



Empire East

January 4, 2012

Disclosure Department
Philippine Stock Exchange, Inc.
3/F Tower One and Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City

Attention: **Ms. Janet A. Encarnacion**
Head

Gentlemen:

We submit herewith Empire East's 2011 3rd Quarter Report (SEC Form 17-Q), as Amended, in Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations as Exhibit 7.

Very truly yours,

EVELYN G. CACHO
Vice President for Finance
and Corporate Information Officer

Empire East Land Holdings, Inc.

21/F The World Centre, 330 Sen. Gil Puyat Avenue Extension,
Makati City 1200, Philippines • Tels: (632) 867-8351 to 59

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q/A-1

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

1. For the quarterly period ended 30 September 2011
2. Commission Identification Number: ASO94-006430
3. BIR Tax Identification No. 003-942-108
4. EMPIRE EAST LAND HOLDINGS, INC.
Exact name of issuer as specified in its charter
5. Metro Manila
Province, Country or other jurisdiction of incorporation or organization
6. (SEC Use Only)
Industry Classification Code
7. 21st Floor, The World Centre
330 Sen. Gil J. Puyat Avenue
Makati City, Philippines 1227
Address of issuer's principal office
8. (632) 867-8351 to 59
Issuer's telephone number, including area code
9. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of Class	Number of Shares of Common Stock Outstanding
Common	10,495,236,253

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

Yes [X] No []

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

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

11. Indicate by check mark whether the issuer:

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

Yes [X] No []

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

Yes

No

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

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

- Exhibit 1 - Consolidated Statements of Financial Position as of December 31, 2010 and September 30, 2011
- Exhibit 2 - Consolidated Statements of Comprehensive Income as of September 30, 2010 and September 30, 2011
- Exhibit 3 - Comparative Statements of Changes in Equity as of September 30, 2011 and September 30, 2010
- Exhibit 4 - Comparative Consolidated Statements of Cash Flows as of September 30, 2011 and September 30, 2010
- Exhibit 5 - Notes to Financial Statements
- Exhibit 6 - Aging of Accounts Receivable as of September 30, 2011

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

Please refer to Exhibit 7 hereof.

PART II – OTHER INFORMATION

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

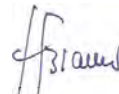
SIGNATURE

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

EMPIRE EAST LAND HOLDINGS, INC.

Issuer

By:



EVELYN G. CACHO

Vice President for Finance (Principal Financial Officer) and Duly Authorized Officer
January 4, 2012

EXHIBIT 1

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

	(In Thousands)	
	Unaudited 30-Sep-11	Audited 31-Dec-10
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	P 727,942	P 1,491,611
Trade and other receivables - net	2,521,427	2,847,759
Financial assets at FVTPL	5,664	2,895
Property development costs	1,129,470	2,603,692
Investment in and advances to associates and related parties	1,526,465	485,329
Prepayments	154,162	135,022
Other current assets	<u>438,772</u>	<u>321,227</u>
Total Current Assets	<u>6,503,902</u>	<u>7,887,535</u>
NON-CURRENT ASSETS		
Trade and other receivables - net	2,037,603	2,414,988
Investment in and advances to associates and related parties	37,608	57,126
Property development costs	10,644,140	9,286,238
Advances to landowners and joint ventures	938,152	1,648,988
Available-for-sale financial assets	1,512,382	2,065,221
Land for future development	3,106,363	3,786,631
Investment property - net	237,823	250,427
Property and equipment - net	173,803	175,594
Other non-current assets	<u>100,938</u>	<u>230,208</u>
Total Non-current Assets	<u>18,788,812</u>	<u>19,915,422</u>
TOTAL ASSETS	<u>P 25,292,714</u>	<u>P 27,802,956</u>

LIABILITIES AND EQUITY

CURRENT LIABILITIES

Interest-bearing loans and borrowings	P	230,157	P	345,974
Trade and other payables		265,562		350,230
Income tax payable		211		7,228
Deferred gross profit on real estate sales		43,110		153,924
Customers' deposits		2,342,713		2,772,641
Advances from related parties		728,929		745,452
Reserve for property development		154,467		329,303
Other current liabilities		142,043		162,249
		<u>3,907,192</u>		<u>4,867,002</u>
Total Current Liabilities				

NON-CURRENT LIABILITIES

Interest-bearing loans and borrowings		476,961		1,120,372
Trade and other payables		17,137		103,416
Reserve for property development		652,060		772,080
Deferred tax liabilities		1,125,978		1,109,593
Deferred gross profit on real estate sales		227,946		207,758
Retirement benefit obligation		73,435		92,248
		<u>2,573,517</u>		<u>3,405,468</u>
Total Non-current Liabilities				

Total Liabilities

6,480,709

8,272,469

EQUITY

Equity attributable to parent company's shareholders		17,960,485		18,374,812
Minority interest		851,520		1,155,675
		<u>18,812,005</u>		<u>19,530,487</u>
Total Equity				

TOTAL LIABILITIES AND EQUITY

P 25,292,714

P 27,802,956

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	(In Thousands)			
	Unaudited		Unaudited	
	July-Sept. 30, 2011	Jan-Sept 2011	July-Sept. 30, 2010	Jan-Sept 2010
REVENUES				
Real estate sales	225,123	695,284	324,365	839,697
Realized gross profit on prior years' sales	23,108	69,841	30,384	102,553
Interest Income	82,616	274,147	107,934	293,788
Commissions & other income	134,034	380,321	146,416	411,546
	<u>464,881</u>	<u>1,419,593</u>	<u>609,099</u>	<u>1,647,584</u>
COSTS & EXPENSES				
Cost of real estate sales	163,231	494,761	207,095	535,915
Deferred gross profit on current year's sales	42,134	107,116	82,156	212,513
Finance costs	33,362	73,383	35,080	95,798
Operating expenses	196,683	628,759	244,502	682,765
Tax expense	460	32,504	13,150	40,456
	<u>435,870</u>	<u>1,336,523</u>	<u>581,983</u>	<u>1,567,447</u>
NET PROFIT	29,011	83,070	27,116	80,137
OTHER COMPREHENSIVE INCOME (LOSS)				
Fair value gains (losses) on available-for-sale financial assets	(258,662)	(543,671)	481,600	667,360
TOTAL COMPREHENSIVE INCOME (LOSS)	<u>(229,650)</u>	<u>(460,601)</u>	<u>508,716</u>	<u>747,497</u>
Net profit attributable to:				
Parent company's shareholders	27,924	76,436	24,985	76,381
Minority interest	1,088	6,634	2,131	3,756
	<u>29,012</u>	<u>83,070</u>	<u>27,116</u>	<u>80,137</u>
Total comprehensive income (loss) attributable to:				
Parent company's shareholders	(211,598)	(414,325)	506,585	743,741
Non-controlling interest	(18,053)	(46,276)	2,131	3,756
	<u>(229,651)</u>	<u>(460,601)</u>	<u>508,716</u>	<u>747,497</u>
Earnings Per Share				
Basic		0.0073		0.0073
Diluted		0.0071		0.0071

EXHIBIT 3**EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES
COMPARATIVE STATEMENTS OF CHANGES IN EQUITY**

	(In Thousands)	
	Unaudited 30-Sep-2011	Unaudited 30-Sep-2010
CAPITAL STOCK	P 10,908,215	P 10,908,215
ADDITIONAL PAID-IN CAPITAL	4,281,565	4,281,565
TREASURY SHARES	(116,234)	(102,107)
REVALUATION RESERVES	335,574	367,950
RETAINED EARNINGS	2,551,365	2,371,371
MINORITY INTEREST	<u>851,520</u>	<u>862,758</u>
TOTAL EQUITY	P <u><u>18,812,005</u></u>	P <u><u>18,689,752</u></u>

EXHIBIT 4**EMPIRE EAST LAND HOLDINGS, INC. & SUBSIDIARIES
COMPARATIVE CONSOLIDATED STATEMENTS OF CASH FLOWS**

	(In Thousands)	
	Unaudited 30-Sep-11	Unaudited 30-Sep-10
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before tax	115,571	120,593
Adjustments for:		
Depreciation and amortization	24,141	25,591
Finance costs	73,383	95,798
Interest & other income	(331,855)	(293,788)
Operating income before working capital changes	(118,760)	(51,806)
Net Changes in Operating Assets & Liabilities		
Increase (decrease) in current & non-current assets	562,135	(710,799)
Increase (decrease) in current & other non-current liabilities	(768,116)	419,329
Increase (decrease) in reserve for property development	(294,857)	127,838
Cash used in operations	(619,598)	(215,438)
Interest paid	(73,292)	(95,798)
Cash paid for income taxes	(23,135)	(13,806)
Net Cash Used in Operating Activities	(716,025)	(325,042)
CASH FLOWS FROM INVESTING ACTIVITIES	234,453	252,874
CASH FLOWS FROM FINANCING ACTIVITIES	(282,097)	(39,961)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(763,669)	(112,129)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	1,491,611	1,371,013
CASH AND CASH EQUIVALENTS AT END OF PERIOD	727,942	1,258,884

EXHIBIT 5

EMPIRE EAST LAND HOLDINGS, INC. NOTES TO FINANCIAL STATEMENTS

- 1) The financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). The accounting policies and method of computation have been consistently followed by the Company (and its subsidiaries) and are consistent with those used in the most recent annual audited financial statements.
- 2) The Company's ownership in its former subsidiary, Suntrust Properties, Inc (SPI), decreased from 80% to 33%. Hence, SPI's financial statements were deconsolidated.
- 3) Cash and cash equivalents account is composed of cash on hand/in banks amounting to P168.2 million and short-term placements of P559.7 million.
- 4) Current Trade and Other Receivables account of P2.5 billion mostly includes receivables from sales transactions. The P2 billion non-current portion of Trade and Other Receivables are those amounts which are not expected to be realized/collected within the one-year period.
- 5) Property Development Cost account amounting to P11.8 billion represents various development/construction related expenses.
- 6) Investment in and Advances to Associates and Related Parties and Advances to Landowners and Joint Venture accounts totaling P2.5 billion pertain to property acquisition, joint venture and other business related transactions.
- 7) Financial assets at Fair Value Through Profit or Loss (FVTPL) and Available-for-sale Financial Assets accounts totaling P1.5 billion pertain to investments in equity securities of subsidiaries.
- 8) Land for Future Development account of P3.1 billion, which is net of the amount transferred to Property Development Cost account, refers to the properties acquired by the company. Most properties, which are specifically located in Metro Manila and Calabarzon areas, are intended for immediate and future development. This account also includes other expenses related to acquisition.
- 9) Investment Property account of P237.8 million pertains to land and building and improvements of the Company, being leased-out to third parties and certain land held for capital appreciation. This account is presented in the interim financial statements net of depreciation.

- 10) Property and Equipment account of P173.8 million is composed of fixed assets that are being depreciated over its estimated useful lives using a straight-line method. This account is presented in the interim financial statements net of depreciation.
- 11) Interest-bearing loans and borrowings account with a balance of P707.1 million mostly includes loans obtained from commercial banks/financial institution and trade receivables discounted with recourse.
- 12) Current Liabilities account is composed of current portion of deferred gross profit amounting to P43.1 million, customers' deposits/advances of P2.3 billion and other payables/accruals amounting to P1.1 billion. Other non-current liabilities include non-current portion of deferred tax, unearned revenue and other payables totaling to P1.4 billion.
- 13) Reserve for Property Development of P806.5 million pertains to the remaining costs needed to complete the development/construction of the sold units.
- 14) Decrease in Equity by P414.3 million is the net effect of nine-months net profit and the fair value losses/revaluation of marketable equity securities.
- 15) Revenues include the following – real estate sales of P695.3 million, realized gross profit from previous years' sale of P69.8 million, interest income of P274.1 million derived mostly from buyers in-house financing, and commissions and other income totaling to P380.3 million.
- 16) There were no changes in estimates of amounts reported in prior interim periods or prior financial years that have material effect in the current interim period.
- 17) There were no material contingencies and any other events/transactions that have material impact on the current interim period.

EMPIRE EAST LAND HOLDINGS, INC. AND SUBSIDIARIES

As of September 30, 2011

Amounts in thousands

1) Aging of Accounts Receivable

Type of Receivables	Total	Current Not Yet Due	1 Month	2-3 Mos.	4-6 Mos.	Above 7 Mos.	Past due accounts & Items in Litigation
a) Trade Receivables	2,771,142	2,765,825	4,140	970	208	-	-
b) Other Receivables	1,787,889	1,787,889	-	-	-	-	-
Net Receivables	4,559,030						

2) Accounts Receivable Description

<u>Type of Receivables</u>	<u>Nature/Description</u>	<u>Collection Period</u>
a) Trade Receivables	Sale of residential units/lots	maximum of 15 years
b) Other Receivables	Advances to contractors/suppliers	1 to 2 years

3) Normal Operating Cycle: 3 to 15 years

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

RESULTS OF OPERATION

Review of September 30, 2011 versus September 30, 2010

During the nine-month period, the consolidated net profit amounted to P83.07 million, 4% higher than the previous year's net income of P80.14 million. Consolidated revenues, composed of real estate sales, interest income, commissions and other revenues and net earnings of associates posted a decrease of 14% from P1.65 billion to P1.42 billion.

Real Estate Sales

The Group registered Real Estate Sales of P695.28 million for nine months ended September 30, 2011 compared with P839.7 million in 2010. The sales generated were derived from various projects namely, California Gardens Square, Little Baguio Terraces, Pioneer Woodlands, The Cambridge Village, San Lorenzo Place, Laguna Bel Air Projects, Suntrust Aurora Gardens, Xavierhills, Cybergreen, Governor's Hills, Sta. Rosa Heights and Suntrust Adriatico Gardens.

The Cost of Sales amounting to P494.76 million in 2011 and P535.91 million in 2010, as a percentage of Real Estate Sales, was 71% and 64%, respectively. The change was primarily due to the different composition of products sold for each year.

Gross Profit was P200.52 million during the nine months of 2011 and P303.78 million in 2010, or 29% and 36% of Real Estate Sales, respectively. The gross profit margin varies depending on the product mix and the competitiveness of prices of each product. Realized Gross Profit amounting to P163.25 million and P193.82 million in 2011 and 2010, respectively represents 23% of Real Estate Sales for both years.

Other Revenues

Commission and other income totaling P380.32 million in 2011 and P411.55 million in 2010, represents 27% and 25% of total revenues, respectively. The interest income amounting to P274.15 million and P293.79 million in 2011 and 2010 respectively, were derived mostly from in-house financing and accounts for 19% and 18% of total revenues. Additional sources of revenue were commissions of a subsidiary, rentals of investment property and residential/commercial spaces in various projects, and those obtained from other sources.

Operating Expenses

Operating Expenses posted a decrease from P682.76 million in 2010 to P628.76 million in 2011. Other charges/expenses include Finance Cost of P73.38 million and P95.80 million in 2011 and 2010, respectively.

FINANCIAL CONDITION

Review of September 30, 2011 versus December 31, 2010

Total resources of the Group as of September 30, 2011 and December 31, 2010 amounted to P25.3 billion and P27.8 billion respectively. Cash and Cash Equivalents decreased from P1.5 billion to P0.73 billion. The Group remained liquid with Total Current Assets of P6.5 billion in 2011 and P7.89 billion in 2010, which accounted for 26% and 28% of the Total Assets in 2011 and 2010, while its Total Current Liabilities amounted to P3.9 billion in September 30, 2011 as compared with P4.9 billion in December 31, 2010. The decrease in most accounts is due to deconsolidation of a subsidiary.

Equity decreased from P18.4 billion in the previous year to P17.9 billion as of September 30, 2011 was basically due to revaluation reserves applicable to equity investments.

In 2011, the Group sourced its major cash requirements from internally generated funds. While in 2010, cash was sourced mostly from internal funds and partly from the discounting of its installment contract receivable.

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

Material Changes in the 2011 Interim Financial Statements (increase/decrease of 5% or more in the 2011 Financial Statements)

Balance Sheets

- 51% decrease in Cash and Cash Equivalents
Mainly due to payments to contractors/suppliers and repayment of certain loans
- 13% decrease in Trade and Other Receivables
Mainly due to deconsolidation of a subsidiary
- 188% increase in Investments in and Advances to Associates and Related Parties
Mainly due to deconsolidation of a subsidiary
- 96% increase in Financial Assets at FVTPL
Mainly due to increase in fair value of investment in securities held by a subsidiary
- 14% increase in Prepayments
Mainly due to increase in prepaid taxes related to transfer of titles
- 37% increase in Other Current Assets
Mainly due to increase in input vat on purchases and payments to various contractors

- 43% decrease in Advances to Landowners and Joint Venture
Mainly due to cancellation of purchase of a certain land
- 27% decrease in Available for Sale Financial Assets
Mainly due to decrease in fair value of investment in securities held by subsidiaries
- 18% decrease in Land for Future Development
Due to reclassification of some accounts
- 5% decrease in Investment Property
Mainly due to depreciation charges for the year
- 56% decrease in Other Non-Current Assets
Mainly due to deconsolidation of a subsidiary
- 52% decrease in Interest-bearing Loans and Borrowings
Due to repayment of loans and deconsolidation of a subsidiary
- 38% decrease in Trade and Other Payables
Mainly due to deconsolidation of a subsidiary
- 97% decrease in Income Tax Payable
Due to settlement of previous year's income tax liability
- 16% decrease in Customers' Deposits
Primarily due to deconsolidation of a subsidiary
- 25% decrease in Deferred Gross Profit on Real Estate Sales
Mainly due to exclusion of account of a subsidiary
- 27% decrease in Reserve for Property Development
Mainly attributed to continuous construction/development of projects
- 12% decrease in Other Current Liabilities
Due to exclusion of a subsidiary
- 20% decrease in Estimated Liability for Retirement Fund
Pertains to retirement liability of a subsidiary

Income Statements

- 17% decrease in Real Estate Sales
Primarily due to exclusion of a subsidiary

- 32% decrease in Deferred Gross Profit on Prior Years' Sale
Mainly due to deconsolidation of a subsidiary
- 7% decrease in Interest Income
Due to exclusion of a subsidiary
- 8% decrease in Commission & Other Income
Due to decrease in other revenues of the group
- 8% decrease in Cost of Real Estate Sales
Mainly due to decrease in real estate sales
- 50% decrease in Deferred Gross Profit Current Year's Sales
Due to deconsolidation of a subsidiary
- 23% decrease in Finance Cost
Due to repayment of certain loans
- 8% decrease in Operating Expenses
Primarily due to exclusion of a subsidiary
- 20% decrease in Tax Expense
Due to decrease in taxable income

For the year 2011, the projected capital expenditures (construction/development) of roughly P2.3 billion expected to be funded mostly by collections.

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

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

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

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

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

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

TOP FIVE (5) KEY PERFORMANCE INDICATORS

For the nine-month period of 2011, the following are top key performance indicators of the Company and its majority-owned subsidiaries:

1) Increase in reservation sales

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

2) Continuous development of projects

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

3) Landbanking

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

4) Ability to repay loan obligations

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

5) Other Revenues

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

ASSESSMENT OF FINANCIAL RISKS

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

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

1) Foreign Currency Sensitivity

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

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

The Group's U.S.-dollar denominated financial assets, translated into Philippine pesos amounted to P85.84 million as of September 30, 2011.

At September 30, 2011, if the peso had strengthened by 1% against the U.S. dollar with all other variables held constant, income before tax for the year would have been P0.98 million lower, mainly as a result of foreign exchange loss on translation of U.S. dollar-denominated cash and cash equivalents.

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

The 1% movement in the value of peso against U.S. dollar was estimated based on the market volatility in exchange rates. The sensitivity analysis is based on the Group's foreign currency financial instruments held at the reporting period.

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

2) Interest Rate Sensitivity

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

On September 30, 2011, if general interest rates on dollar and peso-denominated financial assets had been higher by .05%, with all other variables held constant, income before tax for the year would have been P197.6 thousand higher, mainly as a result of higher interest income on floating rate deposits.

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

3) Credit Risk

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

	<u>As of Sept. 30, 2011</u>	<u>As of Sept. 30, 2010</u>
Cash and cash equivalents	P 727,942,006	P 1,258,883,533
Trade and other receivables - net	4,559,030,249	5,327,593,504
Advances to landowners and joint venture	938,152,034	2,109,762,101
Investment in and advances to associates and related parties	<u>1,564,072,579</u>	<u>905,274,564</u>
	<u>P 7,789,196,868</u>	<u>P 9,601,513,703</u>

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

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

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

4) Liquidity Risk

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

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

As at September 30, 2011, the Group's financial liabilities have contractual maturities which are presented below:

	Current		Non-current	
	Within 6 Months	6 to 12 Months	1 to 5 Years	Later than 5 Years
Interest-bearing loans and borrowings	P 230,156,897	P -	P 476,961,041	P -
Trade and other payables	265,561,992	-	17,137,089	-
Advances from related parties	728,928,919	-	-	-
Other current liabilities	<u>142,042,694</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>P1,366,690,502</u>	<u>P -</u>	<u>P 494,098,130</u>	<u>P -</u>

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

	Current		Non-current	
	Within 6 Months	6 to 12 Months	1 to 5 Years	Later than 5 Years
Interest-bearing loans and borrowings	P 740,296,093	P -	P 754,778,555	P -
Trade and other payables	357,034,338	-	16,142,328	-
Advances from related parties	627,095,099	-	13,523,648	-
Other current liabilities	<u>165,172,439</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>P1,889,597,969</u>	<u>P -</u>	<u>P 784,444,530</u>	<u>P -</u>

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

5) Other Market Price Risk

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

At September 30, 2011, if the quoted stock price for the securities had decreased by 2.43%, with all other variables held constant, equity would have been lower by about P51.36 million. The 2.43% estimated change in quoted market price is computed based on volatility of local index for holdings first listed at Philippine Stock Exchange.

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

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

FINANCIAL INSTRUMENTS EVALUATION

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

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

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

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

1) Financial Assets at Fair Value through Profit or Loss

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

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

2) Loans and Receivables

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

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

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

3) Held-to-maturity Investments

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

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

4) Available-for-sale Financial Assets

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

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

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

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

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

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

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

The significant accounting policies used in this consolidated interim financial statements are consistent with those applied in the Group's annual consolidated statements as of and for the year ended December 31, 2010.

The Group has decided not to early adopt PFRS 9 (2009) or PFRS 9 (2010) for its 2011 financial reporting and, therefore, the consolidated interim financial statements do not reflect the impact of the said standard. The Group shall conduct in early 2012 another impact evaluation using the outstanding balances as of December 31, 2011. It will also disclose in its consolidated interim financial statements as of March 31, 2012 whether or not it would make an early adoption for the its financial reporting.

If the Group decides an early adoption, then the first quarter report for 2012 would already reflect the application of the requirements under the said standard and contain a qualitative and quantitative discussion of the result of the impact evaluation.

In the meantime, the Group does not expect to implement the amendments until 2013 when all chapters of the PAS 39 replacement have been published at which time the Group expects it can comprehensively assess the impact of the revised standard. The policies have been consistently applied to all periods presented, unless otherwise stated.