common and 2.0 billion preferred shares both with par value of P1 each, to P33.5 billion divided into 31.5 billion common and 2.0 billion preferred shares both with par value of P1 per share. The application for the increase in authorized capital stock was approved by the SEC on October 17, 2012.

The Series B preferred shares are nonredeemable, convertible into common shares and are nonvoting. The shares have zero coupon rate and shall not be entitled to dividends. The Series B preferred shares shall be convertible to common shares anytime after the end of the 18 months from the implementation date, May 29, 1998, as defined in the subscription agreements.

On April 24, 1996, the Company obtained approval for the listing of its common stock on the PSE; thereafter, the shares were offered for the sale to the public. The initial public offering consists of 214,666,667 new common shares and the sale by a stockholder of the Group of 210,333,333 existing common shares at an offer price of P12.90 per share.

As of December 31, 2015 and 2014, the Company's outstanding number of shares totalled 14,676,199,167 with total of 127,256,071 treasury stock as of the end of both years in which 14,803,455,238 as of December 31, 2015 and 2014, were listed and closed at a price of P0.77 and P0.92 per share (as of December 29, 2015 and December 27, 2014, respectively). The Company has 12,667 and 12,775 holders of equity securities listed in PSE as of December 31, 2015 and 2014, respectively.

24.2 Treasury Stock

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

As of December 31, 2015 and 2014, the Company's treasury shares amounted to P102.1 million, representing the cost of 127,256,071 shares reacquired by the Company.

24.3 Revaluation Reserves

Revaluation reserves of the Group is composed of remeasurements on its retirement benefit obligation and fair value movements of the Group's available-for-sale financial assets (see Notes 8 and 21.2)

24.4 Retained Earnings

Retained earnings is 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.

25. EARNINGS PER SHARE

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

	2015	2014	2013
Net profit attributable to parent company's shareholders	**P 547,278,548**	P 481,845,568	P 299,466,849
Divided by the weighted average number of issued and outstanding common shares	**14,676,199,167**	14,676,199,167	14,057,360,265
Basic and diluted earnings per share	**P 0.037**	P 0.033	P 0.021

26. COMMITMENTS AND CONTINGENCIES

The following are the significant commitments and contingencies involving the Group:

26.1 Operating Lease Commitments – Group as Lessor

The Group is a lessor under various non-cancellable operating lease agreements covering real estate properties for commercial use. The leases have terms ranging from one to three years, with renewal options, and include annual escalation rates of 3% to 10%. The average annual rental covering these agreements amounts to about P106.1 million in 2015, P111.8 million in 2014, and P121.4 million in 2013 which are recognized as Rental Income under Revenues and Income in the consolidated statements of comprehensive income.

The future minimum rental receivable under these non-cancellable operating leases are as follows as of December 31:

	2015	2014	2013
Within one year	**P 28,258,556**	P 25,621,665	P 24,439,210
After one year but not more than five years	**31,102,381**	44,175,410	66,825,230
	P 59,360,937	P 69,797,075	P 91,264,440

26.2 Operating Lease Commitments – Group as Lessee

The Group is a lessee under non-cancellable operating leases covering certain offices, showroom and parking slots. The leases have terms ranging from one to four years, with renewal options and include annual escalation rate of 5% to 10%. The future minimum rental payable under these non-cancellable operating leases are as follows as of December 31:

	2015	2014	2013
Within one year	**P 44,818,370**	P 43,193,006	P 38,496,570
After one year but not more than five years	**42,648,823**	3,844,014	38,161,726
	P 87,467,193	P 47,037,020	P 76,658,296

Total rentals from these operating leases which was charged to Rentals under Other Expenses in the consolidated statements of comprehensive income amounted to P228.1 million, P157.7 million, and P163.0 million in 2015, 2014 and 2013, respectively (see Note 19.2).

26.3 Legal Claims

In 2014, the Company is a party to a litigation arising in the normal course of business. No provision for contingency was recognized in the Company's financial statements because the ultimate outcome of this litigation cannot be presently determined. In addition, the Company's management believes that its impact in the financial statements, taken as a whole, is not material.

As of December 31, 2015, the Company does not have any litigations within and outside the normal course of its business.

26.4 Credit Lines

The Company has existing credit lines with local banks for a maximum amount of P4,670.0 million and P2,870.0 million as of December 31, 2015 and 2014, respectively. The Company has unused lines of credit amounting to P1,230.0 million and P670.0 million as of December 31, 2015 and 2014, respectively.

26.5 Capital Commitments

As of December 31, 2015, the Company has fully utilized the balance of its stock rights offering; hence, no capital commitments pertaining to landbanking, project development and general corporate purposes were outstanding as of the end of the period.

26.6 Others

There are other commitments and contingent liabilities that may arise in the normal course of operations of the Group which are not reflected in the 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 consolidated financial statements, taken as a whole.

27. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to a variety of financial risks which result from both 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 most significant financial risks to which the Group is exposed to are described below and in the succeeding pages.

27.1 Market Risk

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

(a) Foreign Currency Risk

Most of the Group's transactions are carried out in Philippine pesos, its functional currency. Foreign exchange risk arises from the Group's United States (U.S.) dollar-denominated cash and cash equivalents (see Note 5).

The Group's U.S. dollar-denominated financial assets, translated into Philippine pesos at the closing rate, amounted to P53.3 million, P55.3 million and P81.3 million as of December 31, 2015, 2014 and 2013, respectively. There were no U.S. dollar-denominated financial liabilities as of December 31, 2015 and 2014.

At December 31, 2015, 2014 and 2013, if the Philippine peso had strengthened by 10.42%, 11.56% and 14.40% against the U.S. dollar with all other variables held constant, profit before tax for the year would have been lower by P5.6 million, P6.4 million and P11.7 million, respectively, mainly as a result of foreign currency loss on translation of U.S. dollar-denominated cash and cash equivalents.

On the other hand, if the peso had weakened by the same percentage, with all other variables held constant, profit before tax would have been higher by the same amount in each of those years.

The percentage changes in rates have been determined based on the average market volatility in exchange rates, using standard deviation, in the previous 12 months, estimated at 99.00% level of confidence. The sensitivity analysis is based on the Group's foreign currency financial instruments held at the end of each 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 foreign currency risk.

(b) Interest Rate Risk

The Group's policy is to minimize interest rate cash flow risk exposures on long-term financing. The Group's interest rate risk largely arises from cash and cash equivalents and interest-bearing loans and borrowings, which are subject to variable interest rates. All other financial assets and liabilities have fixed rates.

The following paragraph presents the sensitivity of the Group's profit before tax for the year to a reasonably possible change in interest rate of +/- 0.87% and +/-2.03% for cash and cash equivalents and interest-bearing loans and borrowings, respectively, in 2015, +/- 1.42% and +/- 1.71% for cash and cash equivalents and interest-bearing loans and borrowings, respectively, in 2014, and +/- 2.14% and +/- 2.16% for cash and cash equivalents and interest-bearing loans and borrowings, respectively, in 2013. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on changes in the average market interest rates for each period, and the financial instruments held at the end of each reporting period that are sensitive to changes in interest rates. All other variables are held constant.

If the interest rates were to increase, profit before tax would increase by P17.1 million, P6.4 million, and P5.3 million in 2015, 2014 and 2013, respectively. If interest rates were to decrease, profit before tax would decrease in 2015, 2014 and 2013 by the same amounts.

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 12 months using a 99.00%-confidence level. The calculations are based on the Group's financial instruments held at the end of each reporting period, with effect estimated from the beginning of the year.

(c) Other Price Risk

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

For equity securities listed in the Philippines, an average volatility of 26.31% and 21.49% has been observed during 2015 and 2014. If quoted price for these securities increased or decreased by that amount, profit before tax would have changed by P0.5 billion in both 2015 and 2014.

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.

The Group is not subject to commodity price risk.

27.2 Credit Risk

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

	Notes		**2015**		2014
Cash and cash equivalents	5	**P**	**1,398,235,836**	P	821,513,652
Trade and other receivables – net (excluding advances to suppliers and contractors)	6		**5,175,649,678**		5,497,005,122
Advances to related parties	23.1		**2,146,804,221**		1,956,360,549
		P	**8,720,689,735**	P	8,274,879,323

None of the Group's financial assets are secured by collateral or other credit enhancements, except for cash and cash equivalents and trade receivables under Trade and Other Receivables, as described below.

(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 P500,000 for every depositor per banking institution.

(b) Trade and Other Receivables

In respect of trade and other receivables, the Group is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Trade receivables consist of a large number of customers in various industries and geographical areas. Majority of the trade receivables are secured by postdated checks. Also, titles to residential units sold to buyers are retained to the Group until such time that the outstanding balance is collected in full. Based on historical information about customer default rates, management consider the credit quality of trade receivables that are not past due or impaired to be good.

Some of the unimpaired trade receivables are past due as at the end of the reporting period. The trade receivables that are past due but not impaired are as follows:

		2015		2014
Not more than three months	**P**	**54,332,663**	P	65,706,815
More than three months but not more than six months		**154,571,158**		143,011,689
More than six months but not more than one year		**165,208,318**		162,198,252
More than one year		**57,443,297**		58,370,432
	P	**431,555,436**	P	429,287,188

(c) Advances to Related Parties

The Group is not exposed to significant credit risk as advances are made to reputable entities.

The table below shows the credit quality by class of financial assets as of December 31, 2015.

	Neither Past Due nor Specifically Impaired			Past Due or Individually Impaired	
	High Grade	Standard Grade	Substandard Grade		Total
Cash and cash equivalents	P 1,398,235,836	P -	P -	P -	P 1,398,235,836
Trade and other receivables - net	2,974,801,622	2,200,848,056	-	-	5,175,649,678
Advances to related parties	2,146,804,221	-	-	-	2,146,804,221
	P 6,519,841,679	**P 2,200,848,056**	**P -**	**P -**	**P 8,720,689,735**

This compares with the credit quality by class of financial assets as of December 31, 2014.

	Neither Past Due nor Specifically Impaired			Past Due or Individually Impaired	
	High Grade	Standard Grade	Substandard Grade		Total
Cash and cash equivalents	P 821,513,652	P -	P -	P -	P 821,513,652
Trade and other receivables - net	3,084,005,924	2,412,999,198	-	-	5,497,005,122
Advances to related parties	1,956,360,549	-	-	-	1,956,360,549
	P 5,861,880,125	P 2,412,999,198	P -	P -	P 8,274,879,323

The Group continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporate this information into its credit risk controls. The Group's policy is to deal only with creditworthy counterparties. 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 are of good credit quality, including those that are past due.

27.3 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 December 31, 2015, the Group's financial liabilities have contractual maturities which are presented below.

	Within One Year	One to Five Years
Interest-bearing loans and borrowings	P 26,788,653	P 1,482,213,951
Trade and other payables	996,792,762	-
Advances from related parties	2,832,787,394	-
Other current liabilities	569,761,669	-
	P 4,426,130,478	**P 1,482,213,951**

This compares to the contractual maturity of the Group's financial liabilities as of December 31, 2014.

	Within One Year	One to Five Years
Interest-bearing loans and borrowings	P 35,018,345	P 124,193,305
Trade and other payables	640,797,510	-
Advances from related parties	2,170,359,594	-
Other current liabilities	437,556,678	-
	P 3,283,732,127	P 124,193,305

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

28. CATEGORIES AND OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

28.1 Carrying Amounts and Fair Values by Category

The carrying amounts and fair values of the categories of financial assets and financial liabilities presented in the consolidated statements of financial position are shown below.

		2015		2014	
	Notes	**Carrying Amounts**	**Fair Values**	Carrying Amounts	Fair Values
Financial assets					
Loans and Receivables:					
Cash and cash equivalents	5	**P 1,398,235,836**	**P 1,398,235,836**	P 821,513,652	P 821,513,652
Trade and other receivables	6	**5,175,649,677**	**5,175,649,677**	5,497,005,122	5,497,005,122
Advances to related parties	23.1	**2,146,804,221**	**2,146,804,221**	1,956,360,549	1,956,360,549
		8,720,689,734	**8,720,689,734**	8,274,879,323	8,274,879,323
AFS Financial Assets	8	**1,812,860,000**	**1,812,860,000**	2,539,130,000	2,539,130,000
		P 10,533,549,734	**P 10,533,549,734**	P 10,814,009,323	P 10,814,009,323
Financial Liabilities at amortized cost					
Interest-bearing loans and borrowings	14.1	**P 1,509,002,604**	**P 1,509,002,604**	P 136,521,553	P 136,521,553
Trade and other payables	15	**996,792,762**	**996,792,762**	640,797,510	640,797,510
Advances from related parties	23.1	**2,832,787,394**	**2,832,787,394**	2,170,359,594	2,170,359,594
Other current liabilities	17	**569,761,670**	**569,761,670**	437,556,678	437,556,678
		P 5,908,344,430	**P 5,908,344,430**	P 3,385,235,335	P 3,385,235,335

See Notes 2.4 and 2.8 for a description of the accounting policies for each category of financial instruments. A description of the Group's risk management objectives and policies for financial instruments is provided in Note 27.

28.2 *Offsetting of Financial Assets and Financial Liabilities*

The following financial assets and financial liabilities with net amounts presented in the consolidated statements of financial position are subject to offsetting, enforceable master netting arrangements and similar agreements:

	2015			2014		
	Gross amounts recognized in the consolidated statements of financial position		Net amount presented in the statement of financial position	Gross amounts recognized in the consolidated statements of financial position		Net amount presented in the statement of financial position
	Financial instruments	Financial instruments set off		Financial instruments	Financial instruments set off	
Financial assets –						
Advances to related parties	P 3,523,722,470	P 4,976,399	P 2,146,804,221	P 2,261,934,186	P 4,138,078	P 1,956,360,549

	2015			2014		
	Related amounts not set off in the consolidated statements of financial position			Related amounts not set off in the consolidated statement of financial position		
	Financial liabilities	Collateral received	Net amount	Financial instruments	Collateral received	Net amount
Financial liabilities:						
Interest-bearing loans and borrowings	P 1,509,002,604	P 1,509,002,604	P -	P 136,521,553	P 136,521,553	P -
Advances from related parties	2,765,373,634	3,484,402	2,832,787,394	2,018,566,728	34,144,673	2,170,359,594
	P 4,274,376,238	P 1,512,487,006	P 2,832,787,394	P 2,155,088,281	P 170,666,226	P 2,170,359,594

For financial assets and financial liabilities subject to enforceable master netting agreements or similar arrangements, each agreement between the Group and counterparties (i.e., related parties including subsidiaries and associates) allows for net settlement of the relevant financial assets and financial liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and financial liabilities will be settled on a gross basis, however, each party to the master netting agreement or similar agreement will have the option to settle all such amounts on a net basis in the event of default of the other party.

29. FAIR VALUE MEASUREMENT AND DISCLOSURES

29.1 *Fair Value Hierarchy*

In accordance with PFRS 13, 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 has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

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

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

29.2 Financial Instruments Measured at Fair Value

As of December 31, 2015 and 2014, only the equity securities classified as AFS financial assets in the consolidated statements of financial position is classified as Level 1. These securities were valued based on their market prices quoted in the PSE at the end of each reporting period. There were no other financial assets measured at fair value on these dates. Further, the Group has no financial liabilities measured at fair value as of December 31, 2015 and 2014.

There were no transfers between Levels 1 and 2 in both years.

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

The table below summarizes the fair value hierarchy of the Company's financial assets and financial liabilities which are not measured at fair value in the consolidated statements of financial position but for which fair value is disclosed.

	Notes	**2015** Level 1	Level 2	Level 3	Total
Financial assets					
Loans and receivables:					
Cash and cash equivalents	5	P 1,398,235,836	P -	P -	P 1,398,235,836
Trade and other receivables	6	-	-	5,175,649,677	5,175,649,677
Advances to related parties	23.1	-	-	2,146,804,221	2,146,804,221
		P 1,398,235,836	**P -**	**P 7,322,453,898**	**P 8,720,689,734**
Financial Liabilities at amortized cost					
Interest-bearing loans and borrowings	14.1	P -	P -	P 1,509,002,604	P 1,509,002,604
Trade and other payables	15	-	-	996,792,762	996,792,762
Advances from related parties	23.1	-	-	2,832,787,394	2,832,787,394
Other current liabilities	17	-	-	569,761,670	569,761,670
		P -	**P -**	**P 5,908,344,430**	**P 5,908,344,430**

	Notes	2014 Level 1	Level 2	Level 3	Total
Financial assets					
Loans and receivables:					
Cash and cash equivalents	5	P 821,513,652	P -	P -	P 821,513,652
Trade and other receivables	6	-	-	5,497,005,122	5,497,005,122
Advances to related parties	23.1	-	-	1,956,360,549	1,956,360,549
		P 821,513,652	P -	P 7,453,365,671	P 8,274,879,323
Financial Liabilities at amortized cost					
Interest-bearing loans and borrowings	14.1	P -	P -	P 136,521,553	P 136,521,553
Trade and other payables	15	-	-	640,797,510	640,797,510
Advances from related parties	23.1	-	-	2,170,359,594	2,170,359,594
Other current liabilities	17	-	-	437,556,678	437,556,678
		P -	P -	P 3,385,235,335	P 3,385,235,335

For financial assets with fair values included in Level 1, management considers that the carrying amounts of these financial instruments approximate their fair values due to their short-term duration.

The fair values of the financial assets and financial liabilities included in Level 3, which are not traded in an active market, are determined based on the expected cash flows of the underlying net asset or liability.

29.4 Fair Value Measurement of Non-Financial Assets

The table below shows the Levels within the hierarchy of non-financial assets for which fair value is disclosed as of December 31, 2015 and 2014.

	2015			
	Level 1	**Level 2**	**Level 3**	**Total**
Investment property:				
Land	P -	P -	P 8,400,000	P 8,400,000
Buildings and office/commercial units	-	-	503,010,840	503,010,840
	P -	**P -**	**P 511,410,840**	**P 511,410,840**

	2014			
	Level 1	Level 2	Level 3	Total
Investment property:				
Land	P -	P -	P 8,400,000	P 8,400,000
Buildings and office/commercial units	-	-	516,230,104	516,230,104
	P -	P -	P 524,630,104	P 524,630,104

The Level 3 fair value of the investment property was derived using the market comparable approach that reflects the recent transaction prices for similar properties in nearby locations. Under this approach, when sales prices of comparable land in close proximity are used in the valuation of the subject property with adjustments on the price for differences in key attributes such as property size, zoning, and accessibility, the fair value is included in Level 3. 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.

30. 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. Further, 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. As of December 31, 2015 and 2014, the Group's ratio of interest-bearing loans and borrowings to equity is as follows:

	2015	2014
Interest-bearing loans and borrowings	**P 1,509,002,604**	P 136,521,553
Total equity	**24,683,989,463**	24,841,939,691
Debt-to-equity ratio	**0.06 : 1**	0.01 : 1

The Group has complied with its covenant obligations, including maintaining the required debt-to-equity ratio for both years (see Note 14.1).

BOARD OF DIRECTORS

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Chairman of the Board

GERARDO C. GARCIA
Vice Chairman/Independent Director

ANTHONY CHARLEMAGNE C. YU
Director/President

KEVIN ANDREW L. TAN
Director

ENRIQUE SANTOS L. SY
Director

EVELYN G. CACHO
Director/Senior Vice President

ALEJO L. VILLANUEVA, JR.
Independent Director

OFFICERS

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Senior Vice President for Property Development

ANTONIO E. LLANTADA, JR.
Vice President for Audit and Management Services

RICARDO B. GREGORIO
First Vice President for Human Resources and General and Administration Services

JHOANNA LYNDELOU T. LLAGA
First Vice President for Marketing

GIOVANNI C. NG
Treasurer

DENNIS E. EDAÑO
Corporate Secretary

CELESTE Z. SIOSON-BUMATAY
Assistant Corporate Secretary

CORPORATE INFORMATION

CORPORATE ADDRESS

Empire East Land Holdings, Inc.
21/F The World Centre,
330 Sen. Gil Puyat Avenue
Makati City, Philippines
Tels: 867-8351 to 59 • 867-8013

AUDITORS

Punongbayan & Araullo
Grant Thornton International

BANKERS

Banco de Oro Unibank
Metropolitan Bank and Trust Company
Philippine National Bank
Rizal Commercial Banking Corporation
United Coconut Planters Bank
Unionbank of the Philippines

SUBSIDIARIES

Eastwood Property Holdings, Inc. (EPHI)
28/F The World Centre,
330 Sen. Gil Puyat Avenue
Makati City

Valle Verde Properties, Inc. (VVPI)
21/F The World Centre,
330 Sen. Gil Puyat Avenue
Makati City

Sherman Oak Holdings, Inc. (SOHI)
21/F The World Centre,
330 Sen. Gil Puyat Avenue
Makati City

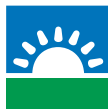
Empire East Communities, Inc. (EECI)
21/F The World Centre,
330 Sen. Gil Puyat Avenue
Makati City

Laguna BelAir Science School, Inc. (LBASSI)
Laguna BelAir Subdivision
Barangay Don Jose, Sta. Rosa, Laguna

Sonoma Premier Land, Inc. (SPLI)
21/F The World Centre,
330 Sen. Gil Puyat Avenue
Makati City

ASSOCIATE

Gilmore Property Management Associates, Inc. (GPMAI)
21/F The World Centre,
330 Sen. Gil Puyat Avenue
Makati City



Empire East

Empire East Land Holdings, Inc.

www.empire-east.com