

SEC Number 93269-A

File Number _____

**ROBINSONS LAND CORPORATION
AND SUBSIDIARIES**

(Company's Full Name)

**Level 2, Galleria Corporate Center, EDSA corner
Ortigas Avenue, Quezon City, Metro Manila**

(Company's Address)

397-1888

(Telephone Number)

June 30, 2019

(Quarter Ended)

SEC Form 17-Q

(Form Type)

Amendment Designation (If applicable)

CN 000452R - Listed

(Secondary License Type and File Number)

COVER SHEET

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SEC Registration Number

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(Company's Full Name)

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(Business Address: No. Street City/Town/Province)

Kerwin S. Tan	
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(Contact Person)

397-1888	
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(Company Telephone Number)

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Month Day
(Fiscal Year)

1	7	-	Q
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(Form Type)

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Month Day
(Annual Meeting)

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(Secondary License Type, If Applicable)

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Dept. Requiring this Doc.

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Amended Articles Number/Section

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Total No. of Stockholders

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Domestic

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Foreign

To be accomplished by SEC Personnel concerned

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SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-Q

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

1. For the quarterly period ended **June 30, 2019**
2. Commission identification number **93269-A**
3. BIR Tax Identification No. **000-361-376-000**
4. Exact name of issuer as specified in its charter **ROBINSONS LAND CORPORATION**
5. Province, country or other jurisdiction of incorporation or organization **Manila, Philippines**
6. Industry Classification Code: (SEC Use Only)
7. Address of issuer's principal office Postal Code
Level 2, Galleria Corporate Center, EDSA corner Ortigas Avenue, Quezon City, Metro Manila 1600
8. Issuer's telephone number, including area code **(632) 397-1888**
9. Former name, former address and former fiscal year, if changed since last report
Not applicable
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

<u>Title of each class</u>	Number of shares of common stock outstanding
<u>Common shares</u>	<u>5,193,830,685</u>
 <u>Registered bonds payable</u>	
<u>₱12,000,000,000</u>	

11. Are any or all of the securities listed on a Stock Exchange?
Yes [] No []

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

Stock Exchange: **Philippine Stock Exchange**
Securities listed: **Common shares**

12. Indicate by check mark whether the registrant:

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

Yes [**X**] No []

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

Yes [**X**] No []

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

Financial Statements and, if applicable, Pro Forma Financial Statements meeting the requirements of SRC Rule 68, Form and Content of Financial Statements, shall be furnished as specified therein. **See Exhibit II**

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

See Exhibit I


PART II--OTHER INFORMATION

The Company's retained earnings include accumulated equity in undistributed net earnings of investee companies and affiliates amounting to ₱2,280 million as of June 30, 2019 and ₱2,223 million as of December 31, 2018. This amount, plus ₱27,000 million of retained earnings appropriated for expansion, are not available for dividend declaration.

SIGNATURES

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.

Issuer
Signature & Title
Date


FREDERICK D. GO
President & Chief Executive Officer
8-9-19

Issuer
Signature & Title
Date


KERWIN MAX S. TAN
Chief Financial Officer
8-9-19

ROBINSONS LAND CORPORATION 2nd Quarter CY 2019 PERFORMANCE

I. Consolidated Operations

Growth momentum was sustained in the first half of 2019 ending June 30 with consolidated net income attributable to equity holders of Parent Company surging by 20% to ₱4,005.6 million as against the previous year's ₱3,326.7 million. This is on the back of a 13% growth in total real estate revenues to ₱13,705.4 million and 11% increase in hotel revenues to ₱1,080.3 million. Detailed analyses of the various segments are presented in the succeeding paragraphs. EBIT and EBITDA climbed by 17% and 15% to ₱5,662.1 million and ₱8,018.4 million, respectively.

Real estate costs and hotel expenses were up by 11% to ₱6,121.7 million and 21% to ₱930.4 million due to the expenses of the new hotels. General and administrative expenses grew by 5% to ₱2,071.5 million because of higher taxes and licenses, salaries and wages and commissions and allowances, among others.

II. Segment Operations

The Commercial Centers Division contributed 44% or ₱6,446.6 million to the Company's gross revenues, posting an 11% growth. Revenue growth was underpinned by a stable same mall rental revenue growth; contribution of the four new malls opened in 2018 namely Robinsons Place Ormoc, Robinsons Place Pavia, Robinsons Place Tuguegarao and Robinsons Place Valencia; and pick-up in cinema ticket sales which grew by 10% year-on-year. The Division's EBIT and EBITDA showed positive variances of 17% to ₱2,471.0 million and 12% to ₱4,241.2 million this year, respectively.

The Residential Division contributed 31% or ₱4,674.7 million to the Company's revenues, up by 5% versus same period last year. EBIT and EBITDA both increased by 8% to ₱1,390.8 million and ₱1,420.5 million, respectively.

The Office Buildings Division contributed 16% or ₱2,314.9 million to the Company's revenues, registering growth in revenues of 29%. EBIT and EBITDA likewise exhibited significant growth of 25% to ₱1,528.8 million and 23% to ₱1,927.2 million, respectively. The growth was buoyed by rental escalations and high renewal rates in existing office developments and rental contribution of new offices that came online in 2018 namely Exxa Tower, Zeta Tower and Cyberscape Gamma.

The Hotels and Resorts Division contributed 7% or ₱1,080.3 million to the Company's revenues. Revenues grew by 11% to ₱1,080.3 million on the account of the strong performance of Summit Magnolia, Summit Galleria Cebu, the Go Hotels branches in Palawan, Bacolod and Davao and the contribution of new hotels namely Summit Tacloban, Go Hotels – Iligan and Dusit Thani Mactan Cebu Resort. EBITDA was down by 6% to ₱300.8 million due to expenses of new hotels; while EBIT declined by 29% to ₱149.9 million due to additional depreciation from the new hotels.

The Industrial and Integrated Developments Division generated ₱269.2 million in revenues which was significantly higher by 369% than the previous year due the partial upfront recognition of revenue from a land sale and lease revenues from the Sucat warehouse. EBIT and EBITDA ended on positive notes at ₱121.6 million and ₱128.8 million, respectively.

III. Financial Resources and Liquidity

As of June 30, 2019, Cash and Cash Equivalents increased by 43% due to collections from the sale of lot and availment of loans.

Receivables (current and non-current) were up by 30% this year at ₱4,622.1 million.

Other assets (current and non-current) decreased by 11% to ₱14,661.7 million as restricted cash was released and utilized for construction activities.

Contract assets (current and noncurrent) totaling ₱12,942.8 million refer to the right to consideration in exchange for goods or services transferred to the customers.

Deposits and other liabilities (current and non-current) increased by 5% to ₱9,048.9 million due to additional deposits from lessees.

Total loans decreased by 3% to ₱36,218.2 million due to settlement of a long term loan.

Contract liabilities (current and noncurrent) totaling ₱18,558.7 million consist of collections from real estate customers which have not reached the equity threshold to qualify for revenue recognition and excess of collections over the goods and services transferred by the Group based on percentage of completion.

As of June 30, 2019, total assets of the Company stood at ₱180,601.6 million while total equity ended at ₱95,478.5 million.

RLC's financial position remains solid, with a debt to equity ratio of 0.38:1 as of June 30, 2019 and 0.40:1 as of December 31, 2018. Cash stood at ₱3,632.5 million and ₱2,543.8 million as of June 30, 2019 and December 31, 2018, respectively. Current ratio ended at 1.45:1 from last year end's 1.65:1. Earnings per share for the six months of this year increased to ₱0.77 per share from last year's ₱0.68 per share. Net book value excluding non-controlling interest stood at ₱18.28 per share as of June 30, 2019 compared to ₱18.00 per share as of December 31, 2018.

ROBINSONS LAND CORPORATION AND SUBSIDIARIES

Unaudited Consolidated Financial Statements
June 30, 2019 and for the Six Months Ended June 30, 2019 and 2018
*(With Comparative Audited Consolidated Statement of
Financial Position as of December 31, 2018)*

ROBINSONS LAND CORPORATION AND SUBSIDIARIES

**UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF
FINANCIAL POSITION**

	June 30, 2019 (Unaudited)	December 31, 2018 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents (Note 6)	P3,632,471,201	P2,543,840,827
Receivables (Note 7)	2,171,372,969	2,126,490,290
Subdivision land, condominium and residential units for sale (Note 8)	34,144,174,253	31,464,454,298
Contract assets (Note 9)	5,340,734,226	5,088,356,660
Other current assets (Note 10)	9,331,497,255	11,736,262,913
Total Current Assets	54,620,249,904	52,959,404,988
Noncurrent Assets		
Noncurrent receivables (Note 7)	2,450,695,719	1,432,956,759
Noncurrent contract assets (Note 9)	7,602,087,033	6,444,995,326
Investment properties (Note 11)	100,565,126,568	99,317,095,827
Property and equipment (Note 12)	8,152,948,563	7,844,144,072
Investments in joint venture (Note 13)	1,880,250,328	1,383,353,670
Other noncurrent assets (Note 14)	5,330,225,493	4,776,209,643
Total Noncurrent Assets	125,981,333,704	121,198,755,297
	P180,601,583,608	P174,158,160,285
LIABILITIES AND EQUITY		
Current Liabilities		
Short-term loans (Note 18)	P1,463,800,000	P896,700,000
Accounts payable and accrued expenses (Note 15)	17,753,680,720	15,361,912,631
Contract liabilities (Note 16)	15,278,005,019	12,931,513,843
Deposits and other current liabilities (Note 17)	3,228,584,363	2,904,239,770
Current portion of loans payable (Note 18)	15,000,000	15,000,000
Total Current Liabilities	37,739,070,102	32,109,366,244
Noncurrent Liabilities		
Noncurrent contract liabilities (Note 16)	3,280,695,636	2,378,690,953
Deposits and other noncurrent liabilities (Note 19)	5,820,279,654	5,696,198,747
Loans payable - net of current portion (Note 18)	34,739,399,343	36,473,539,001
Deferred tax liabilities – net	3,543,679,036	3,580,648,835
Total Noncurrent Liabilities	47,384,053,669	48,129,077,536
Total Liabilities	85,123,123,771	80,238,443,780
Equity		
Equity attributable to equity holders of the Parent Company		
Capital stock (Note 21)	5,193,830,685	5,193,830,685
Additional paid-in capital	39,041,328,236	39,041,328,236
Other equity reserve (Note 21)	(87,597,873)	(87,597,873)
Other comprehensive income	47,470,538	47,470,538
Retained earnings (Note 20)		
Unappropriated	23,724,231,759	22,315,570,513
Appropriated	27,000,000,000	27,000,000,000
Total Equity attributable to equity holders of the Parent Company	94,919,263,345	93,510,602,099
Non-controlling interests	559,196,492	409,114,406
Total Equity	95,478,459,837	93,919,716,505
	P180,601,583,608	P174,158,160,285

See accompanying Notes to Unaudited Interim Consolidated Financial Statements.

ROBINSONS LAND CORPORATION AND SUBSIDIARIES
UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF
COMPREHENSIVE INCOME

	For the Period April to June		For the Period January to June	
	2019	2018	2019	2018
REVENUES				
Real Estate Operations				
Rental income	P3,624,326,550	P3,167,318,851	P7,242,890,699	P6,287,212,161
Real estate sales	2,835,647,089	2,235,753,670	4,732,347,223	4,260,547,485
Amusement income	647,256,150	522,479,734	1,070,621,885	973,316,568
Others	339,812,134	312,589,357	659,543,395	598,912,742
	7,447,041,923	6,238,141,612	13,705,403,202	12,119,988,956
Hotel Operations	558,744,314	501,926,131	1,080,255,538	976,546,158
	8,005,786,237	6,740,067,743	14,785,658,740	13,096,535,114
COSTS				
Real Estate Operations				
Cost of rental services	1,275,418,401	1,165,135,478	2,459,802,996	2,349,004,815
Cost of real estate sales	1,487,613,158	1,149,519,193	2,393,654,953	2,264,643,900
Cost of amusement services	297,929,755	244,195,600	482,258,708	446,438,209
Others	384,893,465	262,595,696	785,975,103	451,514,171
	3,445,854,779	2,821,445,967	6,121,691,760	5,511,601,095
Hotel operations	502,607,954	396,315,957	930,362,256	766,752,147
	3,948,462,733	3,217,761,924	7,052,054,016	6,278,353,242
	4,057,323,504	3,522,305,819	7,733,604,724	6,818,181,872
GENERAL AND ADMINISTRATIVE EXPENSES	973,326,700	946,930,703	2,071,508,428	1,980,443,993
OPERATING INCOME	3,083,996,804	2,575,375,116	5,662,096,296	4,837,737,879
OTHER INCOME (LOSSES)				
Interest income	77,896,639	24,127,572	167,939,807	41,600,808
Gain (loss) on foreign exchange	(2,975,553)	(2,017,941)	(9,691,119)	4,975,413
Gain on sale of property and equipment	356,571	1,009,097	356,571	1,009,097
Gain from insurance	48,629	26,215,910	48,629	26,215,910
Equity in net loss of joint ventures	(5,365,470)	-	(9,457,913)	-
Interest expense	(165,652,878)	(164,243,374)	(355,725,399)	(369,978,902)
	(95,692,062)	(114,908,736)	(206,529,424)	(296,177,674)
INCOME BEFORE INCOME TAX	2,988,304,742	2,460,466,380	5,455,566,872	4,541,560,205
PROVISION FOR INCOME TAX	822,671,453	674,757,238	1,453,278,197	1,209,801,031
NET INCOME	2,165,633,289	1,785,709,142	4,002,288,675	3,331,759,174
OTHER COMPREHENSIVE INCOME	-	(22,556,569)	-	(22,618,659)
TOTAL COMPREHENSIVE INCOME	P2,165,633,289	P1,763,152,573	P4,002,288,675	P3,309,140,515
Net Income Attributable to:				
Equity holders of Parent Company	2,173,955,143	P1,783,769,020	P4,005,576,589	P3,326,658,108
Non-controlling interests in consolidated subsidiaries	(8,321,854)	1,940,122	(3,287,914)	5,101,066
	P2,165,633,289	P1,785,709,142	P4,002,288,675	P3,331,759,174
Total Comprehensive Income Attributable to:				
Equity holders of Parent Company	P2,173,955,143	P1,761,212,451	P4,005,576,589	P3,304,039,449
Non-controlling interests in consolidated subsidiaries	(8,321,854)	1,940,122	(3,287,914)	5,101,066
	P2,165,633,289	P1,763,152,573	P4,002,288,675	P3,309,140,515
Basic/Diluted Earnings Per Share (Note 22)	P0.42	P0.34	P0.77	P0.68

See accompanying Notes to Unaudited Interim Consolidated Financial Statements.

ROBINSONS LAND CORPORATION AND SUBSIDIARIES

**UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIOD ENDED JUNE 30, 2019 AND 2018**

For the Six Months Ended June 30, 2019									
Attributable to Equity Holders of the Parent Company									
	Capital Stock (Note 21)	Additional Paid-in Capital	Other Equity Reserve (Note 21)	Other Comprehensive Income	Unappropriated Retained Earnings (Note 20)	Appropriated Retained Earnings	Total	Non-controlling Interests	Total Equity
Balances at January 1, 2019	₱5,193,830,685	₱39,041,328,236	(₱87,597,873)	₱47,470,538	₱22,315,570,513	₱27,000,000,000	₱93,510,602,099	₱409,114,406	₱93,919,716,505
Comprehensive income									
Net income	-	-	-	-	4,005,576,589	-	4,005,576,589	(3,287,914)	4,002,288,675
Other comprehensive income	-	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	4,005,576,589	-	4,005,576,589	(3,287,914)	4,002,288,675
Investment in subsidiary	-	-	-	-	-	-	-	153,370,000	153,370,000
Cash dividends	-	-	-	-	(2,596,915,343)	-	(2,596,915,343)	-	(2,596,915,343)
Balances at June 30, 2019	₱5,193,830,685	₱39,041,328,236	(₱87,597,873)	₱47,470,538	₱23,724,231,759	₱27,000,000,000	₱94,919,263,345	₱559,196,492	₱95,478,459,837

For the Six Months Ended June 30, 2018										
Attributable to Equity Holders of the Parent Company										
	Capital Stock	Additional Paid-in Capital	Treasury Stock	Other Equity Reserve	Other Comprehensive Income	Unappropriated Retained Earnings	Appropriated Retained Earnings	Total	Non-controlling Interests	Total Equity
Balances at January 1, 2018	₱4,111,528,685	₱20,392,532,781	(₱221,834,657)	(₱87,597,873)	₱11,689,867	₱18,385,021,808	₱24,500,000,000	₱67,091,340,611	₱281,277,149	₱67,372,617,760
Comprehensive income										
Net income	-	-	-	-	-	3,326,658,108	-	3,326,658,108	5,101,066	3,331,759,174
Other comprehensive income	-	-	-	-	(22,618,659)	-	-	(22,618,659)	-	(22,618,659)
Total comprehensive income	-	-	-	-	(22,618,659)	3,326,658,108	-	3,304,039,449	5,101,066	3,309,140,515
Issuance of capital stock	1,082,302,000	18,628,299,525	221,834,657	-	-	-	-	19,932,436,182	-	19,932,436,182
Sale of investment in subsidiary	-	-	-	-	-	-	-	-	(125,000)	(125,000)
Cash dividends	-	-	-	-	-	(1,869,779,047)	-	(1,869,779,047)	-	(1,869,779,047)
Balances at June 30, 2018	₱5,193,830,685	₱39,020,832,306	₱-	(₱87,597,873)	(₱10,928,792)	₱19,841,900,869	₱24,500,000,000	₱88,458,037,195	₱286,253,215	₱88,744,290,410

See accompanying Notes to Unaudited Interim Consolidated Financial Statements.

ROBINSONS LAND CORPORATION AND SUBSIDIARIES

**UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30**

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	P5,455,566,872	P4,541,560,205
Adjustments for:		
Depreciation	2,356,316,696	2,159,145,557
Interest expense	355,725,399	369,978,902
Equity in net loss of joint ventures	9,457,913	-
Gain on sale on property and equipment	-	(1,009,097)
Net foreign exchange loss	-	(4,975,413)
Interest income	(167,939,807)	(41,600,808)
Operating income before working capital changes	8,009,127,073	7,023,099,346
Decrease (increase) in:		
Receivables - trade	(1,417,290,787)	(541,636,687)
Subdivision land, condominium and residential units for sale	(2,351,251,567)	(550,790,316)
Other current assets	2,629,871,809	253,049,208
Increase (decrease) in:		
Accounts payable and accrued expenses and other noncurrent liabilities	(207,323,024)	(3,264,009,655)
Customers' deposits	3,815,056,416	2,669,325,416
Cash generated from operations	10,478,189,920	5,589,037,312
Income tax paid	(1,667,443,432)	(1,134,390,805)
Net cash flows provided by operating activities	8,810,746,488	4,454,646,507
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received from cash and short-term investments	168,149,386	41,522,826
Decrease (increase) in:		
Advances to lot owners	(746,486,086)	(134,171,456)
Advances to suppliers and contractors	1,771,306	(235,182,489)
Receivables from affiliated companies	(1,055,009,704)	3,707,984
Other noncurrent assets	(34,407,221)	55,232,424
Additions to:		
Investment properties (inclusive of capitalized borrowing cost)	(3,519,450,419)	(5,042,166,331)
Property and equipment	(706,046,875)	(791,931,821)
Investment in joint ventures	(500,000,000)	(1,400,000,000)
Proceeds from:		
Non-controlling interest from newly incorporated subsidiary	159,250,000	-
Disposal of property and equipment	-	1,009,097
Disposal of investment in subsidiary	-	50,400,000
Net cash flows used in investing activities	(6,232,229,613)	(7,451,579,766)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from availment of:		
Stock rights offering	-	20,020,000,000
Loans payable	567,100,000	931,695,464
Short-term loans	-	896,700,000
Payment of:		
Loans payable	(1,750,262,680)	(5,000,000)
Interests	(363,298,331)	(405,255,449)
Short-term loans	-	(15,693,400,000)
Cash dividends	-	(1,869,580,999)
Stock issuance cost	-	(87,563,818)
Increase in payable to affiliated companies and other liabilities	56,574,510	23,971,620
Net cash flows provided by (used in) financing activities	(1,489,886,501)	3,811,566,818
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,088,630,374	814,633,559
CASH AND CASH EQUIVALENTS AT JANUARY 1	2,543,840,827	2,075,454,523
CASH AND CASH EQUIVALENTS AT JUNE 30	P3,632,471,201	P2,890,088,082

See accompanying Notes to Unaudited Interim Consolidated Financial Statements.

ROBINSONS LAND CORPORATION AND SUBSIDIARIES

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

Robinsons Land Corporation (the Parent Company) is a stock corporation organized and incorporated on June 4, 1980 with a corporate life of 50 years under the laws of the Philippines. The Parent Company and its subsidiaries will collectively be referred herein as “the Group”.

The Group is engaged in the business of selling, acquiring, developing, operating, leasing and disposing of real properties such as land, buildings, shopping malls, commercial centers and housing projects, hotels and other variants and mixed-used property projects. The Group is 60.97% owned by JG Summit Holdings, Inc. (JGSHI or the Ultimate Parent Company). JGSHI is one of the country’s largest conglomerates, with diverse interests in branded consumer foods, agro-industrial and commodity food products, petrochemicals, air transportation and financial services.

The Parent Company’s shares of stock are listed and currently traded at the Philippine Stock Exchange (PSE).

The Parent Company’s principal executive office is located at Level 2, Galleria Corporate Center, EDSA corner Ortigas Avenue, Quezon City, Metro Manila.

On April 20, 2018, the BOD approved the sale of the Parent Company’s 80% share in Lingkod Pinoy Bus Liner, Inc. (LPBLI) to Gran Cruiser Bus Corp.

On October 15, 2018, Bacoor R and F Land Corporation (BRFLC) was incorporated, where the Parent Company owns 70% of the subscribed capital stock. The primary purpose is to acquire, own, and hold real estate properties situated in Bacoor City, Province of Cavite or any other properties approved by the Board of Directors or stockholders of BRFLC, and to sell, lease, mortgage, alienate, or develop the parcels of land acquired by BRFLC.

On December 21, 2018, Bonifacio Property Ventures, Inc. (BPVI) was incorporated for the primary purpose to acquire by purchase, lease, donation or otherwise, and to own, use, improve, develop, subdivide, sell, mortgage, exchange, lease, develop and hold for investment or otherwise, real estate of all kinds, whether improve, manage or otherwise dispose of buildings, houses, apartments and other real estate and/or structures of whatever kind, together with their appurtenances. The Parent Company owns 100% of the subscribe capital stock of BPVI.

2. Basis of Preparation

The interim condensed consolidated financial statements as of June 30, 2019 and December 31, 2018 and for the six months ended June 30, 2019 and 2018 have been prepared in compliance with Philippine Accounting Standards (PAS) 34, *Interim Financial Reporting*.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements as of December 31, 2018.

The interim condensed consolidated financial statements have been prepared under the historical cost convention method and are presented in Philippine Pesos (₱), the Group's functional currency. All amounts are rounded to the nearest peso unless otherwise indicated.

Basis of Consolidation

The interim condensed consolidated financial statements comprise the financial statements of the Group as of June 30, 2019 and December 31, 2018 and for the six months ended June 30, 2019 and 2018.

All intercompany balances, transactions, income and expense and profit and loss are eliminated in full.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control and continue to be consolidated until the date such control ceases.

Non-controlling interests (NCI) pertain to the equity in a subsidiary not attributable, directly or indirectly to the Parent Company. NCI represent the portion of profit or loss and net assets in subsidiaries not owned by the Group and are presented separately in consolidated statements of comprehensive income and consolidated statements of changes in equity and within equity in the consolidated statements of financial position, separately from equity holders' of the Parent Company.

3. Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of following new and amended PFRSs which became effective January 1, 2018.

The nature and impact of each new standard and amendment are described below:

- **PFRS 15, Revenue from Contracts with Customers**

PFRS 15 supersedes PAS 11, Construction Contracts, PAS 18, Revenue and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. PFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

PFRS 15 requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

On February 14, 2018, the Philippine Interpretations Committee (PIC) issued PIC Q&A 2018-12 (PIC Q&A) which provides guidance on some implementation issues of PFRS 15 affecting the real estate industry. On October 25, 2018 and February 8, 2019, the SEC issued SEC Memorandum Circular No. 14 Series of 2018 and SEC Memorandum Circular No. 3 Series of 2019, respectively, providing relief to the real estate industry by deferring the application of the following provisions of the above PIC Q&A for a period of three years until December 31, 2020:

- a) Exclusion of land and uninstalled materials in the determination of percentage of completion (POC) discussed in PIC Q&A No. 2018-12-E;
- b) Accounting for significant financing component discussed in PIC Q&A No. 2018-12-D; and
- c) Accounting for Common Usage Service Area (CUSA) Charges discussed in PIC Q&A No. 2018-12-H

Under the same SEC Memorandum Circular No. 3 Series of 2019, the adoption of PIC Q&A No. 2018-14: PFRS 15 – Accounting for Cancellation of Real Estate Sales was also deferred until December 31, 2020.

The SEC Memorandum Circular also provided the mandatory disclosure requirements should an entity decide to avail of any relief. Disclosures should include:

- a) The accounting policies applied.
- b) Discussion of the deferral of the subject implementation issues in the PIC Q&A.
- c) Qualitative discussion of the impact to the consolidated financial statements had the concerned application guideline in the PIC Q&A has been adopted.
- d) Should any of the deferral options result into a change in accounting policy (e.g., when an entity excludes land and/or uninstalled materials in the POC calculation under the previous standard but opted to include such components under the relief provided by the circular), such accounting change will have to be accounted for under PAS 8, i.e., retrospectively, together with the corresponding required quantitative disclosures.

Except for the CUSA charges discussed under PIC Q&A No. 2018-12-H which applies to leasing transactions, the above deferral will only be applicable for real estate sales transactions.

Effective January 1, 2021, real estate companies will adopt PIC Q&A No. 2018-12 and PIC Q&A No. 2018-14 and any subsequent amendments thereof retrospectively or as the SEC will later prescribe.

As the Group already excludes land and uninstalled materials in the determination of POC, it availed of the deferral of adoption of provisions (b) and (c) of PIC Q&A 2018-12. Had these provisions been adopted, it would have the following impact in the consolidated financial statements:

- The mismatch between the POC of the real estate projects and right to an amount of consideration based on the schedule of payments explicit in the contract to sell would constitute a significant financing component. Interest income would have been recognized for contract assets and interest expense for contract liabilities using effective interest rate method and this would have impacted retained earnings as at January 1, 2018 and the revenue from real estate sales in 2018. Currently, any significant financing component arising from the mismatch discussed above is not considered for revenue recognition purposes.

- The Group is acting as a principal for the provision of air-conditioning services. This would have resulted to the gross presentation of the related revenue and the related expenses and cost. Currently, the related revenue is presented net of costs and expenses. These would not result to any adjustment in the retained earnings as of January 1, 2018 and net income for 2018.
- Upon sales cancellation, the repossessed inventory would be recorded at fair value plus cost to repossess (or fair value less cost to repossess if this would have been opted). This would have increased retained earnings as at January 1, 2018 and gain from repossession in 2018. Currently, the Group records the repossessed inventory at its original carrying amount and recognize any difference between the carrying amount of the derecognized receivable and the repossessed property in profit or loss.

The Group adopted PFRS 15 using the modified retrospective method of adoption with the date of initial application of January 1, 2018. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Group elected to apply the standard to all contracts as at January 1, 2018.

PIC Q&A on Advances to Contractors and PIC Q&A on Land Classification

The Group adopted PIC Q&A 2018-11, Classification of Land by Real Estate Developer and PIC Q&A 2018-15, *PAS 1- Classification of Advances to Contractors in the Nature of Prepayments: Current vs. Non-current* starting January 1, 2018. The impact of adoption is applied retrospectively which resulted to the following reclassifications in the consolidated statement of financial position. These reclassifications have no impact on prior year net income, total comprehensive income, equity, total assets, total liabilities and cash flows.

- PFRS 9, Financial Instruments

PFRS 9 replaces PAS 39, Financial Instruments: Recognition and Measurement for annual periods beginning on or after January 1, 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Group applied PFRS 9 using modified retrospective approach, with an initial application date of January 1, 2018. The Group has not restated the comparative information, which continues to be reported under PAS 39. Differences arising from the adoption of PFRS 9 have been recognized directly in retained earnings and other components of equity.

The effect of adopting PFRS 9 as at 1 January 2018 was, as follows:

- (a) Classification and measurement

Under PFRS 9, debt instruments are subsequently measured at fair value through profit or loss, amortised cost, or fair value through OCI. The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Group's business model was made as of the date of initial application, January 1, 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of PFRS 9 did not have a significant impact to the Group. The Group continued measuring at fair value all financial assets previously held at fair value under PAS 39. Below pertains to the change in the classification of the Group's financial assets:

- Cash and cash equivalents, receivables, restricted cash – escrow included in 'other current assets' and refundable utility deposits previously classified as 'loans and receivables' are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are now classified and measured as financial assets at amortized cost beginning January 1, 2018.
- Installment contract receivables classified as 'loans and receivables' as at December 31, 2017 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. As of January 1, 2018, the Parent Company has an agreement with an affiliate bank to sell the former's receivables from lease-to-own receivables on a without recourse basis through various tranches. These receivables were reclassified to 'financial assets at FVOCI' (with recycling). The adjustment includes the deferred tax implication. For the year ended December 31, 2018, the Parent Company sold a portion of its lease receivables to an affiliate bank. These receivables were reclassified from 'held to collect' to 'held to collect and sell' and valued at fair value through OCI.

There were no changes to the classification and measurement of financial liabilities.

(b) Other adjustments

Other adjustments pertain to related unrealized gain on financial assets at FVOCI as of January 1, 2018, net of deferred tax liabilities, presented under the other comprehensive income of the Group.

(c) Impairment

The adoption of PFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing PAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. PFRS 9 requires the Group to record an allowance for impairment losses for all debt financial assets not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For installment contract receivables and contract assets, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date.

The Group used the vintage analysis accounts for expected credit losses by calculating the cumulative loss rates of a given residential and office development trade receivables and contract assets pool. It derives the probability of default from the historical data of a homogenous portfolio that share the same origination period. The information on the number of defaults during fixed time intervals of the accounts is utilized to create the PD model. It allows the evaluation of the loan activity from its origination period until the end of the contract period.

In addition to life of loan loss data, primary drivers like macroeconomic indicators of qualitative factors such as forward-looking data on inflation and gross domestic product (GDP) growth rates and interest rates were added to the expected loss calculation to reach a forecast supported by both quantitative and qualitative data points.

The key inputs in the model include the Group's definition of default and historical data of three years for the origination, maturity date and default date. The Group considers an installment contracts receivable and contract assets in default when customer receives a notice of cancellation and does not continue the payments. However, in certain cases, the Group may also consider a receivable to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

The probability of default is applied to the estimate of the loss arising on default which is based on the difference between the contractual cash flows due and those that the Group would expect to receive, including from the repossession of the subject real estate property, net of cash outflows. For purposes of calculating loss given default, accounts are segmented based on facility/collateral type and completion. In calculating the recovery rates, the Group considered collections of cash and/or cash from resale of real estate properties after foreclosure, net of direct costs of obtaining and selling the real estate properties after the default event such as commission, refurbishment, payment required under Maceda law and cost to complete (for incomplete units). As these are future cash flows, these are discounted back to the reporting date using the appropriate effective interest rate, usually being the original EIR or an approximation thereof.

For other financial assets such receivables other than installment contracts receivables, receivable from affiliated companies and others, ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For cash and cash equivalents, the Group applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from Standard and Poor's (S&P), Moody's and Fitch to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

There is no transition adjustment in relation to the impairment allowance as of January 1, 2018.

- Amendment to PFRS 2, *Share-based Payment, Classification and Measurement of Share-based Payment Transactions*

The Group has no share-based payment transaction with net settlement features for withholding tax obligations and has not made any modifications to the terms and conditions of its share-based payment transaction. Therefore, these amendments do not have any impact on the Group's consolidated financial statements.

- Amendments to PFRS 4, *Applying PFRS 9, Financial Instruments, with PFRS 4 Insurance Contracts*

The amendments address concerns arising from implementing PFRS 9, the new financial instruments standard before implementing the new insurance contracts standard. The amendments introduce two options for entities issuing insurance contracts: a temporary exemption from applying PFRS 9 and an overlay approach. These amendments are not relevant to the Group.

- Amendments to PAS 28, *Investments in Associates and Joint Ventures, Measuring an Associate or Joint Venture at Fair Value (Part of Annual Improvements to PFRSs 2014 - 2016 Cycle)*

The amendments clarify that an entity that is a venture capital organization, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss. They also clarify that if an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which (a) the investment entity associate or joint venture is initially recognized; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent. These amendments do not have any impact on the Group's consolidated financial statements.

- Amendments to PAS 40, *Investment Property, Transfers of Investment Property*

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. Retrospective application of the amendments is not required and is only permitted if this is possible without the use of hindsight.

Since the Group's current practice is in line with the clarifications issued, the amendment does not have any impact on its consolidated financial statements.

- Philippine Interpretation IFRIC 22, *Foreign Currency Transactions and Advance Consideration*

The interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the date of the transaction for each payment or receipt of advance consideration. Retrospective application of this interpretation is not required. Since the Group's current practice is in line with the clarifications issued, the amendments do not have any impact on its consolidated financial statements.

Effective beginning on or after January 1, 2019

- Amendments to PFRS 9, *Prepayment Features with Negative Compensation*

Under PFRS 9, a debt instrument can be measured at amortized cost or at fair value through other comprehensive income, provided that the contractual cash flows are ‘solely payments of principal and interest (SPPI) on the principal amount outstanding’ (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to PFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. The amendments should be applied retrospectively and are effective from January 1, 2019, with earlier application permitted.

The Group is currently assessing the impact of adopting this interpretation.

- PFRS 16, *Leases*

PFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under PAS 17, *Leases*. The standard includes two recognition exemptions for lessees – leases of ‘low-value’ assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of use asset.

Lessor accounting under PFRS 16 is substantially unchanged from today’s accounting under PAS 17. Lessors will continue to classify all leases using the same classification principle as in PAS 17 and distinguish between two types of leases: operating and finance leases. PFRS 16 also requires lessees and lessors to make more extensive disclosures than under PAS 17.

A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard’s transition provisions permit certain reliefs.

The Group is currently assessing the impact of adopting this standard.

- Amendments to PAS 19, *Employee Benefits, Plan Amendment, Curtailment or Settlement*

The amendments to PAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

- Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event.
- Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognized in profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognized in other comprehensive income.

The amendments apply to plan amendments, curtailments, or settlements occurring on or after the beginning of the first annual reporting period that begins on or after January 1, 2019, with early application permitted. These amendments will apply only to any future plan amendments, curtailments, or settlements of the Group.

- Amendments to PAS 28, *Long-term Interests in Associates and Joint Ventures*

The amendments clarify that an entity applies PFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in PFRS 9 applies to such long-term interests.

The amendments also clarified that, in applying PFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognized as adjustments to the net investment in the associate or joint venture that arise from applying PAS 28, Investments in Associates and Joint Ventures.

The amendments should be applied retrospectively and are effective from January 1, 2019, with early application permitted. The Group is currently assessing the impact of adopting this interpretation.

- Philippine Interpretation IFRIC 23, *Uncertainty over Income Tax Treatments*

The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of PAS 12 and does not apply to taxes or levies outside the scope of PAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

The interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately;
- The assumptions an entity makes about the examination of tax treatments by taxation authorities;
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and
- How an entity considers changes in facts and circumstances

An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed.

The Group is currently assessing the impact of adopting this interpretation.

- Annual Improvements to PFRSs 2015-2017 Cycle
 - Amendments to PFRS 3, *Business Combinations*, and PFRS 11, *Joint Arrangements, Previously Held Interest in a Joint Operation*

The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation.

A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in PFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured.

An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2019 and to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after January 1, 2019, with early application permitted. These amendments are currently not applicable to the Group but may apply to future transactions.

- Amendments to PAS 12, *Income Tax Consequences of Payments on Financial Instruments Classified as Equity*

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognizes the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events.

An entity applies those amendments for annual reporting periods beginning on or after January 1, 2019, with early application is permitted. These amendments are not relevant to the Group because dividends declared by the Group do not give rise to tax obligations under the current tax laws.

- Amendments to PAS 23, *Borrowing Costs, Borrowing Costs Eligible for Capitalization*

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after January 1, 2019, with early application permitted.

The Group is currently assessing the impact of adopting this amendment.

Effective beginning on or after January 1, 2020

- Amendments to PFRS 3, *Definition of a Business*

The amendments to PFRS 3 clarify the minimum requirements to be a business, remove the assessment of a market participant's ability to replace missing elements, and narrow the definition of outputs. The amendments also add guidance to assess whether an acquired process is substantive and add illustrative examples. An optional fair value concentration test is introduced which permits a simplified assessment of whether an acquired set of activities and assets is not a business.

An entity applies those amendments prospectively for annual reporting periods beginning on or after January 1, 2020, with earlier application permitted.

These amendments will apply on future business combinations of the Group.

- Amendments to PAS 1, *Presentation of Financial Statements, and PAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material*

The amendments refine the definition of material in PAS 1 and align the definitions used across PFRSs and other pronouncements. They are intended to improve the understanding of the existing requirements rather than to significantly impact an entity's materiality judgments.

An entity applies those amendments prospectively for annual reporting periods beginning on or after January 1, 2020, with earlier application permitted.

Effective beginning on or after January 1, 2021

- *PFRS 17, Insurance Contracts*

PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, Insurance Contracts. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

PFRS 17 is effective for reporting periods beginning on or after January 1, 2021, with comparative figures required. Early application is permitted.

The new standard is not applicable to the Group since none of the entities within the Group have activities that are predominantly connected with insurance or issue insurance contracts.

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

On January 13, 2016, the Financial Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board (IASB) completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

4. Significant Accounting Judgments and Estimates

The preparation of the consolidated financial statements in compliance with PFRS requires the Group to make judgment and estimates that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change.

The effects of any change in judgments and estimates are reflected in the consolidated financial statements, as they become reasonably determinable.

Judgments and estimates are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as of December 31, 2018.

5. Operating Segment

Business Segments

The business segment is determined as the primary segment reporting format as the Group's risks and rates of return are affected predominantly by each operating segment.

Management monitors the operating results of its operating segments separately for the purpose of making decision about resource allocation and performance assessment. Group financing (including interest income and interest expense) and income taxes are managed on a group basis and are not allocated to operating segments. The Group evaluates performance based on earnings before interest, income tax, depreciation and other income (losses) (EBITDA). The Group does not report its results based on geographical segments because the Group currently only has revenue generating activities in the Philippines as revenue recognition from the real estate development in China will commence upon completion of development activities.

The financial information on the operations of these business segments as shown below are based on the measurement principles that are similar with those used in measuring the assets, liabilities, income and expenses in the consolidated financial statements which is in accordance with PFRS except for EBITDA.

Cost and expenses exclude interest, income tax and depreciation.

The Group derives its revenue from the following reportable units:

Commercial Centers Division - develops, leases and manages shopping malls/commercial centers all over the Philippines.

Residential Division - develops and sells residential condominium spaces, as well as high-end horizontal residential projects.

Office Buildings Division - develops and leases out office spaces.

Hotels and Resorts Division - owns and operates a chain of hotels in various locations in the Philippines.

Industrial and Integrated Developments Division – focuses on strategic land bank acquisition and management, exploration of real estate-related infrastructure projects, and development of warehouse and logistics facilities.

The financial information about the operations of these business segments is summarized as follows:

Six Months Ended June 30, 2019 (Unaudited)

	Commercial Centers Division	Residential Division	Office Buildings Division	Industrial and Integrated Developments Division	Hotels Division	Total
Revenue	P6,446,576,752	P4,674,733,359	P2,314,928,845	P269,164,246	P1,080,255,538	P14,785,658,740
Costs and expenses	2,205,343,023	3,254,274,684	387,765,989	140,395,536	779,466,516	6,767,245,748
Earnings before interest, income tax and depreciation	4,241,233,729	1,420,458,675	1,927,162,856	128,768,710	300,789,022	8,018,412,992
Depreciation	1,770,236,669	29,633,901	398,355,125	7,195,261	150,895,740	2,356,316,696
Operating income	P2,470,997,060	P1,390,824,774	P1,528,807,731	P121,573,449	P149,893,282	P5,662,096,296
Total segment assets	P73,853,705,796	P59,092,627,005	P20,934,640,228	P18,262,979,390	P8,457,631,189	P180,601,583,608
Total segment liabilities	P53,272,859,971	P22,217,427,388	P3,684,412,082	P4,812,472,152	P1,135,952,178	P85,123,123,771

Six Months Ended June 30, 2018 (Unaudited)

	Commercial Centers Division	Residential Division	Office Buildings Division	Industrial and Integrated Developments Division	Hotels Division	Total
Revenue	P5,816,613,834	P4,445,731,422	P1,800,271,714	P57,371,986	P976,546,158	P13,096,535,114
Costs and expenses	2,030,437,820	3,125,331,109	238,264,475	50,151,471	655,466,803	6,099,651,678
Earnings before interest, income tax and depreciation	3,786,176,014	1,320,400,313	1,562,007,239	7,220,515	321,079,355	6,996,883,436
Depreciation	1,674,787,005	28,353,078	342,714,138	2,005,992	111,285,344	2,159,145,557
Operating income	P2,111,389,009	P1,292,047,235	P1,219,293,101	P5,214,523	P209,794,011	P4,837,737,879
Total segment assets	P67,644,800,355	P44,048,990,826	P18,743,005,340	P17,555,145,579	P7,110,700,819	P155,102,642,919
Total segment liabilities	P48,978,188,433	P10,967,773,057	P2,754,766,547	P2,376,876,369	P1,280,748,103	P66,358,352,509

The Group generally accounts for inter-segment sales and transfers as if the sales and transfers were to third parties at current market prices.

Segment information of the Group does not include geographical segments since its operations are mainly concentrated in the Philippines.

The revenue of the Group consists mainly of sales to external customers. Inter-segment revenue arising from lease arrangements are eliminated on consolidation.

6. Cash and Cash Equivalents

This account consists of:

	June 30, 2019	December 31, 2018
Cash on hand and in banks	P1,249,498,351	P1,129,430,200
Short-term investments	2,382,972,850	1,414,410,627
	P3,632,471,201	P2,543,840,827

7. Receivables

This account consists of

	June 30, 2019	December 31, 2018
Trade	P3,078,422,321	P3,134,561,523
Affiliated companies	1,262,645,228	207,635,524
Others	328,677,740	264,926,603
	4,669,745,289	3,607,123,650
Less allowance for impairment losses	47,676,601	47,676,601
	4,622,068,688	3,559,447,049
Less noncurrent portion	2,450,695,719	1,432,956,759
	P2,171,372,969	P2,126,490,290

Others amounting to P329 million and P265 million as of June 30, 2019 and December 31, 2018, respectively, pertain to receivable from condominium corporations, advances to officers and employees, receivable from insurance companies, accrued interest receivable and advances to various third parties.

8. Subdivision Land, Condominium and Residential Units for Sale

This account consists of:

	June 30, 2019	December 31, 2018
Land use right and development cost	₱14,920,232,559	₱13,793,027,024
Land and condominium units	13,174,749,222	11,600,778,843
Land held for development	2,764,535,752	2,764,535,752
Subdivision land and residential units	2,074,045,794	2,095,501,753
Developed land for sale	1,210,610,926	1,210,610,926
	₱34,144,174,253	₱31,464,454,298

9. Contract Assets

As at June 30, 2019, the Group has current and noncurrent contract assets amounting to ₱5,341 million and ₱7,602 million, respectively.

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional. This is reclassified as installment contract receivables when the monthly amortization of the customer is already due for collection. The movement in contract asset is mainly due to new real estate sales contract recognized during the period, increase in percentage of completion, less reclassification of installment contract receivable.

10. Other Current Assets

	June 30, 2019	December 31, 2018
Restricted cash – escrow	₱5,920,636,993	₱7,607,789,241
Advances to suppliers and contractors	1,058,318,313	866,819,174
Prepaid expenses	911,593,770	986,336,548
Advances to lot owners	781,880,157	748,273,145
Value-added input tax – net	562,469,525	1,418,062,733
Supplies	64,534,581	60,511,778
Utility deposits	7,831,041	7,831,041
Others	24,232,875	40,639,253
	₱9,331,497,255	₱11,736,262,913

Others consist primarily of a bid deposit, creditable withholding taxes and refundable deposits made by the Group.

11. Investment Properties

	June 30, 2019	December 31, 2018
Land	₱16,152,273,529	₱16,401,461,680
Land improvements	225,853,902	218,207,864
Building and improvements	53,956,234,505	54,738,728,644
Construction in progress	8,529,316,701	6,314,587,588
	78,863,678,637	77,672,985,776
Land held for future development	21,701,447,931	21,644,110,051
	₱100,565,126,568	₱99,317,095,827

Investment properties consisted mainly of shopping malls or commercial centers, office buildings and warehouses that are held to earn rentals. Land held for future development pertains to land held for capital appreciation and land banking activities for development.

12. Property and Equipment

This account consists of:

	June 30, 2019	December 31, 2018
Land improvements	₱29,363,999	₱3,458,873
Building and improvements	6,585,637,139	6,330,198,311
Other equipments	1,537,947,425	1,510,486,888
	₱8,152,948,563	₱7,844,144,072

13. Investments in joint ventures

Joint Venture with Shang Properties, Inc.

On November 13, 2017, the Parent Company's BOD approved the agreement with Shang Properties, Inc. (SPI) to form a joint venture corporation (JVC).

On May 23, 2018, Shang Robinsons Properties, Inc. (SRPI), the JVC, was incorporated. RLC and SPI each owns 50% of the outstanding shares in SRPI. The office address of SRPI is at Lower Ground Floor, Cyber Sigma Building, Lawton Avenue, Fort Bonifacio Taguig.

RLC and SPI, through SRPI, shall build and develop a property situated at McKinley Parkway corner 5th Avenue and 21st Drive at Bonifacio Global City, Taguig, Metro Manila. The project is intended to be a mixed-use development and may include residential condominium units, serviced apartments and commercial retail outlets. SRPI also plans to pursue other development projects.

Joint Venture with Hong Kong Land Group

On February 5, 2018, the Parent Company's BOD approved the agreement with Hong Kong Land Group (HKLG) represented by Hong Kong Land International Holdings, Ltd. and its subsidiary Ideal Realm Limited to form a joint venture corporation (JVC).

On June 14, 2018, RHK Land Corporation (RHK Land), the JVC, was incorporated. RLC and HKLG own 60% and 40%, respectively, of the outstanding shares in RHK Land. The principal office of the JVC is at 12F Robinsons Cyberscape Alpha, Sapphire and Garnet Roads, Ortigas Center, Pasig City.

RLC and HKLG, through RHK Land, shall engage in the acquisition, development, sale and leasing of real property. RHK Land shall initially undertake the purchase of a property situated in Block 4 of Bridgetowne East, Pasig City, develop the property into a residential enclave and likewise carry out the marketing and sales of the residential units. RHK Land also plans to pursue other development projects.

Joint Venture with DMCI Project Developers, Inc.

In October 2018, the Parent Company entered into a Joint Venture Agreement with DMCI Project Developers, Inc. (DMCI PDI) to develop, construct, manage, and sell a residential condominium situated in Las Pinas City. Both parties agreed to incorporate a joint venture corporation where each party will hold a 50% ownership.

On March 18, 2019, RLC DMCI Property Ventures, Inc. was incorporated as the joint venture company (JVC) between RLC and DMCI PDI. The proposed project is intended to be a multi-tower residential condominium and may include commercial spaces.

The investments are accounted as joint venture using equity method of accounting because the contractual arrangement between the parties establishes joint control.

Joint Venture with Gokongwei Brothers Foundation

On June 7, 2019, RLGB Land Corporation was incorporated as the joint venture company (JVC) between RLC and Gokongwei Brothers Foundation, Inc. RLGB Land Corporation shall purchase, lease, and develop real properties.

14. Other Noncurrent Assets

This account consists of:

	June 30, 2019	December 31, 2018
Advances to lot owners	₱2,184,771,317	₱1,471,892,243
Advances to suppliers and contractors	1,753,927,474	1,947,197,919
Utility deposits	826,084,404	792,181,009
Prepaid expenses	435,964,979	435,964,979
Others	129,477,319	128,973,493
	₱5,330,225,493	₱4,776,209,643

15. Accounts Payable and Accrued Expenses

	June 30, 2019	December 31, 2018
Accounts payable	₱9,325,537,531	₱9,429,727,930
Accrued taxes and licenses and other liabilities	4,983,091,021	5,044,515,700
Dividends payable	2,640,218,497	43,304,321
Accrued rent expense	804,833,671	844,364,680
	₱17,753,680,720	₱15,361,912,631

16. Contract Liabilities

Contract liabilities consist of collections from real estate customers which have not reached the equity threshold to qualify for revenue recognition and excess of collections over the good and services transferred by Group based on percentage of completion. Current and noncurrent contract liabilities as of June 30, 2019 is ₱15,278 million and ₱3,281 million, respectively. The movement in the contract liability is mainly due to reservation sales and advance payment of buyers less real estate sales recognized upon reaching the equity threshold from increase in percentage of completion.

17. Deposits and Other Current Liabilities

	June 30, 2019	December 31, 2018
Deposits from lessees	₱2,945,563,162	₱2,658,678,992
Payables to affiliated companies	283,021,201	245,560,778
	₱3,228,584,363	₱2,904,239,770

18. Loans Payable

Short-term loans

	June 30, 2019	December 31, 2018
Short-term loan obtained from a local bank that will mature in July 2019. Interest rate is at 5.90% per annum.	₱896,700,000	₱-
Short-term loan obtained from a local bank that will mature in July 2019. Interest rate is at 5.85% per annum.	217,800,000	-
Short-term loan obtained from a local bank that will mature in Aug 2019. Interest rate is at 5.75% per annum.	349,300,000	-
Short-term loan obtained from a local bank that matured in January 2019. Interest rate is at 5.25% per annum.	-	896,700,000
	₱1,463,800,000	₱896,700,000

Long-term loans

	June 30, 2019	December 31, 2018
Seven-year bonds from Banco de Oro (BDO), Hongkong Shanghai Banking Corporation (HSBC), SB Capital Investment Corporation (SB Capital), Standard Chartered Bank (Standard Chartered), Development Bank of the Philippines (DBP) and East West Banking Corporation (East West) maturing on February 23, 2022. Principal payable upon maturity, with fixed rate at 4.8000%, interest payable semi-annually in arrears.	₱10,635,500,000	₱10,635,500,000
Seven-year term loan from MBTC maturing on March 15, 2024. Principal payable upon maturity, with fixed rate at 4.7500%, interest payable quarterly in arrears	6,860,000,000	7,000,000,000
Five-year term loan from BDO Unibank, Inc. maturing on July 8, 2021. Principal payable upon maturity, with fixed rate at 3.8327%, interest payable quarterly in arrears.	6,500,000,000	6,500,000,000
Seven-year term loan from BPI maturing on August 10, 2023. Principal payable in annual installment amounting to ₱10 million for six years and the balance upon maturity, with fixed rate at 3.8900%, interest payable quarterly in arrears.	4,980,000,000	4,980,000,000
Ten-year term loan from BPI maturing on February 13, 2027. Principal payable in annual installment amounting to ₱5 million for nine years and the balance upon maturity, with fixed rate at 4.9500%, interest payable quarterly in arrears	4,490,000,000	4,495,000,000
Ten-year bonds from BDO and Standard Chartered maturing on February 23, 2025. Principal payable upon maturity, with fixed rate at 4.9344%, interest payable semi-annually in arrears.	1,364,500,000	1,364,500,000
Five-year loan maturing in August 2022. Principal of RMB6 million as of June 30, 2019 and RMB216 million as of December 31, 2018, payable upon maturity, with fixed rate at 4.7500%.	45,864,648	1,651,127,328
	34,875,864,648	36,626,127,328
Less debt issue costs	121,465,305	137,588,327
Long-term portion net of debt issue costs	34,754,399,343	36,488,539,001
Less current portion	15,000,000	15,000,000
Noncurrent portion of long-term loans	₱34,739,399,343	₱36,473,539,001

19. Deposits and Other Noncurrent Liabilities

	June 30, 2019	December 31, 2018
Deposits from lessees	₱2,936,802,871	₱2,650,771,913
Accrued rent expense	1,608,663,933	1,608,663,933
Pension liabilities	325,099,496	325,012,487
Advances and others	949,713,354	1,111,750,414
	₱5,820,279,654	₱5,696,198,747

20. Retained Earnings

Restriction

A portion of the unappropriated retained earnings representing the undistributed net earnings of subsidiaries amounting to ₱2,280 million as of June 30, 2019 and ₱2,223 million as of December 31, 2018 are not available for dividend declaration until received in the form of dividends. Also ₱27,000 million of retained earnings appropriated for future and ongoing expansions are also not available for dividends.

Dividends declared

The BOD declared cash dividends in favor of all its stockholders as follows:

	2019	2018
Date of declaration	May 29, 2019	April 6, 2018
Date of record	June 18, 2019	April 26, 2018
Date of payment	July 12, 2019	May 23, 2018
Dividend per share	₱0.50	₱0.36
Total dividends	₱2,596,915,343	₱1,869,779,047

Appropriation

On December 14, 2018, the BOD approved the reversal of the retained earnings it appropriated in 2017 amounting to ₱24,500 million as the related projects to which the retained earnings were earmarked were completed already. The amount was originally earmarked for the continuing capital expenditures of the Group for subdivision land, condominium and residential units for sale, investment properties and property and equipment.

On the same date, the BOD also approved the appropriation of ₱27,000 million, out of the unappropriated retained earnings, to support the capital expenditure requirements of the Group for various projects and investments approved by the Executive Committee during meetings held in December 2018.

21. Capital Stock and Other Equity Reserve

The details of the number of common shares as of June 30, 2019 and December 31, 2018 follow:

	June 30, 2019	December 31, 2018
Authorized - at ₱1 par value	8,200,000,000	8,200,000,000
Issued and outstanding	5,193,830,685	5,193,830,685

Stock Rights Offering

On November 13, 2017, the BOD of the Company approved in principle the stock rights offering (SRO) of up to ₱20 billion composed of 1.1 billion common shares, with a par value of ₱1.00 per share, to all stockholders as of record date January 31, 2018. The Company intends to use the proceeds from the SRO to finance the acquisition of land located in various parts of the country for all its business segments.

The Parent Company successfully completed its ₱20 billion SRO of common shares following the close of the offer period on February 8, 2018. A total of 1.1 billion common shares from the SRO were issued at a price of ₱18.20 each. The shares were listed on February 15, 2018.

Capital Management

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to these ratios in light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend payment to shareholders, return capital structure or issue capital securities. No changes have been made in the objective, policies and processes as they have been applied in previous years.

The Group monitors its use of capital structure using a debt-to-capital ratio which is gross debt divided by total equity. The Group includes within gross debt all interest-bearing loans and borrowings, while capital represents total equity. Following is a computation of the Group's debt-to-capital ratio as of June 30, 2019 and December 31, 2018.

	June 30, 2019	December 31, 2018
(a) Loans payable (Note 18)	₱36,339,664,648	₱37,522,827,328
(b) Equity	₱94,919,263,345	₱93,510,602,099
(c) Debt-to-capital ratio (a/b)	0.38:1	0.40:1

As of June 30, 2019 and December 31, 2018, the Group is compliant with its debt covenants with lenders.

22. Basic/Diluted Earnings Per Share

Earnings per share amounts as of June 30 were computed as follows:

	2019	2018
a. Net income attributable to equity holders of Parent Company	₱4,005,576,589	₱3,326,658,108
b. Weighted average number of common shares outstanding adjusted	5,193,830,685	4,918,830,685
c. Earnings per share (a/b)	₱0.77	₱0.68

There were no potential dilutive shares in 2019 and 2018.

23. Financial Risk Management Objectives and Policies

The Group's principal financial instruments, comprise of loans payable, deposit from lessees, receivables from affiliated companies, payables to affiliated companies, utility deposits, receivables and cash and cash equivalents. The main purpose of these financial instruments is to raise fund for the Group's operations. The Group has various other financial assets and liabilities such as trade and other receivables and trade and other payables, which arise directly from its operations.

The main risks currently arising from the Group's financial instruments are foreign currency market risk, liquidity risk, interest rate risk and credit risk. The BOD reviews and approves policies for managing each of these risks and they are summarized below, together with the related risk management structure.

Risk Management Structure

The Group's risk management structure is closely aligned with that of the Parent Company. The BOD of the Parent Company and the respective BODs of each subsidiary are ultimately responsible for the oversight of the Group's risk management processes that involve identifying, measuring, analyzing, monitoring and controlling risks.

The risk management framework encompasses environmental scanning, the identification and assessment of business risks, development of risk management strategies, design and implementation of risk management capabilities and appropriate responses, monitoring risks and risk management performance, and identification of areas and opportunities for improvement in the risk management process.

Each BOD has created the board-level Audit Committee (AC) to spearhead the managing and monitoring of risks.

Audit Committee

The AC shall assist the Group's BOD in its fiduciary responsibility for the over-all effectiveness of risk management systems, and both the internal and external audit functions of the Group. Furthermore, it is also the AC's purpose to lead in the general evaluation and to provide assistance in the continuous improvements of risk management, control and governance processes.

The AC also aims to ensure that:

- a. financial reports comply with established internal policies and procedures, pertinent accounting and audit standards and other regulatory requirements;
- b. risks are properly identified, evaluated and managed, specifically in the areas of managing credit, market, liquidity, operational, legal and other risks, and crisis management;
- c. audit activities of internal and external auditors are done based on plan, and deviations are explained through the performance of direct interface functions with the internal and external auditors; and
- d. the Group's BOD is properly assisted in the development of policies that would enhance the risk management and control systems.

Enterprise Risk Management Group (ERMG)

To systematize the risk management within the Group, the ERMG was created to be primarily responsible for the execution of the enterprise risk management framework. The ERMG's main concerns include:

- a. recommending risk policies, strategies, principles, framework and limits;
- b. managing fundamental risk issues and monitoring of relevant risk decisions;
- c. providing support to management in implementing the risk policies and strategies; and
- d. developing a risk awareness program.

Support groups have likewise been created to explicitly manage on a day-to-day basis specific types of risks like trade receivables, supplier management, etc.

Compliance with the principles of good corporate governance is also one of the objectives of the BOD. To assist the BOD in achieving this purpose, the BOD has designated a Compliance Officer who shall be responsible for monitoring the actual compliance with the provisions and requirements of the Corporate Governance Manual and other requirements on good corporate governance, identifying and monitoring control compliance risks, determining violations, and recommending penalties on such infringements for further review and approval of the BOD, among others.

Risk Management Policies

The main risks arising from the use of financial instruments are foreign currency risk, liquidity risk, interest rate risk, credit risk and equity price risk. The Group's policies for managing the aforementioned risks are summarized below.

Market risk

Foreign Currency Risk

Foreign currency risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency risk arises from financial instruments that are denominated in United States Dollar (USD) which result primarily from movement of the Philippine Peso (PHP) against the USD.

The Group does not have any foreign currency hedging arrangements.

The Group does not expect the impact of the volatility on other currencies to be material.

Liquidity risk

Liquidity risk is the risk arising from the shortage of funds due to unexpected events or transactions. The Group manages its liquidity profile to be able to finance the capital expenditures and service the maturing debts. To cover the financing requirements, the Group intends to use internally generated funds and proceeds from debt and equity offerings.

The Group seeks to manage its liquidity profile to be able to service its maturing debts and to finance capital requirements. The Group maintains a level of cash and cash equivalents deemed sufficient to finance operations. As part of its liquidity risk management, the Group regularly evaluates its projected and actual cash flows. It also continuously assesses conditions in the financial markets for opportunities to pursue fund-raising activities. Fund-raising activities may include bank loans and capital market issues both onshore and offshore.

Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk for changes in market interest rates relates primarily to the Group's long-term debt obligation with a floating interest rate.

The Group's policy is to manage its interest cost using a mix of fixed and variable rate debts, whenever it's advantageous to the Group.

The Group has no financial instruments with variable interest rates exposed to interest rate risk.

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily from cash and cash equivalents and receivables).

The Group trades only with recognized, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis. These measures result in the Group's exposure to impairment loss as not significant.

With respect to credit risk arising from the Group's financial assets, which comprise of cash and cash equivalents and receivables, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

24. Financial Instruments

The carrying amount of cash and cash equivalents, trade receivables (except installment contract receivables), other receivables, utility deposits, receivable and payable to affiliated companies and accounts payable and accrued expenses are approximately equal to their fair value due to the short-term nature of the transaction.

Set out below is a comparison of carrying amounts and fair values of installment contracts receivables, deposits from lessees and loans payable that are carried in the consolidated financial statements.

	June 30, 2019		December 31, 2018	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Installment contracts receivables				
Measured at amortized cost	₱321,104,312	₱300,715,782	₱283,447,326	265,449,828
Measured at FVOCI	785,221,675	785,221,675	785,221,675	785,221,675
Deposits from lessees	5,882,366,033	5,063,705,828	5,309,450,905	4,570,524,401
Loans payable	36,218,199,343	29,604,856,449	37,385,239,001	30,558,797,898

The fair values of installment contracts receivables, deposits from lessees and loans payable are based on the discounted value of future cash flows using the applicable rates for similar types of loans and receivables as of reporting.

Fair Value Hierarchy

The Group uses the following hierarchy for determining the fair value of financial instruments:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The fair value of installment contracts receivables, deposits from lessees and loans payable disclosed in the consolidated financial statements is categorized within level 3 of the fair value hierarchy. There has been no reclassification from Level 1 to Level 2 or 3 category.

25. Commitments and Contingencies

Under the contract to sell covering the sale of subdivision land and houses, residential condominium units, the Group is obligated to complete and deliver the sold units on agreed delivery dates. Moreover, estimated costs to complete sold units amounted to ₱5,689 million and ₱5,646 million as of June 30, 2019 and December 31, 2018, respectively.

ROBINSONS LAND CORPORATION AND SUBSIDIARIES

AGING OF RECEIVABLES

As of June 30, 2019

	Total	Neither Past Due nor Impaired	Past Due But Not Impaired			Past Due and Impaired	
			Less than 30 days	30 to 60 days	61 to 90 days		Over 90 days
Trade receivables							
Installment contract receivables	P340,104,312	P–	P46,690,381	P24,581,115	P34,004,215	P215,828,601	P19,000,000
Rental receivables	1,282,854,785	624,207,800	188,897,782	38,902,938	19,419,986	397,521,252	13,905,027
Accrued rent receivables	1,237,976,731	1,237,976,731	–	–	–	–	–
Hotel operations	217,486,493	65,774,793	41,946,263	22,834,324	6,890,679	65,268,860	14,771,574
Affiliated companies	1,262,645,228	1,262,645,228	–	–	–	–	–
Others	328,677,740	328,677,740	–	–	–	–	–
	P4,669,745,289	P3,519,282,292	P277,534,426	P86,318,377	P60,314,880	P678,618,713	P47,676,601

ROBINSONS LAND CORPORATION AND SUBSIDIARIES
FINANCIAL SOUNDNESS INDICATORS

		<u>June 30, 2019</u>	<u>December 31, 2018</u>
Current ratio	$\frac{\text{Total Current Assets}}{\text{Total Current Liabilities}}$	1.45	1.65
Debt-to-Equity ratio	$\frac{\text{Total Loans Payable}}{\text{Equity attributable to equity holders of the Parent Company}}$	0.38	0.40
Net book value per share	$\frac{\text{Equity attributable to equity holders of the Parent Company}}{\text{Outstanding shares}}$	18.28	18.00
Asset to equity ratio	$\frac{\text{Total Assets}}{\text{Total Equity}}$	1.89	1.85
		<u>June 30, 2019</u>	<u>June 30, 2018</u>
Earnings per share	$\frac{\text{Net income attributable to equity holders of Parent Company}}{\text{Weighted average number of common shares outstanding}}$	0.77	0.68
Interest coverage ratio	$\frac{\text{EBIT}}{\text{Interest expense}}$	6.87	5.64
Operating margin ratio	$\frac{\text{Operating Income (EBIT)}}{\text{Revenue}}$	0.38	0.37