COVER SHEET

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SEC Registration Number

PHILIPPINE INFRADEV HOLDINGS INC.

(Company's Full Name)

35TH FLOOR RUFINO

PACIFIC TOWER AYALA AVE

MAKATI CITY

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

DELFIN P. ANGCAO	817 6791
Contact Person	Company Telephone Number

2019 DEFINITIVE INFORMATION STATEMENT

1 2	3 1		0 9	3 0
Month	Day	FORM TYPE	Month	Day
Fiscal Year			Annual Meeting	

N/A

Secondary License Type, If Applicable

C F D	N/A
Dept Requiring this Doc	Amended Articles Number / Section

Total Amount of Borrowings

Total No. of Stockholders	Domestic	Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

Remarks: Please use BLACK ink for scanning purposes

August 23, 2019

NOTICE OF ANNUAL STOCKHOLDERS' MEETING

Dear Stockholder:

Please be notified that the annual meeting of the stockholders of PHILIPPINE INFRADEV HOLDINGS, INC. (formerly IRC PROPERTIES, INC.; the "Corporation") will be held on September 30, 2019, Monday, at 2:00 p.m. at the Sofitel Philippine Plaza Manila, CCP Complex, Pasay City, with the following agenda:

1. Call to Order
2. Proof of notice and certification of quorum
3. Approval of the minutes of the previous meeting of the stockholders
4. Management report and approval of the 2018 audited financial statements
5. Ratification of resolutions, contracts and acts of the Board of Directors and Management
6. Election of directors
7. Appointment of external auditors
8. Other Matters
9. Adjournment

For purposes of the meeting, the stockholders of record as of August 19, 2019 are entitled to notice and to vote during the said meeting. Registration for the said meeting starts at 1:00 p.m. For convenience in registering your attendance, please have available some form of identification, such as, driver's license, voter's ID, TIN card, SSS card or passport.

WE ARE NOT ASKING YOU FOR A PROXY. However if you send us one, the Corporate Secretary must receive the same at the office of the Corporation at 35/F Rufino Pacific Tower, 6784 Ayala Avenue, Makati City, not later than September 20, 2019. Corporate Stockholders should attach to the proxy their respective Board Resolutions vis-à-vis the authority of their proxies. When signing as attorney-in-fact, executor, administrator, guardian or in any representative capacity, please give full title and file papers showing your authority. Validation of proxies shall be held on September 23, 2019 at 2:00 p.m. at the office of the Corporation's stock and transfer agent, Stock Transfer Service, Inc., 34-D Rufino Pacific Tower, Ayala Avenue, Makati City.

DELFIN P. ANGCAO
Corporate Secretary

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS
INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

   [ ] Preliminary Information Statement
   [√] Definitive Information Statement

2. Name of Registrant as specified in its charter: **PHILIPPINE INFRADEV HOLDINGS, INC.**

3. **PHILIPPINES**
   Province, country or other jurisdiction of incorporation or organization

4. SEC Identification Number **60312**

5. BIR Tax Identification Code **000-464-876-000**

6. **35/F Rufino Pacific Tower, 6784 Ayala Avenue, Makati City** **1223**
   Address of principal office Postal Code

7. Registrant's telephone number, including area code **(632) 750-2000**

8. **September 30, 2019, at 2:00 p.m. at the Sofitel Philippine Plaza Manila, CCP Complex, Pasay City.**
   Date, time and place of the meeting of security holders

9. Approximate date on which the Information Statement is first to be sent or given to security holders **September 9, 2019**

10. In case of Proxy Solicitations: **Not Applicable**

    Name of Person Filing the
    Statement/Solicitor:____
    Address and Telephone No.: ____________________________________

11. Securities registered pursuant to Sections 8 and 12 of the Securities Regulations Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding
Common	6,061,578,964

12. Are any or all of registrant's securities listed on a Stock Exchange?

Yes ✓ No ________

If yes, disclose the name of such Stock Exchange and the class of securities listed therein:

PHILIPPINE STOCK EXCHANGE - **COMMON SHARES OF STOCK**

PART I.
INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

Item 1. **Date, Time and Place of Meeting of Security Holders.**

The annual stockholders' meeting of PHILIPPINE INFRADEV HOLDINGS, INC. (the "Registrant" or the "Company" or "PIHI") shall be on September 30, 2019, Monday, at 2:00 p.m. at the Sofitel Philippine Plaza Manila, CCP Complex, Pasay City.

The mailing address of the Registrant is at 35/F, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City, 1223.

The approximate date on which this Information Statement is first to be sent or given to stockholders is on September 9, 2019.

Item 2. **Dissenters' Right of Appraisal**

A stockholder has the right to dissent and demand payment of the fair value of his shares: (i) in case any amendment to the Company's Articles of Incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences over the outstanding shares, or of extending or shortening the term of corporate existence: (ii) in case of any sale, lease, mortgage or disposition of all or substantially all of the corporate property or assets; (iii) in case of merger or consolidation; and (iv) in case of investment of corporate funds in another corporation or business or for any purpose other than the primary purpose.

If an action which may give rise to the right of appraisal is proposed at the meeting, any stockholder who voted against the proposed action and who wishes to exercise such right must make a written demand, within thirty (30) days after the date of the meeting or when the vote was taken, for the payment of the fair market value of his shares. Upon payment, he must surrender his certificates of stock. No payment, however, shall be made to any dissenting stockholder unless the Company has unrestricted retained earnings in its books to cover such payment.

There are no matters or proposed corporate actions at this year's annual stockholders' meeting which may give rise to a possible exercise by security holders of their appraisal rights under the provisions of the Revised Corporation Code of the Philippines. The proposed establishment of and investment in subsidiary companies will be pursuant to or reasonably necessary to accomplish the Company's primary purpose.

Item 3. **Interest of Certain Persons in or Opposition to Matters to be Acted Upon**

No person who is or has been a director or officer of the Registrant, or an associate of the said persons, has any substantial interest, direct or indirect, by security holdings or otherwise in any matter to be acted upon during the meeting.

None of the persons mentioned above has informed the Registrant in writing of any intention to oppose any action to be taken at the meeting.

B. <u>CONTROL AND COMPENSATION INFORMATION</u>

Item 4. **Voting Securities and Principal Holders Thereof**

(a) The Registrant has the following shares subscribed and outstanding as of August 19, 2019, the Record Date:

Common shares - 6,061,578,964

Of the said subscribed and outstanding shares, 1,046,425,688 shares or 17.26% are owned by foreigners, while 5,015,134,634 or 82.74% are owned by Philippine nationals.

(b) Number of Votes entitled: Every stockholder entitled to vote as of the Record Date shall be entitled to one (1) vote per share of stock.

(c) The Record Date is on August 19,2019. All stockholders of record as August 19, 2019 are entitled to notice and to vote at the Annual Stockholders' Meeting.

(d) Security Ownership of Certain Beneficial Owners and Management

(1) Security Ownership of Certain Record and Beneficial Owners

Stockholders owning more than 5% of the Registrant's shares of stocks as of August 19, 2019

Title of Class	Name And Address Of Record Owner And Relationship With Issuer	Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent
Common	Aggregate Business Group Holdings Inc. [11]	Various	Filipino	4,320,905,000	71.28%

[1] Youmin Ren will vote the shares of Aggregate Business Group Holdings Inc.

Common	PCD Nominee Corporation 37/F The Enterprise Center, 6766 Ayala Avenue, Makati City	Various[2]	Filipino	698,025,863	11.52%
	PCD Nominee Corporation 37/F The Enterprise Center, 6766 Ayala Avenue, Makati City	Various	Foreign	598,237,011	9.87 %
	Auspicious One Belt One Road[3]		British	368,175,000	6.07%
TOTAL				1,469,062,874	97.94%

(2) Security Ownership of Management

The following directors and officers are the direct/indirect owners of the Registrant's shares as indicated opposite their names as of August 19, 2019:

Title of Class	**Name of Beneficial Owner**	**Amount and Nature of Beneficial Ownership (All direct ownership unless otherwise indicated)**	**Citizenship**	**Percent of Ownership**
Common	Ren Jinhua Director/Chairman of the Board	50	Chinese	0.000001%
Common	Antonio L. Tiu Director/President & CEO	50	Filipino	0.000001%
Common	Georgina A. Monsod Director/EVP & COO	1,000	Filipino	0.000016%
Common	Richard R.T. Amurao Director	50	Filipino	0.000001%
Common	Ren Youmin Director	50	Australian	0.000001%

[3] Wang Chuang will vote for Auspicious One Belt One Road

Common	Mary Kimberlie C. See Director	50	Filipino	0.000001%
Common	Rodolfo D. Santiago Director	100	Filipino	0.000002%
Common	Cao Lei	50	Chinese	0.000001%
Common	Antonio T. Tan	50	Filipino	0.000001%
Common	Delfin P. Angcao Corporate Secretary	150	Filipino	0.000002%
Total		1,600		0.000029%

(3) Voting Trust Holders of 5% or more

Registrant is not aware of any person holding more than 5% of the shares of Registrant under a voting trust or similar agreement.

(4) Changes in Control

There has been no change in control of the Registrant since the beginning of its last fiscal year. Neither is Registrant aware of any arrangement which may result in a change in control of it.

Item 5. **Directors and Executive Officers**

(a) The names, ages, terms of office, business experience for the last five years, directorship in other companies of the directors and executive officers of the Registrant are as follows:

Ren Jinhua, Chairman of the Board. Mr. Ren Jinhua has a Master's Degree in Law. He has over 30 years of outstanding practice experience in macro economy, business management and finance investment. He is a former director of Yangzijiang Shipbuilding. He is currently a Director of Mingly China Growth Fund Co., Ltd. and Chairman of Sinobase International (HK) Co., Ltd. Mr. Ren, a Chinese citizen, is 56 years old.

Antonio L. Tiu, President and Chief Executive Officer. Mr. Tiu, 43, Filipino, is the President/CEO and Chairman of Earthright Holdings, Inc., Chairman of The Big Chill, Inc., and President/CEO of Beidahuang Philippines, Inc. and Greenergy Holdings Incorporated. He was a part time lecturer in International Finance at DLSU Graduate School from 1999 to 2001 and currently board of adviser of DLSU School of Management. Mr. Tiu has a Master's degree in Commerce specializing in International Finance from University of New South Wales, Sydney Australia and BS Commerce major in Business Management from De La Salle University, Manila. He is currently a Doctorate student in Public Administration at the University of the Philippines. He was awarded the Ernst and Young Emerging Entrepreneur of the Year (2009), Overseas Chinese Entrepreneur of the Year 2010 and Ten Outstanding

Young Men of the Philippines 2011. He is an active member of Integrated Food Manufacturer Association of the Philippines, PHILEXPORT, PHILFOODEX, Chinese Filipino Business Club, and Philippine Chamber of Agriculture and Food Industries.

Georgina A. Monsod, EVP and Chief Operating Officer. Ms. Monsod, 63, Filipino. Her business experience for the last five years includes being the Treasurer and Compliance Officer of the Company since March 12, 2008. She has been involved with real estate development and financing for the past 17 years starting her career with Don Tim Development Corporation and moving to PrimeEast Properties Inc. Prior to this, she worked for the government sector from 1978 to 1994 in the field of tourism development. She holds a Postgraduate Course in Tourism and Hotel Management by the International School of Tourism Sciences in Rome, Italy. She was also a faculty member of the University of the Philippines (Diliman). She recently passed the licensure examination for Real Estate Brokers and is now a licensed Real Estate Broker.

Cao Lei - Mr. Lei, a Chinese national is 43 years old. He is a graduate of Nanjing University. His background is on financial management specifically for infrastructure projects all over Asia.

Richard Amurao, Director. Mr. Richard R.T. Amurao, 49, Filipino, finished his Bachelor of Arts in Management Economics in Ateneo De Manila in 1996 and thereafter obtained a Juris Doctor degree from the same university in 2001. He was admitted to the Philippine Bar the following year. In 2006, he was awarded as a British Chevening Scholar a Master of Laws degree with honors (with a concentration in International Business Law) at the London School of Economics. He graduated from the Harvard University Kennedy School of Government in 2017 as an Edward Mason fellow with a degree of Master of Public Administration with a certificate in Leadership, Management and Decision Making. He has occupied various key official positions in the Philippine government both in the Office of the President and Department of Justice. He was an Adviser to a universal bank and agricultural milling companies as well as a member of the board of various companies ranging from real estate development to financial institutions. He has consulted for Asian Development Bank and for Philippine Congress.

Ren Youmin, Director. Ren Youmin graduated from the University of New South Wales, Australia with a degree of Bachelor of Commerce, major in Finance. He is currently the Chairman and General Manager of Longsteel Technology Limited, a company based on Hong Kong. Ren Youmin, an Australian citizen, is 23 years old.

Mary Kimberlie C. See, Independent Director. Atty. Mary Kimberlie C. See, a Filipino, is presently a Lawyer at the SEE Law Offices, a Professor of the College of Law of Bulacan State University and a Supervising Lawyer on Developmental Legal Aid Clinic of the Dela Salle University College of Law. Her academic qualifications include: Doctor of Civil Laws and Master of Civil Laws from University of Santo Tomas; Juris Doctor from Ateneo Law School,Rockwell; Bachelor of Science in Management, Major in Legal Management, Minor in English Literature and Certificate in Chinese Language Proficiency from Ateneo de Manila University, Loyola Heights, Quezon City. She held various positions in the past as follows: FF Cruz Co., Inc., Corporate Lawyer, 2015-2017; Philippine Dispute Resolution Center, Inc., File Counsel and Hearing Commissioner, 2016-2017; Ateneo de Manila University, Part-Time Instructor, 2010-2016; Bases Conversion and Development Authority, Attorney III, 2014 – 2015; Ongkiko Manhit Custodio & Acorda Law Office, Senior Associate, 2011 – 2014; Bernas Law Office, Associate, 2008 – 2011.

Rodolfo D. Santiago, Independent Director. Retired Major General Rodolfo D. Santiago, Filipino, 59, is a graduate of the Philippine Military Academy Class of 1982. He has more than 38 years of military service holding various positions in several specialized fields. He held command and staff positions of major importance in the fields of military communications, intelligence, civil military operations and infantry operations. He capped his military career as an educator serving as the 54th Commandant of the Armed Forces of the Philippines Command and General Staff College. He completed his 15-year intelligence career serving as a Commander of the Defense Intelligence and Security Group. His civil-military operations stint was topped by being designated as the Assistant Deputy Chief of Staff for Civil-Military Operations, J7 (AJ7). He also led the AFP in disaster response operations, training and education. He is currently serving as a member of the Board of Advisers of the Tech Peace, Build Peace Movement. He works as an independent consultant of the Department of Education since January 2017 dealing largely with other stakeholders, disaster resiliency, peace education and schools in conflict areas. He is also a research consultant of Ateneo de Manila University on disaster resiliency since May 2017. Maj. Gen. Santiago was elected an Independent Director of PHILIPPINE INFRADEV HOLDINGS, INC on Aug. 17, 2017.

Antonio T. Tan, a Filipino is 58 years old. His expertise is with engineering, procurement, infrastrucuture, business development, construction management and product innovation. He has had more than 30 years of experience in Philippine real estate development and oversaw the construction of at least twenty high rise buildings in Metro Manila."

Atty. Delfin P. Angcao, Corporate Secretary and Corporate Information Officer. Mr. Angcao, 61, Filipino, has been the Corporate Secretary and Corporate Information Officer since March 2008. He is a partner at the Castillo Laman Tan Pantaleon & San Jose Law Offices (CLTPSJ) since the year 2000. He was a Junior Associate with CLTPSJ from 1995 to 1997. He climbed up to being a Senior Associate from 1997 to 2000. He was an Associate at the San Jose, Enriquez, Lacas, Santos, Borje & Vendero from 1992 to 1995. His business experience for the last five years includes being Director and/or Corporate Secretary of various client corporations of CLTPSJ including Mabuhay Holdings Corporation and The Manila Southwoods Golf & Country Club, Inc. He is a member of the Integrated Bar of the Philippines and the Philippine Institute of Certified Public Accountants.

All the above named directors (as well as the two (2) other nominee directors named below)and officers are the nominees for directors and officers at the 2019 annual stockholders' meeting and the organizational meeting that will follow thereafter.

He Guangping, 58, is from HongKong. He is presently the Chairman of Jingpeng Holding Group Co. Ltd. From 1995 to 2001, he served as the General Manager of Hunan National Economic and Technological Development Corp. In 2001, he served as Chairman of Hunan Xin Wai Tan Real Estate Development Co.. In 2003, he founded Jingpeng Holding Group Co. Ltd. and serves as Chairman. Also, since 2012, he has been the Chairman of HongKong Yilun Investment Co. Ltd.

Atty. Jose Gerardo A. Medina, 62**,** is a graduate of the University of the Philippines College of Law and has been active on the legal profession since 1990. He co-founded the Solis

Medina Limpingco & Fajardo Law Offices in 1994. Atty. Medina currently serves as director, officer and legal counsel to numerous domestic and multinational corporations engaged in the fields of development, construction, engineering, banking, finch and agriculture. He also serves as a director of the UP Law Alumni Association and is a lecturer on business organisations and corporation law at the Philippine Law School.

All the directors and executive officers named above will be elected to their positions for a term of one year and to serve as such until their successors are elected and qualified. No incumbent director or executive officer has resigned or declined for re-election since the date of the last annual meeting of security holders because of a disagreement with the Registrant on any matter relating to the Registrant's operations, policies or practices.

Except for the above-named directors and officers, the Registrant has no "significant employees" (as the term is defined under the SRC and its implementing rules and regulations).

(b) Independent Directors/Corporate Governance Committee.

In compliance with SRC Rule 38 which provides for the guidelines on the nomination and election of independent directors, a Corporate Governance Committee which performs the functions of the erstwhile Nomination Committee has been created with the following as members:

1. Benjamin B. Magalong - Chairman, Independent director
2. Rodolfo D. Santiago - Member, Independent director
3. Kimberlie C. See - Member, Independent director
4. Ren Jinhua - Member
5. Antonio L. Tiu - Member

Under the Company's New Manual of Corporate Governance, the members of the Corporate Governance Committee shall consist of at least three independent directors, one of whom shall be the Chairman thereof. The Corporate Governance Committee was tasked to accept and to pre-screen nominees for election as independent directors conformably with the criteria prescribed in SRC Rule 38 and the Company's Code of Corporate Governance, and to prepare and to make available to the SEC and the stockholders before the stockholders' meeting a Final List of Candidates as required in the said SEC Memo Circular.

In compliance with SRC Rule 38, hereunder is the Final List of Candidates for Independent Directors of the Registrant for the term 2019-2020 based on nominations received and pre-screened by the Corporate Governance Committee:

Name of Candidate	Nominated By
Rodolfo D. Santiago	Mr. Antonio L Tiu
Jose Gerardo A. Medina	Mr. Antonio L Tiu

Kimberlie C. See	Mr. Antonio L Tiu

Mr. Tiu, presently a stockholder and the incumbent President and CEO of the Registrant, is not related to any of his above-mentioned nominees.

Information about said candidates as required under Part IV (A) and (C) of Annex "C" of SRC Rule 12 are as contained in this item 5.

To comply with the Securities and Exchange Commission (SEC) Memorandum Circular No. 5 which became effective March 10, 2017, the company submits herewith the Certificates of Qualification of the independent directors in the form prescribed by the SEC. The term limits of the independent directors shall be for a maximum cumulative term of nine (9) years in accordance with SEC Memorandum Circular No. 4, Series of 2017, which became effective March 9, 2017. The reckoning date of the cumulative nine-year term is from 2012.

(c) Significant Employees.

Aside from those listed above, the Company has no other executive officers or certain key personnel who are deemed to make significant contribution to the business.

(d) Family Relationships.

Mr. Ren Jinhua, Director and Chairman is the father of Ren Youmin, Director. Other than the foregoing, no director or officer is related to the extent of the fourth civil degree either by consanguinity or affinity.

(e) Involvement in Certain Legal Proceedings.

None of the directors and officers of the Company was involved, in the past five years up to the latest date, in any bankruptcy proceeding. Neither have they been during the same period convicted by final judgment in any criminal proceeding, nor been subject to any order, judgment or decree of competent jurisdiction, permanently enjoining, barring, suspending or otherwise limiting their involvement in any type of business, securities, commodities or banking activities, nor found in action by any court or administrative body to have violated a securities or commodities law that are material to their evaluation as to their fitness for their respective positions.

The Company and its consolidated subsidiaries/affiliates are parties to various legal actions or proceedings. However, in the opinion of management, the ultimate liability, if any, resulting from these actions or proceedings, will not have a material effect on the Company's financial position.

(f) Certain Relationship and Related Transactions.

Relationships and Related Transactions

Under the 1994 PrimeEast MOA, the Company and PrimeEast agreed to jointly organize a realty company that shall identify and free from claimants not more than 500 hectares of lands in Binangonan, Rizal, registered in the name of the Company. The realty company shall be granted 30% ownership of all properties cleared by it. All lands acquired pursuant to such clearing operations shall be developed by PrimeEast at its own expense for which PrimeEast shall be entitled to 60% of the marketable lots. The remaining 40% shall belong to the owner, which may either be the Company or the realty company. Consequently, BLC was formed by PrimeEast representatives and the Company as their joint venture realty company and is owned by them in equal shares.

PrimeEast was able to clear about 65 hectares for which the Company became indebted to PrimeEast in the amount of P51,770,360.26 representing the Company's share in the clearing cost. This amount plus the other financial obligations to certain persons named in the 2002 PrimeEast MOA which were assigned to PrimeEast brought the Company's indebtedness to PrimeEast to P99,486,250.35. In full settlement of its indebtedness to PrimeEast, the Company assigned by way of a "dacion en pago" all its rights, interests and participation in BLC such that PrimeEast shall become the sole owner of BLC.

Under the 2008 PrimeEast MOA, PrimeEast and/or BLC transferred to the Company all their rights, interest and participation over 508,463 square meters of land for a total consideration of P177,961,700.

PrimeEast is a former shareholder of the Company. Mr. Alexander G. Asuncion, a former director and past President of the Company, is also a director and the Vice Chairman of PrimeEast. Mr. Frisco F. San Juan, a former director of the Company is the Chairman of the Board of PrimeEast.

The Company has engaged the services of DELL Equipment, a related party, for development and construction works for the first two phases of the development of approximately 30 hectares of real properties of the Company in Binangonan, Rizal. Upon satisfactory completion of the developmental works, DELL Equipment shall be given priority to develop succeeding phases of the development of an additional 290 hectares of real properties of the Company in Binangonan, Rizal. Messrs. Gil Miguel T. Puyat, and Antonio Syyap, Chairman, Directors of DELL Equipment, are also former directors of the Company. Mr. Alexander G. Asuncion, a stockholder and Vice Chairman of DELL Equipment, is a former director and past President of the Company.

Other than the foregoing transactions, there has been no material transaction during the last two years, nor is there any material transaction currently proposed, to which the Company was or is to be a party in which any of the incumbent directors and executive officers which the Company, or owners of more than 5% of the Company's voting stock, and executive officers or owners of more than 5% of the Company's voting stock, had or is to have a direct or indirect material interest.

Item 6. **Compensation of Directors and Executive Officers**

(a) Summary Compensation Table.

The annual compensation of the Company’s executive officers for the last two (2) fiscal years and for 2019 are as follows:

Name	Position	Year	Salary	Bonus	Other Annual Compensation
Ren Jinhua	Chairman				
Antonio L. Tiu	President & CEO				
Georgina A. Monsod	EVP and COO				
Richard T. Amurao	Director/ Executive Committee				
Ren Youmin	Director/ Executive Committee				
Alwin P. Remante	SVP-Technical and Admin				
Aggregate compensation (all key officers and directors as a group) Note: Registrant has no other executive officers except those named above.		2019 (estimated)	P7.0M	None	None
		2018	P6.2M	None	None
		2017	P6.2M	None	None

Each director receives a per diem of P5,000.00 for each board meeting attended.

(b) Compensation of Directors.

Directors receiving compensation were either employed as officers of the Registrant receiving fixed monthly salary or receiving reimbursement of representation expenses incurred from time to time.

Directors and executive officers employed by the Registrant, receiving fixed monthly salary are as shown in the table in the immediately preceding section.

(c) Employment Contracts and Termination of Employment and Change-in-Control Arrangement.

There were no employment contracts, termination of employment, or any arrangement that resulted or may result in a change of control of the Registrant.

(d) Warrants and Options Outstanding.

There are no outstanding warrants or options held by the Company's executive officers and directors as a group.

Item 7. **Independent Public Accountants**

(a) Audit and Audit-Related Fees

The Registrant's external auditor, Isla, Lipana & Co. has been re-appointed during last year's annual stockholders' meeting held on July 20, 2018. The name of Isla, Lipana & Co.'s partner-in-charge Mr. Paul Chester U. See for the ensuing year will be known on or before its re-appointment during the stockholders' meeting.

There were no disagreements with the said Auditors with respect to accounting principles and practices, financial disclosures, or auditing scope or procedures. As in the previous years, representatives of the Registrant's auditors are expected to be present at this year's annual stockholders' meeting, available to respond to questions that may be asked by the stockholders. The said auditors will have the opportunity to make a statement if they desire to do so.

The external auditors charged the Company and its subsidiaries an aggregate amount of P984,662.00 for the last two years ended December 31, 2018 and 2017.

The Company is in compliance with SRC Rule 68, Paragraph 3(b)(iv) which requires the rotation of external auditors or the handling partners of the auditing firm.

(b) Tax Fees.

There were routine professional services rendered by the external auditors for tax accounting, compliance, advice, planning and any other form of tax services in each of the last two (2) calendar years ending December 31, 2017 and 2016. The fees for these services are included in the Audit and Audit-Related Fees mentioned above.

(c) All Other Fees.

There were no other professional services rendered by the external auditors during the period.

(d) Company Policy on Appointment of Independent Auditor

The President, EVP/Treasurer and the Audit Committee recommended to the Board of Directors the appointment of the external auditor and the fixing of the audit fees. The Board of Directors approves the recommendation for the appointment of the external auditor subject to approval/ratification by the stockholders at the annual stockholders' meeting.

The present members of the Audit & Related Party Transactions Committee of the Company are as follows:

Rodolfo D. Santiago	-	Chairman (Independent Director)
Benjamin B. Magalong	-	Member (Independent Director)
Ren Jinhua	-	Member
Richard Amurao	-	Non-voting member

D. OTHER MATTERS

Item 15. **Action with Respect to Reports**

(a) Approval of the minutes of the 2018 annual stockholders' meeting
(b) Approval of annual report of management and 2018 financial statements

Approval of the minutes of the 2018 annual stockholders' meeting will constitute a ratification of the accuracy and faithfulness of the record therein of the events that transpired during the said meeting. Among the matters taken up during the 2018 annual stockholders' meeting and reflected in the minutes thereof were the following: (a) approval of the 2017 management report and 2017 audited financial statements; (b) ratification of corporate acts; (c) election of directors; and (d) appointment of external auditors.(e) amendment of the articles of incorporation (f) increase of authorized capital stock. This will not constitute a second approval of the same matters that were already taken up and approved during the said meeting. Approval of the 2018 annual report of management and the 2018 audited financial statements will constitute a ratification of the Company's performance during the preceding year as contained or reflected in said annual report and financial statements.

Item 18. **Other Proposed Actions**

(a) Ratification of resolutions, contracts and acts of the board of directors and management
(b) Election of directors
(c) Appointment of external auditors

Resolutions, contracts and acts of the board of directors and management for ratification refer to those passed or undertaken by them during the year and for the day to day operations of the Company as contained or reflected in the annual report and financial statements. These included, among others, the election of officers, composition of corporate governance committees, and appointment of external auditors as previously disclosed to the Securities and Exchange Commission and the Philippine Stock Exchange.

Item 19. **Voting Procedures**

The vote required for acts requiring stockholders' approval is majority of stocks present in a quorum unless the law provides otherwise. In the election of directors, however, the eleven (11) nominees obtaining the highest number of votes in accordance with the provisions of the Revised Corporation Code, shall be proclaimed the directors.

Counting of votes will be done *viva voce* or by raising of hands, unless in the election of directors, a stockholder requests for balloting. Votes cast during the annual stockholders' meeting shall be counted by the Corporate Secretary.

however, the eleven (11) nominees obtaining the highest number of votes in accordance with the provisions of the Revised Corporation Code, shall be proclaimed the directors.

Counting of votes will be done *viva voce* or by raising of hands, unless in the election of directors, a stockholder requests for balloting. Votes cast during the annual stockholders' meeting shall be counted by the Corporate Secretary.

ACCOMPANYING THIS INFORMATION STATEMENT IS A COPY OF THE NOTICE OF THE ANNUAL STOCKHOLDERS' MEETING CONTAINING THE AGENDA THEREOF, AS WELL AS A COPY OF THE REGISTRANT'S MANAGEMENT REPORT AS REQUIRED UNDER SRC RULE 20 (4), AS AMENDED.

UPON THE WRITTEN REQUEST OF A STOCKHOLDER, THE COMPANY WILL PROVIDE, WITHOUT CHARGE, A COPY OF THE COMPANY'S ANNUAL REPORT IN SEC FORM 17-A DULY FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. THE STOCKHOLDER MAY BE CHARGED A REASONABLE COST FOR PHOTOCOPYING THE EXHIBITS.

ALL REQUESTS MAY BE SENT TO THE FOLLOWING:

PHILIPPINE INFRADEV HOLDINGS, INC.
35/F Rufino Pacific Tower
6784 Ayala Avenue, Makati City
Attention: Ms. Georgina A. Monsod

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Makati on September 4, 2019.

PHILIPPINE INFRADEV HOLDINGS, INC.
Registrant

By:

DELFIN P. ANGCAO
Corporate Secretary

PHILIPPINE INFRADEV HOLDINGS, INC.

MANAGEMENT REPORT
Pursuant To SRC Rule 20 (4)

For the 2019 Annual Stockholders' Meeting

A. AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED DECEMBER 31, 2018 AND JUNE 30, 2019 INTERIM FINANCIAL STATEMENTS

Registrant's consolidated audited financial statements for the fiscal year ended December 31, 2018 and interim financial statements for the period ended June 30, 2019 are attached.

B. THERE WERE NO DISAGREEMENTS WITH THE ACCOUNTANTS

C. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATIONS

Company's Operations

The Company is primarily engaged in the acquisition, reclamation, development, or exploitation of lands for the purpose of converting and developing said lands to integrated residential or commercial neighborhoods, and generally to engage in real estate business in all its forms.

The Parent Company has subsidiaries, Interport Development Corporation (IDC) and Makati City Subway, Inc. (MCSI) (the "Subsidiaries"). IDC is primarily involved in the acquisition and selling of real estate of all kinds or to hold such properties for investment purposes. MCSI is primarily engaged in the development, construction, operation, repair, maintenance, management and other allied business involving infrastructure and/ or public utility projects. The Parent Company and the Subsidiaries have been collectively referred hereinto as the Group.

On March 13, 2019, the Parent Company incorporated Makati City Subway, Inc. (MCSI) as a wholly-owned subsidiary. MCSI will serve as the corporate vehicle for the Makati Subway System.

On October 23, 2018, the Parent Company received from Public-Private Partnership Selection Committee of Makati City Government a Notice of Award for the construction and operation of the Makati Subway System (the "Project") to be implemented through a joint venture agreement. The Project has been awarded to the Parent Company as the lead proponent of a consortium.

The clearing of the Company's Binangonan property is the focus of the Company's operations in order to completely free from third party claims the first 500 hectares of the 2,200-hectare property where the first phase of the Binangonan Master Plan consisting of the housing estate project will be situated. As of December 31, 2018, the Company has no additional land area cleared for Binangonan Property (2017 – 181.29) and has in its possession 220 titles of cleared properties.

Company's Shares of Stocks

On July 20, 2018, the BOD and shareholders approved the increase in the authorized share capital from P1.50 billion to P19.5 billion, composed of P9.50 billion common shares and P10.00 billion preferred shares.

Subsequently, the Parent Company received from its shareholders deposits for future shares subscription amounting to P1.28 billion as at December 31, 2018, pending SEC's approval on the increase in authorized share capital. On March 15, 2019, following SEC's approval the Parent Company issued the corresponding 4.56 billion common shares. Accordingly, the deposits for future shares subscription have been presented as part of equity as at December 31, 2018.

On April 10, 2018, IRC Properties, Inc. entered into a Subscription Agreement with Aggregate Business Group (ABG) Holdings, Inc., ("ABG"), a corporation organized and existing under the laws of the Philippines with principal office located at City and Land Mega Plaza Building, ADB Avenue corner Garnet Road, Ortigas Center, Pasig City, represented by its Chairman, Mr. Youmin Ren, whereby the ABG subscribed to One Hundred Seventy Two Million Eight Hundred Thousand (172,800,000) Common Shares of IRC Properties, Inc. at the subscription price of P1.40 per share, or for a total subscription price of Two Hundred Forty One Million Nine Hundred Twenty Thousand Pesos (Php 241,920,000.00).

DISCUSSION OF THE REGISTRANT'S FINANCIAL CONDITION, CHANGES IN FINANCIAL CONDITION & RESULTS OF OPERATIONS FOR EACH OF THE LAST 3 FISCAL YEARS

The company has three ongoing residential subdivision projects, namely 1) Sunshine Fiesta Subdivision, 2) Fiesta Casitas Subdivision, and 3) Casas Aurora

Sunshine Fiesta Subdivision is a joint venture development project between the Company and Dreamhauz Management & Development Corporation, with the latter responsible for the land development and house construction. The first phase seven-hectare is still on-going with 869 number of house-and-lot units. From the total 866 units, 102 units are assigned to the company, representing its 12% share in the joint venture project.

Fiesta Casitas Subdivision is also a residential subdivision located in the same area where Sunshine Fiesta is situated. This project is a joint development agreement with Dell Equipment & Construction Corporation, who is responsible for the land development and house construction. It has 1,015 house and lot units, with 123 units assigned to the Company. Reservation on Fiesta Casitas units is on-going.

Casas Aurora is a residential project located within the 30-hectare Sunshine Fiesta Project and is considered Phase III, after Sunshine Fiesta and Fiesta Casitas. This is the first project of the company that it is implementing on its own. It has contracted Dell Equipment & Construction Corporation to do the land development, which includes road construction, drainage, utilities and amenities. For the house construction, it has contracted VGPineda Construction

Corporation using a new technology of on-site fabrication. It has 486 units with P850,000 as an introductory price.

INTERIM REPORT JUNE 30, 2019

Results of Operations

A comparative review of the Company's financial operations for the quarter ended June 30, 2019 vis-à-vis the same period last year showed the following:

The significant decrease of P61.85 million or 52% in total revenue was mainly due to the decrease in number of units sold of Casas Aurora as well as the reversal of payables made last year amounting to P50 million. Total cost and expenses decreased by P31.11 million from P88.49 million mainly because of the recognition made last year of provision for doubtful accounts and retirement benefit expense as well as the higher cost of sales.

Financial Condition

The Company employed total assets of P17,004,475,333 financed by total liabilities of P10,781,297,145 and total stockholders' equity of P6,223,178,188. Noncurrent assets amounted to P15,015,694,794 consisting of investment property, property and equipment (net of accumulated depreciation) and other assets. Current assets stood at P1,988,780,539.

Material changes (June 30, 2019 vs. December 31, 2018)

Cash decreased by P241 million or 22% mainly due to the advances made to Makati City Subway, Inc. (MCSI) for its pre-operating expenses as well as the cost in issuance related to the increase in authorized share capital of the Company and incorporation of MCSI.

Receivable decreased by P198.68 million or 66% mainly due to the eliminating entries made related to the advances to MCSI which are reclassified as part of other asset.

Prepayments and other current assets increased by P13.4 million mainly because of the increase in Input VAT and recognition of Prepaid Rent.

Other assets increased by P292.98 million mainly due to the reclassification from Receivable to Other Assets of the advances made to MCSI.

Share Capital increased by P4.56 billion because of the issuance of 4,561,665,000 common shares at a price of P1.4 and P1.1 per share (par value of P1/share).

Share Premium increased by P387.8 million because of the issuance of 4,561,665,000 common shares at a price of P1.4 and P1.1 per share (par value of P1/share).

Retained Earnings decreased by P72.2 million mainly because of the incorporation of Makati City Subway, Inc., wholly-owned subsidiary of the Company.

There is no significant element of income that did not arise from the Registrant's continuing operations. Neither is the Company's operations affected by any seasonality or cyclical trends.

YEAR ENDED DECEMBER 31, 2018

Results of Operations

Philippine Infradev Holdings Inc. sold 107 units of Casas Aurora amounting to P 115,249,120, net of P17,300 sales discount, and 12 units of Fiesta Casitas amounting to P 10,393,060. Casas Aurora project is the main sales contributor for the year ended 2018 in which the company started to sell the units in the year 2016.

As of December 27, 2018, the independent appraiser valued the properties located in Binangonan (undeveloped lots) at P1200/sqm.

Financial Condition

The financial position of the Company as of December 31, 2018, shows total assets of P17,165,443,581. Noncurrent assets were P14,722,332,254. The noncurrent assets consist of investment properties, property and equipment (net of accumulated depreciation) and other assets. Current assets as of December 31, 2018 stood at P2,443,111,327.

The total liabilities of the Company as of December 31, 2018 is P10,788,037,995 while current liabilities stood at P1,140,198,836. Non-current liabilities is P9,647,839,159 which includes the P1,685,007,200 deferred tax liability and P7,958,840,691 provision for clearing costs. Total stockholders' equity as of December 31, 2018 is P17,165,443,581.

Material changes (2018 vs. 2017)

Cash increased by P1.1 billion mainly because of the deposits for future shares subscription received by the Company from its shareholders amounting to P1.28 billion as at December 31, 2018, pending SEC’s approval on the increase in authorized share capital.

Receivables grew by 221 million mainly because of the advances made to Makati City Subway, Inc. (MCSI) as a wholly-owned subsidiary. MCSI will serve as the corporate vehicle for the Project.

Prepayments decreased by 59% or P23.7 million due to the usage of creditable withholding tax to pay for the income tax due for the year 2018. Moreover, Advances to Subcontractors were already capitalized as inventories.

Investment property increased by P12.2 billion mainly due to the recognition of additional recoverable land area and recognition of fair value gain on investments and the capitalizing of borrowing costs. As at December 31, 2018, this account represents the Company’s 1,513-hectare property in Binangonan, Rizal, which is currently being cleared for future development. This property was acquired in 1978 and part and parcel of the 2,200-hectare property.

Property and equipment increased by P5 million mainly because of the acquisition of three (3) additional Company vehicles.

Accounts payable and accrued expenses decreased by P46 million or 31% mainly due to the payments of loan interest with Mabuhay Holding Corp.

Provision for clearing costs, current portion and non-current portion increased by P8.05 billion due to recognition of additional recoverable land area.

YEAR ENDED DECEMBER 31, 2017

Results of Operations

IRC Properties, Inc. sold 160 units of Casas Aurora amounting to P151,390,935, net of P276,715 sales discount, and 15 units of Fiesta Casitas amounting to P12,069,400. Casas Aurora project is the main sales contributor for the year ended 2017 in which the company started to sell the units in the year 2016.

As of September 30, 2017, the independent appraiser valued the properties located in Binangonan (undeveloped lots) at P1,100/sqm.

The company started the development of its fourth residential project named Casas Bauhinia located in the Binangonan property.

Financial Condition

The financial position of the Company as of December 31, 2017, shows total assets of P3,653,685,334. Noncurrent assets were P2,491,050,195. The noncurrent assets consist of investment property, property and equipment (net of accumulated depreciation) and other assets. Current assets as of December 31, 2017 stood at P1,162,635,139.

The total liabilities of the Company as of December 31, 2017 is P1,786,327,428 while current liabilities stood at P485,442,087. Non-current liabilities is P1,300,885,341 which includes the P436,799,331 deferred tax liability and P827,209,024 provision for clearing costs. Total stockholders' equity as of December 31, 2017 is P1,867,357,906.

Material Changes (2017 vs. 2016)

Cash decreased by 92% or P21.9 million mainly due to payment made on the loan due to Tamura Kenzai.

Receivables grew by 23% or P14.7 million mainly because of the higher sales of Casas Aurora units during the year.

Prepayments likewise increased by 18% or P6 million due to payments of creditable withholding tax.

Land held for development is decreased by 1% or P6.8 million mainly due to reclassification of partially completed units to land held for development which was incurred during the year.

Investment property increased by 6% or P140 million mainly due to the recognition of additional recoverable land area of 8 hectares, and recognition of fair value gain on investments and the capitalizing of borrowing costs.

Accounts payable and accrued expenses increased by P34 million or 30% mainly due to the accrual of loan interest with Mabuhay Holding Corp.

Provision for clearing costs, current portion decreased by P9.9 million or 10% due to company's effort in clearing the land.

Provision for clearing costs, non-current increased by P79.3 million or 11% due to the increase in recoverable area to be cleared coupled with the effect of discounting of provision for clearing cost.

Real properties held for sale and development decreased by 18.5 million or 32% mainly because of the higher sales for the year ended 2017.

YEAR ENDED DECEMBER 31, 2016

The company's total sales for the year ended 2016 amounted to P122,063,855 net of P411,145 sales discount. The company sold 107 units from Casas Aurora and 6 from Fiesta Casitas with total contract price amounting to P92,987,900 and P4,519,600, respectively. Aside from the unit sales, the company sold a parcel of land to Amaia Land Corp. with a total contract price amounting to P24,964,500.

Total income for the year 2016 increased by P135.1 million or 60.1% compared to same period of 2015 mainly due to increase in sales and increase in fair value gain on investment property. Appraisal of Binangonan properties conducted by an independent appraiser valued the property (undeveloped lots) at P1,100/sqm as of April 1, 2017 (2015- P1,000/sqm.). The appraisal resulted in a fair value gain of P98.8 million for 2016 as compared to P65 million in 2015. Net income for 2016 registered at P73.8 million or 156.4% higher than in 2015.

There is no significant element of income that did not arise from the Registrant's continuing operations. Neither is the Company's operations affected by any seasonality or cyclical trends.

Financial Condition

The financial position of the Company as of December 31, 2016, shows total assets of P3,539,350,023. Non-current assets were P2,350,454,308. The noncurrent assets consist of investment property, property and equipment (net of accumulated depreciation) and other assets. Current assets as of December 31, 2016 stood at P1,188,895,715.

The total liabilities of the Company as of December 31, 2016 amounted to P1,695,260,707 while current liabilities stood at P461,669,109. Non-current liabilities totalled P1,233,591,598 which include the P431,098,518 deferred tax liability and P747,892,943 provision for clearing costs. Total stockholders' equity as of December 31, 2016 amounted to P1,844,089,316.

Material Changes (2016 vs. 2015)

Cash increased by 163.46% or P14.78 million due to increase in loan takeout from sale of house and lot for project Casas Aurora.

Receivables grew by 61.47% or P24.9 million mainly due to the advance of VGPineda Construction Corp for Casas Aurora Project and Greenroof Corporation.

Prepayments likewise increased by 9.00% or P2.8 million due to payments of creditable withholding tax.

Land held for development decreased by 2.06% or P20.8 million mainly due to reclassification of partially completed units to land held for development which was incurred during the year.

Investment property increased by 12.98% or P269.7 million mainly due to the recognition of additional recoverable land area of 20 hectares, and recognition of fair value gain on investments and the capitalizing of borrowing costs.

Accounts payable and accrued expenses decreased by P106.6 million or 48.74% mainly due to partial payment of interest expenses incurred from notes payable. The minimal increase in customers deposit was offsetted by the decrease in accrual salaries of officers and accounts payable.

Provision for clearing costs, current portion decreased by P7.3 million or 6.65% company's effort in clearing the land.

Provision for clearing costs, non-current increased by P139.2 million or 22.88% due to the increase in recoverable area to be cleared coupled with the effect of discounting of provision for clearing cost.

Deferred tax liability was up by 7.12% or P28.6 million due to provision for income tax deferred.

KEY PERFORMANCE AND FINANCIAL SOUNDNESS INDICATORS

Definition of Ratios

Working Capital- computed as current assets minus current liabilities.

Current Ratio- computed as current assets divided by current liabilities.

Quick Ratio- computed as current assets minus prepayments and land held for development divided by current liabilities.

Asset to Equity Ratio- measures financial leverage and long- term solvency. It shows how much of the assets are owned by the company. It is computed as total assets divided by stockholders' equity.

Debt to Assets Ratio- computed as total liabilities divided by total assets.

Debt to Equity Ratio- computed as total liabilities divided by total equity.

Gross Profit Margin- shows how much of the company's revenue remains after the cost of sales. It is computed as gross profit divided by sales.

Operating Profit Margin- measures the amount of money that remains after paying sales and operating expenses. It is computed as earnings before taxes and interest divided by sales.

Net Profit Margin- shows the money remaining after paying all expenses. It is computed as net profit divided by sales.

Return on Assets- measures how effectively the company uses its assets to create revenue. It is computed as net income divided by total assets.

Return on Equity- measures how much money the company have earned on its investment. It is computed as net income divided by stockholders' equity.

Interest Coverage Ratio- measures the company's ability to pay its interest charges. It is computed as income before income tax and interest expense divided by interest payments.

REGISTRANT'S FINANCIAL SOUNDNESS INDICATORS

Below are the comparative key performance indicators of the Company for the interim period and the last three (3) years:

	June 30, 2019	**Dec. 31, 2018**	**Dec. 31, 2017**	**Dec. 31, 2016**
	Unaudited	Audited	Audited	Audited
Working Capital	855,322,552	1,302,912,491	677,193,052	727,226,606
Current Ratio	1.75	2.14	2.395	2.580
Quick Ratio	.87	1.25	.204	.230
Asset to Equity Ratio	2.73	2.69	1.957	1.919
Debt to Assets Ratio	.63	.63	.489	.480
Debt to Equity Ratio	1.73	1.69	.957	.919
Gross Profit Margin	.40	.98	.331	.378

Operating Profit Margin	.01	.96	.150	.460
Net Profit Margin	.01	.68	.117	.328
Return on Assets	.00	.17	.006	.021
Return on Equity	.00	.47	.012	.040
Interest Coverage Ratio	5.42	2,445	-nil-	-nil-

In general, there are no material known trends, demands, commitments, events, transactions, arrangements or items of, by or involving the Company that would require a disclosure pursuant to Part III (A)(2)(A)(i) to (vii) of Annex "C" of the Implementing Rules and Regulations of the Securities Regulation Code, to wit:

- The Registrant is not aware of any event that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

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

- No material commitments for capital expenditures had been contracted by the Registrant during the reporting period and subsequent thereof.

- There are no material known trends, events or uncertainties that would have a material impact on sales.

- There are no significant element of income or loss that did not arise from the Registrant's continuing operations.

- There are no seasonal factors that have materially affected the Financial Statements of the Registrant.

D. GENERAL NATURE AND SCOPE OF BUSINESS

Philippine Infradev Holdings Inc. (formerly IRC Properties, Inc.) (the "Parent Company") was incorporated in the Philippines on February 24, 1975. The Parent Company is primarily engaged in the acquisition, reclamation, development, or exploitation of lands for the purpose of converting and developing said lands to integrated residential or commercial neighborhoods, and generally to engage in real estate business in all its forms. Southern Mindoro and the Sulu Sea areas. World recession in the late 1970's forced the company to cut down on exploration activities. On July 28, 1978, the company acquired a 2,200-hectare property in Binangonan, Rizal which signalled its shift in its major business activity from oil exploration to real estate development.

The clearing of the Company’s Binangonan property is the target of the Company’s operations in order to completely free from third party claims the first 500 hectares of the 2,200-hectare property where the first phase of the Binangonan Master Plan consisting of the housing estate project will be situated.

The company has The Parent Company has subsidiaries, Interport Development Corporation (IDC) and Makati City Subway, Inc. (MCSI) (the “Subsidiaries”). IDC is primarily involved in the acquisition and selling of real estate of all kinds or to hold such properties for investment purposes. MCSI is primarily engaged in the development, construction, operation, repair, maintenance, management and other allied business involving infrastructure and/ or public utility projects.

The Company currently holds offices at 35/F, Rufino Pacific Tower, 6784 Ayala Avenue, Makati City. The Company’s last annual stockholders' meeting was on July 20, 2018.

DEPENDENCE ON A FEW CUSTOMERS. This disclosure is currently not applicable to the Registrant’s business and concerns.

TRANSACTIONS WITH AND/OR DEPENDENCE ON RELATED PARTIES. The Registrant’s transactions with its subsidiaries and affiliates mainly consist of the granting of advances to/from them.

NEED FOR GOVERNMENTAL APPROVAL OF PRODUCTS AND SERVICES. Aside from being regulated by the PSE and the SEC, the Registrant generally is not subject to any other specific government regulation.

EFFECT OF EXISTING OR PROBABLE GOVERNMENTAL REGULATIONS TO THE BUSINESS. This disclosure is currently not applicable to the Registrant’s business and concerns.

ESTIMATE OF AMOUNT SPENT FOR RESEARCH AND DEVELOPMENT ACTIVITIES. This disclosure is currently not applicable to the Registrant’s business and concerns.

COSTS AND EFFECTS OF COMPLIANCE WITH ENVIRONMENTAL LAWS. This disclosure is currently not applicable to the Registrant’s business and concerns.

TOTAL NUMBER OF EMPLOYEES AND NUMBER OF FULL TIME EMPLOYEES. Presently, the Company has a total twenty-three (23) personnel excluding the Chairman, President, Corporate Secretary and Assistant Corporate Secretary. Management intends to hire additional personnel as the need arises.

E. DIRECTORS AND OFFICERS - Pls. refer to SEC Form 20- IS

F. MARKET PRICE OF AND DIVIDENDS ON THE REGISTRANT'S COMMON EQUITY

Principal Market

The Company's shares of common stock are being traded at the Philippine Stock Exchange. Of the authorized capital stock of 19,500,000,000 shares, 6,061,578,964 shares have been subscribed.

Dividends

No dividend declarations were made during the two recent fiscal years of the Company. Aside from the accumulated deficit sustained by the company, there is no restriction that limits the ability to pay dividends on common equity. The company cannot yet declare dividends based on 2018 results of operations because the reconciled balance of retained earnings is still negative as shown in the reconciliation below.

	2016	**2017**	**2018**
Unappropriated Retained Earnings, as adjusted to available for dividend distribution, beginning	(P1,030,869,879)	(P629,709,290)	(P628,947,810)
Add: Net Income actually earned			
Net Income during the period closed to Retained earnings	25,029,414	22,996,681	2,991,974,032
Less: Non-actual/unrealized income net of tax			
Unrealized foreign exchange gain (except those attributable to cash and cash equivalents)	-	-	(12,749,800)
Fair value adjustment of Investment Property resulting to gain (net of tax)	(98,849,860)	(22,235,201)	(2,904,264,970)
TOTAL RETAINED EARNINGS, END AVAILABLE FOR DIVIDEND	**(P1,050,899,293)**	**(P628,947,810)**	**(P553,988,548)**

Common Equity

The shares of IRC traded along the following bands during 2019, 2018 and 2017:

	2019		2018		2017	
	High	**Low**	**High**	**Low**	**High**	**Low**
First Quarter	2.52	1.63	1.10	0.66	1.44	1.15
Second Quarter	2.05	1.55	1.62	0.99	1.24	0.95
Third Quarter			2.80	1.35	1.20	1.00
Fourth Quarter			2.97	2.01	0.93	0.69

The listed price of PIHI shares as of August 19, 2019 is P1.45.

Stockholders

The number of stockholders of record as of August 19, 2019, the Record Date of the 2019 annual stockholders' meeting is **559**. Common shares outstanding as of August 19,2019 amounted to 6,061,560,322.

The top 20 stockholders as of August 19, 2019 are as follows:

Name of Stockholder	Number of Shares	Percentage Ownership
AGGREGATE BUSINESS GROUP HOLDINGS INC	4,320,905,000	71.28%
PCD NOMINEE CORP. (F)	658,540,503	10.86%
PCD NOMINEE CORP. (NF)	638,284,011	10.53%
AUSPICIOUS ONE BELT ONE ROAD	368,175,000	6.07%
RIZAL PARTNERS CO. LTD.	45,385,000	0.75%
MARILAQUE LAND INC.	5,998,000	0.10%
VALMORA INVESTMENT AND MANAGEMENT CORP.	2,300,000	0.04%
DEE ALICE T.	2,165,000	0.04%
EQUITY MANAGERS ASIA INC	1,000,000	0.02%
DAVID GO SECURITIES CORPORATION	729,000	0.01%

GOKONGWEI JR. JOHN	642,000	0.01%
UY IMELDA T.	621,000	0.01%
TAN HENRY L.	600,000	0.01%
BLUE RIDGE CORPORATION	500,000	0.01%
LAO ALEX L.	500,000	0.01%
SIGUION-REYNA LEONARDO T	500,000	0.01%
TANCHAN III SANTIAGO	500,000	0.01%
CHAM GRACE	480,000	0.01%
CO JR. TONG TE	401,000	0.01%
PASCUAL SECURITIES CORP.	400,250	0.01%

There had been issuance of common shares of the capital stock of the Registrant constituting Exempt Transactions to Rizal Partners Co. Ltd. in 2015 and Sigma Epsilon Fund Ltd. in 2016. In both cases, the Company did not seek confirmation of exempt transaction but filed with the Securities and Exchange Commission Notices of Exemption Transaction in SEC Form 10.1.

G. DISCUSSION ON COMPLIANCE WITH LEADING PRACTICE ON CORPORATE GOVERNANCE

The compliance officer is currently in charge of evaluating the level of compliance of the Board of Directors and top-level management with its New Manual of Corporate Governance.

Measures being undertaken by the company to fully comply with the adopted leading practices on good corporate governance;

Due to company's limited operations, measures are slowly being undertaken to fully comply with the adopted leading practices on good corporate governance.

Any deviation from the company's New Manual of Corporate Governance shall be fully disclosed to the Commission.

Other than the disclosure enumerated above, the company has nothing to report on the following:

a) Any known trends, demands, commitments, events or uncertainties that will have a material impact on its liquidity;
b) Events that will trigger direct or contingent financial obligation that is material to the company;
c) Material off-balance sheet transactions, arrangements or obligations;
d) Any material commitment for capital expenditures;

e) Any significant elements of income or loss that did not arise from the issuers continuing operations; and
f) Any seasonal aspects that had a material effect on the financial condition or results of operation.

H. UPON THE WRITTEN REQUEST OF A STOCKHOLDER, THE COMPANY WILL PROVIDE, WITHOUT CHARGE, A COPY OF THE COMPANY'S ANNUAL REPORT IN SEC FORM 17- A DULY FILED WWITH THE SECURITIES AND EXCHANGE COMMISSION. THE STOCKHOLDER MAY BE CHARGED A REASONABLE COST FOR PHOTOCOPYING THE EXHIBITS.
ALL REQUESTS MAY BE SENT TO THE FOLLOWING:

PHILIPPINE INFRADEV HOLDINGS, INC.

35/F. Rufino Pacific Tower, 6784 Ayala Avenue
Makati City 1223
Attention: Ms. Georgina A. Monsod

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY) S.S.

SECRETARY'S CERTIFICATE

I, **DELFIN P. ANGCAO**, of legal age, Filipino, with office address at the 3rd Floor, The Valero Tower, 122 Valero Street, Salcedo Village, Makati City, after having been duly sworn to in accordance with law, do hereby depose and state that:

1. I am the duly elected and qualified Corporate Secretary of **Philippine Infradev Holdings, Inc.** (the "Corporation"), a corporation duly organized and existing under the laws of the Philippines with principal office address at 35/F Rufino Pacific Tower, 6784 Ayala Avenue, Legaspi Village, Makati City, Philippines.

2. I hereby certify that none of the Corporation's Regular Directors, Independent Directors and Officers are appointed or employed in any government agency.

IN WITNESS WHEREOF, this Certificate was signed and issued this 4th day of September 2019 at Makati City, Philippines.

DELFIN P. ANGCAO
Corporate Secretary

SUBSCRIBED AND SWORN TO BEFORE ME, a Notary Public for and in the City of Makati, Philippines, this SEP 04 2019, 2019, affiant who is personally known to me and whose identity I have confirmed through his Passport No. P0113420A, issued at Manila on August 31, 2016, bearing the affiant's photograph and signature, and who showed to me his Community Tax Certificate No. No. 04221166 issued on February 19, 2019 at Makati City.

Doc. No. 211;
Page No. 44;
Book No. II;
Series of 2019.

SARAH ELAIZA T. BUYCO NOTARY PUBLIC ROLL NO. 71836 MAKATI CITY, PHILIPPINES

SARAH ELAIZA T. BUYCO
Appointment No. M-607
Notary Public for Makati City
Until December 31, 2019
Castillo Laman Tan Pantaleon & San Jose Law Firm
The Valero Tower, 122 Valero Street
Salcedo Village, Makati City
PTR No. 6966731;07-02-2018;Makati City
IBP No. 042794;02-16-2018;Bulacan Chapter
Roll No. 71836

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **MARY KIMBERLIE C. SEE**, Filipino, of legal age and a resident of U3501 West, Lumiere Residences, Pasig City, after having been sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of PHILIPPINE INFRADEV HOLDINGS, INC. (the "Company") and have been its independent director since 2018.

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY/ORGANIZATION	POSITION/ RELATIONSHIP	PERIOD OF SERVICE
Edulife Creatives Inc.	Corporate Secretary	1
JV Ludwig Pfeiffer-Dragonhart Construction Inc.	Corporate Secretary	1

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Company, as provided in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am NOT related to any director/officer/substantial shareholder of the Company and its subsidiaries and affiliates.

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I am not in government service or affiliated with a government agency or a GOCC as would require written permission or consent from the head of the agency/department for me to be an independent director of the Company, pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.

7. I shall faithfully comply with my duties and responsibilities as independent director under the Securities Regulation Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of the Company of any changes in the abovementioned information within five days from its occurrence.

Done, this 3rd day of September 2019 at ______________

MARY KIMBERLIE C. SEE
Affiant

SUBSCRIBED AND SWORN to before me this SEP 04 2019 day of ________ at CITY OF MAKATI, affiant personally appeared before me and exhibited to me his/her ______________ issued at ______________ on ______________.

Doc. No. 438;
Page No. 89;
Book No. LXXX;
Series of 2019.

ATTY. GERVACIO B. ORTIZ JR.
Notary Public City of Makati
Until December 31, 2019
IBP No. 656155-Lifetime Member
MCLE Compliance No. VI-0024312
Appointment No. M-183-(2019-2020)
PTR No. 7333104 Jan. 3, 2019
Makati City Roll No. 40091
101 Urban Ave. Campos Rueda Bldg.
Brgy. Pio Del Pilar, Makati City

CERTIFICATION OF INDEPENDENT DIRECTOR

I, Jose Gerardo A. Medina, Filipino, of legal age and a resident of 9149 Catmon St., San Antonio, Makati City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of PHILIPPINE INFRADEV HOLDINGS, INC. (the "Company") and have been its independent director since September 03, 2019.

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY/ORGANIZATION	POSITION/RELATIONSHIP	PERIOD OF SERVICE
Solis Medina Limpingco & Fajardo Law Offices	Managing Partner	26 Years
Guijo Consultancy, Inc.	Director	19 Years
UMC Design and Applications, Inc.	Director	17 Years
Red Asia, Inc.	Director	8 Years
Black & White Middle East (Philippine), Inc.	Director	5 Years
Superguardian Corporation	Director	6 Years
Agon Pacific Phl Inc.	Director	2 Years
Nepean Philippines, Inc.	Director	2 Years
Manosa Bonifacio Properties Corporation	Chairman	1 Year
Open Circle Apps Corporation	Chairman	1 Year

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Company, as provided in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am NOT related to any director/officer/substantial shareholder of the Company and its subsidiaries and affiliates.

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I am not in government service or affiliated with a government agency or a GOCC as would require written permission or consent from the head of the agency/department for me to be an independent director of the Company, pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of the Company of any changes in the abovementioned information within five days from its occurrence.

Done, this 3rd day of September, 2019 at Pasig City.

Jose Gerardo A. Medina
Affiant

SUBSCRIBED AND SWORN to before me this 3rd day of September, 2019 at Pasig City, affiant personally appeared before me and exhibited to me his passport issued on P6090105A issued on Feb. 19, 2018 at DFA, Manila.

CHRISTIAN V. URBINA
Appointment No. 203 (2018-2019)
Notary Public for Pasig City
Until December 31, 2019
11/F PSE Centre, East Tower
Exchange Road, Ortigas Center, Pasig City
S.C. Roll of Attorneys No. 68572
PTR No. 5214238/1-08-19/Pasig
IBP No. 066485/1-10-19/Quezon City

Doc. No. 258;
Page No. 52;
Book No. II;
Series of 2019.

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **RODOLFO D. SANTIAGO**, Filipino, of legal age and a resident of 114 Oriole Drive, Victoria Valley Subdivision, Antipolo City after having been duly sworn to in accordance with law do hereby declare that:

1. I am an Independent Director of PHILIPPINE INFRADEV HOLDINGS INC. (the "Company").

2. I am affiliated with the following companies or organizations (including government-owned and controlled corporations):

Company/Organization	Position/Relationship	Period of Service
DITO Telecommunity	Chief Technology Officer	01 January 2018 - present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Company, as provided in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.

4. I am not related to any Director, Officer, and/or substantial shareholder of Philippine Infradev Holdings Inc. and its subsidiaries and affiliates other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code (where applicable, relatives referred to under Rule 38.2.3 are the spouse, parent, child, brother, sister, and spouse of such child, brother or sister)

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I am not in government service or affiliated with a government agency or a GOCC as would require written permission or consent from the head of the agency/department for me to be an independent director of the Company, pursuant to Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.

7. I shall faithfully comply with my duties and responsibilities as Independent Director under the Securities Regulation Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of the Company of any changes in the abovementioned information within five days from its occurrence.

RODOLFO D. SANTIAGO
Affiant

SUBSCRIBED AND SWORN to before me this 3rd day of September 2019 at Makai City, affiant personally appeared before me and exhibited to me his Phil. Passport No. P6706329A issued on 05 MAR 2018 expiring on 05 MAR 2028.

ATTY. GERVACIO B. ORTIZ JR.
Notary Public City of Makati
Until December 31, 2019
IBP No. 456155-Lifetime Member
MCLE Compliance No. VI-0024312
Appointment No. M-183-(2019-2020)
PTR No. 7333104 Jan. 3, 2019
Makati City Roll No. 40091
101 Urban Ave. Campos Rueda Bldg.
Brgy. Pio Del Pilar, Makati City

Doc. No. 01
Page No. 02
Book No. XXX
Series of 2019

Philippine Infradev Holdings Inc. and Subsidiary

(Formerly IRC Properties, Inc. and Subsidiary)

Consolidated Financial Statements
As at December 31, 2018 and 2017 and for each of the three years in the period ended December 31, 2018

Independent Auditor's Report

To the Board of Directors and Shareholders of
Philippine Infradev Holdings Inc. and Subsidiary
(Formerly IRC Properties, Inc. and Subsidiary)
35/F Rufino Pacific Tower
6784 Ayala Avenue, Makati City

Our Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Philippine Infradev Holdings Inc. (formerly IRC Properties, Inc.) (the "Parent Company") and its subsidiary (together, the "Group") as at December 31, 2018 and 2017, and the consolidated financial performance and consolidated cash flows for each of the three years in the period ended December 31, 2018 in accordance with Philippine Financial Reporting Standards (PFRS).

What we have audited

The consolidated financial statements of the Group comprise:

- the consolidated statements of financial position as at December 31, 2018 and 2017;
- the consolidated statements of total comprehensive income for each of the three years in the period ended December 31, 2018;
- the consolidated statements of changes in equity for each of the three years in the period ended December 31, 2018;
- the consolidated statements of cash flows for each of the three years in the period ended December 31, 2018; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

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

Independence

We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics), together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

Our Audit Approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgments; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarized as follows:

- Estimation of fair value of investment property
- Estimation of provision for clearing costs

Key Audit Matter	How our audit addressed the Key Audit Matter
Estimation of fair value of investment property Refer to Note 7 to the consolidated financial statements for the details of the investment property and Note 24.1 (a) for the discussion on critical accounting estimates and assumptions. This is an area of focus mainly due to the materiality of the account and volatility of the market. As at December 31, 2018, the Group reported investment property, carried at fair value, amounting to P14.71 billion in the consolidated statements of financial position. An annual fair value assessment is performed based on the requirements of PFRS 13, Fair Value Measurement, and PAS 40, Investment Property.	We addressed the matter by obtaining the appraisal report and reviewing the appropriateness of the method and reasonableness of the significant assumptions and estimates used in calculating the fair value. In particular, the reliability of the appraisal report was corroborated through independent verification of certain fair value assumptions (i.e. similar market listing in the area) over the Group's land properties. We also evaluated the competence, capabilities and objectivity of the independent appraiser engaged by the Group by reviewing its profile, license, and client portfolio.

Key Audit Matter	How our audit addressed the Key Audit Matter
During the year, management recognized a fair value gain amounting to P4.15 billion. This is based on the report prepared by an independent appraiser using the market approach. This approach uses sales and listing of comparable property registered within the vicinity premised adjusted for the factors of time, area/size and shape, terrain and elevation, and others.	The current year adjustment was discussed and cleared with management and Audit Committee. We did not note any significant issues in our review of management's estimate of fair value of investment property.
Estimation of provision for clearing costs Refer to Note 11 to the consolidated financial statements for the details of provision for clearing costs and to Note 24.1 (b) for the discussion on critical accounting estimates and assumptions. As at December 31, 2018, the Group reported provision for clearing costs amounting to P8.97 billion in the consolidated statements of financial position. The Group estimates the provision for clearing costs based on the land area expected to be issued with clear title. The clearing activities include negotiating with informal settlers to facilitate issuance of clear title. The amounts and timing of recorded provision for clearing costs for any period would differ if the Group made different assumptions or utilized different estimates. Changes in the Group's basis for provision or calculation may give rise to new or the need to revise the existing accounting estimate.	We addressed the matter by inspecting the documents supporting history of issuance of clear land titles and related payments with land occupants by the Parent Company. Additionally, we assessed the reasonableness of the projected cash flows, discount rate and timing of settlement used in calculating the present value of the provision by comparing the inputs and assumptions with the historical information on the actual settlements per year, timing of clearing of titles, and with published market rates. We found the present value of the cash flow projection to be comparable with historical experience and market rates. The movement in the provision for clearing costs during the year was discussed and cleared with management and Audit Committee.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), and SEC Form 17-A, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), and SEC Form 17-A are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the ability of each entity within the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of each entity within the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause an entity within the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Paul Chester U. See.

Isla Lipana & Co.

Paul Chester See

Paul Chester U. See
Partner
CPA Cert. No. 104941
P.T.R. No. 0011425; issued on January 8, 2019 at Makati City
SEC A.N. (individual) as general auditors 1518-AR-1, Category A; effective until October 17, 2021
SEC A.N. (firm) as general auditors 0009-FR-5, Category A; effective until June 20, 2021
T.I.N. 202-215-515
BIR A.N. 08-000745-122-2018; issued on April 2, 2018; effective until April 1, 2021
BOA/PRC Reg. No. 0142, effective until September 30, 2020

Makati City
April 15, 2019

BUREAU OF INTERNAL REVENUE
REVENUE REGION NO. 8 - MAKATI
MAKATI
RECEIVED
APR 15 2019

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **PHILIPPINE INFRADEV HOLDINGS INC. AND SUBSIDIARY** (*formerly IRC Properties, Inc. and Subsidiary*) is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, as at and for the years ended **December 31, 2018 and 2017**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to crease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the financial statements including the schedules therein, and submits the same to the stockholders.

Isla Lipana & Co., PwC (PricewatehouseCoopers), the independent auditors, appointed by the stockholders, has audited the financial statements of the company in accordance with Philippine Standards on Auditing and in its report the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

REN JINHUA
Chairman of the Board of Directors

ANTONIO L. TIU
Chief Executive Officer

GEORGINA A. MONSOD
Acting Treasurer/ Chief Finance Officer

BUREAU OF INTERNAL REVENUE
REVENUE REGION NO. 8 - MAKATI
EAST MAKATI
RECEIVED
APR 15 2019

Signed this 15th day of April 2019

APR 1 5 2019

SUBSCRIBED AND SWORD TO before me, a Notary Public, for and in Makati City, this _________ day of April 2019, affiants exhibiting to me their Community Tax Certificates and/or Passports, as follows:

Affiant	CTC No./ Passport No.	Date of Issue	Place of Issue
REN JINHUA	KJ013538	07 OCT 10	CHINA
ANTONIO L. TIU	P5749783A	25 JAN 2018	DFA MANILA
GEORGINA A. MONSOD	P7698623A	27 JUN 2018	DFA MANILA

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ATTY. GERVACIO B. ORTIZ JR.
Notary Public Makati City
Until Dec. 31, 2019
Appointment No. M-183 (2019-2020)
PTR No. 7333104 Jan. 3, 2019/Makati
IBP Lifetime No. 656155 Roll No. 40091
MCLE Compliance No. V-0006934
101 Urban Ave. Campos Rueda Bldg.
Brgy. Pio Del Pilar, Makati City

Office 35/F Rufino Pacific Tower, 6784 Ayala Avenue, Makati City 1223, Philippines
Landline (+632) 750.2000 Fax (+632) 751 .0773
Website www.ircproperties.com

Philippine Infradev Holdings Inc. and Subsidiary
(Formerly IRC Properties, Inc. and Subsidiary)

Consolidated Statements of Financial Position
As at December 31, 2018 and 2017
(All amounts in Philippine Peso)

	Notes	2018	2017
ASSETS			
Current assets			
Cash	2	1,108,701,953	1,908,897
Receivables, net	3	301,234,739	80,309,265
Funds held by custodian bank	4, 13	16,757,927	16,368,062
Real estate held for sale and development	5	1,000,139,393	1,023,484,195
Prepayments and other current assets	6	16,277,315	39,944,340
Total current assets		2,443,111,327	1,162,014,759
Non-current assets			
Investment property	7	14,713,619,640	2,487,484,670
Property and equipment, net	8	6,814,193	1,814,157
Other assets	9	1,898,421	2,371,748
Total non-current assets		14,722,332,254	2,491,670,575
Total assets		17,165,443,581	3,653,685,334
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and other liabilities	10	100,092,713	146,108,392
Current portion of provision for clearing costs	11	1,014,996,289	92,971,285
Current portion of borrowings	12	8,351,907	229,994,348
Liability for refund of stock rights subscription	4, 13	16,757,927	16,368,062
Total current liabilities		1,140,198,836	485,442,087
Non-current liabilities			
Provision for clearing costs, net of current portion	11	7,958,840,691	827,209,024
Borrowings, net of current portion	12	1,321,909	31,923,759
Deferred income tax liabilities, net	17	1,685,007,200	436,799,331
Retirement benefit obligation	20	2,669,359	4,953,227
Total non-current liabilities		9,647,839,159	1,300,885,341
Total liabilities		10,788,037,995	1,786,327,428
Equity			
Share capital	13	1,499,913,964	1,327,113,964
Share premium	13	200,018,642	130,898,642
Deposits for future shares subscription	13	1,276,099,000	-
Treasury shares	13	(18,642)	(18,642)
Fair value reserve		(416,223)	(8,943)
Remeasurement gain of retirement obligation, net of tax	20	803,918	301,506
Retained earnings		3,401,004,927	409,071,379
Total equity		6,377,405,586	1,867,357,906
Total liabilities and equity		17,165,443,581	3,653,685,334

The notes on pages 1 to 43 are integral part of these consolidated financial statements.

BUREAU OF INTERNAL REVENUE
REVENUE REGION NO. 8 - MAKATI
EAST MAKATI
RECEIVED
APR 15 2019

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Philippine Infradev Holdings Inc. and Subsidiary
(Formerly IRC Properties, Inc. and Subsidiary)

Consolidated Statements of Total Comprehensive Income
For each of the three years in the period ended December 31, 2018
(All amounts in Philippine Peso)

	Notes	2018	2017	2016
Income				
Sales of real estate, net	5	125,642,180	163,460,335	122,063,855
Unrealized fair value gain on investment property	7	4,148,949,957	31,764,573	98,849,860
Rental income	16	118,864	350,721	-
Interest income	2	57,525	11,391	37,596
Gain on extinguishment of debt	12	144,026,873	-	-
Gain on reversal of accounts payable		-	-	3,731,710
Other income		496,280	60,858	48,268
		4,419,291,679	195,647,878	224,731,289
Expenses				
Costs of real estate sold	5	87,504,052	109,311,571	75,849,263
Salaries, wages and employee benefits	14	14,962,495	9,993,492	9,143,911
Professional fees and other outside services		11,116,341	5,730,094	3,187,335
Taxes and licenses		10,852,133	3,594,349	2,477,513
Commission		9,233,175	14,552,114	13,351,112
Meeting expenses		8,200,002	4,639,279	4,084,935
Rent	16	4,015,889	4,558,625	3,707,046
Office supplies		2,360,262	1,538,059	734,437
Retirement benefit expense	20	1,077,635	978,123	840,154
Depreciation	8	789,146	897,922	721,447
Provision for doubtful accounts	3	-	-	2,000,000
Loss on relinquishment of investment property		-	1,182,929	-
Other expenses	15	14,629,254	9,034,668	5,157,987
		164,740,384	166,011,225	121,255,140
Income before income tax		4,254,551,295	29,636,653	103,476,149
Income tax expense	17	(1,262,617,747)	(6,680,458)	(29,655,703)
Net income for the year		2,991,933,548	22,956,195	73,820,446
Other comprehensive income (loss) for the year				
Item that will not be reclassified to profit or loss				
Remeasurement gain (loss) of retirement benefit obligation, net of tax	20	502,412	312,395	(10,889)
Fair value loss on investments in equity securities		(407,280)	-	-
Total comprehensive income for the year		2,992,028,680	23,268,590	73,809,557
Basic and diluted earnings per share	13	2.07	0.02	0.06

The notes on pages 1 to 43 are integral part of these consolidated financial statements.

Philippine Infradev Holdings Inc. and Subsidiary
(Formerly IRC Properties, Inc. and Subsidiary)

Consolidated Statements of Changes in Equity
For each of the three years in the period ended December 31, 2018
(All amounts in Philippine Peso)

	Share capital (Note 13)	Share premium (Note 13)	Deposits for future shares subscription	Treasury shares (Note 13)	Fair value reserve	Remeasurement gain (loss) of retirement benefit obligation (Note 20)	Retained earnings	Total
Balances as at January 1, 2016	1,127,113,978	50,880,000	-	(14)	(8,943)	-	312,294,738	1,490,279,759
Comprehensive income								
Net income for the year	-	-	-	-	-	-	73,820,446	73,820,446
Other comprehensive income								
Remeasurement loss of retirement benefit obligation, net of tax	-	-	-	-	-	(10,889)	-	(10,889)
Total comprehensive income for the year	-	-	-	-	-	(10,889)	73,820,446	73,809,557
Transaction with owners								
Issuance of shares (200,000,000 shares at P1.40)	200,000,000	80,000,000	-	-	-	-	-	280,000,000
Balances as at December 31, 2016	1,327,113,978	130,880,000	-	(14)	(8,943)	(10,889)	386,115,184	1,844,089,316
Comprehensive income								
Net income for the year	-	-	-	-	-	-	22,956,195	22,956,195
Other comprehensive income								
Remeasurement gain of retirement benefit obligation, net of tax	-	-	-	-	-	312,395	-	312,395
Total comprehensive income for the year	-	-	-	-	-	312,395	22,956,195	23,268,590
Transaction with owners								
Reclassification of shares	(14)	18,642	-	(18,628)	-	-	-	-
Balances as at December 31, 2017	1,327,113,964	130,898,642	-	(18,642)	(8,943)	301,506	409,071,379	1,867,357,906
Comprehensive income								
Net income for the year	-	-	-	-	-	-	2,991,933,548	2,991,933,548
Other comprehensive income								
Remeasurement gain of retirement benefit obligation, net of tax	-	-	-	-	-	502,412	-	502,412
Fair value loss on investments in equity securities	-	-	-	-	(407,280)	-	-	(407,280)
Total comprehensive income for the year	-	-	-	-	(407,280)	502,412	2,991,933,548	2,992,028,680
Transaction with owners								
Deposits for future shares subscription	-	-	1,276,099,000	-	-	-	-	1,276,099,000
Issuance of shares (172,800,000 shares at P1.40)	172,800,000	69,120,000	-	-	-	-	-	241,920,000
	172,800,000	69,120,000	1,276,099,000	-	-	-	-	1,518,019,000
Balances as at December 31, 2018	1,499,913,964	200,018,642	1,276,099,000	(18,642)	(416,223)	803,918	3,401,004,927	6,377,405,586

The notes on pages 1 to 43 are integral part of these consolidated financial statements.

Philippine Infradev Holdings Inc. and Subsidiary
(Formerly IRC Properties, Inc. and Subsidiary)

Consolidated Statements of Cash Flows
For each of the three years in the period ended December 31, 2018
(All amounts in Philippine Peso)

	Notes	2018	2017	2016
Cash flows from operating activities				
Income before income tax		4,254,551,295	29,636,653	103,476,149
Adjustments for:				
Interest expense	12, 15	1,740,610	-	-
Retirement benefit expense	20	1,077,635	978,123	840,154
Input value-added tax write-off	15	798,756	2,583,950	436,300
Depreciation	8	789,146	897,922	721,447
Unrealized foreign exchange loss (gain)	23	114,654	-	(2,481)
Amortization	15	79,628	64,352	33,151
Loss on relinquishment of investment property		-	1,182,929	-
Provision for doubtful accounts	3	-	-	2,000,000
Gain on reversal of accounts payable		-	-	(3,731,710)
Interest income	2	(57,525)	(11,391)	(37,596)
Gain on extinguishment of debt	12	(144,026,873)	-	-
Unrealized fair value gain on investment property, net	7	(4,148,949,957)	(31,764,573)	(98,849,860)
Operating income (loss) before changes in working capital		(33,882,631)	3,567,965	4,885,554
Changes in working capital				
Receivables		(220,925,474)	(14,793,171)	(26,940,590)
Real estate held for sale and development		23,344,802	26,284,502	(6,845,947)
Prepayments and other current assets		8,243,071	(9,729,556)	(3,883,908)
Other assets		100,000	(579,185)	-
Accounts payable and other liabilities		3,230,811	13,432,828	14,094,379
Cash generated from (absorbed by) operations		(219,889,421)	18,183,383	(18,690,512)
Interest received	2	57,525	11,391	37,596
Income taxes paid		-	-	(361,216)
Benefits paid	20	(2,643,771)	-	(397,184)
Settlement of clearing costs	11	(3,829,048)	(10,555,672)	(11,419,911)
Net cash generated from (used in) operating activities		(226,304,715)	7,639,102	(30,831,227)
Cash flows from investing activities				
Proceeds from relinquishment of investment property		-	1,116,071	-
Payments for acquisition of computer software		(113,581)	(95,774)	(57,509)
Payments for expenditure on investment property		(4,596,557)	-	-
Payments for acquisition of property and equipment	8	(5,789,182)	(182,202)	(1,521,245)
Net cash provided by (used in) investing activities		(10,499,320)	838,095	(1,578,754)
Cash flows from financing activities				
Proceeds from deposits for future shares subscription		1,294,313,000	-	-
Proceeds from issuance of shares	13	241,920,000	-	280,000,000
Proceeds from borrowings	12	51,039,200	56,700,000	84,000,000
Interest paid for borrowings		(66,089,837)	(11,584,857)	(143,909,841)
Settlement of borrowings	12	(159,256,618)	(75,519,141)	(172,894,184)
Net cash provided by (used in) financing activities		1,361,925,745	(30,403,998)	47,195,975
Net increase (decrease) in cash for the year		1,125,121,710	(21,926,801)	14,785,994
Cash as at January 1		1,908,897	23,835,698	9,047,223
Effect of exchange rate changes on cash	23	(18,328,654)	-	2,481
Cash as at December 31	2	1,108,701,953	1,908,897	23,835,698

The notes on pages 1 to 43 are integral part of these consolidated financial statements.

Philippine Infradev Holdings Inc. and Subsidiary
(Formerly IRC Properties, Inc. and Subsidiary)

Notes to the Consolidated Financial Statements
As at December 31, 2018 and 2017
and for each of the three years in the period ended December 31, 2018
(In the notes, all amounts are shown in Philippine Peso unless otherwise stated)

Note 1 - General information

Philippine Infradev Holdings Inc. (formerly IRC Properties, Inc.) (the "Parent Company") was incorporated in the Philippines on February 24, 1975. The Parent Company is primarily engaged in the acquisition, reclamation, development, or exploitation of lands for the purpose of converting and developing said lands to integrated residential or commercial neighborhoods, and generally to engage in real estate business in all its forms.

The Parent Company became a public company through an initial public offering at the Philippine Stock Exchange (PSE) on February 27, 1978. There are no other offerings made other than new shares issued arising from stock rights offering in 2010. As at December 31, 2018, about 41.43% (2017 - 32.61%) of the total outstanding common shares of the Parent Company is listed in the PSE.

The Parent Company has a subsidiary, Interport Development Corporation (IDC) (the "Subsidiary). IDC is primarily involved in the acquisition and selling of real estate of all kinds or to hold such properties for investment purposes. The Parent Company and the Subsidiary have been collectively referred hereinto as the Group.

In 2018, Aggregate Business Group Holdings Inc. (ABG) purchased 26.94% ownership out of the 29.62% equity interest in the Parent Company previously held by Mabuhay Holdings Corporation. ABG is a domestic holding company.

On July 20, 2018, the Parent Company's Board of Directors (BOD) and shareholders approved the change in the Parent Company's corporate name from IRC Properties, Inc. to Philippine Infradev Holdings Inc. Such change was subsequently approved by the Securities and Exchange Commission (SEC) on October 30, 2018.

On October 23, 2018, the Parent Company received from Public-Private Partnership Selection Committee of Makati City Government a Notice of Award for the construction and operation of the Makati Subway System (the "Project") to be implemented through a joint venture agreement. The Project has been awarded to the Parent Company as the lead proponent of a consortium.

On March 13, 2019, the Parent Company incorporated Makati City Subway, Inc. (MCSI) as a wholly-owned subsidiary. MCSI will serve as the corporate vehicle for the Project.

The registered office and principal place of business of the Group is at 35/F Rufino Pacific Tower, 6784 Ayala Avenue, Makati City. As at December 31, 2018, the Group has 28 regular employees (2017 - 24 regular employees).

The consolidated financial statements have been approved and authorized for issue by the BOD on April 15, 2019.

Note 2 - Cash

Cash as at December 31 consists of:

	2018	2017
Cash in banks	1,108,378,953	1,729,897
Cash on hand	323,000	179,000
	1,108,701,953	1,908,897

Cash in banks earn interest at the prevailing bank deposit rates. Interest income earned from bank deposits for the year ended December 31, 2018 amounted to P57,525 (2017 - P11,391; 2016 - 37,596).

Significant judgment - Expected credit loss (ECL)

Bank deposits are deemed by the Group to have low credit risk as the counterparty banks have strong capacity to meet their contractual obligations. The Group uses external ratings in assessing the credit risk arising from these exposures. Under Philippine Financial Reporting Standards (PFRS) 9, the low credit risk assets are, at a minimum, subject to 12-month ECL. Management has ascertained that the corresponding 12-month ECL is not material for financial reporting purposes.

The detailed accounting policy for impairment losses is disclosed in Note 24.2. Likewise, information on the credit quality of cash in banks is presented in Note 23.

Note 3 - Receivables, net

Receivables, net as at December 31 consist of:

	Note	2018	2017
Advances to shareholder	19	211,020,846	-
Receivables from subcontractors		59,126,436	46,860,884
Receivables from sale of real estate held for sale and development		32,554,971	32,715,975
Advances to officers and employees		387,396	704,929
Others		145,090	2,027,477
		303,234,739	82,309,265
Allowance for doubtful accounts		(2,000,000)	(2,000,000)
		301,234,739	80,309,265

Note 4 - Funds held by custodian bank

The account represents restricted funds from the proceeds of the Parent Company's cancelled stock rights offering in 1996, which was deposited with a local custodian bank. The local custodian bank is responsible for monitoring withdrawals or disbursements from the funds, and ensuring that all withdrawals and orders for payment made are in connection with, or relating to, any of the purposes specified in the work program submitted by the Group to the SEC in connection with the stock rights offering (Note 13).

Following SEC's order to refund the money, the proceeds have been presented as liability in the consolidated statements of financial position. The Group does not have legal right to defer payment beyond one (1) year for any claims received, hence, the amount was presented as current liability.

During 2018 and 2017, there were neither payments of principal nor withdrawals from the account.

Note 5 - Real estate held for sale and development

This account represents cumulative development and construction costs of on-going housing projects in Binangonan, Rizal.

Details and movements of the account as at and for the years ended December 31 are as follows:

	2018	2017
At cost		
At January 1	1,022,629,195	1,048,876,625
Additions, including capitalized interest	64,159,250	83,919,141
Charged to cost of sales	(87,504,052)	(109,311,571)
At December 31	999,284,393	1,022,629,195
At net realizable value (NRV)		
At January 1 and December 31	855,000	855,000
	1,000,139,393	1,023,484,195

Total sold real estate in 2018 amounted to P125.64 million (2017 - P163.46 million; 2016 - P122.06 million).

As at December 31, 2017, total borrowing costs capitalized as land held for development for the year amounted to P2.27 million. No such capitalization was made in 2018 and 2016.

Critical accounting estimate - Determining NRV of real estate held for sale and development

Real estate held for sale and development are valued at the lower of cost and NRV. This requires the Group to make an estimate of the inventories' estimated selling price in the ordinary course of business, costs of completion and costs necessary to make a sale to determine the NRV. The Group adjusts the cost of its real estate inventories to NRV based on its assessment of the recoverability of the real estate inventories. As at December 31, 2018 and 2017, allowance for NRV amounted to P0.45 million. Management has not identified any conditions or factors that would cause additional write-down of real estate held for sale and development to NRV.

Note 6 - Prepayments and other current assets

Prepayments and other current assets as at December 31 consist of:

	2018	2017
Prepaid taxes	9,704,144	21,146,056
Input value-added tax (VAT)	3,514,245	1,479,826
Advances to subcontractors	1,926,882	16,700,000
Prepaid insurance	77,588	191,576
Others	1,054,456	426,882
	16,277,315	39,944,340

Note 7 - Investment property

As at December 31, 2018, this account represents the Group's 1,513-hectare property in Binangonan, Rizal, which is currently being cleared for future development. This property was acquired in 1978 and part and parcel of the 2,200-hectare property.

On November 21, 1991, the Supreme Court affirmed previous decisions by the Court of Appeals and the Regional Trial Court confirming the validity of the Parent Company's titles over its Binangonan property. However, in the same Supreme Court decision, it was also declared that the Parent Company's ownership of the titles shall be subject to the declared superior rights of bonafide occupants with registered titles within the area covered by the questioned decree and bonafide occupants who have acquired ownership through acquisitive prescription of dominion and other real rights. The area of present claimants to certain parcels of land within the Parent Company's titled property is currently being identified and verified by the Group's legal counsel.

The movements of this account for the years ended December 31 are as follows:

	Note	2018	2017
At January 1		2,487,484,670	2,346,783,670
Unrealized fair value gain		4,148,949,957	31,764,573
Provision for clearing costs	11	8,057,485,719	79,925,208
Additions, including capitalized interest		19,699,294	31,310,219
Disposals		-	(2,299,000)
At December 31		14,713,619,640	2,487,484,670

The cumulative unrealized fair value gain recognized as part of retained earnings amounting to P5.62 billion as at December 31, 2018 (2017 - P1.47 billion) is not available for dividend declaration.

Critical accounting estimate - Determining fair value of investment property

The fair value (Level 3) of the investment property was determined based on the latest appraisal as at December 27, 2018 performed by an independent external firm of appraisers. The appraiser determined that the highest and best use of the subject properties is mainly that of residential utility, which is aligned with the current use. The appraisal method involved comparing the market price of similar properties near the vicinity, which range from P1,000 to P6,000 per square meter, and other significant Level 3 inputs. Factors considered also include zonal value, size and shape of the property, desirability, and other characteristics of the lots and properties.

For cash flows statement purposes, the unrealized fair value gain and provision for clearing costs are considered non-cash transactions.

Note 8 - Property and equipment, net

Details of property and equipment and its movements as at and during the years ended December 31 are as follows:

	Office equipment	Furniture and fixtures	Transportation equipment	Communication equipment	Total
Cost					
January 1, 2017	2,869,083	2,476,518	3,083,865	220,135	8,649,601
Additions	150,956	20,535	-	10,711	182,202
December 31, 2017	3,020,039	2,497,053	3,083,865	230,846	8,831,803
Additions	245,917	165,044	5,378,221	-	5,789,182
Disposals	(462,607)	(2,191,299)	(391,268)	(203,864)	(3,249,038)
December 31, 2018	2,803,349	470,798	8,070,818	26,982	11,371,947
Accumulated depreciation					
January 1, 2017	2,295,969	2,160,708	1,458,790	204,257	6,119,724
Depreciation	271,869	80,010	539,099	6,944	897,922
December 31, 2017	2,567,838	2,240,718	1,997,889	211,201	7,017,646
Depreciation	351,105	180,672	244,469	12,900	789,146
Disposals	(462,607)	(2,191,299)	(391,268)	(203,864)	(3,249,038)
December 31, 2018	2,456,336	230,091	1,851,090	20,237	4,557,754
Net book value					
December 31, 2018	347,013	240,707	6,219,728	6,745	6,814,193
December 31, 2017	452,201	256,335	1,085,976	19,645	1,814,157

Note 9 - Other assets

Other assets as at December 31 consist of:

	2018	2017
Refundable deposits	1,486,948	1,586,948
Investment in equity securities	213,100	620,380
Computer software, net	136,323	102,370
Others	62,050	62,050
	1,898,421	2,371,748

Note 10 - Accounts payable and other liabilities

Accounts payable and other liabilities as at December 31 consist of:

	Note	2018	2017
Accounts payable		14,713,098	15,223,135
Retention payable		6,798,117	5,726,046
Accrued expenses and other liabilities			
Interest, penalties and related charges		3,301,474	52,547,964
Customers' deposits		34,781,542	31,410,205
Real property taxes		27,001,708	27,139,706
Rent	19		3,999,084
Salaries, wages and benefits		251,604	263,167
Others		13,245,170	9,799,085
		100,092,713	146,108,392

Note 11 - Provision for clearing costs

This account represents estimated costs to clear the investment property (Note 7).

As discussed in Note 7, the Supreme Court affirmed the validity of the Parent Company's titles over its 2,200-hectare property in Binangonan, Rizal. However, due to a number of factors, including the recognition of the Supreme Court of the superior rights of the bonafide occupants as well as potential challenges in clearing and re-titling of the said property, the Group has set up the provision for clearing costs based on the estimated expenditure to clear the property, including compensation for current occupants to vacate the property.

The movements in the account for the years ended December 31 are as follows:

	Note	2018	2017
At January 1		920,180,309	850,810,773
Change in estimate, net of unwinding of discount	7	8,057,485,719	79,925,208
Actual clearing costs paid		(3,829,048)	(10,555,672)
At December 31		8,973,836,980	920,180,309

Critical accounting estimate - Provision for clearing costs

The provision for clearing costs represents the present value of expected pay-outs using a pre-tax rate of 7.70% (2017 - 6.00%), which management assessed as reflective of current market assessments of the time value of money and the risks specific to the liability. Each year, the provision is reviewed for any change in estimate and consider accretion of discount, if any.

Where the discount rate used increased/decreased by 1% from management's estimates, the provision for clearing costs would be P869.20 million lower/P1.04 billion higher (2017 - P35.34 million lower/P37.55 million higher).

Note 12 - Borrowings

This account represents unsecured loans from various creditors, with interest rates ranging from 6% to 18% and payment terms up to five (5) years.

The movements in the account and net debt reconciliation as at and for the years ended December 31 are as follows:

	2018	2017
At January 1	261,918,107	280,737,248
Cash flow changes		
Availments	51,039,200	56,700,000
Payments	(159,256,618)	(75,519,141)
Reversals	(144,026,873)	-
At December 31	9,673,816	261,918,107
Cash	(1,108,701,953)	(1,908,897)
Net debt	(1,099,028,137)	260,009,210

A portion of the borrowings was used to fund the on-going housing projects (Note 5) and clearing activities to prepare the investment property for its intended use (Note 7). Details of interest from borrowings for the years ended December 31 are as follows:

	2018	2017
Capitalized to:		
Real estate held for sale and development	15,102,737	31,310,219
Investment property	-	892,072
Expensed	1,740,610	-
	16,843,347	32,202,291

In 2018, the Group recognized a gain on extinguishment of debts amounting to P144.02 million as a result of debt restructurings with certain creditors.

Note 13 - Share capital and share premium; Treasury shares; Earnings per share; Deposits for future shares subscription

(a) Share capital and share premium

Authorized capital and issued shares outstanding as at December 31 consist of:

	Authorized		Issued	
	Number of shares	Amount	Number of shares	Amount
2018				
Common shares with par value P1 per share	1,500,000,000	1,500,000,000	1,499,913,964	1,499,913,964
2017				
Common shares with par value P1 per share	1,500,000,000	1,500,000,000	1,327,113,964	1,327,113,964

In 2016, the Group issued 200,000,000 shares at P1.40 per share that resulted in a share premium of P80.0 million. In 2018, the Group issued 172.8 million shares at P1.40 per share that resulted in additional share premium of P69.12 million. The proceeds from these issuances were presented under cash flows from financing activities in the consolidated statements of cash flows. There was no issuance of shares in 2017.

(b) Treasury shares

The Parent Company acquired some of its shares of stock as a reserve for future claims of shareholders which are shown in its transfer agent's records but not in its accounts. It is the Group's policy to honor such claims and therefore, issue the said reacquired shares to shareholders upon their presentation of the original unrecorded stock certificates.

In 2017, the Group recorded reclassifications from share capital and share premium to treasury shares to align with the records maintained by the stock transfer agent. Due to impracticability and materiality, this was adjusted prospectively. This transaction did not generate any cash flow.

(c) Deposits for future shares subscription

On July 20, 2018, the BOD and shareholders approved the increase in the authorized share capital from P1.50 billion to P19.5 billion, composed of P9.50 billion common shares and P10.00 billion preferred shares.

Subsequently, the Parent Company received from its shareholders deposits for future shares subscription amounting to P1.28 billion as at December 31, 2018, pending SEC's approval on the increase in authorized share capital. On March 15, 2019, following SEC's approval the Parent Company issued the corresponding 4.56 billion common shares. Accordingly, the deposits for future shares subscription have been presented as part of equity as at December 31, 2018.

(d) Earnings per share

Basic and diluted earnings per share, which are the same due to absence of dilutive potential common shares, for the years ended December 31 are as follows:

	2018	2017	2016
Net income for the year	2,991,933,548	22,956,195	73,820,446
Weighted average number of shares outstanding	1,442,313,964	1,327,113,971	1,227,113,978
Earnings per share	2.07	0.02	0.06

(e) Liability for refund of stock rights subscription

On February 19, 1996, the SEC approved the Parent Company's application for the issuance of 40.00 billion shares, by way of stock rights offering, at an offer price of P0.012 per share. The Parent Company commenced its stock rights offering on March 31, 1997. However, on July 15, 1997, the SEC revoked the Certificate of Permit to Sell Securities and ordered the Group and its custodian bank to immediately return to subscribers the proceeds from the rights offering currently held in escrow (Note 4). The proceeds from the offering, which remained unclaimed by the subscribers, are shown as liability for refund of stock rights subscription in the current liabilities section of the consolidated statements of financial position.

Note 14 - Salaries, wages and employee benefits

Details of salaries, wages and employee benefits for the years ended December 31 are as follows:

	2018	2017	2016
Salaries and wages	8,115,562	7,073,411	6,659,102
Bonus and allowances	6,165,862	1,930,029	2,197,907
Separation pay	234,189	600,000	-
SSS, Philhealth and HDMF	446,882	390,052	286,902
	14,962,495	9,993,492	9,143,911

Note 15 - Other expenses

Details of other expenses for the years ended December 31 are as follows:

	Note	2018	2017	2016
Transportation and travel		2,556,701	717,820	165,311
Light and water		1,773,152	709,818	293,905
Interest expense	12	1,740,610	-	-
Gasoline, oil and parking		1,358,743	1,104,730	955,659
Repairs and maintenance		864,062	546,355	459,172
Input VAT write-off		798,756	2,583,950	436,300
Medical		782,864	898,273	455,140
Dues and subscription		427,465	432,130	384,940
Personnel		388,723	647,384	315,652
Communication		377,032	222,433	216,193
Meals		353,768	354,660	345,666
Unrealized foreign exchange loss, net	23	114,654	50,334	199,456
Marketing		111,889	63,678	308,295
Amortization		79,628	64,352	33,151
Representation		-	-	48,026
Miscellaneous		2,901,207	638,751	541,122
		14,629,254	9,034,668	5,157,988

Miscellaneous expenses mainly include insurance, contractual fees, training expenses, and other operating costs.

Note 16 - Leases

(a) Group as lessor

Rental income represents income from lease of a parcel of the Parent Company's land property to a third party for a period of one (1) year, renewable thereafter every April 1 upon mutual agreement by the Group and its respective lessee.

Rental income recognized amounted to P0.11 million in 2018 (2017 - P0.35 million; 2016 - nil). As at December 31, 2018 and 2017, the estimated future minimum lease payments within the next year amount to P0.10 million.

(b) Group as lessee

The Group has entered into a non-cancellable lease agreement with a shareholder for its office space. The original agreement has a term of three (3) years, expiring in 2015, and is renewable annually. In 2018 and 2017, the Group renewed its lease contract. In 2018 and 2017, the Group also entered into other non-cancellable lease agreements with third parties for accommodation of officers, with terms of one year (1) year.

Rent expense charged to operations for the year ended December 31, 2018 amounted to P4.02 million (2017 - P4.56 million; 2016 - P3.71 million). Of the total rent expense, P3.71 million pertains to the lease agreement with a related party for the years ended December 31, 2017 and 2016 (Note 19). As at December 31, 2018 and 2017, the estimated future minimum lease payments within the next year amount to P1.15 million.

Note 17 - Income taxes

The components of income tax expense for the years ended December 31 are as follows:

	2018	2017	2016
Current	14,625,198	-	-
Deferred	1,247,992,549	6,680,458	29,655,703
	1,262,617,747	6,680,458	29,655,703

Details of deferred income tax liabilities, net as at December 31 consist of the tax effects of the following:

	2018		2017	
	Tax base	Tax effect	Tax base	Tax effect
Deferred income tax assets				
Minimum corporate income tax (MCIT)	-	2,121,643	-	2,499,927
Unrealized foreign exchange loss	114,654	34,396	-	-
Net operating loss carryover (NOLCO)	-	-	9,878,918	2,963,675
		2,156,039		5,463,602
Deferred income tax liabilities				
Unrealized fair value gain on investment property	(5,622,729,009)	(1,686,818,703)	(1,473,779,052)	(442,133,716)
Remeasurement gain of retirement benefit obligation	(1,148,454)	(344,536)	(430,723)	(129,217)
		(1,687,163,239)		(442,262,933)
		(1,685,007,200)		(436,799,331)

Deferred income tax assets relating to excess MCIT, unrealized foreign exchange loss and NOLCO are expected to be realized within 12 months after reporting date.

Deferred income tax liabilities relating to unrealized fair value gain on investment property and remeasurement gain of retirement benefit obligation and are expected to be settled beyond 12 months after reporting date.

Deferred income tax assets are recognized to the extent that the realization of the related tax benefit through the future taxable profits is probable.

The movements in the deferred income tax liabilities, net for the year ended December 31 are as follows:

	Note	2018	2017
January 1		436,799,331	431,098,518
Charged to profit or loss		1,247,992,549	6,680,458
Charged to other comprehensive income	20	215,320	133,883
Recognized MCIT		-	(1,113,528)
December 31		1,685,007,200	436,799,331

Details of NOLCO of the Parent Company that could be carried over as deduction from taxable income for three (3) consecutive years following the year of incurrence are as follows:

		2018		2017	
Year	Valid until	Tax base	Tax effect	Tax base	Tax effect
2015	2018	9,878,918	2,963,675	17,114,468	5,134,340
2014	2017	-	-	21,337,023	6,401,107
		9,878,918	2,963,675	38,451,491	11,535,447
Applied		(9,878,918)	(2,963,675)	(28,572,573)	(8,571,772)
		-	-	9,878,918	2,963,675

The Group is liable to pay MCIT equivalent to 2% of gross income, as defined in the tax regulations. The details of the Parent Company's excess MCIT over normal income tax, which can be claimed as deduction against future corporate income tax due are as follows:

Year	Valid until	2018	2017
2017	2020	1,113,528	1,113,528
2016	2019	1,008,115	1,008,115
2015	2018	378,284	378,284
2014	2017	-	115,505
		2,499,927	2,615,432
Expired		(378,284)	(115,505)
MCIT		2,121,643	2,499,927

Details of deferred income tax assets of the Group that were not recognized as at December 31 since management believes that these may not be recovered in the immediately succeeding years given the ongoing development activities:

	2018		2017	
	Tax base	Tax effect	Tax base	Tax effect
Accrued interest, penalties and related charges	3,301,474	990,442	52,547,964	15,764,389
Accrued real property taxes	27,001,708	8,100,512	27,139,706	8,141,912
Retirement benefit obligation	3,817,813	1,145,344	5,383,950	1,615,185
NOLCO of the Subsidiary	121,452	36,435	121,452	36,435
	34,242,447	10,272,733	85,193,072	25,557,921

Details of NOLCO of the Subsidiary that were not recognized as at December 31, which could be carried over as deduction from taxable income for three (3) consecutive years following the year of incurrence, are as follows:

		2018		2017	
Year	Valid until	Tax base	Tax effect	Tax base	Tax effect
2018	2021	40,484	12,145	-	-
2017	2020	40,484	12,145	40,484	12,145
2016	2019	40,484	12,145	40,484	12,145
2015	2018	40,484	12,145	40,484	12,145
2014	2017	-	-	35,188	10,556
		161,936	48,580	156,640	46,991
Expired		(40,484)	(12,145)	(35,188)	(10,556)
		121,452	36,435	121,452	36,435

The reconciliation of the income tax expense computed at the statutory tax rate to actual income tax shown in the consolidated statements of total comprehensive income is as follows:

	2018	2017	2016
Income tax computed at statutory income tax rate of 30%	1,276,365,389	8,890,996	31,042,845
Additions (reductions) to income tax resulting from:			
Non-deductible expenses	1,164,375	2,515,569	1,687,566
Expired MCIT	378,284	115,505	-
Taxable consideration on the relinquishment of investment property	-	334,821	-
Interest income subjected to final tax	(17,258)	(3,417)	(11,279)
Change in unrecognized deferred income tax assets	(15,273,043)	(5,173,016)	(3,063,429)
Income tax expense	1,262,617,747	6,680,458	29,655,703

Note 18 - Contingencies

The Group has contingent liabilities with respect to claims, lawsuits and taxes which are pending decision by the courts or being contested, the outcome of which are not presently determinable. The detailed information about these claims, lawsuits and taxes has not been disclosed as it might prejudice the ongoing litigations. Management is of the opinion that an adverse judgment in any one case will not materially affect its financial position and financial performance. Management believes that liability arising is not probable, thus, no provisions were made during the year.

The Group has also unrecognized contingent assets pertaining to Binangonan properties. Such assets will be recognized when assets are cleared and/or under the legal and economic possession of the Group.

Note 19 - Related party transactions and balances

In the normal course of business, the Group transacts with entities which are considered related parties. The significant related party transactions and balances as at and for the year ended December 31 are as follows:

a) In 2018, the Parent Company made advances to a shareholder to cover pre-operating expenses of MCSI (Note 1).

b) The Group, as a lessee, has an existing office lease contract with MHC.

c) The balance consists of several promissory notes payable in cash with no definite payment terms and bear interest of 12% to 18% per annum.

	Notes	Transactions	Outstanding receivable (payable)	Terms and conditions
2018				
Entity with significant influence over the Group				
Deposits for future shares subscription		836,851,500	817,160,000	To be settled via issuance of shares of the Parent Company
Advances (a)	3	211,020,846	211,020,846	Unsecured, non-interest bearing and payable in cash on demand

	Notes	Transactions	Outstanding receivable (payable)	Terms and conditions
Key management personnel				
Salaries, wages and short-term benefits		7,873,169	-	Unsecured, with no guarantee and is payable in cash on demand
Retirement benefits	20	567,045	1,404,600	Please refer to Note 20.
2017				
Entity with significant influence over the Group				
Rent expense (b)	10, 16	3,707,046	(3,999,084)	Unsecured, with no guarantee, is payable in cash on demand, and bears no interest.
Borrowings (c)				Unsecured and with no guarantee.
Interest		24,656,684	(50,274,980)	
Availment		3,000,000	(138,993,378)	
Key management personnel				
Salaries, wages and short-term benefits		3,421,800	-	The balance is unsecured, with no guarantee and is payable in cash on demand.
Retirement benefits	20	514,682	2,606,356	Please refer to Note 20.

The following related party balances as at December 31 were eliminated for the purpose of preparing the consolidated financial statements:

	2018	2017
Investment in a subsidiary	75,000,000	75,000,000
Subscription payable to subsidiary	33,750,000	33,750,000
Payable to subsidiary	49,490,516	49,490,516
Advances to subsidiary	304,042	263,558

Note 20 - Retirement benefits

An actuarial valuation of the retirement benefits was sought from an independent actuary as at December 31, 2018 and 2017 and for each of the three years for the period December 31, 2018 driven by the increase in manpower. As at December 31, 2018, the Parent Company has 28 regular employees (2017 - 24 regular employees) making it mandatory for the Parent Company to adopt the requirements of Republic Act (RA) No. 7641, also known as the "Retirement Pay Law".

The Parent Company provides for a defined benefit plan which covers the retirement, death, and disability benefits of all its qualified employees in accordance with the provisions of RA No. 7641. Under the plan, the normal retirement age is 60 with at least five (5) years of credited service and the normal retirement benefit is equal to one-half (1/2) of monthly salary for every year of credited service. The plan is unfunded as at December 31, 2018 and 2017. Actuarial valuation was sought from an independent actuary as at December 31, 2018 and 2017.

The defined benefit obligation is determined using the projected unit credit (PUC) method. Under the PUC method, the annual normal cost for the portion of the retirement is determined using the amount necessary to provide for the portion of the retirement benefit accruing during the year.

Details of the Group's retirement benefit obligation, retirement benefit expense and remeasurement gain (loss) as at and for the years ended December 31 are as follows:

	2018	2017
Consolidated Statements of Financial Position		
Retirement benefit obligation	2,669,359	4,953,227
Consolidated Statements of Total Comprehensive Income		
Retirement benefit expense	1,077,635	978,123
Remeasurement gain of retirement benefit obligation, net of tax	502,412	312,395

The movements in retirement benefit obligation in the consolidated statements of financial position as at December 31 are as follows:

	2018	2017
January 1	4,953,227	4,421,382
Retirement benefit expense	1,077,635	978,123
Benefits paid	(2,643,771)	-
Remeasurement gain of retirement benefit obligation	(717,732)	(446,278)
December 31	2,669,359	4,953,227

Changes in the present value of the defined benefit obligation as at December 31 are as follows:

	2018	2017
January 1	4,953,227	4,421,382
Current service cost	791,834	719,030
Interest cost	285,801	259,093
Benefits paid	(2,643,771)	-
Remeasurement loss (gain) from		
Change in financial assumptions	(452,254)	21,178
Experience adjustments	(265,478)	(467,456)
December 31	2,669,359	4,953,227

Changes in remeasurement loss (gain) of retirement benefit obligation in other comprehensive income as at December 31 are as follows:

	2018	2017
January 1	(301,506)	10,889
Remeasurement gain during the year	(717,732)	(446,278)
December 31	(1,019,238)	(435,389)
Deferred income tax effect during the year	215,320	133,883
December 31	(803,918)	(301,506)

The components of the retirement benefit expense recognized in the consolidated statements of total comprehensive income for each of the three years for the period ended December 31 are as follows:

	2018	2017	2016
Current service cost	791,834	719,030	600,797
Interest cost	285,801	259,093	239,357
	1,077,635	978,123	840,154

The sensitivities of the defined benefit obligation as at December 31 to changes in the principal assumptions are as follows:

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
2018			
Discount rate	1.00%	(178,113)	213,590
Salary increase rate	1.00%	217,356	(183,888)
2017			
Discount rate	1.00%	(218,531)	258,735
Salary increase rate	1.00%	208,956	(176,463)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the retirement benefit obligation recognized within the consolidated statements of financial position.

The expected maturity analysis of undiscounted benefit payments as at December 31 are as follows:

	2018	2017
Next year	1,517,440	4,320,860
Over 5 years	1,706,642	1,000,096
	3,224,082	5,320,956

The principal actuarial economic assumptions used for the years ended December 31 are as follows:

	2018	2017
Discount rate	7.70%	5.77%
Expected rate of salary increase	5.00%	5.00%

There is no expected contribution to the plan for the year ending December 31, 2019.

Note 21 - Agrarian reform law and land use

Under the agrarian reform law currently in effect in the Philippines and the regulations issued thereunder by the Department of Agrarian Reform (DAR), land classified for agricultural purposes as at or after June 15, 1988 cannot be converted to non-agricultural use without the prior approval of DAR.

The Group obtained from concerned government agencies Exemption/Exclusion Orders dated August 11, 2008 and October 17, 2008 over several parcels of land with an area of 29.23 hectares and 27.97 hectares, respectively, in Binangonan, Rizal.

Land use may be also limited by zoning ordinances enacted by local government units. Once enacted, land use may be restricted in accordance with a comprehensive land use plan approved by the relevant local government unit. Lands may be classified under zoning ordinances as commercial, industrial, residential or agricultural. While a procedure for change of allowed land use is available, this process may be lengthy and cumbersome. The Group's management considers it impracticable to disclose with sufficient reliability the possible financial impact surrounding the above provisions.

Note 22 - Segment information

The Group has only one segment as it derives its revenues primarily from sales of real properties.

Significant information on the reportable segment is as follows:

	2018	2017
Operating assets	17,165,443,581	3,653,685,334
Operating liabilities	10,788,037,995	1,786,327,428
Income	4,419,291,679	195,647,878
Expenses	164,740,384	166,011,225
Segment net income	2,991,933,548	22,956,195

All revenues are from domestic entities incorporated in the Philippines, hence, the Group did not present geographical information required by PFRS 8, Operating Segments.

Sale to a leading local real estate developer amounting to P24.97 million in 2016 comprises more than 20% of the Group's revenue. There were no revenues derived from a single external customer above 10% of total revenue in 2018 and 2017.

There is no need to present reconciliation since measure of segment assets, liabilities, and results of operations are consistent with those of the consolidated financial statements.

There are no changes in the Group's reportable segment and related strategy and policies in 2018 and 2017.

Note 23 - Financial risk and capital management

23.1 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

Management, under the direction of the BOD is responsible for the management of financial risks. Its objective is to minimize the adverse impacts on the Group's financial performance due to the unpredictability of the real estate industry.

23.1.1 Market risk

(a) Currency risk

The Group's exposure on currency risk is minimal and limited only to foreign currency denominated cash in banks (Note 2) and deposits for future shares subscription (Note 13). Changes in foreign currency exchange rates of these accounts are not expected to have a significant impact on the financial position or results of operations of the Group.

Net foreign exchange loss (gain) recognized for each of the three years in the period ended December 31, 2018 is as follows:

	2018	2017	2016
Realized	-	50,334	199,456
Unrealized	114,654	-	(2,481)
	114,654	50,334	196,975

As at December 31, 2018, the Group's foreign currency denominated accounts pertains to cash in banks and deposits for future shares subscription amounting to US$19.39 million and US$23.00 million, respectively (2017 - US$2,017 and nil, respectively). The exchange rate used for the year ended December 31, 2018 was P52.72 per US$1 (2017 - P49.92 per US$1).

(b) Interest rate risk

Interest rate risk refers to risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Group's interest-bearing financial instruments include various borrowings (Note 12). These financial instruments are not exposed to fair value interest rate risk as these are carried at amortized cost. Likewise, these instruments are not significantly exposed to variability in cash flows as these carry fixed interest rates.

23.1.2 Credit risk

The Group takes on exposure to credit risk, which is the risk that a counterparty will cause a financial loss to the Group by failing to discharge an obligation. The Group's financial assets that are subject to credit risk as at December 31 are as follows:

	Notes	2018	2017
Cash in banks	2	1,108,378,953	1,729,897
Receivables, net*	3	300,847,343	79,604,336
Funds held by custodian bank	4	16,757,927	16,368,062
Refundable deposits	9	1,486,948	1,586,948
		1,427,471,171	99,289,243

**Exclude advances to officers and employees*

The table below shows the credit quality of the Group's financial assets as at December 31:

	Stage 1 - Performing	Stage 2 - Underperforming	Stage 3 - Non-performing	Total
2018				
Cash in banks	1,108,378,953	-	-	1,108,378,953
Receivables, net*	241,720,907	59,126,436	2,000,000	302,847,343
Funds held by custodian bank	16,757,927	-	-	16,757,927
Refundable deposits	1,486,948	-	-	1,486,948
	1,368,344,735	59,126,436	2,000,000	1,429,471,171
	Neither past due nor impaired	Past due but not impaired	Impaired	Total
2017				
Cash in banks	1,729,897	-	-	1,729,897
Receivables, net*	30,138,192	49,466,144	2,000,000	81,604,336
Funds held by custodian bank	16,368,062	-	-	16,368,062
Refundable deposits	1,586,948	-	-	1,586,948
	49,823,099	49,466,144	2,000,000	101,289,243

**Exclude advances to officers and employees*

(a) Cash in banks and funds held by custodian bank

The Group manages credit risk on its cash in bank by depositing in banks that passed the criteria of the Group. Some of these criteria are stability, financial performance, industry-accepted ratings, quality, diversity and responsiveness of products and services.

As at December 31, the Group's cash and funds held by custodian are maintained with universal, thrift and commercial banks are as follows:

	2018	2017
Cash in banks		
Universal banks	1,108,211,675	1,640,224
Commercial bank	89,673	89,673
Thrift bank	77,605	-
	1,108,378,953	1,729,897
Funds held by custodian bank		
Universal bank	16,757,927	16,368,062
	1,125,136,880	18,097,959

The remaining cash in the consolidated statements of financial position pertains to cash on hand which is not exposed to credit risk.

(b) Receivables

In respect of receivables from sale of real estate held for sale and development , credit risk is managed primarily through credit reviews and analysis of receivables on a continuous basis. The Group also undertakes supplemental credit review procedures for certain installment payment structures.

(i) Stage 1 - Performing/Neither past due nor impaired

Exposure to impairment losses on receivables from sale of real estate held for sale and development is not significant as the real estate properly titles are not transferred to the buyers until significant payment has been made and the requirement for remedial procedures is minimal given the profile of buyers.

The Group is under a financing scheme where significant portion of the sales price is paid by Home Development Mutual Fund (HDMF) to the Group. The installment portion shouldered by the buyer from the sales are non-interest bearing and are generally within a credit term of 180 days from reservation prior to collection from HDMF. The Group no longer has a continuing involvement on the real properties once the Group received the proceeds from HDMF, aside from the finalizing the transfer of real estate property title to the buyers.

Credit risk on advances to shareholder is considered low given the very strong financial capacity of the counterparty to repay the Group as at December 31, 2018.

Other receivables consist mainly of advances to third parties. The Group limits its exposure to credit risk by transacting only with counterparties that have appropriate and acceptable credit history.

(ii) Stage 2 - Underperforming/Past due but not impaired

Receivables under this category pertain to receivables from subcontractors, which are aged beyond one (1) year as at December 31, 2018 and 2017. Credit risk is considered low as the counterparties, which have ongoing projects for the Group, possess sufficient financial capacity to meet their obligations as at December 31, 2018 and 2017.

(iii) Stage 3 - Underperforming/Impaired

Impaired receivables amounting to P2.00 million have been provided with allowance for impairment on receivables from subcontractors in 2016 from previous development projects of the Group. As at December 31, 2018 and 2017, no additional impairment losses on receivables were recognized.

(c) Refundable deposits

Refundable deposits are considered highly recoverable as the counterparty is assessed to have strong capacity to meet its obligation.

(iii) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities when these fall due. The consequence may be the failure to meet obligations to repay creditors and fulfill commitments.

All financial assets and liabilities are current as at reporting dates, except for the non-current portion of borrowings (Note 12).

To manage liquidity, funding of maturing obligation will come either from future sale of developed properties or shareholders.

Expected future interest payments of the Group for the next three (3) years are P8.53 million as at December 31, 2018 (2017 - P84.86 million).

23.2 Capital management

The Group's main objective is to ensure it has adequate capital moving forward to pursue its major land development and housing projects.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can provide future returns to its shareholders and to maintain an optimal capital structure to reduce its cost of capital. For this purpose, capital is represented by total equity as shown in the consolidated statements of financial position, less fair value reserve and remeasurement gain (loss) of retirement benefit obligation, net of tax.

In order to maintain or adjust the capital structure, the Group may return capital to shareholders, issue new shares or sell assets to reduce debt.

As part of the reforms of the PSE to expand capital market and improve transparency among listed firms, PSE requires listed entities to maintain a minimum of ten percent (10%) of their issued and outstanding shares, exclusive of any treasury shares, held by the public. The Group has fully complied with this requirement.

There was no change in the Group's capital management strategy and policies in 2018 and 2017.

23.3 Fair value hierarchy

The Group follows the fair value measurement hierarchy to disclose the fair values of its financial assets and liabilities.

As at December 31, 2018 and 2017, the Group's investments in equity securities are classified under Levels 1 and 2 categories, while investment property is classified under Level 3 category. There are no other financial or non-financial assets and liabilities that are measured at fair value.

Note 24 - Critical accounting estimates, assumptions and judgments

Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates, assumptions and judgments concerning the future. The resulting accounting estimates will, by definition seldom equal the related actual results. The estimates and assumptions applied by the Group and which may cause adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed in the succeeding section.

24.1 Critical accounting estimates and assumptions

(a) Estimating fair value of investment property (Note 7)

The Group's Binangonan property has an estimated market value of P1,200 (2017 - P1,100) per square meter as at December 31, 2018 based on the following significant assumptions used by the independent appraiser:

- current prices in an active market for properties of similar nature, condition or location, adjusted to reflect possible differences; and
- recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices.

The fair value of the investment property was determined using the sales comparison approach. This was a comparative approach that considered the sales of similar or substitute properties and related market data, which may also consider current listings and offerings. The valuation of the investment property was categorized as Level 3 measurement as it utilized adjusted inputs for valuation that were, for the major part, unobservable as at the date of valuation.

Unrealized fair value gain on investment property represents significant amounts both in value of property and income. Any +/- 1% change in fair value per square meter increases/decreases total assets and income before tax by P147.13 million (2017 - P24.87 million; 2016 - P23.47 million).

(b) Provision for clearing costs (Note 7 and 11)

As discussed in Note 7, the Supreme Court affirmed the validity of the Parent Company's titles over its 2,200 hectares of Binangonan property. However, due to a number of factors, including the recognition of Supreme Court's recognition of the superior rights of the bonafide occupants as well as potential challenges in clearing and re-titling of this large area of land, management has estimated that only 1,513 hectares are expected to be recovered/cleared and re-titled in the name of the Parent Company as at December 31, 2018 (2017 - 513 hectares). This estimate is assessed at regular intervals of one (1) to three (3) years based on the Group's interaction with current occupants.

The estimate is based on the assumption that clearing activities will be carried out by the Group. Refer to Note 11 for the discussion on key assumption used.

Management believes that the current provision is the best estimate based on existing conditions and circumstances as at December 31, 2018 and 2017. With this, it is reasonably possible, based on existing knowledge, that the outcomes within the next financial year that are different from estimates could require a material adjustment to the carrying amount of the provision for clearing costs.

(c) Determining NRV of real estate held for sale and development (Note 5)

Inventories are valued at the lower of cost and NRV. This requires the Group to make an estimate of the inventories' estimated selling price in the ordinary course of business, costs of completion and costs necessary to make a sale to determine the NRV. The Group adjusts the cost of its real estate inventories to NRV based on its assessment of the recoverability of the real estate inventories. In determining the recoverability of the inventories, management considers whether inventories are damaged or if their selling prices have declined.

Likewise, management also considers whether the estimated costs of completion or the estimated costs to be incurred to make the sale have increased. In the event that NRV is lower than the cost, the decline is recognized as an expense. The amount and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized.

As at December 31, 2018 and 2017, allowance for NRV amounted to P0.45 million. If selling price per unit increased/decreased by 10%, no additional loss would be recoded as the cost of remaining real estate inventories would still be lower than their NRV.

24.2 Critical accounting judgments

(a) Collectability of the sales price

The Group considers the loan approval of HDMF as support for the collectability of the sales price of land and real estate properties. Management believes that it is probable to collect the consideration from buyers for revenues recorded for the years ended December 31, 2018 and 2017.

(b) Impairment of financial assets (Note 23)

From January 1, 2018, the Group applied the ECL model associated with its financial assets at amortized cost. The loss allowance for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Until December 31, 2017, the provision for impairment of receivables is based on the Group's assessment of the collectability of payments from its debtors. This assessment requires judgment regarding the ability of the debtors to pay the amounts owed to the Group and the outcome of any disputes. Any change in the Group's assessment of the collectability of receivables could significantly impact the calculation of such provision and results of its financial performance.

Allowance for doubtful accounts as at December 31, 2018 and 2017 amounted to P2.00 million. This is equivalent to the full lifetime ECL using the ECL model. Accordingly, the loss allowance for financial assets at amortized cost as at December 31, 2017 reconciles to the opening loss allowance on January 1, 2018 and closing loss allowance on December 31, 2018.

(c) Joint arrangements (Note 5)

Management enters into joint arrangements for the development of its properties. Per contractual agreements, the Group's contribution on the joint arrangements is limited only to the value of the land and any obligations related to development are on the account of the counterparty in the joint operations. The joint arrangement is not structured through a separate vehicle and the Group has direct access to the arrangements' assets and obligations for liabilities. As such, the arrangement is classified as joint operations.

Total land contributed to joint operations as at December 31, 2018 and 2017 is recorded as part of real estate held for sale and development in the consolidated statements of financial position.

(d) Recognition of deferred income tax assets (Note 17)

Management reviews at each reporting date the carrying amounts of deferred income tax assets. The carrying amount of deferred income tax assets is reduced to the extent that it is no longer probable that sufficient taxable profit will be available against which the related tax assets can be utilized.

Management believes that the non-recognition of deferred income tax assets of P10.27 million (2017 - P25.56 million) is appropriate due to the Group's limited capacity to generate sufficient taxable income in the immediately succeeding three (3) to five (5) years given current development activities.

(e) Contingencies (Note 18)

The Group is currently involved in a disputed claim. Management currently believes, in consultation with its legal counsels, that the ultimate outcome of the proceeding will not have a material effect on the Group's consolidated financial statements. It is possible, however, that future results of operations could materially be affected by changes in the estimate in the final outcome of the proceeding.

Note 25 - Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

25.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with PFRS. The term PFRS in general includes all applicable PFRS, Philippine Accounting Standards (PAS), and interpretations of the Philippine Interpretations Committee (PIC), Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC), which have been approved by the Financial Reporting Standards Council (FRSC) and adopted by the SEC.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments in equity securities and investment property.

The preparation of the consolidated financial statements in conformity with PFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 24.

Changes in accounting policies and disclosures

(a) New standards, amendments to existing standards and interpretations adopted

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing January 1, 2018:

- PFRS 9, Financial Instruments, deals with the classification, measurement, and impairment of financial instruments, as well as hedge accounting.

PFRS 9 replaces the multiple classification and measurement models for financial assets in PAS 39, Financial Instruments: Recognition and Measurement, with a single model that has three (3) classification categories: amortized cost, fair value through other comprehensive income (FVOCI), and fair value through profit or loss (FVPL). Classification under PFRS 9 is driven by the entity's business model for managing the financial assets and whether the contractual characteristics of the financial assets represent solely payments of principal and interest. Investments in equity instruments are required to be measured at FVPL with the irrevocable option at inception to present changes in fair value in other comprehensive income. For such liabilities, changes in fair value related to changes in own credit risk are presented separately in other comprehensive income.

The impairment rules of PFRS 9 introduce an ECL model that replaces the incurred loss impairment model used in PAS 39. The new ECL model that replaces the incurred loss impairment model used in PAS 39 did not significantly impacted the Group's provision for impairment losses mainly due to its financing scheme and counterparty profiles.

The hedging rules of PFRS 9 better align hedge accounting with an entity's risk management strategies. Also, some of the prohibitions and rules in PAS 39 are removed or changed, making hedge accounting easier or less costly to achieve for many hedges. The Group has no hedging activities as at December 31, 2018.

The Group has applied PFRS 9 retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Group's previous accounting policy. The adoption of PFRS 9 did not have any impact on the amounts recognized in prior periods but has resulted in changes in the Group's accounting policies for classification and impairment of financial assets. Details of the specific PFRS 9 accounting policies applied in the current period (as well as the previous PAS 39 accounting policies applied in the comparative period) are described in more detail in Note 25.2.

- PFRS 15, Revenue from Contracts with Customers, deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The standard replaces PAS 18, Revenue, and PAS 11, Construction Contracts, and related interpretations.

  The Group adopted the standard on January 1, 2018 but did not have an impact in the consolidated financial statements as the Group's revenues are mainly from sales of real estate properties which are under HDMF financing. Detailed discussion is on Note 25.20.

- Amendments to PAS 40: Transfers of Investment Property, clarifies that transfers to, or from, investment property can only be made if there has been a change in use that is supported by evidence. A change in use occurs when the property meets, or ceases to meet, the definition of investment property. A change in intention alone is not sufficient to support a transfer. There are no transfers to, or from, investment property in 2018. The details of the accounting policies applied in the current period are described in more detail in Note 25.7.

There are no other new standards, amendments to existing standards, and interpretations which are effective for the financial year beginning on January 1, 2018, which would have a significant impact or is considered relevant to the Group's consolidated financial statements.

(b) New standards, amendments to existing standards and interpretations not yet adopted

A number of new standards, amendments and interpretations to existing standards are issued but not yet effective as at December 31, 2018, and have not been early adopted nor applied in preparing these consolidated financial statements. The more relevant standard for the Group is set out below:

- PFRS 16, Leases (effective January 1, 2019). The standard now requires lessees to recognize a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The International Accounting Standards Board (IASB) has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under PFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Earlier application is permitted, but only in conjunction with PFRS 15.

  In order to facilitate transition, entities can choose a 'simplified approach' that includes certain reliefs related to the measurement of the right-of-use asset and the lease liability, rather than full retrospective application; furthermore, the 'simplified approach' does not require a restatement of comparatives. In addition, as a practical expedient entities are not required to reassess whether a contract is, or contains, a lease at the date of initial application (that is, such contracts are "grandfathered"). Based on its current contracts which are short-term, the Group does not foresee any significant effect on the consolidated financial statements due to their short-term lease terms and minimum lease payments disclosed in Note 16.

<u>Basis of consolidation</u>

The consolidated financial statements comprise the financial statements of Parent Company and IDC, a wholly-owned subsidiary, as at December 31, 2018 and 2017 and for each of the three years in the period ended December 31, 2018. The Group uses uniform accounting policies, any difference between the Parent Company and Subsidiary are adjusted properly.

As at December 31, 2018 and 2017, IDC is the only subsidiary of the Parent Company.

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the Parent Company does not differ from the proportion of ordinary shares held.

The summarized financial information of the Subsidiary as at and for the years ended December 31 is as follows:

	2018	2017
Total current assets	49,507,147	49,507,147
Total current liabilities	1,923,778	1,883,294
Net assets	47,583,369	47,623,853
Expenses	40,484	40,484
Total comprehensive loss	(40,484)	(40,484)

The Subsidiary did not generate any cash flows for the years ended December 31, 2018 and 2017.

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. These are deconsolidated from the date that control ceases.

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The Group also assesses the existence of control where it does not have more than 50% of the voting power but is able to govern the financial reporting and operating policies by virtue of de facto control. De facto control may arise in circumstances where the size Group's voting rights relative to the size and dispersion of holdings of other shareholders give the Group the power to govern the financial and operating policies.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

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

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognized and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in profit or loss.

Intercompany transactions, balances and unrealized gains on transactions between companies in the Group are eliminated. Unrealized losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions-that is, as transactions with the owners in their capacity as owners. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

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

25.2 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity of another entity. The Group recognizes a financial instrument in the consolidated statement of financial position, when and only when, the Group becomes a party to the contractual provisions of the instrument.

25.2.1 Financial assets

(a) Classification

From January 1, 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and
- those to be measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI. The Group reclassifies debt investments when and only when its business model for managing those assets changes. As at December 31, 2018, the Group holds financial assets at FVOCI and at amortized cost.

The financial assets at amortized cost of the Group comprise: cash in banks (Note 25.3), receivables, excluding advances to officers and employees (Note 25.4), funds held by custodian bank (Note 25.3), and refundable deposits (Note 25.5) under other assets while financial assets at FVOCI pertain to investments in equity securities in the consolidated statement of financial position. These are included in current assets, except for maturities greater than 12 months after the reporting date, which are then classified as non-current assets.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

On the disposal of equity instruments classified as FVOCI, any related balance within the FVOCI reserve is reclassified to retained earnings.

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

<u>Debt instruments</u>

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three (3) measurement categories into which the Group classifies its debt instruments:

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statement of total comprehensive income.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss and recognized in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the consolidated statement of total comprehensive income.

- FVPL: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognized in other gains/(losses) in the consolidated statement of total comprehensive income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(d) Impairment

From January 1, 2018, the Group assesses on a forward looking basis the ECL associated with its debt instruments carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group applies the PFRS 9 simplified approach to measuring ECL which uses a lifetime expected loss allowance for all trade receivables. To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized as expenses in the consolidated statement of total comprehensive income. When a receivable remains uncollectible after the Group has exerted all legal remedies, it is written-off against the allowance account for receivables. Subsequent recoveries of amounts previously written-off are credited against costs and expenses in the consolidated statement of total comprehensive income.

The expected loss rates are based on the collection profiles over a period of 60 months before January 1, 2018 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the bank interest rates to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in this factor.

Prior to the adoption of PFRS 9, a provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

Until December 31, 2017, for equity investments, a significant or prolonged decline in the fair value of security below its cost is also evidence that the assets are impaired. If any such evidence exists the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss - is removed from equity and recognized in profit or loss. Impairment losses recognized in profit or loss on equity instruments are not reversed through profit or loss.

(e) Accounting policies applied until December 31, 2017

The Group has applied PFRS 9 retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Group's previous accounting policy. Impairment is driven by incurred losses.

Until December 31, 2017, the Group classified its financial assets in the following categories: financial assets at FVPL, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. As at December 31, 2017, the Group only has loans and receivables and available-for-sale financial assets with changes in fair value recognized in other comprehensive income.

The loans and receivables of the Group comprise: cash in banks (Note 25.3), receivables, excluding advances to officers and employees (Note 25.4), funds held by custodian bank (Note 25.3), and refundable deposits (Note 25.5) under other assets while available-for-sale financial assets pertain to investments in equity securities in the consolidated statement of financial position. They are included in current assets, except for maturities greater than 12 months after the reporting date, which are then classified as non-current assets.

25.2.2 Financial liabilities

(a) Classification

The Group classifies its financial liabilities at initial recognition in the following categories: at FVPL (including financial liabilities held for trading and those designated at fair value) and financial liabilities at amortized cost. The Group only has financial liabilities at amortized cost as at December 31, 2018 and 2017.

The Group's financial liabilities at amortized cost include: accounts payable and other liabilities, excluding government-related liabilities (Note 25.12), borrowings (Note 25.13), and liability for refund of stocks rights subscription (Note 13 and 25.3) are classified under this category. They are included in current liabilities, except for maturities greater than 12 months after the reporting date, which are then classified as non-current liabilities.

Issued financial instruments or their components, which are not designated at FVPL, are classified as financial liabilities at amortized cost, where the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder.

(b) Initial recognition and derecognition

Financial liabilities are initially recognized at fair value of the consideration received plus directly attributable transaction costs. A financial liability is derecognized when the obligation under the liability is discharged or cancelled, or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

(c) Subsequent measurement

Financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate.

25.2.3 Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counter party. As at December 31, 2018 and 2017, there are no financial assets and financial liabilities that were offset.

25.3 Cash and funds held by a custodian bank

For purpose of presentation in the consolidated statement of cash flows, cash consists of cash on hand and deposits held at call with banks. Funds that are restricted and designated for particular purpose are shown separately from cash in the consolidated statement of financial position and are classified as current or non-current depending on the expected timing of disbursements. These are stated at face value or nominal amount. Other relevant accounting policies are discussed in Note 25.2.

25.4 Receivables

Receivables arising from regular sale of real estate held for sale and development made in the ordinary course of business are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less any provision for impairment. Receivables with average credit term of 180 days are measured at the original invoice amount (as the effect of discounting is immaterial), less any provision for impairment. Other relevant accounting policies are discussed in Note 25.2, except for advances to officers and employees.

Advances to officers and employees are unliquidated cash advances for the Group's expenses. These are initially recognized at nominal amount and derecognized upon liquidation. They are included in current assets, except for expected liquidations greater than 12 months after the reporting date, which are then classified as non-current assets.

25.5 Prepayments and other assets

Prepayments and other assets are recognized in the event that payment has been made in advance of obtaining right of access to receipt of services and measured at the amount of cash paid, which is equal to its nominal amount. Prepayments and other assets are recognized as expense either with the passage of time or through use or consumption.

Prepayments and other assets are carried at cost and are included in current assets, except when the related goods or services are expected to be received and rendered more than 12 months after the end of the reporting period, in which case, these are classified as non-current assets.

Prepayments in the form of unused tax credits are derecognized when the there is a legally enforceable right to offset the recognized amounts against income tax due and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

Input VAT are stated at face value less provision for impairment, if any. Any allowance for unrecoverable input, if any, is maintained by the Group at a level considered adequate to provide for potential uncollectible portions of the claims. Management evaluates the level of impairment provision on the basis of factors that affect the collectivity of the claim. The Group, on a continuing basis, makes a review of the status of the claims designed to identify those that may require provision for impairment losses.

25.6 Real estate held for sale and development

The account includes land held for development, which refers to land acquired exclusively for development and resale thereafter and real properties held for sale and development through housing projects. Real estate held for sale and development is stated at the lower of cost and NRV. The cost comprises purchase price plus costs directly attributable to the acquisition of the assets including clearing, retitling, site preparation and subsequent development costs. NRV is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Borrowing costs associated with on-going development of these properties are capitalized during its construction/development period.

The fair value of the land transferred from investment property to real estate held for sale and development account due to change in use on the property is deemed as cost for subsequent accounting. Transfers from investment property to real estate held for sale and development happen when the Group comes up with a concrete plan to clear the lots and/or when the Group enters into a Memorandum of Agreement with a third party to perform retitling and related clearing activities.

Upon disposal, the asset accounts are relieved of the pertinent costs of acquisition and improvements, and provision for decline in value (if any) and the related realized profit on sale is recognized in profit or loss.

25.7 Investment property

Investment property is defined as property held by the owner or by the lessee under a finance lease to earn rentals or for capital appreciation or both, rather than for: (a) use in the production of supply of goods or services or for administrative purposes; or (b) sale in the common course of business.

The Group's investment property, principally comprising of properties in Binangonan, Rizal are held for capital appreciation and is not occupied by the Group. The Group has adopted the fair value model for its investment property.

After initial recognition, investment property is carried at fair value as determined by an independent firm of appraisers. Fair value is based on market data approach, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. These valuations are reviewed annually by the independent appraiser. Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value. On a regular basis, an estimate of the recoverable or clearable area over the 2,200-hectare property is done by the Group. An increment in the recoverable area is recognized at fair value, with a consequent provision for estimated clearing costs.

Subsequent expenditure (i.e. provision for clearing costs) is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the profit or loss during the financial period in which they are incurred.

Changes in fair values are recognized in profit or loss.

An investment property is derecognized from the consolidated statement of financial position on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal.

Removal of an item within investment property is triggered by a change in use, by sale or disposal. Transfers to, or from, investment property can only be made if there has been a change in use that is supported by evidence. If an investment property becomes owner-occupied, it is reclassified as property and equipment (Note 25.9), and its fair value at the date of reclassification becomes its cost for accounting purposes. Gain or loss arising from disposal is determined as the difference between the net disposal proceeds and the carrying amount of the asset. Gain or loss on disposal is recognized in profit or loss in the period of the disposal.

Property that is being constructed or developed for future use as investment property is classified as investment property.

25.8 Investments in joint arrangements

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor.

The Group has entered into joint arrangement agreements with third parties to develop a portion of its land located in Binangonan, Rizal. Under the terms of the agreement, the Group will contribute lots, construction and development to the joint arrangements. The Group recognizes revenue based on the sales of the pre-determined lots assigned in accordance with the provisions of the agreement.

The Group has assessed the nature of its joint arrangement and determined it to be joint operations.

The Group classifies the land contributed under real estate held for sale and development (Note 25.6).

The contractual arrangement establishes the parties' rights to the assets, and obligations for the liabilities, relating to the arrangement, and the parties' rights to the corresponding revenues and obligations for the corresponding revenues and obligations for the corresponding expenses.

25.9 Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and amortization and impairment, if any. Historical cost includes expenditures that are directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the year in which they are incurred.

Depreciation is calculated using the straight-line method over the estimated useful life of five (5) years for all classes of property and equipment.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal at which time the cost and their related accumulated depreciation are removed from the accounts. Gain or loss arising from disposal is determined as the difference between the net disposal proceeds and the carrying amount of the asset. Gain or loss on disposal is recognized in profit or loss in the period of the disposal.

25.10 Impairment of non-financial assets

Assets that have an indefinite useful life, such as investment in a subsidiary, are not subject to depreciation and amortization and are tested annually for impairment.

Assets that have definite useful life are subject to depreciation and amortization and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that are impaired are reviewed for possible reversal of the impairment at each reporting date.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount should not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized as income immediately in profit or loss.

25.11 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of a non-financial asset is measured based on its highest and best use. The asset's current use is presumed to be its highest and best use.

The fair value of financial and non-financial liabilities takes into account non-performance risk, which is the risk that the entity will not fulfill an obligation.

The Group classifies its fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as investment properties. Involvement of external valuers is decided upon annually by management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, management analyzes the movements in the values of assets and liabilities, which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

(a) Financial instruments

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are included in Level 1. The Group's listed financial assets at FVOCI/available-for-sale financial assets are included in Level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the asset or liability is included in Level 2. The Group's unlisted financial assets at FVOCI/available-for-sale financial assets are included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. There are no financial instruments that fall under the Level 3 category. There were no transfers from one category to another in 2016 and 2015.

(b) Non-financial assets or liabilities

The Group uses valuation techniques that are appropriate in the circumstances and applies the technique consistently. Commonly used valuation techniques are as follows:

- Market approach - A valuation technique that uses prices and other relevant information generated by market transactions involving identical or comparable (i.e., similar) assets, liabilities or a group of assets and liabilities, such as a business.

- Income approach - Valuation techniques that convert future amounts (e.g., cash flows or income and expenses) to a single current (i.e., discounted) amount. The fair value measurement is determined on the basis of the value indicated by current market expectations about those future amounts.
- Cost approach - A valuation technique that reflects the amount that would be required currently to replace the service capacity of an asset (often referred to as current replacement cost).

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the reporting date, with the resulting value discounted back to present value.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

The Group's investment property is under Level 3 (Note 7).

There are no other financial or non-financial assets and liabilities that are measured at fair value as at December 31, 2018 and 2017.

25.12 Accounts payable and other liabilities

Accounts payable and other liabilities are recognized in the period in which the related money, goods or services are received or when a legally enforceable claim against the Group is established. These are measured at the original invoice amount (as the effect of discounting is immaterial). Other relevant policies are discussed in Note 25.2, except government-related liabilities which are not considered financial liabilities. Government-related liabilities initially recognized at nominal amount and not subject to discounting but are derecognized similarly. These are included in current liabilities, except for maturities greater than 12 months after the reporting date, which are then classified as non-current liabilities.

25.13 Borrowings and borrowing costs

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method. Other relevant policies are discussed in Note 25.2.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognized in profit or loss in the period in which these are incurred.

25.14 Current and deferred income tax

The income tax expense for the period comprises current and deferred income tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates based on existing laws that have been enacted or substantively enacted at the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax losses or NOLCO and unused tax credits or excess MCIT to the extent that it is probable that future taxable profit will be available against which the temporary differences, unused tax losses and unused tax credits can be utilized.

Deferred income tax assets are recognized on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilized.

The Group reassesses at each reporting date the need to recognize a previously unrecognized deferred income tax asset.

Deferred income tax liabilities are recognized in full for all taxable temporary differences, except to the extent that the deferred income tax liability arises from the initial recognition of goodwill. Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally, the Group is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference not recognized.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Deferred income tax assets and liabilities are derecognized when the related bases are realized or when it is no longer realizable.

25.15 Employee benefits

(a) Retirement benefits

The Parent Company is subject to the provisions of RA No. 7641. This Act requires that in the absence of a retirement plan or agreement providing for retirement benefits of employees in the private sector, an employee upon reaching the age of 60 years or more, but not beyond 65 years, who has served at least 5 years in a private entity, may retire and shall be entitled to retirement pay equivalent to at least ½ month salary for every year of service, a fraction of at least six (6) months being considered as one whole year. This falls within the definition of a defined benefit retirement plan.

A defined benefit plan is a retirement plan that defines an amount of retirement benefit to be provided to an employee upon retirement, usually dependent on one or more factors such as age, years of service and compensation.
The liability recognized in the consolidated statement of financial position is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets, if any.

The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity which approximate the terms of the related retirement benefit liability.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited as 'remeasurements' to equity in other comprehensive income in the period in which they arise.

Past service costs are recognized immediately in profit or loss.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in retirement benefit expense in profit or loss.

(b) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the Group recognizes costs for a restructuring that is within the scope of PAS 37, Provisions, Contingent Liabilities and Contingent Assets, and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value. The related liability is derecognized when the obligation is discharged or cancelled.

(c) Short-term employee benefits

Wages, salaries, paid annual vacation and sick leave credits and other non-monetary benefits are accrued during the period in which the related services are rendered by employees of the Group. Short-term employee benefit obligations are measured on an undiscounted basis.

25.16 Contingencies and provisions

Contingent liabilities are not recognized in the consolidated financial statements but are disclosed in the notes unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed in the notes when inflows of economic benefits are probable. If it becomes virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the consolidated financial statements.

Provisions are recognized when: the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provision for clearing costs represents the Group's expected cost to clear a portion of its Binangonan property from bonafide occupants with superior rights over the Group's investment property (Note 25.7). The amount is based on the average estimated clearing and titling cost per agreement with the contractor. Such amount represents the peso value quoted by the contractor based on recoverable area and is adjusted regularly to reflect the net present value of obligation associated with clearing of land titles.

When the effect of time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to passage of time is recognized as an interest expense.

Provisions are derecognized when the obligation is settled, cancelled or has expired.

25.17 Deposits for future shares subscription

Deposits for future shares subscription represent amounts received from shareholders which will be settled by way of issuance of the Group's own shares at a future date. The Group considers the deposits as liability unless all of the following elements are present:

- The unissued authorized capital stock of the entity is sufficient to cover the amount of shares indicated in the subscription agreement;
- There is a BOD's approval on the proposed increase in authorized capital stock to cover the shares corresponding to the amount of the deposit;
- There is shareholders' approval of proposed increase; and
- The application for the approval of the proposed increase in authorized share capital has been filed with the SEC as at reporting date.

Deposits for future shares subscription are derecognized and converted to equity once corresponding shares have been issued.

25.18 Equity

(a) Share capital

Share capital, which are stated at par value, are classified as equity.

Issuance of new shares as a result of options, rights and warrants are shown in equity as an addition to the balance of share capital.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax. The excess of proceeds from issuance of shares over the par value of shares or additional capital contributions in which no shares were issued are credited to additional paid-in capital.

(b) Treasury shares

Where any member of the Group purchases the Group's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity.

(c) Retained earnings

Retained earnings include current and prior years' results of operations, net of transactions with shareholders and dividends declared, if any. Retained earnings also include the effect of changes in accounting policy as may be required by the relevant standards' transitional provisions on their initial adoption.

Dividend distribution to the Group's shareholders is recognized as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the Group's BOD.

(d) Stock rights offering

An issue of rights to existing shareholders of the Group that entitles them to purchase additional shares in proportion to their existing holdings, within a fixed time period, at a lower or discounted price to preserve the percentage ownership of the current holders.

Liability for stock rights subscriptions is derecognized once settled.

25.19 Earnings per share

Basic earnings per share is calculated by dividing net income attributable to common shareholders by the weighted average number of common shares outstanding during the year. Diluted earnings per share is calculated by adjusting the earnings and number of shares for the effects of dilutive potential common shares.

25.20 Revenue and expense recognition

(a) Revenue

The adoption of PFRS 15 did not have material impact on the Group's revenue recognition policy other than from the shift in the revenue recognition model from risks and rewards to control model.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Group's activities, which normally approximates the invoice amount.

Sales of real estate and costs of real estate sold

Sales are recognized when control of the real estate has transferred, being when the sales price is deemed collectible. Collectability of the sales price is demonstrated by the buyer's commitment to pay, which in turn is supported by substantial initial and continuing investments that give the buyer a stake in the property sufficient that the risk of loss through default motivates the buyer to honor its obligation to the Group. Collectability is also assessed by considering factors such as the credit standing of the buyer, age and location of the property.

Sales of real estate are considered as sales at a point in time. For properties sold through a financing agreement with Pag-IBIG under the HDMF, revenue is recognized upon loan approval from HDMF, net of any discount. For properties sold through cash, revenue is recognized upon full collection, net of any discount. For properties sold through installments, revenue is recognized upon turnover of the units to the buyers, which coincides with the collection of the a significant portion of the contract price.

Any collections on contracts that have not yet qualified for revenue recognition are reported as customers' deposits within accounts payable and other liabilities in the consolidated statement of financial position.

Until December 31, 2017, revenue of the Group is recognized when the substantial risks and rewards are transferred to the buyers, which coincides with actual delivery of title and/or when the right of exclusive use is conveyed to the buyer.

Cost of sales is recognized simultaneously with revenue. Cost of sales includes cost of land allocated to the Group based on assigned lots stated in the agreement entered into with the developer and all other incidental costs incurred by the Group.

(b) Other income not covered by PFRS 15

(i) Interest income

Interest income is recognized in profit or loss for all interest-bearing financial instruments using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future receipts through the expected life of the financial instrument or when appropriate, a shorter period to the net carrying amount of the financial asset.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognized using the original effective interest rate.

Interest income on bank deposits is recognized when earned, net of final tax.

(ii) Dividend income

Dividend income is recognized when the right to receive payment is established.

(iii) Rental income

Operating lease payments are recognized as an income on a straight-line basis over the lease term, except when another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an income in the period in which they are earned.

(iv) Other income

Other income, including gain on reversal of liabilities, is recognized when earned.

(c) Expenses, including interest expense

Expenses are recognized when incurred.

Interest expense is recognized in profit or loss for all interest-bearing financial instruments using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating the interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial instrument or when appropriate, a shorter period to the net carrying amount of the financial liability.

25.21 Leases

(a) Group as lessor - operating lease

Leases where the Group has substantially all the risks and rewards of ownership are classified as finance leases. All other leases are classified as operating leases.

The Group leases out a parcel of its land. Rental income is recognized in accordance with the rental income accounting policy in Note 25.20.

(b) Group as lessee - operating lease

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except when another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis, except when another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

25.22 Foreign currency transactions and translation

(a) Functional and presentation currency

Items included in the Group's consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Group's consolidated financial statements are presented in Philippine Peso, which is the Group's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into Philippine Peso using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

25.23 Related party transactions and relationships

Related party relationship exists when one party has the ability to control, directly, or indirectly through one or more intermediaries, the other party or exercises significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities, which are under common control with the reporting enterprise, or between, and/or among the reporting enterprises and their key management personnel, directors, or their shareholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

25.24 Operating segments

The Group's operating businesses are organized and managed separately according to the nature of the services provided, with each segment representing a strategic business unit that offers different services and serves different markets. Financial information on business segments is presented in Note 22.

25.25 Events after the reporting date

Post year-end events that provide additional information about the Group's position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

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Philippine Infradev Holdings Inc. and Subsidiary
(Formerly IRC Properties, Inc. and Subsidiary)

Schedule of Philippine Financial Reporting Standards and Interpretations
Effective as at December 31, 2018

The following table summarizes the effective standards and interpretations as at December 31, 2018:

		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics		✓		
PFRSs Practice Statement Management Commentary				✓
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards			✓
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate			✓
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✓
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✓
	Amendments to PFRS 1: Government Loans			✓
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
	Amendments to PFRS 2: Classification and Measurement of Share-based Payment Transactions			✓
PFRS 3 (Revised)	Business Combinations			✓
	Amendments to PFRS 3: Definition of a business*		✓	
PFRS 4	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PFRS 4: Applying PFRS 9, Financial Instruments with PFRS 4, Insurance Contracts			✓

		Adopted	Not Adopted	Not Applicable
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets			✓
	Amendments to PFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities	✓		
	Amendments to PFRS 9, PFRS 7 and PAS 39: Hedge Accounting			✓
	Amendments to PFRS 9 and PFRS 7: Mandatory Effective Date and Transition Disclosures	✓		
PFRS 8	Operating Segments	✓		
PFRS 9	Financial Instruments	✓		
	Amendments to PFRS 9, PFRS 7 and PAS 39: Hedge Accounting			✓
	Amendments to PFRS 9 and PFRS 7: Mandatory Effective Date and Transition Disclosures	✓		
	Amendments to PFRS 9: Prepayment Features with Negative Compensation*		✓	
PFRS 10	Consolidated Financial Statements	✓		
	Amendments to PFRS 10, PFRS 12 and PAS 28: Application of the Consolidation Exception for Investment Entities			✓
	Amendments to PFRS 10 and PAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*		✓	
PFRS 11	Joint Arrangements	✓		
	Amendments to PFRS 11: Acquisition of an Interest in a Joint Operation	✓		
PFRS 12	Disclosure of Interests in Other Entities			✓

		Adopted	Not Adopted	Not Applicable
	Amendments to PFRS 10, PFRS 12 and PAS 28: Application of the Consolidation Exception for Investment Entities			✓
PFRS 13	Fair Value Measurement	✓		
PFRS 14	Regulatory Deferral Accounts			✓
PFRS 15	Revenue from Contracts with Customers	✓		
	Amendments to PFRS 15: Clarifications to PFRS 15	✓		
PFRS 16	Leases*		✓	
PFRS 17	Insurance contracts*		✓	
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendment to PAS 1: Capital Disclosures	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
	Amendments to PAS 1: Disclosure Initiative	✓		
	Amendments to PAS 1 and PAS 8: Definition of material*		✓	
PAS 2	Inventories	✓		
PAS 7	Statement of Cash Flows	✓		
	Amendments to PAS 7: Disclosure Initiative	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
	Amendments to PAS 1 and PAS 8: Definition of material*		✓	
PAS 10	Events after the Reporting Period	✓		
PAS 12	Income Taxes	✓		
	Amendment to PAS 16 - Deferred Tax: Recovery of Underlying Assets	✓		
	Amendments to PAS 12: Recognition of Deferred Tax Assets for Unrealized Losses	✓		
PAS 16	Property, Plant and Equipment	✓		
	Amendments to PAS 16 and PAS 38: Acceptable Methods of Depreciation and Amortization	✓		

		Adopted	Not Adopted	Not Applicable
	Amendments to PAS 16 and PAS 41: Bearer Plants			✓
PAS 17	Leases	✓		
PAS 19 (Revised)	Employee Benefits	✓		
	Amendments to PAS 19: Contributions from Employees or Third Parties			✓
	Amendments to PAS 19: Plan Settlement, Curtailment or Settlement*		✓	
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
	Amendment to PAS 21: Net Investment in a Foreign Operation			✓
PAS 23 (Revised)	Borrowing Costs	✓		
PAS 24 (Revised)	Related Party Disclosures	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans	✓		
PAS 27 (Revised)	Separate Financial Statements	✓		
	Amendments to PAS 27: Use of Equity Method in Separate Financial Statements			✓
PAS 28 (Revised)	Investments in Associates and Joint Ventures	✓		
	Amendments of PFRS 10, PFRS 12 and PAS 28: Application of the Consolidation Exception for Investment Entities			✓
	Amendments to PFRS 10 and PAS 28: Sale or Contributions of Assets between an Investor and its Associate or Joint Venture			✓
	Amendment to PAS 28: Measuring an associate or joint venture at fair value			✓
	Amendments to PAS 28: Long-term Interests in Associates and Joint Ventures*		✓	
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 32	Financial Instruments: Presentation	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendment to PAS 32: Classification of Rights Issues			✓

		Adopted	Not Adopted	Not Applicable
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	✓		
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting	✓		
PAS 36	Impairment of Assets	✓		
	Amendment to PAS 36: Recoverable Amount Disclosures			✓
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets	✓		
	Amendments to PAS 16 and PAS 38: Acceptable Methods of Depreciation and Amortization	✓		
PAS 40	Investment Property	✓		
	Amendment to PAS 40: Transfers of Investment Property	✓		
PAS 41	Agriculture			✓
	Amendments to PAS 16 and PAS 41: Bearer Plants			✓
Philippine Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	Determining Whether an Arrangement Contains a Lease	✓		
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
IFRIC 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			✓
IFRIC 10	Interim Financial Reporting and Impairment			✓
IFRIC 12	Service Concession Arrangements			✓
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			✓
	Amendments to IFRIC 14: Prepayments of a Minimum Funding Requirement			✓

		Adopted	Not Adopted	Not Applicable
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners			✓
IFRIC 18	Transfers of Assets from Customers			✓
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✓
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓
IFRIC 21	Levies	✓		
IFRIC 22	Foreign Currency Transactions and Advance Consideration	✓		
IFRIC 23	Uncertainty over Income Tax Treatments*		✓	
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-15	Operating Leases - Incentives	✓		
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✓
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	✓		
SIC-29	Service Concession Arrangements: Disclosures			✓
SIC-32	Intangible Assets - Web Site Costs			✓

The standards, amendments and interpretations marked with an asterisk (*) have been issued but are not yet effective for December 31, 2018 financial statements and not early adopted.

The standards, amendments and interpretations that are labeled as “Not Applicable” are already effective as at December 31, 2018 but will never be relevant/applicable to the Group or are currently not relevant to the Group because it has currently no related transactions.

Philippine Infradev Holdings Inc.
(Formerly IRC Properties, Inc.)

Reconciliation of Retained Earnings Available for Dividend Declaration
As at December 31, 2018
(All amounts in Philippine Peso)

Unappropriated Retained Earnings, based on audited financial statements, beginning		402,697,526
Less: Cumulative fair value adjustment of investment property resulting to gain, net of tax		(1,031,645,336)
Unappropriated Retained Earnings, as adjusted to available for dividend distribution, beginning		(628,947,810)
Add: Net income actually earned/realized during the year	2,991,974,032	
Less: Non-actual/unrealized income net of tax	-	
Equity in net income of associate/joint venture	-	
Unrealized foreign exchange gain (except those attributable to cash and cash equivalents)	(12,749,800)	
Unrealized actuarial gain	-	
Fair value adjustment (market-to-market gains)	-	
Fair value adjustment of investment property resulting to gain	(2,904,264,970)	
Adjustment due to deviation from PFRS/GAAP - gain	-	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under PFRS	-	
Sub-total	74,959,262	74,959,262
Add: Non actual losses		
Depreciation on revaluation in revaluation increment (after tax)	-	
Adjustment due to deviation from PFRS/GAAP - loss	-	
Loss on fair value adjustment of investment property (after tax)	-	
Net income actually earned during the year	74,959,262	74,959,262
Add (Less):		
Dividend declarations during the year		-
Appropriations of retained earnings during the year		-
Reversals of appropriations		-
Effects of prior period adjustments		-
Treasury shares		-
Unappropriated Retained Earnings Available for Dividends, ending		(553,988,548)

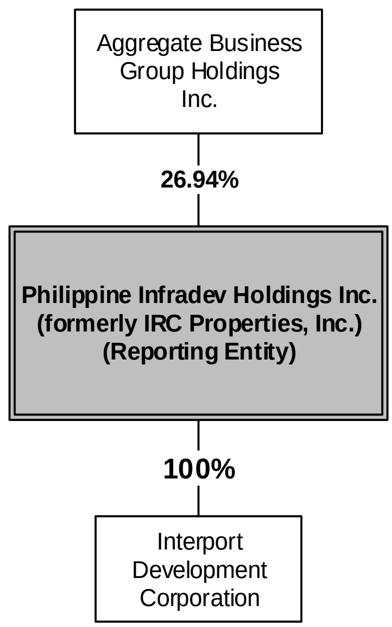
Philippine Infradev Holdings Inc.
(Formerly IRC Properties, Inc.)

Key Financial Ratios
As at December 31, 2018
(With comparative figures as at December 31, 2017 and 2016)

	2018	2017	2016
A. Current and Liquidity Ratios			
1. Current ratio			
(Current assets/Current liabilities)	2.14	2.40	2.58
2. Acid test ratio or Quick ratio			
(Monetary current assets/Current liabilities)	1.25	0.20	0.23
B. Solvency ratio			
(Net income + depreciation)/Total liabilities	0.28	0.01	0.04
C. Debt to equity ratio			
(Total liabilities/Shareholders' equity)	1.69	0.96	0.92
D. Asset to equity ratio	2.69	1.96	1.92
E. Debt ratio			
(Total liabilities/Total assets)	0.63	0.49	0.48
F. Interest coverage ratio			
(EBIT/Interest expense)	2,445	-	-
G. Profitability ratios			
1. Return on assets (%)	0.17	0.01	0.02
(Net income/Total assets)			
2. Return on equity (%)	0.47	0.01	0.04
(Net income/Shareholders' equity)			
H. Earnings per share attributable to equity holders of parent (P)			
2018 - 1,499,913,964 shares	2.07	-	-
2017 - 1,327,113,964 shares	-	0.02	-
2016 - 1,327,113,978 shares	-	-	0.06

Philippine Infradev Holdings Inc.
(Formerly IRC Properties, Inc.)

Map of the Group of Companies within which the Reporting Entity Belongs
December 31, 2018



Philippine Infradev Holdings Inc.
(Formerly IRC Properties, Inc.)

Schedule A - Financial Assets
As at December 31, 2018
(All amounts in Philippine Peso)

Name of issuing entity and description of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the Statement of Financial Position	Value based on market quotations at statement date	Income received and accrued
Financial asset at fair value through other comprehensive income/Available for sale financial assets*				
Equitable Banking Corp.	120	-	-	-
Victorias Milling Corp.	70,000	163,100	163,100	-
Tower Club	1	50,000	50,000	-
		213,100	213,100	-

See Note 9 to the Consolidated Financial Statements.

Philippine Infradev Holdings Inc.
(Formerly IRC Properties, Inc.)

Schedule B -Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders
(Other than Related Parties)
As at December 31, 2018
(All amounts in Philippine Peso)

Name and designation of debtor	Beginning balance	Additions	Deduction		Current	Non-current	Ending balance
			Amount collected	Amount written-off			
Not applicable							

Philippine Infradev Holdings Inc.
(Formerly IRC Properties, Inc.)

Schedule C - Amounts Receivable from Related Parties
which are eliminated during the Consolidation of Financial Statements
As at December 31, 2018
(All amounts in Philippine Peso)

Name and designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Current	Not Current	Balance at end of period
Interport Development Corporation	263,558	40,484	-	-	304,042	-	304,042

See Note 19 to the Consolidated Financial Statements.

Philippine Infradev Holdings Inc.
(Formerly IRC Properties, Inc.)

Schedule D - Intangible Assets - Other Assets
December 31, 2018
(All amounts in Philippine Peso)

Description	Beginning balance	Additions at cost	Charged to cost and expenses	Charged to other accounts	Other changes additions (deductions)	Ending balance
Computer software	102,370	113,581	79,628	-	-	136,323

See Note 9 to the Consolidated Financial Statements.

Philippine Infradev Holdings Inc.
(Formerly IRC Properties, Inc.)

Schedule E - Long-Term Debt
As at December 31, 2018
(All amounts in Philippine Peso)

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption “Current portion of long-term debt” in related balance sheet	Amount shown under caption “Long-term debt” in related balance sheet”
Notes payable	9,673,816	8,351,907	1,321,909

See Note 12 to the Consolidated Financial Statements.

Philippine Infradev Holdings Inc.
(Formerly IRC Properties, Inc.)

Schedule F - Indebtedness to Related Parties
As at December 31, 2018
(All amounts in Philippine Peso)

Name of affiliate	Beginning balance	Ending balance
Not applicable		

See Note 19 to the Consolidated Financial Statements.

Philippine Infradev Holdings Inc.
(Formerly IRC Properties, Inc.)

Schedule G - Guarantees of Securities of Other Issuers
As at December 31, 2018
(All amounts in Philippine Peso)

Name of issuing entity of securities guaranteed by the company for which statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by the company for which statement is filed	Nature of guarantee
Not applicable				

Philippine Infradev Holdings Inc.
(Formerly IRC Properties, Inc.)

Schedule H - Capital Stock
As at December 31, 2018
(All amounts in Philippine Peso)

Title of issue	Number of shares authorized	Number of shares issued and outstanding	Number of shares reserved for options, warrants, conversions, and other rights	Number of shares held by		
				Affiliates	Directors, officers, and employees	Others
PCD NOMINEE CORP. (F)		698,613,003	-	-	-	698,613,003
PCD NOMINEE CORP. (NF)		598,237,011	-	-	-	598,237,011
AGGREGATE BUSINESS GROUP HOLDINGS, INC.		172,800,000	-	172,800,000	-	-
MARILAQUE LAND, INC.		5,998,000	-	-	-	5,998,000
DEE, ALICE T.		2,565,000	-	-	-	2,565,000
VALMORA INVESTMENT AND MANAGEMENT CORPORATION		2,300,000	-	-	-	2,300,000
EQUITY MANAGERS ASIA, INC.		1,000,000	-	-	-	1,000,000
DAVID GO SECURITIES CORPORATION		729,000	-	-	-	729,000
SIGUION-REYNA, LEONARDO T.		700,000	-	-	-	700,000
GOKONGWEI JR., JOHN		642,000	-	-	-	642,000
UY, IMELDA		621,000	-	-	-	621,000
TAN, HENRY L.		600,000	-	-	-	600,000
TANCHAN III, SANTIAGO		500,000	-	-	-	500,000
LAO, ALEX L.		500,000	-	-	-	500,000
BLUE RIDGE CORPORATION		500,000	-	-	-	500,000
CHAM, GRACE		480,000	-	-	-	480,000
OTHERS		13,128,950	-	-	-	13,128,950
Total	1,500,000,000	1,499,913,964	-	172,800,000	-	1,327,113,964

See Note 13 to the Consolidated Financial Statements.

108132019003589

SECURITIES AND EXCHANGE COMMISSION

SECBuilding,EDSA,Greenhills,MandaluyongCity,MetroManila,Philippines
Tel:(632) 726-0931 to 39 Fax:(632) 725-5293 Email: mis@sec.gov.ph

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Company Representative

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Company Information

SEC Registration No.	0000060312
Company Name	PHILIPPINE INFRADEV HOLDINGS INC.
Industry Classification	Financial Holding Company Activities
Company Type	Stock Corporation

Document Information

Document ID	108132019003589
Document Type	17-Q (FORM 11-Q:QUARTERLY REPORT/FS)
Document Code	17-Q
Period Covered	June 30, 2019
No. of Days Late	0
Department	CFD
Remarks	

COVER SHEET

-	-	-	-	-	6	0	3	1	2

SEC Registration Number

PHILIPPINE INFRADEV HOLDINGS INC.

(Company's Full Name)

35TH FLOOR RUFINO

PACIFIC TOWER 6784 AYALA AVE.

MAKATI CITY

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

GEORGINA A. MONSOD		750-2000
Contact Person		Company Telephone Number

SEC Form 17-Q

1 2	3 1			
Month	Day	FORM TYPE	Month	Day

Fiscal Year

Annual Meeting

F S

Secondary License Type, If Applicable

N/A

Dept Requiring this Doc

Amended Articles Number / Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes

SEC Number 60312

File Number ___________

PHILIPPINE INFRADEV HOLDINGS INC.
(Company's Full Name)

35/F Rufino Pacific Tower, 6784 Ayala Avenue, Makati City
(Company's Address)

(02) 750-2000
(Telephone Numbers)

December 31
(Fiscal Year Ending)
(month and day)

Quarterly Report
Form Type

____
Amendment Designation (if applicable)

June 30, 2019
Quarter Ended Date

Publicly Listed Corporation
(Secondary License Type and File Number)

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 : **60312** 3. BIR Tax Identification Number : **000-464-876**

4. Exact name of registrant as specified in its charter : **PHILIPPINE INFRADEV HOLDINGS INC.**

5. Province, country or other jurisdiction of incorporation or organization : **Metro Manila, Philippines**
6. Industry Classification Code : (SEC Use Only)

7. Address of registrant's principal office Postal Code
   35F Rufino Pacific Tower, 6784 Ayala Avenue, Makati City **1223**

8. Registrant's telephone number, including area code : **(0632) 750-2000**

9. Former name, former address and former fiscal year, if changed since last report
   N/A

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

Title of Each Class	Number of shares outstanding
Common	**6,061,560,322**

11. 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:

    Philippine Stock Exchange

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the 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 that 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 [ ]

Philippine Infradev Holdings Inc. and Subsidiary
(Formerly IRC Properties, Inc. and Subsidiary)

Consolidated Statements of Financial Position
As at June 30, 2019 and December 31, 2018
(All amounts in Philippine Peso)

	Notes	June 30, 2019 (UNAUDITED)	December 31, 2018 (AUDITED)
ASSETS			
Current assets			
Cash	2	**867,699,545**	1,108,701,953
Receivables, net	3	**102,551,233**	301,234,739
Funds held by custodian bank	4	**16,757,927**	16,757,927
Real properties held for sale and development	5	**972,075,493**	1,000,139,393
Prepayments and other current assets	6	**29,696,341**	16,277,315
Total current assets		**1,988,780,539**	2,443,111,327
Non-current assets			
Investment property	7	**14,713,629,542**	14,713,619,640
Property and equipment, net	8	**7,183,179**	6,814,193
Other assets	9	**294,882,073**	1,898,421
Total non-current assets		**15,015,694,794**	14,722,332,254
Total assets		**17,004,475,333**	**17,165,443,581**
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accrued expenses	10	**98,880,241**	100,092,713
Current portion of provision for clearing costs	11	**1,011,437,699**	1,014,996,289
Current portion of borrowings	12	**6,238,802**	8,351,907
Liability for refund of stock rights subscription		**16,757,927**	16,757,927
Income tax payable		**143,318**	-
Total current liabilities		**1,133,457,987**	1,140,198,836
Non-current liabilities			
Provision for clearing costs, net of current portion	11	**7,958,840,691**	7,958,840,691
Borrowings, net of current portion	12	**1,321,909**	1,321,909
Deferred income tax liabilities, net		**1,685,007,199**	1,685,007,200
Retirement benefit obligation		**2,669,359**	2,669,359
Total non-current liabilities		**9,647,839,158**	9,647,839,159
Total liabilities		**10,781,297,145**	10,788,037,995
Equity			
Share capital	13	**6,061,578,964**	1,499,913,964
Share premium		**587,822,982**	200,018,642
Deposits for future shares subscription		**-**	1,276,099,000
Subscription Receivable		**(3,755,348,000)**	-
Treasury shares		**(18,642)**	(18,642)
Fair value reserve		**(416,223)**	(416,223)
Remeasurement gain of retirement obligation, net of tax		**803,918**	803,918
Retained earnings		**3,328,755,189**	3,401,004,927
Total equity		**6,223,178,188**	6,377,405,586
Total liabilities and equity		**17,004,475,333**	**17,165,443,581**

Philippine Infradev Holdings Inc. and Subsidiary
(Formerly IRC Properties, Inc. and Subsidiary)

Consolidated Statements of Total Comprehensive Income
For the six-months period ended June 30, 2019 and 2018
(All amounts in Philippine Peso)

		Quarters Ended Apr 1 – Jun 30		Year to Date Jan 1 – Jun 30	
	Notes	**2019**	2018	**2019**	2018
Income		**(UNAUDITED)**	(UNAUDITED)	**(UNAUDITED)**	(UNAUDITED)
Sales of real estate, net	5	**21,864,929**	44,455,430	**56,694,929**	69,506,680
Rental income		**800**	800	**1,600**	117,707
Interest income	2	**28,306**	36,429	**49,530**	40,646
Gain on extinguishment of debt		**-**	-	**-**	50,000,000
Other income		**567,795**	40,179	**1,107,923**	42,771
		22,461,830	44,532,838	**57,853,982**	119,707,804
Costs and expenses					
Cost of real estate sold	5	**12,615,437**	28,917,452	**34,505,507**	45,670,088
Salaries, wages and employee benefits	14	**1,985,049**	2,277,889	**5,131,382**	4,979,957
Professional fees and other outside services		**309,508**	3,568,870	**2,414,708**	5,477,813
Taxes and licenses		**839,417**	3,338,041	**2,425,820**	5,003,815
Commission		**1,066,312**	3,280,795	**3,787,624**	4,928,512
Meeting expenses		**1,892,023**	1,745,445	**2,505,465**	3,530,235
Rent		**1,013,603**	258,948	**2,027,207**	1,444,657
Office supplies		**657,847**	542,071	**983,437**	1,003,737
Retirement benefit expense		**-**	-	**-**	3,244,531
Depreciation	8	**197,287**	225,419	**394,573**	450,840
Provision for doubtful accounts		**-**	-	**-**	6,397,956
Other expenses	15	**1,823,538**	-	**3,200,531**	6,359,079
		22,400,021	44,154,930	**57,376,254**	88,491,220
Income before income tax		**61,809**	377,908	**477,728**	31,216,584
Income tax expense		**(18,542)**	-	**(143,318)**	(5,463,602)
Net income for the year		**43,267**	377,908	**334,410**	25,752,982
Item that will not be reclassified to profit or loss:					
Remeasurement gain (loss) of retirement benefit obligation, net of tax		**-**	-	**-**	-
Fair value loss on investments in equity securities		**-**	-	**-**	-
Total comprehensive income for the year		**43,267**	377,908	**334,410**	25,752,982
Basic and diluted earnings per share		**0.00**	0.00	**0.00**	0.01

Philippine Infradev Holdings Inc. and Subsidiary
(Formerly IRC Properties, Inc. and Subsidiary)
Consolidated Statements of Changes in Equity
For the six-months period ended June 30, 2019 and 2018
(All amounts in Philippine Peso)

	Share capital (Note 13)	**Share premium**	**Deposits for future shares subscription**	**Subscription Receivable**	**Treasury shares**	**Fair value reserve**	**Remeasurement gain (loss) of retirement benefit obligation**	**Retained earnings**	**Total**
Balances as at January 1, 2018	**1,327,113,964**	**130,898,642**	**-**	**-**	**(18,642)**	**(8,943)**	**301,506**	**409,071,379**	**1,867,357,906**
Comprehensive income									
Net income for the first two quarters	-	-	-	-	-	-	-	25,752,982	25,752,982
Total comprehensive income for the year	-	-	-	-	-	-	-	25,752,982	25,752,982
Balances as at June 30, 2018	**1,327,113,964**	**130,898,642**	**-**	**-**	**(18,642)**	**(8,943)**	**301,506**	**434,824,361**	**1,893,110,888**
Comprehensive income									
Net income for the last two quarters	-	-	-	-	-	-	-	2,966,180,566	2,966,180,566
Other comprehensive income									
Remeasurement gain of retirement benefit obligation, net of tax	-	-	-	-	-	-	502,412	-	502,412
Fair value loss on investments in equity securities	-	-			-	(407,280)	-	-	(407,280)
Total comprehensive income for the last two quarters	-	-	-	-	-	(407,280)	502,412	2,966,180,566	2,966,275,698
Transaction with owners									
Deposits for future shares subscription	-	-	1,276,099,000		-	-	-	-	1,276,099,000
Issuance of shares	172,800,000	69,120,000	-		-	-	-	-	241,920,000
	172,800,000	69,120,000	1,276,099,000	-	-	-	-	-	1,518,019,000
Balances as at January 1, 2019	**1,499,913,964**	**200,018,642**	**1,276,099,000**	**-**	**(18,642)**	**(416,223)**	**803,918**	**3,401,004,927**	**6,377,405,586**
Comprehensive income									
Net income (loss) for the first two quarters	-	-	-		-	-	-	334,410	334,410
Total comprehensive income for the first two quarters	-	-	-	-	-	-	-	334,410	334,410
Transaction with owners									
Issuance of shares	4,561,665,000	469,782,000	(1,276,099,000)	(3,755,348,000)	-	-	-	-	-
Costs on issuance of shares	-	(81,977,660)						(72,584,148)	(154,561,808)
	4,561,665,000	387,804,340	(1,276,099,000)	(3,755,348,000)	-	-	-	(72,584,148)	(154,561,808)
Balances as at June 30, 2019	**6,061,578,964**	**587,822,982**	**-**	**(3,755,348,000)**	**(18,642)**	**(416,223)**	**803,918**	**3,328,755,189**	**6,223,178,188**

Philippine Infradev Holdings Inc. and Subsidiary
(Formerly IRC Properties, Inc. and Subsidiary)

Consolidated Statements of Cash Flows
For the six-months period ended June 30, 2019 and 2018
(All amounts in Philippine Peso)

	Notes	Jan 1 – Jun 30	
		2019	2018
		(UNAUDITED)	(UNAUDITED)
Cash flows from operating activities			
Income before income tax		**477,728**	P 31,216,584
Adjustments for:			
Interest expense		**107,970**	-
Retirement benefit expense		**-**	3,244,531
Depreciation		**394,574**	450,840
Unrealized foreign exchange loss (gain)		**-**	41,451
Amortization		**39,814**	-
Provision for doubtful accounts		**-**	6,397,956
Gain on reversal of notes payable		**-**	(50,000,000)
Interest income		**(49,530)**	(40,646)
Operating income (loss) before changes in working capital		**970,556**	(8,689,284)
Changes in working capital			
Receivables		**198,683,506**	(8,587,507)
Real estate held for sale and development		**28,063,900**	18,494,466
Prepayments and other current assets		**(13,419,026)**	(2,731,783)
Other assets		**(293,023,466)**	-
Accounts payable and accrued expenses		**(1,320,442)**	4,746,633
Cash generated from (absorbed by) operations		**(80,044,972)**	3,232,525
Interest received		**49,530**	40,646
Settlement of clearing costs		**(3,558,590)**	(2,123,918)
Net cash provided by (used in) operating activities		**(83,554,032)**	1,149,253
Cash flows from investing activities			
Payments for expenditure on investment property		**(9,902)**	(5,893,962)
Payment for acquisition of computer software		**-**	(46,759)
Payments for acquisition of property and equipment		**(763,560)**	(290,422)
Net cash provided by (used in) investing activities		**(773,462)**	(6,231,143)
Cash flows from financing activities			
Proceeds from issuance of stocks		**-**	241,920,000
Settlement of advances		**-**	(4,000,000)
Payment for cost on issuance of shares		**(154,561,808)**	-
Proceeds from borrowings		**-**	30,000,000
Interest paid for borrowings		**-**	(64,221,323)
Settlement of borrowings		**(2,113,106)**	(109,048,033)
Net cash provided by (used in) financing activities		**(156,674,914)**	94,650,644
Net increase (decrease) in cash for the period		**(241,002,408)**	89,568,754
Cash as at January 1		**1,108,701,953**	1,908,897
Cash as at June 30		**867,699,545**	P 91,477,651

PHILIPPINE INFRADEV HOLDINGS INC.

AGING OF ACCOUNTS RECEIVABLE
As of June 30, 2019
(All amounts in Philippine Peso)

	Amount	1-30 days	Over 30 days	Over 60 days	Over 90 days
Receivable from Amaia	**6,738,260**	-	-	4,297,007	2,441,253
Receivable from HDMF	**19,194,101**	-	-	-	19,194,101
Advances to M. Carsula	**1,417,341**	-	-	-	1,417,341
Advances to officer/ employees	**358,980**	-	358,980	-	-
Advances to affiliates	**65,789**	-	-	-	65,789
Advances for liquidation	**1,687,866**	-	-	-	1,687,866
Receivable from sold units	**12,976,316**	-	2,595,263	4,282,184	6,098,869
Advances to other contractors	**14,715,339**	-	-	-	14,715,339
Advances to VGP	**22,200,000**	-	-	-	22,200,000
Advances to Greenroof Corp	**25,117,941**	-	-	-	25,117,941
Others	**79,300**	-	-	-	79,300
TOTAL ACCOUNTS RECEIVABLE	**104,551,233**	**-**	**2,954,243**	**8,579,191**	**93,017,799**

PHILIPPINE INFRADEV HOLDINGS INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - Corporate Information

Philippine Infradev Holdings Inc. (formerly IRC Properties, Inc.) (the "Parent Company") was incorporated in the Philippines on February 24, 1975. The Parent Company is primarily engaged in the acquisition, reclamation, development, or exploitation of lands for the purpose of converting and developing said lands to integrated residential or commercial neighborhoods, and generally to engage in real estate business in all its forms.

The Parent Company is 75.10% both directly and indirectly, owned by Aggregate Business Group Holdings Inc. (ABG). The remaining interest is owned by various corporate and individual shareholders. The Parent Company became a public company through an initial public offering on February 27, 1978. There are no other offerings made other than new shares issued arising from stock rights offering in 2010.

The Parent Company has subsidiaries, Interport Development Corporation (IDC) and Makati City Subway, Inc. (MCSI) (the "Subsidiaries"). IDC is primarily involved in the acquisition and selling of real estate of all kinds or to hold such properties for investment purposes. MCSI is primarily engaged in the development, construction, operation, repair, maintenance, management and other allied business involving infrastructure and/ or public utility projects. The Parent Company and the Subsidiaries have been collectively referred hereinto as the Group.

In 2013, the Group entered into joint development agreements with two local real estate developers to develop a certain portion of clean Binangonan properties. Moreover, the Group is actively in the process of clearing and re-titling the large portion of the property in Binangonan for future developments.

On July 9, 2015, the Group entered into a joint development agreement with a foreign investor for the development of a four-hectare housing project, the Group's third residential development within its Binangonan property.

On May 19, 2016, the Group's negotiations with a leading local real estate developer relative to the acquisition of a portion of the 2,200-hectare Binangonan lot materialized. The Group believes that the entry of this leading local real estate developer will jumpstart the development of a new mixed-use community south of Metro Manila.

On October 23, 2018, the Parent Company received from Public-Private Partnership Selection Committee of Makati City Government a Notice of Award for the construction and operation of the Makati Subway System (the "Project") to be implemented through a joint venture agreement. The Project has been awarded to the Parent Company as the lead proponent of a consortium.

On March 13, 2019, the Parent Company incorporated Makati City Subway, Inc. (MCSI) as a wholly-owned subsidiary. MCSI will serve as the corporate vehicle for the Project.

The registered office of the Group and its principal place of business is at 35/F Rufino Pacific Tower, 6784 Ayala Avenue, Makati City. As at June 30, 2019, the Group has 24 regular employees (December 31, 2018 - 28 regular employees). The administrative functions of the subsidiary are handled by the Parent Company's management.

The Parent Company has its primary listing on the Philippine Stock Exchange (PSE). As at June 30, 2019, the Parent Company has 556 shareholders (December 31, 2018 - 549 shareholders).

Note 2 - Cash

The account consists of:

	June 30, 2019 (UNAUDITED)	December 31, 2018 (AUDITED)
Cash in banks	**P 867,378,351**	P 1,108,378,953
Cash on hand	**321,194**	323,000
	P 867,699,545	P 1,108,701,953

Cash in banks earn interest at the prevailing bank deposit rates. Interest income earned from bank deposits for the quarters ended June 30, 2019 amounted to P49,530 (2018 – 40,646).

Note 3 - Receivables, net

The account consists of:

	June 30, 2019 (UNAUDITED)	December 31, 2018 (AUDITED)
Advances to shareholder	**P -**	P 211,020,846
Receivables from subcontractors	**63,721,146**	59,126,436
Receivables from sale of real estate held for sale and development	**40,326,018**	32,554,971
Advances to officers and employees	**358,980**	387,396
Others	**145,089**	145,090
	104,551,233	303,234,739
Provision for doubtful accounts	**(2,000,000)**	(2,000,000)
	P 102,551,233	P 301,234,739

Note 4 - Funds held by custodian bank

The account represents restricted funds from the proceeds of the Parent Company's cancelled stock rights offering in 1996, which was deposited with a local custodian bank. The local custodian bank is responsible for monitoring withdrawals or disbursements from the funds, and ensuring that all withdrawals and orders for payment made are in connection with, or relating to, any of the purposes specified in the work program submitted by the Group to the SEC in connection with the stock rights offering (Note 13).

Following SEC's order to refund the money, the proceeds have been presented as liability in the consolidated statements of financial position. The Group does not have legal right to defer payment beyond one (1) year for any claims received, hence, the amount was presented as current liability.

During 2019 and 2018, there were neither payments of principal nor withdrawals from the account.

Note 5 - Real estate held for sale and development

This account represents cumulative development and construction costs of on-going housing projects in Binangonan, Rizal.

Details and movements of the account are as follows:

	June 30, 2019 (UNAUDITED)	December 31, 2018 (AUDITED)
At cost		
Beginning	**P 1,000,139,393**	P 1,023,484,195
Additions, including capitalized interest	**6,441,607**	64,159,250
Charged to cost of sales	**(34,505,507)**	(87,504,052)
Ending	**P 972,075,493**	P 1,000,139,393

Note 6 - Prepayments and other current assets

The account consists of:

	June 30, 2019 (UNAUDITED)	December 31, 2018 (AUDITED)
Prepaid taxes	**P 11,270,924**	P 9,704,144
Input value-added tax (VAT)	**11,267,224**	3,514,245
Advances to subcontractors	**1,926,882**	1,926,882
Prepaid insurance	**77,588**	77,588
Prepaid rent	**4,099,267**	-
Others	**1,054,456**	1,054,456
	P 29,696,341	P 16,277,315

Note 7 - Investment property

The movements of this account are as follows:

	June 30, 2019 (UNAUDITED)	December 31, 2018 (AUDITED)
Beginning	**P 14,713,619,640**	P 2,487,484,670
Unrealized fair value gain	**-**	4,148,949,957
Provision for clearing costs	**-**	8,057,485,719
Additions, including capitalized interest	**9,902**	19,699,294
Disposals	**-**	-
Ending	**P 14,713,629,542**	P 14,713,619,640

Note 8 - Property and equipment, net

Details of property and equipment and its movement are as follows:

	Office equipment	Furniture and fixtures	Transportation equipment	Communication equipment	Total
Cost					
January 1, 2018	P 3,020,039	P 2,497,053	P 3,083,865	P 230,846	P 8,831,803
Additions	245,917	165,044	5,378,221	-	5,789,182
Disposals	(462,607)	(2,191,299)	(391,268)	(203,864)	(3,249,038)
December 31, 2018	2,803,349	470,798	8,070,818	26,982	11,371,947
Additions	34,274	729,286	-	-	763,560
June 30, 2019	**2,837,623**	**1,200,084**	**8,070,818**	**26,982**	**12,135,507**
Accumulated depreciation					
January 1, 2018	2,567,838	2,240,718	1,997,889	211,201	7,017,646
Depreciation	351,105	180,672	244,469	12,900	789,146
Disposals	(462,607)	(2,191,299)	(391,268)	(203,864)	(3,249,038)
December 31, 2018	2,456,336	230,091	1,851,090	20,237	4,557,754
Depreciation	175,554	90,336	122,234	6,450	394,574
June 30, 2019	**2,631,890**	**320,427**	**1,973,324**	**26,687**	**4,952,328**
Net book value					
June 30, 2019	**P 205,733**	**P 879,657**	**P 6,097,494**	**P 295**	**P 7,183,179**
December 31, 2018	P 347,013	P 240,707	P 6,219,728	P 6,745	P 6,814,193

Note 9 - Other assets

Other assets consist of:

	June 30, 2019 (UNAUDITED)	December 31, 2018 (AUDITED)
Refundable deposits	**P 2,170,159**	P 1,486,948
Investments in equity securities	**213,100**	213,100
Computer software, net	**96,509**	136,323
Project Development Cost - Makati City Subway	**107,502,108**	-
Deposit to Other Parties	**184,835,000**	-
Other assets	**65,197**	62,050
	P 294,882,073	P 1,898,421

Note 10 - Accounts payable and accrued expenses

Accounts payable and accrued expenses consist of:

	June 30, 2019 (UNAUDITED)	December 31, 2018 (AUDITED)
Accounts payable	**P 14,713,094**	P 14,713,098
Retention payable	**7,139,489**	6,798,117
Accrued expenses and other payables		
Interest, penalties and related charges	**3,293,860**	3,301,474
Customer's deposits	**36,080,936**	34,781,542
Real property taxes	**26,683,320**	27,001,708
Salaries, wages and benefits	**125,719**	251,604
Others	**10,843,823**	13,245,170
	P 98,880,241	P 100,092,713

Note 11 - Provision for clearing costs

The movements in provision for clearing costs are as follows:

	June 30, 2019 (UNAUDITED)	December 31, 2018 (AUDITED)
Beginning	**P 8,973,836,980**	P 920,180,309
Change in estimate, net of unwinding of discount	**-**	8,057,485,719
Actual clearing costs paid	**(3,558,590)**	(3,829,048)
Ending	**P 8,970,278,390**	P 8,973,836,980

Note 12 - Borrowings

The movements in borrowings and net debt reconciliation are as follows:

	June 30, 2019 (UNAUDITED)	December 31, 2018 (AUDITED)
Beginning	**P 9,673,816**	P 261,918,107
Cash flow changes		
Availments	**-**	51,039,200
Payments	**(2,113,105)**	(159,256,618)
Reversals	**-**	(144,026,873)
Ending	**7,560,711**	9,673,816
Cash	**(867,699,545)**	(1,108,701,953)
Net debt	**P (860,138,834)**	P 1,099,028,137

Note 13 - Share capital; Earnings per share

(a) Share capital and share premium

Authorized capital and issued shares outstanding consist of:

	Authorized		Issued	
	Number of shares	Amount	Number of shares	Amount
2019				
Common shares with par value P1 per share	**19,500,000,000**	**19,500,000,000**	6,061,578,964	6,061,578,964
2018				
Common shares with par value P1 per share	1,500,000,000	1,500,000,000	1,499,913,964	1,499,913,964

In 2015, an increase in authorized share capital from 1,000,000,000 to 1,500,000,000 was approved by the SEC.

In 2016, the Group issued 200,000,000 shares at P1.40 per share (2015 - 127,200,800 shares at P1.40 per share) that resulted in a share premium of P80.0 million, increasing share premium to P130.88 million (2015 - P50.88 million). The proceeds from this issuance were presented under cash flows from financing activities in the consolidated statement of cash flows.

In 2018, the Group issued 172,800,000 shares at P1.40 per share which brought the share premium to increase by P 69.12 million. The proceeds from this issuance were presented under cash flows from financing activities in the consolidated statement of cash flows.

On March 15, 2019, following SEC's approval on the increase in authorized share capital, Parent Company issued 4.56 billion common shares which resulted to a share premium of P469.78 million.

(b) Treasury shares

The Group acquired some of its shares of stock as a reserve for future claims of shareholders which are shown in its transfer agent's records but not in its accounts. It is the Group's policy to honor such claims and therefore, issue the said reacquired shares to shareholders upon their presentation of the original unrecorded stock certificates.

In 2017, the Group recorded reclassifications from share capital and share premium to treasury shares to align with the records maintained by the stock transfer agent. Due to impracticability and materiality, this was adjusted prospectively. This transaction did not generate any cash flow. No material transactions occurred during the second quarter of 2019.

(c) Earnings per share

Basic and diluted earnings per share, which are the same due to absence of dilutive potential common shares, for the quarter ended June 30, 2019 and for the years ended December 31, 2018 and 2017 are as follows:

	June 30, 2019 (UNAUDITED)	December 31, 2018 (AUDITED)	December 31, 2017 (AUDITED)
Net income for the year	**P 334,410**	P 2,991,933,548	P 22,956,195
Weighted average number of shares outstanding	**4,541,023,964**	1,422,313,964	1,327,113,971
Earnings per share	**0.00**	2.07	0.02

On July 20, 2018, the BOD and shareholders approved the increase in the authorized share capital from P1.50 billion to P19.5 billion, composed of P9.50 billion common shares and P10.00 billion preferred shares.

Subsequently, the Parent Company received from its shareholders deposits for future shares subscription amounting to P1.28 billion as at December 31, 2018, pending SEC's approval on the increase in authorized share capital. On March 15, 2019, following SEC's approval the Parent Company issued the corresponding 4.56 billion common shares.

(d) Liability for refund of stock rights subscription

On February 19, 1996, the SEC approved the Group's application for the issuance of 40 billion shares, by way of stock rights offering, at an offer price of P0.012 per share. The Group commenced its stock rights offering on March 31, 1997. However, on July 15, 1997, the SEC revoked the Certificate of Permit to Sell Securities and ordered the Group and its custodian bank to immediately return to subscribers the proceeds from the rights offering currently held in escrow. The proceeds from the offering, which remained unclaimed by the subscribers, are shown as "Liability for refund of stock rights subscription" in the current liabilities section of the consolidated statement of financial position.

Note 14 - Salaries, wages and employee benefits

Details of salaries, wages and employee benefits are as follows:

	June 30, 2019 (UNAUDITED)	December 31, 2018 (AUDITED)
Salaries and wages	**P 4,146,708**	P 8,115,562
Bonus and allowances	**668,604**	6,165,862
Separation pay	**72,000**	234,189
SSS, Philhealth and HDMF	**244,070**	446,882
	P 5,131,382	P 14,962,495

Note 15 - Other expenses

Details of other expenses are as follows:

	June 30, 2019 (UNAUDITED)	December 31, 2018 (AUDITED)
Transportation and travel	**P 31,070**	P 2,556,701
Light and water	**286,069**	1,773,152
Interest expense	**107,970**	1,740,610
Gasoline, oil and parking	**593,702**	1,358,743
Repairs and maintenance	**468,451**	864,062
Input VAT write-off	**-**	798,756
Medical	**555,466**	782,864
Dues and subscription	**269,539**	427,465
Personnel	**-**	388,723
Communication	**125,409**	377,032
Meals	**158,178**	353,768
Unrealized Foreign exchange loss, net	**-**	114,654
Marketing	**20,050**	111,889
Amortization	**39,814**	79,629
Representation	**7,958**	-
Miscellaneous	**536,855**	2,901,206
	P 3,200,531	P 14,629,254

Note 16 - Contingencies

The Group has contingent liabilities with respect to claims, lawsuits and taxes which are pending decision by the courts or being contested, the outcome of which are not presently determinable. The detailed information about these claims, lawsuits and taxes has not been disclosed as it might prejudice the ongoing litigations. Management is of the opinion that an adverse judgment in any one case will not materially affect its financial position and financial performance. Management believes that liability arising is not probable, thus, no provisions were made during the year.

The Group has also unrecognized contingent assets pertaining to Binangonan properties. Such assets will be recognized when assets are cleared and/or under the legal and economic possession of the Group.

Note 17 - Related party transaction

In the normal course of business, the Company has transactions with its major shareholders and related parties under common control. For the quarter ended June 30, 2019, major transactions with related parties pertain to advances made to Makati City Subway, Inc. (MCSI), wholly-owned subsidiary, to cover pre-operating expenses (Note 1).

Note 18 - Critical accounting estimates, assumptions and judgments

Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates, assumptions and judgments concerning the future. The resulting accounting estimates will, by definition seldom equal the related actual results. The estimates and assumptions applied by the Group and which may cause adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed in the succeeding section.

18.1 Critical accounting estimates and assumptions

(a) Estimate of fair value of investment property

The Parent Company's Binangonan property has an estimated market value of P1,200 per square meter as at June 30, 2019 and December 31, 2018 based on the following significant assumptions used by the independent appraiser:

- current prices in an active market for properties of similar nature, condition or location, adjusted to reflect possible differences; and
- recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices.

The fair value of the investment properties was determined using the sales comparison approach. This was a comparative approach that considered the sales of similar or substitute properties and related market data, which may also consider current listings and offerings. The valuation of the investment properties was categorized as Level 3 measurement as it utilized adjusted inputs for valuation that were, for the major part, unobservable as at the date of valuation.

(b) Provision for clearing costs

Supreme Court affirmed the validity of the Parent Company's titles over its 2,200 hectares of Binangonan property. However, due to a number of factors, including the recognition of Supreme Court's recognition of the superior rights of the bonafide occupants as well as potential challenges in clearing and re-titling of this large area of land, management has estimated that only 1,513 hectares are expected to be recovered/cleared and re-titled in the name of the Parent Company as at June 30, 2019. This estimate is assessed at regular intervals of one (1) to three (3) years based on the Group's interaction with current occupants.

Management believes that the current provision is the best estimate based on existing conditions and circumstances as at June 30, 2019 and December 31, 2018. With this, it is reasonably possible, based on existing knowledge, that the outcomes within the next financial year that are different from estimates could require a material adjustment to the carrying amount of the provision for clearing costs.

(c) *Determining NRV of real estate held for sale and development*

Inventories are valued at the lower of cost and NRV. This requires the Group to make an estimate of the inventories' estimated selling price in the ordinary course of business, costs of completion and costs necessary to make a sale to determine the NRV. The Group adjusts the cost of its real estate inventories to NRV based on its assessment of the recoverability of the real estate inventories. In determining the recoverability of the inventories, management considers whether inventories are damaged or if their selling prices have declined. Likewise, management also considers whether the estimated costs of completion or the estimated costs to be incurred to make the sale have increased. In the event that NRV is lower than the cost, the decline is recognized as an expense. The amount and timing of recorded expenses for any period would differ if different judgments were made or different estimates were utilized.

18.2 Critical accounting judgments

(a) *Impairment of financial assets*

From January 1, 2018, the Group applied the ECL model associated with its financial assets at amortized cost. The loss allowance for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Until December 31, 2017, the provision for impairment of receivables is based on the Group's assessment of the collectability of payments from its debtors. This assessment requires judgment regarding the ability of the debtors to pay the amounts owed to the Group and the outcome of any disputes. Any change in the Group's assessment of the collectability of receivables could significantly impact the calculation of such provision and results of its financial performance.

(b) *Joint arrangements*

Management enters into joint arrangements for the development of its properties. Per contractual agreements, the Group's contribution on the joint arrangements is limited only to the value of the land and any obligations related to development are on the account of the counterparty in the joint operations. The joint arrangement is not structured through a separate vehicle and the Group has direct access to the arrangements' assets and obligations for liabilities. As such, the arrangement is classified as joint operations.

Total land contributed to joint operations as at June 30, 2019 and December 31, 2018 is recorded as part of real estate held for sale and development in the consolidated statements of financial position.

(c) *Recognition of deferred income tax assets*

Management reviews at each reporting date the carrying amounts of deferred income tax assets. The carrying amount of deferred income tax assets is reduced to the extent that it is no longer probable that sufficient taxable profit will be available against which the related tax assets can be utilized.

(d) *Contingencies*

The Group is currently involved in a disputed claim. Management currently believes, in consultation with its legal counsels, that the ultimate outcome of the proceeding will not have a material effect on the Group's consolidated financial statements. It is possible, however, that future results of operations could materially be affected by changes in the estimate in the final outcome of the proceeding.

Note 19 - Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

19.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with PFRS. The term PFRS in general includes all applicable PFRS, Philippine Accounting Standards (PAS), and interpretations of the Philippine Interpretations Committee (PIC), Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC), which have been approved by the Financial Reporting Standards Council (FRSC) and adopted by the SEC.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments in equity securities and investment property.

The preparation of the consolidated financial statements in conformity with PFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies.

Changes in accounting policies and disclosures

New standards, amendments to existing standards and interpretations adopted

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing January 1, 2018:

- PFRS 9, Financial Instruments, deals with the classification, measurement, and impairment of financial instruments, as well as hedge accounting.

  PFRS 9 replaces the multiple classification and measurement models for financial assets in PAS 39, Financial Instruments: Recognition and Measurement, with a single model that has three (3) classification categories: amortized cost, fair value through other comprehensive income (FVOCI), and fair value through profit or loss (FVPL). Classification under PFRS 9 is driven by the entity's business model for managing the financial assets and whether the contractual characteristics of the financial assets represent solely payments of principal and interest. Investments in equity instruments are required to be measured at FVPL with the irrevocable option at inception to present changes in fair value in other comprehensive income. For such liabilities, changes in fair value related to changes in own credit risk are presented separately in other comprehensive income.

  The impairment rules of PFRS 9 introduce an ECL model that replaces the incurred loss impairment model used in PAS 39. The new ECL model that replaces the incurred loss impairment model used in PAS 39 did not significantly impacted the Group's provision for impairment losses mainly due to its financing scheme and counterparty profiles.

  The hedging rules of PFRS 9 better align hedge accounting with an entity's risk management strategies. Also, some of the prohibitions and rules in PAS 39 are removed or changed, making hedge accounting easier or less costly to achieve for many hedges. The Group has no hedging activities as at June 30, 2019.

  The Group has applied PFRS 9 retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Group's previous accounting policy. The adoption of PFRS 9 did not have any impact on the amounts recognized in prior periods but has resulted in changes in the Group's accounting policies for classification and impairment of financial assets.

- PFRS 15, Revenue from Contracts with Customers, deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The standard replaces PAS 18, Revenue, and PAS 11, Construction Contracts, and related interpretations.

  The Group adopted the standard on January 1, 2018 but did not have an impact in the consolidated financial statements as the Group's revenues are mainly from sales of real estate properties which are under HDMF financing.

- Amendments to PAS 40: Transfers of Investment Property, clarifies that transfers to, or from, investment property can only be made if there has been a change in use that is supported by evidence. A change in use occurs when the property meets, or ceases to meet, the definition of investment property. A change in intention alone is not sufficient to support a transfer. There are no transfers to, or from, investment property in 2018.
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There are no other new standards, amendments to existing standards, and interpretations which are effective for the financial year beginning on January 1, 2018, which would have a significant impact or is considered relevant to the Group's consolidated financial statements.

Basis of consolidation

The consolidated financial statements comprise the financial statements of Parent Company and its two (2) wholly-owned subsidiaries, IDC and MCSI as at June 30, 2019 and December 31, 2018 and for the quarter ended June 30, 2019 and for the period ended December 31, 2018. The Group uses uniform accounting policies, any difference between the Parent Company and Subsidiary are adjusted properly.

As at June 30, 2019, IDC and MCSI are the subsidiaries of the Parent Company.

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the Parent Company does not differ from the proportion of ordinary shares held.

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. These are deconsolidated from the date that control ceases.

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The Group also assesses the existence of control where it does not have more than 50% of the voting power but is able to govern the financial reporting and operating policies by virtue of de facto control. De facto control may arise in circumstances where the size Group's voting rights relative to the size and dispersion of holdings of other shareholders give the Group the power to govern the financial and operating policies.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

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

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognized and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in profit or loss.

Intercompany transactions, balances and unrealized gains on transactions between companies in the Group are eliminated. Unrealized losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions-that is, as transactions with the owners in their capacity as owners. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

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

19.2 Cash and funds held by a custodian bank

For purpose of presentation in the consolidated statement of cash flows, cash consists of cash on hand and deposits held at call with banks. Funds that are restricted and designated for particular purpose are shown separately from cash in the consolidated statement of financial position and are classified as current or non-current depending on the expected timing of disbursements. These are stated at face value or nominal amount.

19.3 Financial instruments

Classification

The Group classifies its financial assets and liabilities according to the categories described below. The classification depends on the purpose for which the financial assets and liabilities were acquired. Management determines the classification of its financial assets and liabilities at initial recognition.

(a) Financial assets

The Group classifies its financial assets in the following categories: loans and receivables, held-to-maturity investments, available-for-sale and financial assets at fair value through profit or loss. The Group only has financial assets classified as loans and receivables and available-for-sale financial assets as at June 30, 2019 and December 31, 2018.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and where management has no intention of trading. These are included in current assets, except for maturities greater than 12 months after the reporting date, in which case, these are classified as non-current assets. Loans and receivables comprise of cash (Note 19.2), receivables, including a portion of advances to subcontractors and excluding advances to officers and employees (Note 19.4), funds held by custodian bank (Note 19.2) and refundable deposits (Note 19.5) under other assets in the consolidated statement of financial position.

(ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. These are included in non-current assets unless management intends to dispose of the financial assets within 12 months from the reporting date. The Group's investments in various listed and unlisted local entities are classified under this category.

(b) Financial liabilities

The Group classifies its financial liabilities as financial liabilities at fair value through profit or loss or financial liabilities at amortized cost. The Group does not have any financial liability designated at fair value through profit or loss as at June 30, 2019 and December 31, 2018.

Financial liabilities at amortized cost pertains to issued financial instruments that are not classified or designated at fair value through profit or loss and contain contract obligations to deliver cash or another financial asset to the holder or to settle the obligation other than the exchange of a fixed amount of cash.

Financial liabilities at amortized cost are included in current liabilities, except for maturities greater than 12 months after the reporting date, in which case, these are classified as non-current liabilities. The Group's accounts payable and accrued expenses (excluding government related liabilities), borrowings, and liability for refund of stock rights subscription are classified under this category.

Recognition and measurement

(a) Initial recognition and measurement

Regular-way purchases and sales of financial assets are recognized on trade date - the date on which the Group commits to purchase or sell the asset. Financial assets and liabilities not carried at fair value through profit or loss are initially recognized at fair value plus transaction costs.

(b) Subsequent measurement

The Group's loans and receivables and financial liabilities at amortized cost are subsequently measured at amortized cost using the effective interest method.

Available-for-sale financial assets are subsequently carried at fair value, except, investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, which shall be measured at cost.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognized in equity are included in profit or loss as gains and losses from investment securities.

Dividends on equity instruments are recognized in profit or loss when the Group's right to receive payment is established.

Impairment of financial assets

The Group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

(i) Loans and receivables

For loans and receivables, the Group first assesses whether objective evidence of impairment exists individually for receivables that are individually significant, and collectively for receivables that are not individually significant using the criteria above. If the Group determines that no objective evidence of impairment exists for an individually assessed receivable, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses those for impairment. Receivables that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount is reduced and the amount of the loss is recognized in profit or loss. If a loans and receivable has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in profit or loss. Reversals of previously recorded impairment provision are based on the result of management's update assessment, considering the available facts and changes in circumstances, including but not limited to results of recent discussions and arrangements entered into with customers as to the recoverability of receivables at the end of the reporting period. Subsequent recoveries of amounts previously written-off are credited against operating expenses in profit or loss.

(ii) Available-for-sale financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

For equity investments, a significant or prolonged decline in the fair value of security below its cost is also evidence that the assets are impaired. If any such evidence exists the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss - is removed from equity and recognized in profit or loss. Impairment losses recognized in profit or loss on equity instruments are not reversed through profit or loss.

Derecognition

Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

19.4 Receivables

Receivables arising from regular sale of land held for development and real properties held for sale and development made in the ordinary course of business are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less any provision for impairment. Other long-term receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less any provision for impairment.

Receivables with average credit term of 30 to 90 days are measured at the original invoice amount (as the effect of discounting is immaterial), less any provision for impairment.

A provision for impairment of receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in profit or loss within costs and expenses in the consolidated statement of total comprehensive income. When a receivable remains uncollectible after the Group has exerted all legal remedies, it is written-off against the allowance account for receivables.

19.5 Prepayments and other current assets

Prepayments and other current assets are recognized in the event that payment has been made in advance of obtaining right of access to receipt of services and measured at the amount of cash paid, which is equal to its nominal amount. Prepayments and other current assets are recognized as expense either with the passage of time or through use or consumption.

Prepayments and other assets are carried at cost and are included in current assets, except when the related goods or services are expected to be received and rendered more than 12 months after the end of the reporting period, in which case, these are classified as non-current assets.

Prepayments in the form of unused tax credits are derecognized when the there is a legally enforceable right to offset the recognized amounts against income tax due and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

Input VAT are stated at face value less provision for impairment, if any. Any allowance for unrecoverable input, if any, is maintained by the Group at a level considered adequate to provide for potential uncollectible portions of the claims. Management evaluates the level of impairment provision on the basis of factors that affect the collectivity of the claim. The Group, on a continuing basis, makes a review of the status of the claims designed to identify those that may require provision for impairment losses.

19.6 Land held for development; Real properties held for sale and development

Land held for development refers to land acquired exclusively for development and resale thereafter. Real properties held for sale and development include housing projects. Land held for development and real properties held for sale and development are stated at the lower of cost and net realizable value. The cost comprises purchase price plus costs directly attributable to the acquisition of the assets including clearing, retitling, site preparation and subsequent development costs. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Borrowing costs associated with on-going development of these properties are capitalized during its construction/development period.

The fair value of the land transferred from investment property to land held for development account due to change in use on the property is deemed as cost for subsequent accounting. Transfers from investment property to land held for development happen when the Group comes up with a concrete plan to clear the lots and/or when the Group enters into a Memorandum of Agreement with a third party to perform retitling and related clearing activities.

Upon disposal, the asset accounts are relieved of the pertinent costs of acquisition and improvements, and provision for decline in value (if any) and the related realized profit on sale is recognized in profit or loss.

19.7 Investment property

Investment property is defined as property held by the owner or by the lessee under a finance lease to earn rentals or for capital appreciation or both, rather than for: (a) use in the production of supply of goods or services or for administrative purposes; or (b) sale in the common course of business.

The Group's investment property, principally comprising of properties in Binangonan, Rizal are held for capital appreciation and is not occupied by the Group. The Group has adopted the fair value model for its investment property

After initial recognition, investment property is carried at fair value as determined by an independent firm of appraisers. Fair value is based on market data approach, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. These valuations are reviewed annually by the independent appraiser. Investment property that is being redeveloped for continuing use as investment property or for which the market has become less active continues to be measured at fair value. On a regular basis, an estimate of the recoverable or clearable area over the Group's 2,200-hectare property is done by an independent contractor. An increment in the recoverable area is recognized at fair value, with a consequent provision for estimated clearing costs.

Subsequent expenditure (i.e. provision for clearing costs) is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the profit or loss during the financial period in which they are incurred.

Changes in fair values are recognized in profit or loss.

An investment property is derecognized from the consolidated statement of financial position on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal.

Removal of an item within investment property is triggered by a change in use, by sale or disposal. If an investment property becomes owner-occupied, it is reclassified as property and equipment (Note 19.9), and its fair value at the date of reclassification becomes its cost for accounting purposes. Gain or loss arising from disposal is determined as the difference between the net disposal proceeds and the carrying amount of the asset. Gain or loss on disposal is recognized in profit or loss in the period of the disposal.

Property that is being constructed or developed for future use as investment property is classified as investment property.

19.8 Investments in other entities

The Group has applied PFRS 11, Joint Arrangements, to all joint arrangements effective January 1, 2013 and has applied accounting retrospectively. Under PFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor.

The Group has entered into joint arrangement agreements with third parties to develop a portion of its land located in Binangonan, Rizal. Under the terms of the agreement, the Group will contribute lots, construction and development to the joint arrangements. The Group recognizes revenue based on the sales of the pre-determined lots assigned in accordance with the provisions of the agreement.

The Group has assessed the nature of its joint arrangement and determined it to be joint operations.

The Group classifies the land contributed in accordance with PAS 2, Inventories.

The contractual arrangement establishes the parties' rights to the assets, and obligations for the liabilities, relating to the arrangement, and the parties' rights to the corresponding revenues and obligations for the corresponding revenues and obligations for the corresponding expenses.

19.9 Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and amortization and impairment, if any. Historical cost includes expenditures that are directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the year in which they are incurred.

Depreciation is calculated using the straight-line method over the estimated useful life of five (5) years for all classes of property and equipment.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal at which time the cost and their related accumulated depreciation are removed from the accounts. Gain or loss arising from disposal is determined as the difference between the net disposal proceeds and the carrying amount of the asset. Gain or loss on disposal is recognized in profit or loss in the period of the disposal.

19.10 Impairment of non-financial assets

Assets that have an indefinite useful life, such as investment in a subsidiary, are not subject to depreciation and amortization and are tested annually for impairment.

Assets that have definite useful life are subject to depreciation and amortization and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that are impaired are reviewed for possible reversal of the impairment at each reporting date.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount should not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized as income immediately in profit or loss.

19.11 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of a non-financial asset is measured based on its highest and best use. The asset's current use is presumed to be its highest and best use.

The fair value of financial and non-financial liabilities takes into account non-performance risk, which is the risk that the entity will not fulfill an obligation.

The Group classifies its fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as investment properties. Involvement of external valuers is decided upon annually by management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, management analyzes the movements in the values of assets and liabilities, which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

(a) Financial instruments

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the asset or liability is included in Level 2. The Group's unlisted available-for-sale financial assets are included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. There are no financial instruments that fall under the Level 3 category.

(b) Non-financial assets or liabilities

The Group uses valuation techniques that are appropriate in the circumstances and applies the technique consistently. Commonly used valuation techniques are as follows:

- Market approach - A valuation technique that uses prices and other relevant information generated by market transactions involving identical or comparable (i.e., similar) assets, liabilities or a group of assets and liabilities, such as a business.

- Income approach - Valuation techniques that convert future amounts (e.g., cash flows or income and expenses) to a single current (i.e., discounted) amount. The fair value measurement is determined on the basis of the value indicated by current market expectations about those future amounts.
- Cost approach - A valuation technique that reflects the amount that would be required currently to replace the service capacity of an asset (often referred to as current replacement cost).

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the reporting date, with the resulting value discounted back to present value.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

19.12 Accounts payable and accrued expenses

Accounts payable and accrued expenses are recognized in the period in which the related money, goods or services are received or when a legally enforceable claim against the Group is established. These are recognized initially at fair value and subsequently measured at amortized cost using effective interest method. Accounts payable and accrued expenses are classified as current liabilities if payment is due within 12 months or less (or in the normal operating cycle of the business, if longer). If not, these are presented as non-current liabilities.

Accounts payables and accrued expenses are measured at the original invoice amount (as the effect of discounting is immaterial).

19.13 Borrowings and borrowing costs

Borrowings (notes payable) are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

19.14 Current and deferred income tax

The income tax expense for the period comprises current and deferred income tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates based on existing laws that have been enacted or substantively enacted at the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax losses (net operating loss carryover or NOLCO) and unused tax credits (excess minimum corporate income tax or MCIT) to the extent that it is probable that future taxable profit will be available against which the temporary differences, unused tax losses and unused tax credits can be utilized.

Deferred income tax assets are recognized on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilized.

The Group reassesses at each reporting date the need to recognize a previously unrecognized deferred income tax asset.

Deferred income tax liabilities are recognized in full for all taxable temporary differences, except to the extent that the deferred income tax liability arises from the initial recognition of goodwill. Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally, the Group is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference not recognized.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Deferred income tax assets and liabilities are derecognized when the related bases are realized or when it is no longer realizable.

19.15 Employee benefits

(a) Retirement benefits

The Parent Company is subject to the provisions of Republic Act No. 7641 (known as the Retirement Law). This Act requires that in the absence of a retirement plan or agreement providing for retirement benefits of employees in the private sector, an employee upon reaching the age of 60 years or more, but not beyond 65 years, who has served at least 5 years in a private entity, may retire and shall be entitled to retirement pay equivalent to at least ½ month salary for every year of service, a fraction of at least six (6) months being considered as one whole year. This falls within the definition of a defined benefit retirement plan.

A defined benefit plan is a retirement plan that defines an amount of retirement benefit to be provided to an employee upon retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognized in the consolidated statement of financial position is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets, if any.

The defined benefit obligation is calculated annually by an independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity which approximate the terms of the related retirement benefit liability.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited as 'remeasurements' to equity in other comprehensive income in the period in which they arise.

Past service costs are recognized immediately in profit or loss.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in retirement benefit expense in profit or loss.

(b) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the Group recognizes costs for a restructuring that is within the scope of PAS 37, Provisions, Contingent Liabilities and Contingent Assets, and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value. The related liability is derecognized when the obligation is discharged or cancelled.

(c) Short-term employee benefits

Wages, salaries, paid annual vacation and sick leave credits and other non-monetary benefits are accrued during the period in which the related services are rendered by employees of the Group. Short-term employee benefit obligations are measured on an undiscounted basis.

19.16 Provisions

Provisions are recognized when: the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provision for clearing costs represents the Group's expected cost to clear a portion of its Binangonan property from bonafide occupants with superior rights over the Group's investment property. The amount is based on the average estimated clearing and titling cost per agreement with the contractor. Such amount represents the peso value quoted by the contractor based on recoverable area and is adjusted regularly to reflect the net present value of obligation associated with clearing of land titles.

When the effect of time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to passage of time is recognized as an interest expense.

Provisions are derecognized when the obligation is settled, cancelled or has expired.

19.17 Share capital

(a) Share capital

Share capital, which are stated at par value, are classified as equity.

Issuance of new shares as a result of options, rights and warrants are shown in equity as an addition to the balance of share capital.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax. The excess of proceeds from issuance of shares over the par value of shares or additional capital contributions in which no shares were issued are credited to additional paid-in capital.

(b) Treasury shares

Where any member of the Group purchases the Group's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity.

(c) Retained earnings

Retained earnings include current and prior years' results of operations, net of transactions with shareholders and dividends declared, if any. Retained earnings also include the effect of changes in accounting policy as may be required by the relevant standards' transitional provisions on their initial adoption.

Dividend distribution to the Group's shareholders is recognized as a liability in the Group's separate financial statements in the period in which the dividends are approved by the Group's Board of Directors.

(d) Stock rights offering

An issue of rights to existing shareholders of the Group that entitles them to purchase additional shares in proportion to their existing holdings, within a fixed time period, at a lower or discounted price to preserve the percentage ownership of the current holders.

Liability for stock rights subscriptions is derecognized once settled.

19.18 Earnings per share

Basic earnings per share is calculated by dividing net income attributable to common shareholders by the weighted average number of common shares outstanding during the year. Diluted earnings per share is calculated by adjusting the earnings and number of shares for the effects of dilutive potential common shares.

19.19 Revenue and expense recognition

Revenue is recognized at fair value of the consideration received or receivable for the sale of real estate in the ordinary course of the Group's activities.

The Group recognizes revenue when the amount of revenue can be reliably measured, it is possible that future economic benefits will flow into the Group and specific criteria have been met for each of its activities as described below.

(a) Sales of real estate and cost of sales

Revenue is recognized when the substantial risks and rewards are transferred to the buyer which coincides with actual delivery of title and/or when the right of exclusive use is conveyed to the buyer.

For properties sold through a financing agreement with Pag-IBIG under the Home Development Mutual Fund (HDMF), revenue is recognized upon receipt of the approved Request for Payment (RFP) instruction from Pag-IBIG, net of discount.

Cost of sales is recognized simultaneously with revenue. Cost of sales includes cost of land allocated to the Group based on assigned lots stated in the agreement entered into with the developer and all other incidental costs incurred by the Group.

(b) Interest income and expense

Interest income and expense are recognized in profit or loss for all interest-bearing financial instruments using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognized using the original effective interest rate.

Interest income on bank deposits is recognized when earned, net of final tax.

(c) Dividend income

Dividend income is recognized when the right to receive payment is established.

(d) Rental income

Operating lease payments are recognized as an income on a straight-line basis over the lease term, except when another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an income in the period in which they are earned.

(e) Other income

Other income is recognized when earned.

(f) Expenses

Expenses are recognized when incurred.

19.20 Leases

(a) Group as lessor - operating lease

Leases where the Group has substantially all the risks and rewards of ownership are classified as finance leases. All other leases are classified as operating leases.

The Group leases out a parcel of its land. Rental income is recognized in accordance with the rental income accounting policy in Note 19.19.

(b) Group as lessee - operating lease

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except when another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis, except when another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

19.21 Foreign currency transactions and translation

(a) Functional and presentation currency

Items included in the Group's consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Group's consolidated financial statements are presented in Philippine Peso, which is the Group's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into Philippine Peso using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

19.22 Related party transactions and relationships

Related party relationship exists when one party has the ability to control, directly, or indirectly through one or more intermediaries, the other party or exercises significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities, which are under common control with the reporting enterprise, or between, and/or among the reporting enterprises and their key management personnel, directors, or their shareholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

19.23 Operating segments

The Group's operating businesses are organized and managed separately according to the nature of the services provided, with each segment representing a strategic business unit that offers different services and serves different markets.

19.24 Events after the reporting date

Post year-end events that provide additional information about the Group's position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(For the Quarter Ended June 30, 2019)

The following discussion should be read in conjunction with the Consolidated Financial Statements of the Registrant that are incorporated to this Report by reference. Such Consolidated Financial Statements have been prepared in accordance with Philippine GAAP.

The Parent Company has subsidiaries, Interport Development Corporation (IDC) and Makati City Subway, Inc. (MCSI) (the "Subsidiaries"). IDC is primarily involved in the acquisition and selling of real estate of all kinds or to hold such properties for investment purposes. MCSI is primarily engaged in the development, construction, operation, repair, maintenance, management and other allied business involving infrastructure and/ or public utility projects. The Parent Company and the Subsidiaries have been collectively referred hereinto as the Group.

On March 15, 2019, following SEC's approval on the increase in authorized share capital, Parent Company issued 4.56 billion common shares which resulted to a share premium of P469.78 million.

On March 13, 2019, the Parent Company incorporated Makati City Subway, Inc. (MCSI) as a wholly-owned subsidiary. MCSI will serve as the corporate vehicle for the Makati Subway System.

On October 23, 2018, the Parent Company received from Public-Private Partnership (PPP) Selection Committee of Makati City Government a Notice of Award for the construction and operation of the Makati Subway System (the "Project") to be implemented through a joint venture agreement. The Project has been awarded to the Parent Company as the lead proponent of a consortium.

On July 20, 2018, the Parent Company's Board of Directors (BOD) and shareholders approved the change in the Parent Company's corporate name to Philippine Infradev Holdings Inc. Such change was subsequently approved by the Securities and Exchange Commission (SEC) on October 30, 2018.

On February 4, 2016, the company entered into a private placement transaction with Sigma Epsilon Fund Ltd. A foreign company who subscribed 200,000,000 shares from Philippine Infradev.

The company is not dependent upon any customer. It does not hold any right on patents, trademarks, copyrights, licenses, franchises, concessions, and royalty agreements.

The Company's activities are exposed to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The management, under the direction of the Board of Directors of the Company is responsible for the management of financial risks. Its objective is to minimize the adverse impacts on the Company's financial performance due to the unpredictability of financial markets.

The registered office of the Group and its principal place of business is at 35/F Rufino Pacific Tower, Ayala Avenue, Makati City.

As of June 30, 2019, the Company has total of Twenty-two (24) personnel excluding the Chairman, Corporate Secretary and Assistant Corporate Secretary.

Financial Condition

Interim Report (June 30, 2019)

The Company employed total assets of P17,004,475,333 financed by total liabilities of P10,781,297,145 and total stockholders' equity of P6,223,178,188. Noncurrent assets amounted to P15,015,694,794 consisting of investment property, property and equipment (net of accumulated depreciation) and other assets. Current assets stood at P1,988,780,539.

Results of Operation

A comparative review of the Company's financial operations for the quarter ended June 30, 2019 *vis-à-vis* the same period last year showed the following:

The significant decrease of P61.85 million or 52% in total revenue was mainly due to the decrease in number of units sold of Casas Aurora as well as the reversal of payables made last year amounting to P50 million. Total cost and expenses decreased by P31.11 million from P88.49 million mainly because of the recognition made last year of provision for doubtful accounts and retirement benefit expense as well as the higher cost of sales.

Material changes (June 30, 2019 vs. December 31, 2018)

Cash decreased by P241 million or 22% mainly due to the advances made to Makati City Subway, Inc. (MCSI) for its pre-operating expenses as well as the cost in issuance related to the increase in authorized share capital of the Company and incorporation of MCSI.

Receivable decreased by P198.68 million or 66% mainly due to the eliminating entries made related to the advances to MCSI which are reclassified as part of other asset.

Prepayments and other current assets increased by P13.4 million mainly because of the increase in Input VAT and recognition of Prepaid Rent.

Other assets increased by P292.98 million mainly due to the reclassification from Receivable to Other Assets of the advances made to MCSI.

Share Capital increased by P4.56 billion because of the issuance of 4,561,665,000 common shares at a price of P1.4 and P1.1 per share (par value of P1/share).

Share Premium increased by P387.8 million because of the issuance of 4,561,665,000 common shares at a price of P1.4 and P1.1 per share (par value of P1/share).

Retained Earnings decreased by P72.2 million mainly because of the incorporation of Makati City Subway, Inc., wholly-owned subsidiary of the Company.

There is no significant element of income that did not arise from the Registrant's continuing operations. Neither is the Company's operations affected by any seasonality or cyclical trends.

Discussion of Material Events/Uncertainties Known to Management that would Address the Past and Impact on Future Operations

a. The Company's capital expenditures commitments are land clearing cost and the Casas Aurora Project. It is not under any pressing obligation to pay its advances to affiliates. The Company has enough resources to cover payment of liabilities through the sale of some of its properties.

b. The Management does not foresee any event that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

c. The Company does not have any material off-balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships with unconsolidated entities or other persons created during the reporting period.

d. The Management is not aware of any known trends, demands, commitments, events or uncertainties that have had or that are reasonably expected to have a material favourable or unfavourable impact on the company's liquidity, net sales or revenues or income from continuing operations.

e. The Company does not have any significant elements of income or loss that did not arise from the company's continuing operations.

REGISTRANT'S COMPARATIVE FINANCIAL SOUNDNESS INDICATORS

	Jun. 30, 2019	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2016
Working Capital	855,322,552	1,302,912,491	677,193,052	727,226,606
Current Ratio	1.75	2.14	2.395	2.580
Quick Ratio	.87	1.25	.204	.230
Asset to Equity Ratio	2.73	2.69	1.957	1.919
Debt to Assets Ratio	.63	.63	.489	.480
Debt to Equity Ratio	1.73	1.69	.957	.919
Gross Profit Margin	.40	.98	.331	.378
Operating Profit Margin	.01	.96	.150	.460
Net Profit Margin	.01	.68	.117	.328
Return on Assets	.00	.17	.006	.021
Return on Equity	.00	.47	.012	.040
Interest Coverage Ratio	5.42	2,445	-nil-	-nil-

Current/ Liquidity Ratios - shows the ability of the company to pay off its debts over the next year.

Working Capital- computed as current assets minus current liabilities.

Current Ratio- computed as current assets divided by current liabilities.

Quick Ratio- computed as current assets minus prepayments and land held for development divided by current liabilities.

Solvency Ratios - measure the company's ability to pay all debts, particularly long-term debts.

Debt to Equity - computed as total liabilities divided by total equity.

Debt to Assets - computed as total liabilities divided by total assets.

Asset to Equity Ratio - measures financial leverage and long- term solvency. It shows how much of the assets are owned by the company. It is computed as total assets divided by stockholders' equity.

Interest Coverage Ratio - measures the company's ability to pay its interest charges. It is computed as income before income tax and interest expense divided by interest payments.

Profitability Ratios

Gross Profit Margin- shows how much of the company's revenue remains after the cost of sales. It is computed as gross profit divided by sales.

Operating Profit Margin- measures the amount of money that remains after paying sales and operating expenses. It is computed as earnings before taxes and interest divided by sales.

Net Profit Margin- shows the money remaining after paying all expenses. It is computed as net profit divided by sales.

Return on Assets- measures how effectively the company uses its assets to create revenue. It is computed as net income divided by total assets.

Return on Equity- measures how much money the company have earned on its investment. It is computed as net income divided by stockholders' equity.

REPORT ON SEC FORM 17-C:

Date	Particulars
April 15, 2019	Change in Directors and/or Officers (Resignation, Removal or Appointment, Election and/or Promotion)- Appointment of an Acting Treasurer/ CFO.
June 03, 2019	Clarification of News Reports- Infradev to pursue projects to complement Makati Subway
June 04, 2019	Material Information/Transactions: *Approval of Holding of the 2019 annual stockholders' meeting *Authority to create a 10 million USD wholly owned subsidiary of INFRADEV in Jiangsu, China, to be named Infra China Limited or other similar names *Authority to negotiate with Aggregate Business Group Holdings Inc. (ABG) for INFRADEV to be part of the consortium for the Pasig River project with Pasig River Rehabilitation Commission (PRRC).
June 04, 2019	Notice of Annual or Special Stockholders' Meeting- Holding of 2019 Annual Stockholders Meeting

PART II – OTHER INFORMATION

ITEM 4 - NON-APPLICABILITY OF OTHER SEC-REQUIRED NOTES

Notes required to be disclosed but are not applicable to the Registrant are indicated below:

a. Assets Subject to Lien and Restrictions on Sales of Assets
b. Changes in Accounting Principles and Practices
c. Defaults
d. Preferred Shares
e. Pension and Retirement Plans
f. Restrictions which Limit the Availability of Retained Earnings for Dividend Purposes
g. Significant Changes in Bonds, Mortgages and Similar Debt
h. Registration with the Board of Investments (BOI)
i. Foreign Exchange losses Capitalized as part of Property, Plant & Equipment
j. Deferred Losses Arising from Long-Term Foreign Exchange Liabilities
k. Segment Reporting
l. Disclosure not made under SEC Form 17-C: None

ITEM 5- RECOGNITION OF IMPACT OF THE FOLLOWING NEW STANDARDS

The following new standards do not have and are not expected to have a material impact on the Group's financial statements.

	Adopted/Not adopted/ Not applicable
a. Separate Financial Statements PAS 27 (Amended)	Adopted
b. Investments in Associate and Joint Venture PAS 28	Adopted
c. Government Loans (Amendments to PFRS 1)	Not applicable
d. Disclosure-Offsetting Financial Assets and Financial Liabilities (Amendments to PFRS 7)	Adopted
e. Consolidated Financial Statements (PFRS 10)	Adopted
f. Joint Arrangements (PFRS 11)	Adopted
g. Disclosure of Interests in Other Entities (PFRS 12)	Adopted
h. Fair Value Measurement (PFRS 13)	Adopted
i. Financial Instruments (PFRS 9)	Not Adopted

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: **PHILIPPINE INFRADEV HOLDINGS INC.**

ANTONIO L. TIU
President/ CEO

GEORGINA A. MONSOD
Acting Treasurer/ Chief Finance Officer