COVER SHEET

SEC Registration Number

						2	6	9	8	6

Company Name

D.M. WENCESLAO & ASSOCIATES,
INCORPORATED

Principal Office (No./Street/Barangay/City/Town/Province)

3/F ASEANAPOWERSTATION BLDG.
D.MACAPAGAL BLVD. COR. BRADCO
AVE., ASEANA CITY, PARANAQUE
CITY

Form Type	Department requiring the report	Secondary License Type, If Applicable
17-Q		

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
iro@dmwai.com	854 - 5711	

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
10		September 30

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
ATTY. HEHERSON M. ASIDDAO		854 - 5711	

Contact Person's Address

Note: 1.) In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated

2.) All Boxes must be properly and completely filled up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and / or non-receipt of Notice of deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.

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 **September 30, 2018**

2. Commission identification number **26986**

3. BIR Tax Identification No **000-846-618-000**

4. Exact name of issuer as specified in its charter **D.M. Wenceslao & Associates, Incorporated**

5. Province, country or other jurisdiction of incorporation or organization **Philippines**

6. Industry Classification Code: [ ] (SEC Use Only)

7. Address of issuer's principal office and postal Code
3/F Aseana Powerstation Building Aseana Business Park
D. Macapagal Blvd. Cor. Bradco Ave., Aseana City, Parañaque City

8. Issuer's telephone number, including area code: **(632) 854-5711**

9. Former name, former address and former fiscal year, if changed since last report: **Not applicable**

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

As of September 30, 2018

Title of each class	Number of shares issued and outstanding and amount of debt outstanding
Capital Stock, P1 par value	3,395,864,100

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:

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

12. Indicate by check mark whether the registrant:

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

Yes [x] No [ ]

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

Yes [x] No [ ]

PART I - FINANCIAL INFORMATION
Item 1. Financial Statements

D.M. WENCESLAO & ASSOCIATES, INCORPORATED AND SUBSIDIARIES
(A Subsidiary of Wendel Holdings Co., Inc.)
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2018 AND DECEMBER 31, 2017
(Amounts in Philippine Pesos)

	Notes		September 30, 2018 (UNAUDITED)		December 31 2017 (AUDITED)
A S S E T S					
CURRENT ASSETS					
Cash and cash equivalents	7	**P**	**9,032,907,020**	P	1,431,417,365
Receivables - net	8		**2,799,593,934**		2,330,700,527
Land and land development costs	10		**3,323,577,493**		3,323,617,571
Property development costs	9		**672,209,860**		593,004,032
Other current assets	11		**498,975,083**		533,396,960
Total Current Assets			**16,327,263,390**		8,212,136,455
NON-CURRENT ASSETS					
Receivables	8		**2,564,642,155**		1,916,924,794
Advances to and investments in associates, joint ventures and other related parties	12		**175,114,691**		3,035,348,266
Property and equipment - net	13		**142,311,037**		143,938,556
Investment properties - net	14		**18,761,300,423**		15,622,693,051
Other non-current assets	15		**119,314,660**		119,560,933
Total Non-current Assets			**21,762,682,966**		20,838,465,600
TOTAL ASSETS		**P**	**38,089,946,356**	P	29,050,602,055

	Notes	September 30, 2018 (UNAUDITED)	December 31 2017 (AUDITED)
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Loans and borrowings	16	**P 1,593,777,897**	P 1,656,593,434
Trade and other payables	17	**1,113,944,518**	1,093,125,793
Advances from a co-joint venturer		**1,000,000,000**	1,000,000,000
Advances from related parties	22	**310,685,486**	312,485,234
Estimated liability for land development costs		**467,331,276**	570,710,150
Deposits and advances	18	**527,857,934**	540,604,530
Reserve for property development	9	**146,945,433**	101,054,804
Deferred gross profit on real estate sales	9	**57,585,957**	30,536,000
Total Current Liabilities		**5,218,128,501**	5,305,109,945
NON-CURRENT LIABILITIES			
Loans and borrowings	16	**549,250,000**	820,309,511
Due to a related party	22	**4,303,572,018**	4,343,572,018
Estimated liability for land development costs		**7,035,709,522**	7,035,709,522
Deposits and advances	18	**684,932,309**	573,963,532
Reserve for property development	9	**61,765,134**	42,749,889
Deferred gross profit on real estate sales	9	**24,204,933**	17,844,231
Deferred tax liabilities - net		**770,217,728**	588,750,291
Retirement benefit obligation		**63,825,809**	65,698,627
Total Non-current Liabilities		**13,493,477,453**	13,488,597,621
Total Liabilities		**18,711,605,954**	18,793,707,566
EQUITY			
Equity attributable to holders of the parent company			
Capital stock	24	**3,395,864,100**	2,716,691,200
Additional paid-in capital	24	**6,937,938,526**	-
Other Reserves		**(275,974,845)**	(275,974,845)
Revaluation reserves - net		**(10,935,176)**	(10,935,176)
Retained earnings		**8,662,654,108**	7,168,150,683
Total equity attributable to holders of the parent company		**18,709,546,713**	9,597,931,862
Noncontrolling interest		**668,793,689**	658,962,627
Total Equity		**19,378,340,402**	10,256,894,489
TOTAL LIABILITIES AND EQUITY		**P 38,089,946,356**	P 29,050,602,055

See Notes to Consolidated Financial Statements.

D.M. WENCESLAO & ASSOCIATES, INCORPORATED AND SUBSIDIARIES
(A Subsidiary of Wendel Holdings Co., Inc.)
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017
(Amounts in Philippine Pesos)
(UNAUDITED)

	Notes	2018 July 1 to September 30 2018	2018 January 1 to September 30 2018	2017 July 1 to September 30 2017	2017 January 1 to September 30 2017
REVENUES					
Rentals:					
Land	14	P 239,401,884	P 721,594,865	P 226,066,663	P 685,157,775
Building	14	206,268,725	558,169,654	121,289,344	328,897,674
Other revenues		71,299,302	199,208,328	36,894,112	112,319,343
		516,969,911	1,478,972,847	384,250,119	1,126,374,792
Land sales	10	-	1,252,800	483,250,000	1,088,290,000
Construction contracts		6,518,671	121,036,454	19,278,241	115,619,674
Sale of condominium units	9	59,624,306	179,108,585	94,564,541	207,056,608
		583,112,888	1,780,370,686	981,342,901	2,537,341,074
COSTS OF SERVICES AND SALES					
Rentals	19	82,387,988	222,540,146	49,549,677	150,183,670
Land sales	10	-	40,078	61,418,659	141,520,283
Construction contracts	19	1,924,989	66,278,616	19,809,728	87,867,066
Sale of condominium units:					
Cost of sales	9	33,941,093	114,866,187	61,885,714	152,295,337
Deferred gross profit	9	14,240,120	39,304,200	29,933,787	51,671,052
		132,494,190	443,029,227	222,597,565	583,537,408
GROSS PROFIT		450,618,698	1,337,341,459	758,745,336	1,953,803,666
OTHER OPERATING EXPENSES	21				
General and administrative		76,885,012	285,249,928	69,402,009	297,441,833
Selling		2,960,606	7,522,890	991,116	2,660,961
		79,845,618	292,772,818	70,393,125	300,102,794
OPERATING PROFIT		370,773,080	1,044,568,641	688,352,211	1,653,700,872
OTHER INCOME (CHARGES)					
Finance costs	16, 20	(15,133,517)	(46,505,681)	(16,684,946)	(49,584,327)
Gain on sale of investment property				257,686,063	257,686,063
Share in net losses of associates and joint ventures		4,932,401	4,848,344	1,572,555	1,572,555
Finance income	7, 9, 20	14,039,682	30,720,620	6,003,761	9,248,190
Other income	20	319,840,388	954,638,004	6,177,107	20,255,455
		323,678,954	943,701,287	254,754,540	239,177,936
PROFIT BEFORE TAX		694,452,034	1,988,269,928	943,106,751	1,892,878,808
TAX EXPENSE		165,229,178	483,935,441	186,490,809	452,317,911
NET PROFIT		P 529,222,856	P 1,504,334,487	P 756,615,942	P 1,440,560,897
OTHER COMPREHENSIVE INCOME		-	-	-	-
TOTAL COMPREHENSIVE INCOME		P 529,222,856	P 1,504,334,487	P 756,615,942	P 1,440,560,897
Net profit attributable to:					
Equity holders of the parent company		P 524,732,920	P 1,494,503,425	P 756,970,016	P 1,441,839,136
Noncontrolling interest		4,489,937	9,831,062	(354,074)	(1,278,239)
		P 529,222,856	P 1,504,334,487	P 756,615,942	P 1,440,560,897
Earnings Per Share - Basic and Diluted	23	P 0.17	P 0.49	P 0.28	P 0.53

See Notes to Condensed Consolidated Interim Financial Statements.

D.M. WENCESLAO & ASSOCIATES, INCORPORATED AND SUBSIDIARIES
(A Subsidiary of Wendel Holdings Co., Inc.)
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017
(Amounts in Philippine Pesos)
(UNAUDITED)

		Attributable to Owners of the Parent Company								
						Retained Earnings				
	Note	**Capital Stock**	**Revaluation Reserves** - net	**Additional Paid-in Capital**	**Other Reserves**	**Unappropriated**	**Appropriated**	**Total**	**Noncontrolling Interest**	**Total Equity**
Balance at January 1, 2018		P 2,716,691,200	(P 10,935,176)		(P 275,974,845)	P 5,968,150,683	P 1,200,000,000	P 9,597,931,862	P 658,962,627	P 10,256,894,489
Subscription during the period		100						100		100
Issuances during the period	24	679,172,800	-	6,937,938,526	-	-	-	7,617,111,326	-	7,617,111,326
Total comprehensive income for the period		-	-	-	-	1,494,503,425	-	1,494,503,425	9,831,062	1,504,334,487
Balance at September 30, 2018	24	**P 3,395,864,100**	**(P 10,935,176)**	**P 6,937,938,526**	**(P 275,974,845)**	**P 7,462,654,108**	**P 1,200,000,000**	**P 18,709,546,713**	**P 668,793,689**	**P 19,378,340,402**
Balance at January 1, 2017		P 1,716,691,200	(P 21,052,954)	-	(P 275,974,845)	P 5,407,669,358	P 1,200,000,000	P 8,027,332,759	P 659,636,592	P 8,686,969,351
Issuances during the period	24	1,000,000,000	-		-	(1,000,000,000)	-	-	-	-
Total comprehensive income for the period		-	-	-	-	1,441,839,136	-	1,441,839,136	(1,278,239)	1,440,560,897
Balance at September 30, 2017	24	P 2,716,691,200	(P 21,052,954)	-	(P 275,974,845)	P 5,849,508,494	P 1,200,000,000	P 9,469,171,895	P 658,358,353	P 10,127,530,248

See Notes to Condensed Consolidated Interim Financial Statements.

D.M. WENCESLAO & ASSOCIATES, INCORPORATED AND SUBSIDIARIES
(A Subsidiary of Wendel Holdings Co., Inc.)
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017
(Amounts in Philippine Pesos)
(UNAUDITED)

	Notes	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		P 1,988,269,928	P 1,892,878,808
Adjustments for:			
Depreciation and amortization	13, 14	91,293,051	65,014,244
Finance costs	20	46,505,681	49,584,327
Finance income	20	(27,034,484)	(8,763,743)
Share in net income of associates and joint ventures		(4,848,344)	(1,572,555)
Unrealized foreign currency gains - net		(3,686,137)	(484,447)
Operating profit before working capital changes		2,090,499,695	1,996,656,634
Increase in receivables		(1,075,056,517)	(411,855,725)
Decrease in land and land development costs		40,078	141,520,283
Increase in property development costs		(79,205,828)	(13,729,013)
Increase in other assets		(67,747,974)	(211,975,240)
Increase (decrease) in trade and other payables		(108,912,138)	37,463,926
Decrease in estimated liability for land development costs		(82,563,041)	(158,650,541)
Increase in deposits and advances		98,222,181	127,222,252
Increase in reserve for property development		64,905,874	143,405,758
Increase in deferred gross profit on real estate sales		33,410,659	57,339,820
Decrease in retirement benefit obligation		(1,872,818)	(966,578)
Cash generated from operations		871,720,171	1,706,431,576
Cash paid for income taxes		(151,394,531)	(197,817,567)
Interest received		27,034,484	3,365,145
Net Cash From Operating Activities		747,360,124	1,511,979,154
CASH FLOWS FROM INVESTING ACTIVITIES			
Construction in progress and development costs of investment properties		(268,486,743)	(372,924,624)
Acquisitions of property and equipment	13	(33,239,276)	1,947,274
Additional advances to and investments in associates, joint ventures and other related parties	22	(42,761,436)	101,403,662
Acquisition of available-for-sale financial assets		-	(35,692,540)
Net Cash Used in Investing Activities		(344,487,455)	(305,266,228)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds from issuance of capital stock		7,617,111,326	-
Rrepayments of interest-bearing loans and borrowings		(333,875,048)	-
Finance costs paid		(46,505,681)	(49,584,327)
Advances received (paid) from related parties	22	(41,799,748)	14,550,233
Net Cash From (Used in) Financing Activities		7,194,930,849	(35,034,094)
Effect of Changes in Foreign Exchange Rate on Cash and Cash Equivalents		3,686,137	-
NET INCREASE IN CASH AND CASH EQUIVALENTS		7,601,489,655	1,171,678,832
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		1,431,417,365	815,171,402
CASH AND CASH EQUIVALENTS AT END OF PERIOD		P 9,032,907,020	P 1,986,850,234

See Notes to Condensed Consolidated Interim Financial Statements.

D.M. WENCESLAO & ASSOCIATES, INCORPORATED AND SUBSIDIARIES
(A Subsidiary of Wendel Holdings Co., Inc.)
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017
(With Comparative Audited Figures as of December 31, 2017)
(Amounts in Philippine Pesos)

1. CORPORATE INFORMATION

1.1 Incorporation and Operations

D.M. Wenceslao & Associates, Incorporated (DMWAI or the Parent Company) was incorporated in the Philippines on April 7, 1965. DMWAI is presently engaged in the trade and business of general builders and contractors and related activities such as acting as specialty construction contractors, supervisors or managers in all cases of constructions, erections and works both public and private, real estate business and leasing. On December 4, 2012, the Philippine Securities and Exchange Commission (SEC) approved the Parent Company's application for the extension of its corporate life.

DMWAI holds certain investments in entities that are either subsidiaries, associates or joint ventures and all are incorporated in the Philippines (see Notes 1.2 and 12).

DMWAI is a subsidiary of Wendel Holdings Co., Inc. (WHI or Ultimate Parent Company), a company incorporated and domiciled in the Philippines. WHI is presently engaged in raising investments either through borrowings, sale or lease of its capital assets. The effective percentage of ownership of WHI in DMWAI aggregates to 78.65% as of September 30, 2018 and December 31, 2017.

On March 6, 2018, the Company filed its application with the Philippine Stock Exchange (PSE) for the listing of its Common Shares that are already issued and outstanding, as well as the Offer Shares. The Board of Directors of the PSE approved the Company's application for the listing of the Common Shares on May 23, 2018

On March 6, 2018, the Company filed a Registrant Statement covering the Offer Shares with the Philippine Securities and Exchange Commission, in accordance with the provisions of the Securities Regulation Code.

The shares of stock of the Company are officially listed in the PSE on June 29, 2018. The Company listed 679,172,800 Common Shares generating proceeds (the Offering Proceeds) of P8,150.1 million. As of September 30, 2018, proceeds from the Offering amounted to P7,149.4 million net of offer-related expenses paid.

DMWAI's registered office, which is also its principal place of business, is located at 3rd Floor Aseana Powerstation Building, D. Macapagal Blvd. cor. Bradco Ave. Aseana City, Parañaque City. The registered office of WHI, which is also its principal place of business, is at 306 E. Rodriguez Sr. Boulevard, Quezon City.

1.1.1 Subsidiaries, Associates and Joint Ventures

As of September 30, 2018 and December 31, 2017, the Parent Company holds effective ownership interests in certain subsidiaries (together with the Parent Company, collectively hereinafter referred to as the "Group"), that are currently operating or are established to engage in businesses related to the main business of the Parent Company, in these condensed consolidated financial statements.

Name of Subsidiaries/Associates/Joint Ventures	Explanatory Notes	Effective Percentage of Ownership September 30, 2018	Effective Percentage of Ownership December 31, 2017
Subsidiaries:			
Direct:			
Aseana Residential Holdings Corp. (ARHC), *formerly Bowood Holdings, Inc.*	(a)	**100.00%**	100.00%
Aseana Holdings, Inc. (AHI)	(b)	**99.98%**	99.98%
Fabricom, Inc. (FI), *formerly Fabricom-XCMG Philippines, Inc.*	(c)	**99.98%**	99.98%
Fabricom Realty Development Corporation (FRDC)	(d)	**62.20%**	62.20%
R-1 Consortium, Inc. (R-1)	(e)	**55.45%**	55.45%
Direct and Indirect:			
Portal Holdings, Inc. (PHI)	(f)	**100.00%**	100.00%
Mandaue Land Consortium, Inc. (MLCI)	(g)	**81.00%**	81.00%
Aseana I.T. Plaza, Inc. (AITPI)	(h)	**66.97%**	66.97%
SHLP BBP Realty, Inc. (SBRI)	(i)	**55.96%**	55.96%
Indirect:			
Reine, Inc. (Reine)	(j)	**100.00%**	100.00%
Boracay International Airport & Dev't Corp. (BIADC)	(k)	**99.98%**	99.98%
U-City Technologies Philippines, Inc.	(l)	**99.98%**	99.98%
Aseana City Transport & Travel Corp.	(m)	**99.98%**	99.98%
Aseana Gas Energy Corp. (AGEC)	(n)	**99.98%**	99.98%
Bay Area Holdings, Inc. (BAHI)	(o)	**59.98%**	59.98%
Associates:			
Alphaland Heavy Equipment, Corp. (AHEC)	(p)	**50.00%**	50.00%
European Resources and Technology, Inc.	(q)	**42.00%**	42.00%
Aseana CL, Beach and Marina Development Corporation (ACBMDC)	(r)	**36.00%**	36.00%
Joint ventures:			
Bay Resources and Development Corporation (BRADCO)	(s)	**50.00%**	50.00%
Alphaland Bay City Corporation (ABCC)	(t)	**34.73%**	34.73%

Notes:

(a) Established to purchase, acquire and own, hold, use, assign, transfer, mortgage, pledge, exchange or otherwise dispose of, subject to limitations imposed by law, real and personal property, including but not limited to, land, buildings, condominiums, shares of stock, bonds and other securities.

(b) Established to engage in the business of owning, holding, exchanging, or otherwise disposing such items as real and personal properties, and securities such as stocks, bonds and to take part and assist in any legal matter for the purchase and sale of any securities as may be allowed by law without acting as or engaging in the business of an investment house, mutual fund or broker or dealer in securities.

(c) Established to engage in the business of importation and marketing of heavy equipment, industrial equipment or any commercial products, which may be the object of commerce for the attainment of corporate objectives.

(d) Established to engage in housing and real estate development and selling and engaging in other related activities.

(e) Established to engage in general construction and other allied businesses including constructing, enlarging, repairing, removing, developing, or otherwise engaging in any work upon building roads, highways, manufacturing plants, bridges, airfields, piers, docks, mines, masonry and earth construction, and to make, execute, bid for and take or receive any contracts or assignment of contracts in relation thereto.

(f) DMWAI's effective interest is derived from its 40.00% direct ownership and 60.00% indirect holdings through ARHC. PHI was established to purchase, subscribe for, or otherwise acquire and own, hold, use, assign, transfer, mortgage, pledge, exchange or otherwise dispose of real and personal property, including but not limited to, land, buildings, condominiums, shares of stock, bonds and other securities.

(g) DMWAI's effective interest is derived from its 40.00% direct ownership and 41.00% indirect holdings through AHI and R-1 which own 30.00% and 20.00%, respectively. MLCI was established to engage in general realty and other allied businesses including owning, improving, subdividing, developing, reclaiming, enlarging, repairing, constructing, exchanging, leasing and holding investment or otherwise, real estate and lands of all kinds and any buildings, houses and other structures.

(h) DMWAI's effective ownership interest is derived from its 41.98% direct ownership and 24.99% indirect holdings through PHI. AITPI was established to engage in the business of owning, using, improving, developing, selling, exchanging, leasing, and holding for investment or otherwise, real estate of all kinds, including building houses, apartments and other structures, and related activities.

(i) DMWAI's effective ownership is derived from its 29.98% direct ownership and 25.98% indirect holdings through AHI, BAHI and PHI which each owns 9.99% of SBRI. SBRI was established to engage in real estate development and other related activities.

(j) Reine was acquired in 2016 and indirectly owned through AHI; established to acquire by purchase, lease, donation, or otherwise, and to own, use, improve, develop, subdivide, sell, mortgage, exchange, lease, develop, and hold for investment or otherwise, real estate of all kinds, whether improve, manage or otherwise dispose of buildings, houses, apartments, and other structures of whatever kind, together with their appurtenances.

(k) Indirectly owned through AHI; established to build an international airport in Boracay, Municipality of Malay and/ or Carabao Island, San Jose, Romblon, Philippines.

(l) Indirectly owned through AHI; established to install and provide electronic security apparatus and products to industrial, commercial and other establishments whether public or private for the purpose of securing or protecting properties and other related services.

(m) Indirectly owned through AHI; established to engage in the business of transportation of passengers by means of public utility vehicles for the general public and to lease out or rent its public utility vehicles for special trips.

(n) Indirectly owned through AHI; established to engage in, conduct and carry on the business of buying, selling, distributing, marketing of liquefied petroleum gas and other fuel products at wholesale or retail and to construct a reticulation network in strategically located tank to enable safe and sufficient distribution of piped gas to end users in Aseana Business Park.

(o) Indirectly owned through FI; established to purchase, acquire, or otherwise own and hold, use, sell, assign, transfer, mortgage, pledge, or otherwise dispose of, real and personal property, including land, buildings, condominiums and engaging in other related activities.

(p) Indirectly owned through FI; established to purchase, import, or otherwise acquire, lease, sell, distribute, market, convey or otherwise dispose heavy equipment, machinery and related implements. As of September 30, 2018, AHEC is currently in the process of liquidation.

(q) Established to engage in collecting, segregating, recycling, composting, filling, disposing, treating or otherwise managing household, industrial and other kinds of garbage for local, or other government units and private persons and firms as well as extended guidance and education for proper waste management.

(r) DMWAI's effective interest is derived from its 10.00% direct ownership and 26.00% indirect holdings through AHI. ACBMDC was established to engage in real estate business with marinas, cruise liner facilities and beach resorts in all its aspects; to acquire, rent or otherwise deal in and dispose of all kinds or real estate objects, involving commercial, industrial, urban, residential or other kinds of real property.

(s) BRADCO was established to acquire, develop and market real estate properties.

(t) ABCC was established to own, use, improve, develop, subdivide, sell, exchange, lease and hold for investment or otherwise, real estate of all kinds, including buildings, houses, apartments and other structures. In 2018, the joint venture agreement was terminated (see Notes 12.2 and 20.3).

As of September 30, 2018, FRDC, R-1, MLCI, AITPI, SBRI, BIADC, AGEC, ACBMDC and ABCC have not yet started commercial operations.

1.2 Approval of Condensed Consolidated Interim Financial Statements

The condensed consolidated interim financial statements of the Group as of and for the nine months ended September 30, 2018 (including the comparatives as of December 31, 2017 and for the nine months ended September 30, 2017) were approved and authorized for issue by the Parent Company's Chief Executive Officer (CEO) on October 17, 2018.

2. BASIS OF PREPARATION OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The condensed consolidated interim financial statements have been prepared in accordance with Philippine Accounting Standard (PAS) 34, *Interim Financial Reporting*. This condensed consolidated interim financial statements do not include all of the information required for annual consolidated financial statements, and should be read in conjunction with the annual consolidated financial statements of the Group as of and for the year ended December 31, 2017, which have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). PFRS are adopted by the Financial Reporting Standards Council from the pronouncements issued by the International Accounting Standards Board, and approved by the Philippine Board of Accountancy.

This condensed consolidated interim financial statements are presented in Philippine pesos, the Group's functional and presentation currency.

The Group's accounting policies adopted in the preparation of these condensed consolidated interim financial statements are consistent with those applied in the preparation of the Group's annual consolidated financial statements as of and for the year ended December 31, 2017 and the corresponding interim reporting period, except for the adoption of PFRS 9 (2014), *Financial Instruments*, and PFRS 15, *Revenue from Contracts with Customers,* and other amendments to PFRS which became effective January 1, 2018, as further described in the Group's 2017 annual consolidated financial statements. These new PFRSs and amendments did not have significant impact on the Group's condensed consolidated interim financial statements.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Group's condensed consolidated interim financial statements in accordance with PAS 34 requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the amounts of assets, liabilities, income and expenses reported in the condensed consolidated financial statements. Actual results may vary from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied in the Group's last annual consolidated financial statements as of and for the year ended December 31, 2017.

4. SEGMENT REPORTING

4.1 Business Segments

The Group's operating businesses are recognized and managed separately according to the nature of services provided (primary segments) and the different markets served (secondary segments) with a segment representing a strategic business unit. The Group's business segments follow:

(a) *Rentals* – refers to leasing of real estate properties, including land and building and other structures.

(b) *Construction* – principally refers to general construction business which involves site development, earthworks, structural and civil works, masonry works, architectural finishes, electrical works, plumbing and sanitary works, fire protection works and mechanical works.

(c) *Sale of Land and Condominium Units* – involve the development and sale of industrial and other parcels of land and residential condominium units.

The Group has not identified any segment based on geographical location (see Note 4.4).

4.2 Segment Assets and Liabilities

Segment assets are allocated based on their physical location and use or direct association with a specific segment and they include all operating assets used by a segment and consist principally of operating cash, receivables, land and land development cost, property development costs, property and equipment, and investment properties. Similar to segment assets, segment liabilities are also allocated based on their use or direct association with a specific segment. Segment liabilities include all operating liabilities and consist principally of loans and borrowings, trade and other payables, estimated liability for land development costs, reserve for property development and deposits and advances. Segment assets and liabilities do not include deferred taxes.

4.3 Intersegment Transactions

Segment revenues, expenses and performance include sales and purchases between business segments. Such sales and purchases are eliminated in consolidation.

4.4 Analysis of Segment Information

Segment information is analyzed as follows for the nine months ended September 30, 2018 and 2017 (in thousands):

	Rentals		Construction		Sale of Land and Condominium Units		Total	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017
REVENUES								
Sales to external customers	**P 1,478,973**	P 1,126,375	**P 121,036**	P 115,620	**P 180,361**	P 1,295,346	**P 1,780,371**	P 2,537,341
Intersegment sales	**135,932**	113,852	**300,940**	513,708	**-**	-	**436,872**	627,560
Total revenues	**1,614,905**	1,240,227	**421,976**	629,328	**180,361**	1,295,346	**2,217,243**	3,164,901
COSTS AND OTHER OPERATING EXPENSES								
Cost of sales and services excluding depreciation and amortization	**147,713**	100,158	**62,177**	84,450	**154,210**	345,487	**364,100**	530,095
Depreciation and and amortization	**74,827**	50,026	**4,102**	3,417	**-**	-	**78,929**	53,443
Other expenses	**94,418**	71,162	**4,265**	2,442	**20,095**	47,263	**118,778**	120,867
	316,958	221,346	**70,544**	90,309	**174,305**	392,750	**561,807**	704,405
SEGMENT OPERATING PROFIT (LOSS)	**P 1,297,947**	P 1,018,881	**P 351,432**	P 539,019	**P 6,056**	P 902,596	**P 1,655,436**	P 2,460,496

Segment assets and liabilities are allocated to each segment as follows (in thousands):

	Rentals		Construction		Sale of Land and Condominium Units		Total	
	Total Assets	Total Liabilities	Total Assets	Total Liabilities	Total Assets	Total Liabilities	Total Assets	Total Liabilities
September 30, 2018	**P 22,136,221**	**P 9,573,991**	**P 3,301,783**	**P 1,057,113**	**P 5,232,909**	**P 8,509,734**	**P 30,670,913**	**P 19,140,838**
December 31, 2017	19,394,528	9,178,722	2,958,038	967,787	4,487,534	8,641,690	26,840,100	18,788,199

4.5 Reconciliations

The total segment balances presented for the Group's operating segments reconciled to the Group's consolidated balances as presented in the condensed interim consolidated financial statements are as follows (in thousands):

		September 30, 2018 (Unaudited)		September 30, 2017 (Unaudited)
Revenues				
Total segment revenues	**P**	**2,217,243**	P	3,164,901
Elimination of intersegment revenues	**(**	**436,872)**	(	627,560)
Revenues as reported in the condensed consolidated statements of comprehensive income	**P**	**1,780,371**	P	2,537,341
Profit or loss				
Segment operating profit	**P**	**1,655,436**	P	2,460,496
Elimination of intersegment revenues	**(**	**436,872)**	(	627,560)
Other unallocated expenses	**(**	**173,995)**	(	179,235)
Operating profit as reported in the condensed consolidated statements of comprehensive income	**P**	**1,044,569**	P	1,653,701
Finance costs	**(**	**46,506)**	(	49,584)
Finance income		**30,721**		9,248
Share in net income of associates and joint ventures		**4,848**		1,572
Other unallocated income		**954,638**		277,942
Profit before tax as reported in the condensed consolidated statements of comprehensive income	**P**	**1,988,270**	P	1,892,879

	September 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Assets		
Segment assets	**P 30,670,913**	P 26,840,100
Other unallocated assets**	**12,538,041**	6,347,650
Elimination of intercompany accounts	**(5,119,008)**	(4,137,148)
Total assets reported in the condensed consolidated statements of financial position	**P 38,089,946**	P 29,050,602
Liabilities		
Segment liabilities	**P 19,140,838**	P 18,788,199
Deferred tax liabilities - net	**770,218**	588,750
Other unallocated liabilities**	**1,335,935**	1,241,258
Elimination of intercompany accounts	**(2,535,385)**	(1,824,499)
Total liabilities as reported in the condensed consolidated statements of financial position	**P 18,711,606**	P 18,793,708

***Other unallocated assets and liabilities mostly pertain to intercompany advances to and/or from related parties not eliminated in the consolidation.*

5. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to risk in relation to its operating, investing, and financial activities, and the business environment in which it operates. Generally, the Group's objectives in risk management are to ensure that it identifies, measures, monitors, and controls the various risks that arise from its business activities and that it adheres strictly to the policies, procedures, and control systems which are established to address these risks. In managing financial instruments, the Group is exposed to financial risk such as market risk (including foreign currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), liquidity risk and credit risk.

The condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual consolidated financial statements; hence, they should be read in conjunction with the Group's annual consolidated financial statements as of and for the year ended December 31, 2017.

There have been no significant changes in the risk management structure of the Group or in any risk management policies since the previous annual period.

6. FAIR VALUE MEASUREMENT AND DISCLOSURES

6.1 Fair Value Hierarchy

In accordance with PFRS 13, *Fair Value Measurement*, the fair value of financial assets and financial liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS, are categorized into three levels based on the significance of inputs used to measure the fair value. The fair value hierarchy has the following levels:

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

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

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

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

When the Group uses valuation technique, it maximizes the use of observable market data where it is available and rely as little as possible on entity specific estimates. However, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2. Otherwise, it is included in Level 3. Changes in assumptions could also affect the reported fair value of the financial instruments. The Group uses judgment to select a variety of valuation techniques and to make assumptions that are mainly based on market conditions existing at the end of each reporting period.

6.2 Financial Instruments Measurement at Fair Value

The Group's financial assets at fair value through other comprehensive income (FVTOCI) include proprietary golf club shares, which are categorized within Level 2 as their prices are not derived from market considered as active due to lack of trading activities among market participants at the end or close to the end of the reporting period. As of September 30, 2018 and December 31, 2017, the Group's financial assets measured at fair value amounted to P1.6 million (see Note 15).

The Group has no financial liabilities measured at fair value as of September 30, 2018 and December 31, 2017.

There were neither transfers between Levels 1, 2 and 3 instruments in both periods.

Certain financial assets at FVTOCI amounting to P74.2 million as of September 30, 2018 and December 31, 2017 were measured at cost which approximates its fair value.

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

The table below and in the succeeding page summarizes the fair value hierarchy of the Group's financial assets and financial liabilities which are not measured at fair value in the condensed consolidated statements of financial position but for which fair value is required to be disclosed.

	September 30, 2018 (Unaudited)			
	Level 1	Level 2	Level 3	Total
Financial Assets				
Cash and cash equivalents	P 9,032,907,020	P -	P -	P 9,032,907,020
Receivables – net	-	-	4,789,370,507	4,789,370,507
Advances to associates, joint ventures and other related parties	-	-	120,739,759	120,739,759
	P 9,032,907,020	**P -**	**P 4,910,110,266**	**P 13,943,017,286**
Financial Liabilities				
Loans and borrowings	P -	P -	P 2,143,027,897	P 2,143,027,897
Trade and other payables	-	-	1,113,944,518	1,113,944,518
Advances from and due to related parties	-	-	4,614,257,504	4,614,257,504
Advances from a co-joint venturer	-	-	1,000,000,000	1,000,000,000
Rental deposits	-	-	252,309,861	252,309,861
Construction bond	-	-	47,058,354	47,058,354
	P -	**P -**	**P 9,170,598,134**	**P 9,170,598,134**

	December 31, 2017 (Audited)			
	Level 1	Level 2	Level 3	Total
Financial Assets				
Cash and cash equivalents	P 1,431,417,365	P -	P -	P 1,431,417,365
Receivables – net	-	-	4,094,543,956	4,094,543,956
Advances to associates, joint ventures and other related parties	-	-	119,532,475	119,532,475
	P 1,431,417,365	P -	P 4,214,076,431	P 5,645,493,796
Financial Liabilities				
Loans and borrowings	P -	P -	P 2,428,094,520	P 2,428,094,520
Trade and other payables	-	-	934,383,270	934,383,270
Advances from and due to related parties	-	-	4,656,057,252	4,656,057,252
Advances from a co-joint venturer	-	-	1,000,000,000	1,000,000,000
Rental deposits	-	-	205,254,953	205,254,953
Construction bond	-	-	14,101,059	14,101,059
	P -	P -	P 9,237,891,054	P 9,237,891,054

The fair values of financial assets and financial liabilities included in Level 3, which are not traded in an active market, are determined based on the expected cash flows of the underlying net asset or liability base of the instrument where the significant inputs required to determine the fair value of such instruments are not based on observable market data.

6.4 Fair Value Disclosures for Investment Properties Carried at Cost

The table below shows the levels within the hierarchy of non-financial assets that are not measured at fair value but for which fair values are disclosed as of September 30, 2018 and December 31, 2017.

	Level 1	**Level 2**	**Level 3**	**Total**
Land	P -	P 71,993,562,982	P -	P 71,993,562,982
Buildings and improvements	-	-	2,865,122,127	2,865,122,127
Construction in progress	-	-	946,745,476	946,745,476
	P -	**P 71,993,562,982**	**P 3,811,867,603**	**P 75,805,430,585**

The above fair value information was based on the appraisal conducted by the Group's independent appraiser during the first quarter of 2018 with valuation effective December 31, 2017. There have been no significant changes in the property values during the nine months ended September 30, 2018.

7. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components:

	September 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Cash on hand and in banks	**P 8,030,192,093**	P 1,291,743,244
Short-term placements	**1,002,714,927**	139,674,121
	P 9,032,907,020	P 1,431,417,365

Short-term placements are made for varying periods of between 30 to 90 days and earn effective interest ranging from 4.50% to 5.00% during the nine months ended September 30, 2018 and 0.75% to 0.88% during the nine months ended September 30, 2017 (see Note 20.2).

8. RECEIVABLES

This account is composed of the following:

	Note	**September 30, 2018 (Unaudited)**	December 31, 2017 (Audited)
Current:			
Advances to:			
Related parties	22.1	**P 756,324,359**	P 714,770,208
Suppliers		**574,865,582**	153,081,365
Officers and employees		**8,600,829**	9,194,347
Contracts receivables		**625,966,232**	690,680,730
Rental receivables		**689,583,873**	626,426,101
Receivables from sale of condominium units		**80,833,007**	30,121,275
Refundable deposits		**34,533,650**	18,997,481
Retention receivables		**8,826,695**	53,602,674
Installment receivables		**213,001**	-
Others		**21,418,397**	35,398,037
		2,801,165,625	2,332,272,218
Allowance for impairment		**(1,571,691)**	(1,571,691)
		2,799,593,934	2,330,700,527
Non-current:			
Rental receivables		**2,347,184,375**	1,809,690,204
Receivables from sale of condominium units		**217,457,780**	107,234,590
		2,564,642,155	1,916,924,794
		P 5,364,236,089	P 4,247,625,321

Receivables that are past due but not impaired as at the end of the nine months reporting period are shown below:

		September 30, 2018		December 31, 2017
Not more than three months	**P**	**106,384,504**	P	57,212,280
More than three months but not more than one year		**14,515,377**		48,577,234
More than one year		**626,153,572**		629,273,754
	P	**747,053,453**	P	735,063,268

9. PROPERTY DEVELOPMENT COSTS AND REAL ESTATE TRANSACTIONS

The Group capitalized certain costs as property development costs representing properties under development and construction. Costs incurred comprise of actual costs of construction and related engineering, architectural and other consultancy fees related to the development of its residential condominium projects, "Pixel Residences" and "MidPark Towers" located in Aseana City. The accumulated balance of Property Development Costs as presented in the condensed consolidated statements of financial position amounted to P672.2 million and P593.0 million as of September 30, 2018 and December 31, 2017, respectively.

The Group conducts pre-selling activities before and during the construction period of its projects. Estimated costs to complete the construction of units sold are presented as Reserve for Property Development under current and non-current liabilities sections in the condensed consolidated financial statements.

Sale of condominium units as presented in the condensed consolidated statements of comprehensive income comprises of residential condominium units sold amounting to P179.1 million and P207.1 million, net of day-one loss of P25.6 million for the nine months ended September 30, 2018 and 2017, respectively. Income from subsequent amortization of day-one loss amounted to P18.7 million and P5.9 million for the nine months ended September 30, 2018 and 2017, respectively, and is included as part of Interest income on sale of condominium units presented under Finance Income in the condensed consolidated statements of comprehensive income. The related realized gross profit on current year's sale of condominium units amounted to P15.4 million and P3.0 million while deferred gross profit amounted to P39.3 million and P51.7 million for the nine months ended September 30, 2018 and 2017, respectively. Realized gross profit on prior years' sale amounted to P9.5 million and P0.1 million for the nine months ended September 30, 2018 and 2017, respectively.

Percentage of completion of Pixel Residences as at September 30, 2018 and 2017 is 28.24% and 5.37%, respectively.

Cost of sale of condominium units as presented in the condensed consolidated statements of comprehensive income includes actual costs amounting to P32.4 million and P8.2 million and estimated cost to complete amounting to P82.4 million and P144.1 million for the nine months ended September 30, 2018 and 2017, respectively.

Portion of the land with carrying amount of P30.1 million as of December 31, 2017 are used as collateral for certain loans with local banks. In 2018, the Group and a certain bank mutually agreed to release this collateral (see Note 16).

10. LAND AND LAND DEVELOPMENT COSTS

This account pertains to the cost of land available for sale located in Aseana Business Park, Parañaque City; Ciudad Nuevo Park, Cavite City; and Lunzuran Heights Subdivision, Zamboanga City with a total lot area of 247,851 square meters as of September 30, 2018 and December 31, 2017.

The analysis of the movements of the balance of Land and Land Development Costs is as follows:

	Note	**September 30, 2018 (Unaudited)**	December 31, 2017 (Audited)
Balance at beginning of period		**P 3,323,617,571**	P 3,519,847,473
Sales during the period	21	**(40,078)**	(141,520,283)
Reclassification		**-**	(54,709,619)
Balance at end of period		**P 3,323,577,493**	P 3,323,617,571

Management has estimated that the net realizable value of Land and Land Development Costs is higher than its carrying value as of September 30, 2018. As of September 30, 2018 and December 31, 2017, certain portion of the parcels of land owned by the Group with a total lot area of 2,777 and carrying amounts of P88.2 million, is used as collateral to secure certain peso denominated interest-bearing loans (see Note 16).

11. OTHER CURRENT ASSETS

This account consists of the following:

	September 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Prepayments	**P 173,062,341**	P 155,408,894
Input value added tax (VAT)	**160,657,928**	167,948,329
Deferred input VAT	**145,416,447**	103,843,638
Creditable withholding tax	**15,320,770**	102,416,124
Others	**4,517,597**	3,779,975
	P 498,975,083	P 533,396,960

12. ADVANCES TO AND INVESTMENTS IN ASSOCIATES, JOINT VENTURES AND OTHER RELATED PARTIES

This account consists of the following:

	Notes	**September 30, 2018 (Unaudited)**	December 31, 2017 (Audited)
Investments in:			
Associates	12.1	**P 49,390,739**	P 49,526,587
Joint ventures	12.2	**4,984,192**	2,866,289,204
		54,374,931	2,915,815,791
Advances to:			
Joint ventures		**95,999,730**	95,503,565
Parent		**16,252,580**	15,938,375
Associates		**6,693,915**	6,178,834
Stockholders		**-**	300,000
Related parties under common management and ownership		**1,793,535**	1,611,701
	22.1	**120,739,760**	119,532,475
		P 175,114,691	P 3,035,348,266

12.1 Investments in Associates

The movements in the carrying amount of investments in associates, which is accounted for under the equity method in the condensed consolidated financial statements of the Group, are shown below.

	September 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Acquisition costs	**P 56,913,213**	P 56,913,213
Accumulated share in net losses:		
Balance at beginning of period	**(7,386,626)**	(7,161,955)
Share in net losses	**(135,848)**	(224,671)
Balance at end of period	**(7,522,474)**	(7,386,626)
	P 49,390,739	P 49,526,587

12.2 Investments in Joint Ventures

The Group's joint ventures include ABCC and BRADCO. The movements in the carrying amount of investments in joint ventures, which is accounted for under the equity method in the condensed consolidated financial statements of the Group, are shown below.

	June 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Acquisition costs	**P 2,904,530,000**	P 2,904,530,000
Reclassification to investment properties	**(2,902,530,000)**	-
	2,000,000	2,904,530,000
Accumulated share in net losses:		
Balance at beginning of period	**(38,240,796)**	(37,472,490)
Reclassification to investment properties	**36,240,796**	-
Share in net gains (losses)	**4,984,192**	(768,306)
Balance at end of period	**2,984,192**	(38,240,796)
	P 4,984,192	P 2,866,289,204

In 2018, the Group, along with the Ultimate Parent Company and ABCC, entered into a Settlement Agreement with Alphaland Development, Inc. (ADI) regarding their joint venture agreements (the JV Agreements), and all disputes related thereto, in relation to the development of the Alphaland Bay City project located in Aseana City, Paranaque City. Under the Settlement Agreement (SA), the parties have agreed to terminate, rescind or otherwise cancel the JV Agreements, and waive and release any and all rights or interests they, or may have arising therefrom subject to certain conditions (see also Note 20.3). Accordingly, the carrying amount of the investment in ABCC representing parcels of land previously recognized as investment property, which were contributed to the joint arrangement, amounting to P2,866.3 million was reclassified to Investment Properties account (see Note 14). The liquidation of ABCC shall be undertaken subject to the fulfillment of the conditions as set forth in the SA.

13. PROPERTY AND EQUIPMENT

The gross carrying amounts and the accumulated depreciation and amortization of property and equipment at the beginning and end of the nine months ended September 30, 2018 and the year ended December 31, 2017 are shown below.

	Land	Land Improvements	Leasehold Improvements	Machinery and Construction Equipment	Transportation Equipment	Furniture and Office Equipment	Machinery and Other Equipment	Total
September 30, 2018								
Cost	P 9,291,800	P 4,034,354	P 36,367,081	P 437,851,493	P 48,476,956	P 37,211,857	P 14,244,402	P 587,477,943
Accumulated depreciation and amortization	-	(2,575,366)	(19,093,493)	(343,028,098)	(38,022,988)	(28,654,898)	(13,792,063)	(445,166,906)
Net carrying amount	**P 9,291,800**	**P 1,458,988**	**P 17,273,588**	**P 94,823,395**	**P 10,453,968**	**P 8,556,959**	**P 452,339**	**P 142,311,037**
December 31, 2017								
Cost	P 9,291,800	P 4,034,354	P 36,307,260	P 416,235,610	P 39,264,635	P 34,860,606	P 14,244,402	P 554,238,667
Accumulated depreciation and amortization	-	(2,376,794)	(14,376,605)	(318,110,172)	(36,414,616)	(25,469,013)	(13,552,911)	(410,300,111)
Net carrying amount	P 9,291,800	P 1,657,560	P 21,930,655	P 98,125,438	P 2,850,019	P 9,391,593	P 691,491	P 143,938,556
January 1, 2017								
Cost	P 9,291,800	P 4,034,354	P 35,492,165	P 405,550,668	P 39,264,635	P 27,451,902	P 14,244,402	P 535,329,926
Accumulated depreciation and amortization	-	(2,112,031)	(8,120,241)	(289,238,965)	(33,812,045)	(21,991,581)	(13,253,462)	(368,528,325)
Net carrying amount	P 9,291,800	P 1,922,323	P 27,371,924	P 116,311,703	P 5,452,590	P 5,460,321	P 990,940	P 166,801,601

A reconciliation of the carrying amounts at the beginning and end of the nine months ended September 30, 2018 and the year ended December 31, 2017 of property and equipment is shown below.

	Land	Land Improvements	Leasehold Improvements	Machinery and Construction Equipment	Transportation Equipment	Furniture and Office Equipment	Machinery and Other Equipment	Total
Balance at January 1, 2018, net of accumulated depreciation and amortization	P 9,291,800	P 1,657,560	P 21,930,655	P 98,125,438	P 2,850,019	P 9,391,593	P 691,491	P 143,938,556
Additions	-	-	59,821	21,615,883	9,212,321	2,351,251	-	33,239,276
Depreciation and amortization charges for the period	-	(198,572)	(4,716,888)	(24,917,926)	(1,608,372)	(3,185,885)	(239,152)	(34,866,795)
Balance at September 30, 2018, net of accumulated depreciation and amortization	**P 9,291,800**	**P 1,458,988**	**P 17,273,588**	**P 94,823,395**	**P 10,453,968**	**P 8,556,959**	**P 452,339**	**P 142,311,037**
Balance at January 1, 2017, net of accumulated depreciation and amortization	P 9,291,800	P 1,922,323	P 27,371,924	P 116,311,703	P 5,452,590	P 5,460,321	P 990,940	P 166,801,601
Additions	-	-	815,095	10,684,942	-	7,408,704	-	18,908,741
Depreciation and amortization charges for the year	-	(264,763)	(6,256,364)	(28,871,207)	(2,602,571)	(3,477,432)	(299,449)	(41,771,786)
Balance at December 31, 2017, net of accumulated depreciation and amortization	P 9,291,800	P 1,657,560	P 21,930,655	P 98,125,438	P 2,850,019	P 9,391,593	P 691,491	P 143,938,556

The amount of depreciation and amortization is allocated as follows:

	Notes	September 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Capitalized as part of land and land development costs		**P 20,815,833**	P 22,395,603
Cost of construction contracts	19.1	**4,102,093**	7,721,327
General and administrative expense	21	**9,948,869**	11,654,856
		P 34,866,795	P 41,771,786

14. INVESTMENT PROPERTIES

The gross carrying amounts and the accumulated depreciation of investment properties at the beginning and end of the nine months ended September 30, 2018 and the year ended December 31, 2017 are shown below.

	Land	Building and Improvements	Condominium Units	Construction in Progress	Total
September 30, 2018					
Cost	P 16,100,537,864	P 2,961,736,697	P 25,228,650	P 93,805,285	P 19,181,308,496
Accumulated depreciation	-	(416,752,922)	(3,255,151)	(-)	(420,008,073)
Net carrying amount	**P 16,100,537,864**	**P 2,544,983,775**	**P 21,973,499**	**P 93,805,285**	**P 18,761,300,423**
December 31, 2017					
Cost	P 13,234,248,660	P 1,759,236,249	P 25,228,650	P 946,745,476	P 15,965,459,035
Accumulated depreciation	-	(340,267,692)	(2,498,292)	-	(342,765,984)
Net carrying amount	P 13,234,248,660	P 1,418,968,557	P 22,730,358	P 946,745,476	P 15,622,693,051
January 1, 2017					
Cost	P 13,303,681,180	P 1,670,413,757	P 25,228,650	P 272,833,239	P 15,272,156,826
Accumulated depreciation	-	(272,391,090)	(1,489,146)	-	(273,880,236)
Net carrying amount	P 13,303,681,180	P 1,398,022,667	P 23,739,504	P 272,833,239	P 14,998,276,590

The reconciliation of the carrying amounts of investment properties at the beginning and end of the nine months ended September 30, 2018 and the year ended December 31, 2017 is shown below.

	Land	Building and Improvements	Condominium Units	Construction in Progress	Total
Balance at January 1, 2018, net of accumulated depreciation	P 13,234,248,660	P 1,418,968,557	P 22,730,358	P 946,745,476	P 15,622,693,051
Additions	-	319,465	-	349,240,792	349,560,257
Reclassification from CIP to building and improvements	-	1,202,180,983	-	(1,202,180,983)	-
Reclassification from investments in joint venture	2,866,289,204	-	-	-	2,866,289,204
Depreciation charges for the period	-	(76,485,230)	(756,859)	-	(77,242,089)
Balance at September 30, 2018, net of accumulated depreciation	**P 16,100,537,864**	**P 2,544,983,775**	**P 21,973,499**	**P 93,805,285**	**P 18,761,300,423**

	Land	Building and Improvements	Condominium Units	Construction in Progress	Total
Balance at January 1, 2017, net of accumulated depreciation	P 13,303,681,180	P 1,398,022,667	P 23,739,504	P 272,833,239	P 14,998,276,590
Additions	67,000,000	7,201,261	-	755,533,468	829,734,729
Disposal	(191,142,139)	-	-	-	(191,142,139)
Reclassification from CIP to building and improvements	-	81,621,231	-	(81,621,231)	-
Reclassification from land and land development costs	54,709,619	-	-	-	54,709,619
Depreciation charges for the year	-	(67,876,602)	(1,009,146)	-	(68,885,748)
Balance at December 31, 2017, net of accumulated depreciation	P 13,234,248,660	P 1,418,968,557	P 22,730,358	P 946,745,476	P 15,622,693,051

The amount of depreciation is allocated as follows:

	Notes	**September 30, 2018 (Unaudited)**	December 31, 2017 (Audited)
Cost of rentals	19.2	**P 74,827,205**	P 65,464,981
General and administrative expense	21	**2,414,884**	3,420,766
		P 77,242,089	P 68,885,747

Land and building rental revenues recognized from investment properties amounted to P1,279.8 million and 1,014.1 million in 2018 and 2017, respectively, and are shown as Rentals under Revenues account in the condensed consolidated statements of comprehensive income. Costs incurred related to investment properties, including the depreciation, are presented as Rentals under Costs of Services and Sales account in the condensed consolidated statements of comprehensive income (see Note 19.2).

In 2018, the Group reclassified the carrying amount of its investment in ABCC as a result of the termination of the JV agreements among the Parent Company, the Ultimate Parent Company and ADI (see Note 12.2).

Management believes that the carrying amounts of investment properties are recoverable in full; hence, no impairment loss is recognized in 2018 and 2017.

Certain investment properties with carrying amount of P1,519.5 million as of September 30, 2018 and December 31, 2017, are used as collateral for certain loans with local banks (see Note 16).

15. OTHER NON-CURRENT ASSETS

This account includes the following:

	September 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Financial assets at FVTOCI	**P 75,795,710**	P 75,795,710
Deposits for future investment	**33,476,935**	33,476,935
Others	**10,042,015**	10,288,288
	P 119,314,660	P 119,560,933

The reconciliation of the carrying amounts of financial assets at FVTOCI is as follows:

	September 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Balance at beginning of period	**P 75,795,710**	P 26,886,815
Additions	**-**	48,828,780
Unrealized fair value gain	**-**	80,115
Balance at end of period	**P 75,795,710**	P 75,795,710

Financial assets at FVTOCI consist of investment in golf club shares and certain equity securities. The Group used Level 2 in determining the fair value of financial assets at FVTOCI except for certain financial assets measured at cost which approximates its fair value as these were only acquired in 2017.

16. LOANS AND BORROWINGS

The Group's short-term and long-term loans and borrowings are classified in the condensed consolidated statements of financial position as follows:

	September 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Current	**P 1,593,777,897**	P 1,656,593,434
Non-current	**549,250,000**	820,309,511
	P 2,143,027,897	P 2,476,902,945

Bank loans represent partially secured and unsecured loans from local commercial banks. These loans bear annual interest rates ranging from 3.00% to 4.00% per annum in 2018 and 3.00% to 3.5% per annum in 2017 and are subject to monthly repricing based on prevailing market rate.

In 2018 and 2017, interest costs related to bank loans amounted to P44.6 million and P49.4 million, respectively, and were recognized as part of Finance costs under Other Income (Charges) account in the condensed consolidated statements of comprehensive income (see Note 20.1).

As of September 30, 2018 and December 31, 2017, bank loans are partially secured by certain assets as follows:

	Notes	**September 30, 2018 (Unaudited)**	December 31, 2017 (Audited)
Investment properties	14	**P 1,519,516,046**	P 1,519,516,046
Land and land development costs	10	**88,235,704**	88,235,704
Property development costs	9	**-**	30,089,741
		P 1,607,751,750	P 1,637,841,491

17. TRADE AND OTHER PAYABLES

This account consists of the following:

	September 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Trade payables	**P 549,459,742**	P 698,295,258
Deferred output VAT payable	**265,625,692**	133,623,833
Accrued expenses	**176,727,104**	206,128,350
Income tax payable	**80,095,880**	23,573,076
Retention payable	**30,876,716**	22,998,861
Other payables	**11,159,384**	8,506,415
	P 1,113,944,520	P 1,093,125,793

18. DEPOSITS AND ADVANCES

This account consists of:

	September 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Current:		
Advance rentals	**P 207,645,070**	P 284,646,483
Reservation deposits	**145,541,086**	134,542,236
Rental deposits	**52,283,155**	88,498,491
Construction bond	**47,058,354**	14,101,059
Unearned rent income	**37,716,966**	2,648,953
Buyers' deposits	**1,009,196**	1,009,196
Others	**36,604,107**	15,158,112
	527,857,934	540,604,530
Non-current:		
Advance rentals	**412,120,404**	397,188,898
Rental deposits	**198,426,791**	116,756,462
Unearned rent income	**68,557,281**	54,190,339
Buyers' deposits	**5,827,833**	5,827,833
	684,932,309	573,963,532
	P 1,212,790,243	P 1,114,568,062

19. COSTS OF SERVICES

19.1 Cost of Construction Contracts

The details of cost of construction contracts are shown below.

	Notes	2018	2017
Construction materials		**P 36,635,299**	P 53,921,621
Subcontract		**22,768,257**	23,674,812
Depreciation and amortization	13	**4,102,093**	3,417,433
Salaries and employee benefits		**1,587,273**	6,853,200
Gasoline and oil		**1,185,694**	-
	21	**P 66,278,616**	P 87,867,066

19.2 Cost of Rentals

The following are the details of direct costs and expenses of rentals, including common usage and service area charges:

	Notes	2018	2017
Utilities	14	**P 81,266,864**	P 53,414,966
Depreciation		**74,827,205**	50,025,926
Outside services		**30,404,913**	20,604,664
Real property tax		**18,216,977**	16,593,001
Repairs and maintenance		**12,196,646**	6,716,234
Office supplies		**5,627,541**	2,828,879
	21	**P 222,540,146**	P 150,183,670

20. OTHER INCOME (CHARGES)

Presented below are the details of Other Income (Charges).

20.1 Finance Costs

	Note	2018	2017
Interest expense on:			
Bank loans	16	**P 44,580,858**	P 49,372,079
Others		**1,924,823**	212,248
		P 46,505,681	P 49,584,327

20.2 Finance Income

	Notes	2018	2017
Interest income from:			
Receivables from sale of condominium units	9	**P 18,678,251**	P 5,883,045
Cash and cash equivalents	7	**8,356,233**	2,880,698
Foreign currency gains		**3,686,136**	484,447
		P 30,720,620	P 9,248,190

20.3 Other Income

	2018	2017
Income from rendering of administrative and other services	**P 10,800,000**	P 10,800,000
Income from equipment rental	**1,669,319**	2,892,826
Others	**942,168,685**	6,562,629
	P 954,638,004	P 20,255,455

In January 2018, prior to the termination of the JV Agreements discussed in Note 12.2, the Parent Company, together with the Ultimate Parent Company entered into a Memorandum of Agreement with a third party whereby the Parent Company and the Ultimate Parent Company transfer their rights provided for under the JV Agreements, including giving their consent in favor of the third party to be able to buy from ADI certain parcels of land contributed to the joint arrangement. Subject to certain terms and conditions governing the transfer of such rights to the third party, the Parent Company is entitled to consideration totaling P2,050.0 million over two years, of which a non-refundable portion amounting to P900.0 million was received by the Parent Company during the nine months ended September 30, 2018, included as part of Others above.

21. OPERATING EXPENSES BY NATURE

The details of operating expenses by nature are shown below.

	Notes	**2018**	2017
Cost of sale of condominium units	9	**P 114,866,187**	P 152,295,337
Depreciation and amortization	13,14	**91,293,051**	65,014,244
Utilities		**87,175,735**	58,480,806
Taxes and licenses		**78,045,296**	66,662,289
Salaries and employee benefits		**70,309,997**	68,710,929
Deferred gross profit on sale of condominium units	9	**39,304,200**	51,671,052
Construction materials and spare parts		**36,635,299**	53,921,621
Outside services		**33,488,555**	24,294,594
Commission		**25,943,823**	36,378,435
Subcontract		**22,768,257**	23,674,813
Professional fees		**22,700,424**	67,503,632
Association dues		**19,745,789**	26,410,265
Repairs and maintenance		**16,161,689**	10,221,465
Representation and entertainment		**11,900,066**	5,534,109
Office supplies		**10,717,290**	7,467,288
Transportation and travel		**5,436,344**	2,709,132
Bond and insurance		**3,257,920**	2,818,351
Corporate affairs		**2,920,073**	661,205
Cost of sale of land	10	**40,078**	141,520,283
Others		**43,091,972**	17,790,352
		P 735,802,045	P 883,640,202

These expenses are classified in the condensed consolidated statements of comprehensive income as follows:

	Notes	2018	2017
Cost of rentals	19.2	**P 222,540,146**	P 150,183,670
Cost of sale of land	10	**40,078**	141,520,283
Cost of construction contracts	19.1	**66,278,616**	87,867,066
Sale of condominium units:			
Cost of sales	9	**114,866,187**	152,295,337
Deferred gross profit	9	**39,304,200**	51,671,052
General and administrative expenses		**285,249,928**	297,441,833
Selling expenses		**7,522,890**	2,660,961
		P 735,802,045	P 883,640,202

The details of general and administrative expenses are shown below.

	Notes	2018	2017
Salaries and employee benefits		**P 68,722,724**	P 61,857,730
Taxes and licenses		**59,828,319**	50,069,287
Commission		**25,943,823**	36,278,435
Professional fees		**22,700,424**	67,503,632
Association dues		**19,745,789**	26,410,265
Depreciation and amortization	13, 14	**12,363,753**	11,570,885
Representation and entertainment		**11,900,066**	5,534,109
Transportation and travel		**5,436,344**	2,709,132
Office supplies		**5,089,748**	4,638,410
Utilities		**4,723,476**	5,065,840
Repairs and maintenance		**3,965,044**	3,505,231
Bond and insurance		**3,257,920**	2,818,351
Outside services		**3,083,642**	3,689,931
Corporate affairs		**2,920,073**	661,205
Others		**35,568,783**	15,129,390
		P 285,249,928	P 297,441,833

22. RELATED PARTY TRANSACTIONS

The Group's related parties include its Ultimate Parent Company, associates, joint ventures, related parties under common ownership and management, stockholders and key management personnel as described below.

The summary of the Group's significant transactions in 2018 and 2017 with its related parties and the outstanding balances as of September 30, 2018 and December 31, 2017 are presented below.

Related Party Category	Note	Outstanding Balances September 30, 2018 (Unaudited)	Outstanding Balances December 31, 2017 (Audited)	Amount of Transactions 2018	Amount of Transactions 2017
Ultimate parent company:					
Cash advances granted	22.1	**P 416,863,775**	P 400,425,054	**P 16,438,721**	P 380,708,845
Installment Payable		**(4,604,167,018)**	(4,644,167,018)	**(40,000,000)**	-
Purchase of parcels of land		**322,930,400**	478,140,000	**(155,209,600)**	-
Associates:					
Cash advances granted	22.1	**7,081,944**	6,782,580	**299,364**	320,257
Rentals		**-**	-	**55,405**	97,090
Joint ventures:					
Cash advances granted	22.1	**95,999,729**	95,503,565	**496,164**	317,640
Construction contracts		**28,912,993**	28,912,993	**-**	-
Related parties under common ownership and management:					
Cash advances granted (collected)	22.1	**175,320,895**	172,271,510	**3,049,385**	(375,160,772)
Cash advances paid (obtained)	22.2	**(24,606)**	(428,838)	**404,232**	8,960,439
Association dues		**27,782,249**	10,017,642	**20,244,900**	18,330,837
Contracts of services		**-**	-	**20,456,100**	15,575,500
Other income		**-**	-	**10,800,000**	10,800,000
Rentals		**-**	-	**115,795**	194,180
Stockholders:					
Cash advances granted (collected)	22.1	**181,797,776**	159,319,974	**22,477,802**	(86,764,361)
Cash advances paid (obtained)	22.2	**(10,065,880)**	(11,461,396)	**1,395,516**	(1,219,082)
Key management personnel – Compensation		**-**	-	**36,612,190**	33,984,574

22.1 Advances to Related Parties

In the normal course of business, the Group grants unsecured and noninterest-bearing cash advances to related parties for working capital requirements and other purposes.

The carrying amount of the account is broken down as follows:

	Note	**September 30, 2018 (Unaudited)**	December 31, 2017 (Audited)
Current	8	**P 756,324,359**	P 714,770,208
Non-current	12	**120,739,760**	119,532,475
		P 877,064,119	P 834,302,683

The current portion of advances to related parties is broken down as follows:

	September 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Ultimate parent company	**P 400,615,985**	P 384,486,679
Related parties under common ownership and management	**173,522,569**	170,659,809
Stockholders	**181,797,776**	159,019,974
Associates	**388,029**	603,746
	P 756,324,359	P 714,770,208

The non-current advances to related parties consist of advances to:

	September 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Joint ventures	**P 95,999,729**	P 95,503,565
Ultimate parent company	**16,247,790**	15,938,375
Associates	**6,693,915**	6,178,834
Related parties under common ownership and management	**1,798,326**	1,611,701
Stockholders	**-**	300,000
	P 120,739,760	P 119,532,475

22.2 Advances from Related Parties and Due to Ultimate Parent Company

The Group also obtains cash advances from other related parties to assist its daily operational and other requirements. The foregoing balances are broken down as follows:

	September 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Current	**P 310,685,486**	P 312,485,234
Non-current	**4,303,572,018**	4,343,572,018
	P 4,614,257,504	P 4,656,057,252

Advances from and due to related parties consist of:

	September 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Ultimate parent company	**P 4,604,167,018**	P 4,644,167,018
Stockholders	**10,065,880**	11,461,396
Related party under common ownership and management	**24,606**	428,838
	P 4,614,257,504	P 4,656,057,252

23. EARNINGS PER SHARE

Basic and diluted earnings per share were computed as follows:

	2018 (Unaudited)	2017 (Unaudited)
Net profit attributable to the equity holders of the Parent Company	**P 1,494,503,425**	P 1,441,839,136
Divided by weighted average number of outstanding common shares*	**3,056,277,650**	2,716,691,200
Basic and diluted earnings per share	**P 0.49**	P 0.53

*The Group has no potential dilutive common shares as of September 30, 2018 and December 31, 2017.

24. CAPITAL STOCK

The Parent Company's capital stock consists of:

	Shares		Amount	
	September 30, 2018 (Unaudited)	December 31, 2017 (Audited)	**September 30, 2018 (Unaudited)**	December 31, 2017 (Audited)
Common shares – P1.00 par value				
Authorized – 4,000.0 million shares				
Issued and outstanding:				
Balance at beginning of period	**2,716,691,200**	1,716,691,200	**P 2,716,691,200**	P 1,716,691,200
Subscription during the period	**100**	-	**100**	-
Issuances during the period	**679,172,800**	-	**679,172,800**	-
Stock dividends declared	-	1,000,000,000	**-**	1,000,000,000
Balance at end of period	**3,395,864,100**	2,716,691,200	**P 3,395,864,100**	P 2,716,691,200

In their respective meetings on January 20, 2017, the Company's BOD and stockholders approved the declaration of stock dividends representing 1,000,000,000 common shares or equivalent to P1,000.0 million.

24.1 Additional Paid-in Capital

On June 29, 2018, the Company listed 679,172,800 common shares in the PSE at an offer price of P12 per share. Proceeds from the IPO amounted to P8,150.1 million. As of September 30, 2018, the Company incurred transaction costs incidental to the initial public offering (IPO) amounting to P533.0 million which was subsequently charged against additional paid-in capital.

As of September 30, 2018 and December 31, 2017, the Parent Company has 10 and 13 stockholders, owning 100 or more shares each of the Parent Company's capital stock, respectively.

25. COMMITMENTS AND CONTINGENCIES

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

25.1 Operating Leases – Group as a Lessor

The Group is a lessor under operating leases covering certain real estate properties presented in the consolidated statements of financial position as Investment Properties. The lease agreements have a term of one year, subject to annual renewal and monthly payment of minimum rental plus additional rental based on certain percentage of the lessee's gross sales. Lease agreements with large tenants have terms ranging from five to 45 years with monthly rental payment on certain rate per square meter of leased area subject to annual escalation rates of 5.00% to 10.00% per annum.

The future minimum lease collections under these operating leases as of the end of the reporting period is as follows:

	September 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Within one year	**P 1,065,647,938**	P 678,351,396
After one year but not more than five years	**4,146,109,628**	2,659,730,237
More than five years	**32,792,232,898**	32,772,787,185
	P38,003,990,464	P 36,110,868,818

25.2 Legal Claims

There are pending claims and legal actions filed by the Group or against the Group arising from the normal course of its business. Management believes that the ultimate liability, if any, with respect to such litigations, claims and disputes will not materially affect the financial position and results of operations of the Group.

25.3 Deficiency Tax Assessments

The Group has certain final deficiency tax assessment and has received letters of authority from the Bureau of Internal Revenue (BIR), pursuant to which the BIR has sought to investigate certain tax periods of the Group and consequently examine certain books, records and accounts that relate to transactions in the ordinary course of business. There are final deficiency tax assessments in the ordinary course of business against the Parent Company that are pending with the BIR covering taxable years 2013 and 2009. Pursuant to the Group's policy of addressing such actions in line with prudent business practice, the Group has engaged tax counsels and advisors in relation to these matters.

As of September 30, 2018, the final deficiency tax assessments are still under protest. Management believes that the Group has enough basis in law, Supreme Court and Court of Tax Appeals decisions, and evidence to support their claim; hence, no provisions were recognized in the consolidated financial statements.

25.4 Reclaimed Land and Others

The Group's existing land holdings in Aseana City, which were obtained pursuant to certain series of agreements involving reclamation and related projects with the Philippine Government, are entirely located on reclaimed foreshore land. Although the Group holds registered titles to these land holdings, Philippine law provides that issuance of titles does not create or vest title, but only constitutes evidence of ownership over such properties. In view of this, the Group's ownership, registration, and possession of titles and actual possession of these land holdings do not negate the possibility that the Philippine Government or third parties may at any time, file lawsuits to challenge the Group's rights to these land holdings. While the Philippine Reclamation Authority (PRA) and the Philippine Office of the Government Corporate Counsel (OGCC) are of the opinion that the Group's titles can no longer be invalidated, there is no assurance that the Philippine Government or third parties will not challenge the Group's rights to such reclaimed lands in the future. Notwithstanding the foregoing, the Group is not aware of the validity of the Group's titles being questioned, impugned, challenged or invalidated by the Philippine Government or any other third party since the time the Group acquired ownership over these land holdings in Aseana City and up to the audit report date. In addition to the opinions of the PRA and OGCC, management believes that the Group has enough basis in law and in the decisions of the relevant courts, to support the validity of its titles and ownership over these subject properties.

There are other commitments, litigations and contingencies that arise in the normal course of the Group's operations which are not reflected in the consolidated financial statements. As of September 30, 2018, management is of the opinion that losses, if any, from these commitments and contingencies will not have material effects on the Group's consolidated financial statements.

26. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Group's capital management objectives are to ensure that the Group maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it, in the light of changes in economic conditions primarily those current and expected future events that affect or likely to affect the real estate and leasing sector. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, pay-off existing debts, return capital to shareholders or issue new shares.

The Group monitors its capital gearing by measuring the ratio of loans and borrowings to total capital and net loans and borrowings to total capital. Loans include all short-term and long-term borrowings while net interest-bearing loans include all short-term and long-term loans net of cash and cash equivalents.

As of September 30, 2018 and December 31, 2017, the Group's ratios of net interest-bearing loans to total capital are as follows:

	September 30, 2018 (Unaudited)	December 31, 2017 (Audited)
Total loans and borrowings	**P 2,143,027,897**	P 2,476,902,945
Less: Cash and cash equivalents	**(9,032,907,020)**	(1,431,417,365)
Net loans and borrowings (a)	**(6,889,879,123)**	1,045,485,580
Total equity	**19,378,340,402**	10,256,894,489
Net loans and borrowings and equity (b)	**12,488,461,279**	11,302,380,069
Gearing ratio (a/b)	**(55%)**	9%

D.M. WENCESLAO & ASSOCIATES, INCORPORATED AND SUBSIDIARIES
Schedule of Financial Indicators
As required under SRC Rule 68, as amended
For the Period Ended September 30, 2018 and 2017
(Amounts in Philippine Pesos)

		September 30, 2018	September 30, 2017
I.	**Current/liquidity ratios**		
	a. Current Ratio Total Current Assets / Total Current Liabilities	**3.13**	**1.77**
	b. Quick Ratio [Cash and Cash Equivalents + Receivables - net] / Total Current Liabilities	**2.27**	**0.94**
II.	**Solvency ratios**		
	a. Solvency Ratio (Annualized) Earnings Before Interest and Taxes / Total Liabilities	**15%**	**11%**
	b. Debt Ratio Total Loans and Borrowings / Total Assets	**6%**	**9%**
	c. Debt-to-Equity Ratio Total Loans and Borrowings / Total Equity Attributable to Owners of Parent Company	**11%**	**27%**
III.	**Asset-to-equity ratio**		
	Total Assets / Total Equity Attributable to Owners of Parent Company	**2.04**	**3.03**
IV.	**Interest Coverage Ratio**		
	Earnings Before Interest and Taxes / Interest Costs*	**43.8**	**39.2**
V.	**Profitability Ratios**		
	a. Net Profit Margin Net profit Attributable to Owners of the Parent Company / Revenues	**84%**	**57%**
	b. Gross Profit Margin Gross Profit / Revenues	**75.0%**	**77.0%**
	c. Return on Equity (Annualized) Net profit Attributable to Owners of the Parent Company / Average Equity Attributable to Owners of the Parent Company	**14.9%**	**18.0%**
	d. Return on Assets (Annualized) Net profit Attributable to Owners of the Parent Company / Average Total Assets	**9.2%**	**6.0%**
	e. Recurring income Rental revenue / Total revenue	**83.1%**	**44.4%**

D. M. WENCESLAO & ASSOCIATES, INCORPORATED
3rd Floor, Aseana Powerstation Building
D. Macapagal Blvd. cor. Bradco Ave., Aseana City, Paranaque City

Reconciliation of Retained Earnings Available for Dividend Declaration
As of September 30, 2018

Unappropriated Retained Earnings Available for Dividend Declaration at Beginning of Year	P 4,408,212,490
Prior Year's Outstanding Reconciling Items	
Rent income based on Philippine Accounting Standard (PAS) 17, *Leases*	(2,298,453,530)
Gain on exchange of parcels of land for shares of stock	(1,015,991,664)
Deferred tax income from deferred tax assets	(248,706,789)
Revaluation increment on land	(19,047,893)
Unrealized gross profit on real estate sale	(12,305,670)
Deferred gain on sale of land	(8,901,800)
Unrealized foreign currency gains	(912,823)
	(3,604,320,169)
Unappropriated Retained Earnings Available for Dividend Declaration at Beginning of Year, as Adjusted	803,892,321
Net Profit Realized During the Year	
Net profit per audited financial statements	1,209,531,459
Non-actual/unrealized income	
Rent income based on PAS 17	(427,508,844)
	782,022,615
Unappropriated Retained Earnings Available for Dividend Declaration at End of Period	**P 1,585,914,936**

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION AND RESULTS OF OPERATIONS

DMW's Net Income Grew by 4% to P1,495 million in nine months ended September 30, 2018

Financial and Operational Highlights
(In Millions Pesos, except for financial ratios and percentages)

	Nine months ended September 30 (UNAUDITED)				
	2018	% to Revenues	2017	% to Revenues	% Change
Profit & Loss Data					
Revenues	1,780	100%	2,537	100%	(30%)
Cost of services and sales	443	25%	583	23%	(24%)
Gross profit	1,337	75%	1,954	77%	(32%)
Operating expenses	293	16%	300	12%	(4%)
Other income (net)	944	53%	239	9%	284%
Net income attributable to owners of the Parent company	1,495	84%	1,441	57%	4%

	Sept 30 2018 (UNAUDITED)	% to Total Assets	Dec 31 2017 (AUDITED)	% to Total Assets	% Change
Balance Sheet Data					
Total Assets	38,090	100%	29,051	100%	31%
Total Liabilities	18,712	49%	18,794	65%	0%
Total Equity attributable to owners of the Parent company	18,710	49%	9,598	35%	94%

	As of the period ended	
Other Key Financial Ratios	September 30, 2018	December 31, 2017
Current Ratio	3.13	1.55
Debt to Equity	11%	26%
Return on Equity	15%	18%
Asset to Equity	2.04	3.03
Recurring Income Contribution	83%	50%

	As of the period ended	
Key Operating Data	September 30, 2018	December 31, 2017
Total leased land area (sq.m.)	155,418	150,521
Total leasable floor area (sq.m.)	89,914	59,000
Total occupancy rate (leased buildings) (%)	99.0%	94.1%

Revenue

Total consolidated revenue decreased by P757 million, or 30%, from P2,537 million for the nine months ended September 30, 2017 to P1,780 million for the same period in 2018, primarily due to the following:

Rentals

Our total rental revenue increased by P353 million, or 31%, from P1,126 million for the nine months ended September 30, 2017 to P1,479 million for the same period of 2018.

- Rentals of Land. Rentals of land increased by P37 million, or 5% from P685 million in 2017 to P722 in 2018. The increase was primarily attributable to the addition of Prestige Bay Development Corporation as a lessee commencing in March 2018, with a leased land area of 4,897.0 sq.m. Our total leased land area increased from 150,521 sq.m. as of September 30, 2017 to 155,418 sq.m. as of September 30, 2018.

- Rentals of Building. Rentals of building increased by P229 million, or 70%, from P329 million in 2017 to P558 million in 2018. The increase was primarily attributable to the effect of the completion and recognition of rentals from Aseana Three starting January 2018. As of September 30, 2017, Aseana Three is not yet completed and no rental revenue has yet been recognized. Our total leased floor area increased from 59,000 sq.m. as of September 30, 2017 to 89,914 sq.m. as of September 30, 2018.

- Other revenue. Other revenue increased by P87 million, or 77%, from P112 million in 2017 to P199 million in 2018. The increase was primarily attributable to the effect of occupancy in Aseana Three, which contributed to an increase in CUSA fees payments received from our tenants.

Land Sales

In order to support its expansion and finance the development of its pipeline projects, the Company usually sells certain lots in Aseana City as part of its financing strategy. As of September 2018, the Parent Company received P900 million as Other income (see discussion on Other income) which resulted in the Parent Company not needing to sell lots in Aseana City to support the Group's development projects. Hence, no sale of land in Aseana City was transacted for the nine months ended September 30, 2018. Sale of lots in Aseana City amounted to P1,088 million for the same period in 2017.

Sale of Condominium Units

The revenue from sale of condominium units decreased by P28 million in 2018. This decrease was attributable primarily due to decrease in the number of units that are qualified for revenue recognition in 2018 compared to units for the same period in 2017. Furthermore, increase in realized gross profit on prior year's sale amounting to P9 million was recognized during the year as a result of increase in percentage of completion.

Cost of Services and Sales

Our consolidated cost of services and sales decreased by P141 million, or 24%, from P584 million for the nine months ended September 30, 2017 to P443 million for the same period in 2018 due primarily to the following:

Rentals

Costs of rentals increased by P72 million, or 38%, from P150 million in 2017 to P222 million in 2018. In January 2018, Aseana Three was completed and was already occupied by certain tenants. The increase in cost was due primarily to the increase in utilities of P28 million, increase in depreciation expense of P27 million, increase in outside services of P9 million, increase in repairs and maintenance of P5 million and increase in other material and supplies of P3 million.

Land Sales

Costs of land sales decreased by P141 million, or 100%, from P141 million in 2017 to nil in 2018. As discussed in a previous paragraph, there is no land sale in Aseana City for the nine months ended September 30, 2018.

Operating expenses

Operating expenses decreased by P7 million, or 2%, from P300 million in 2017 to P293 million in 2018. The decrease was attributable primarily to the legal costs incurred in prior year.

Other Income

Other income increased by P705 million, or 295% from P239 million (net of charges) for the nine months ended September 30, 2017 to P944 million (net of charges) for the same period in 2018 primarily due to the following:

Gain on Sale of Investment Property

Gain on sale of investment property decreased by P258 million, or 100%, from P258 million in 2017 to nil in 2018. In 2017, sale of certain investment properties in Aseana City amounted to P401 million which resulted in the gain on sale of investment property of P258 million.

Finance Income

Finance income increased by P22 million, or 244%, from P9 million in 2017 to P31 million in 2018. The increase was attributable primarily to the recognition of interest income from real estate sales, taking into account the effective interest yield on real estate receivables.

Other Income

Other Income increased by P934 million, or 4,670%, from P20 million in 2017 to P954 million in 2018. The increase was due primarily to the non-refundable consideration received in relation to the Company's giving of its consent in favor of a third party to be able to buy from another party certain parcels of land contributed to a joint arrangement (see note 20 to the condensed consolidated financial statements). Subject to certain terms and conditions governing the transfer of such rights to the third party, the Company is entitled to consideration totaling P2,050.0 million over two years, of which a non-refundable portion amounting to P900.0 million was received by the Company for the nine months ended September 30, 2018.

Net Profit

Net profit attributable to parent company increased by P53 million, or 4%, from P1,442 million in 2017 to P1,495 million in 2018.

Balance Sheet Accounts

Total Assets

The Company's total assets increased by P9,039 million, or 31%, from P29,051 million as of December 31, 2017 to P 38,090 million as of September 30, 2018 due to the following:

Cash and cash equivalents increased by P7,602 million, or 531%, from P1,431 million to P9,033 million as of December 31, 2017 and September 30, 2018, respectively, primarily due to the proceeds from the initial public offering.

Receivables increased by P1,116 million, or 26%, from P4,248 million to P5,364 million as of December 31, 2017 and September 30, 2018, respectively, primarily due to the recognition of rental receivable based on PAS17 and recognition of additional contracts from sale of condominium units.

Property development costs increased by P79 million, or 13%, from P593 million to P672 million as of December 31, 2017 and September 30, 2018, respectively, primarily due to the cost incurred in constructing Pixel Residences.

Total Liabilities

Total liabilities decreased by P82 million, or 0.4%, from P18,794 million to P18,712 million from December 31, 2017 to September 30, 2018, respectively, due to the following:

Loans and borrowings decreased by P334 million, or 14%, from P2,477 million to P2,143 million as of December 31, 2017 and September 30, 2018, respectively, due to payment of maturing loans.

Trade and other payables increased by P21 million, or 12%, from P1,093 million to P1,114 million as of December 31, 2017 and September 30, 2018, respectively, primarily due to payables to contractors and suppliers and output VAT payable.

Deposits and advances increased by P98 million, or 9%, from P1,115 million to P1,213 million as of December 31, 2017 and September 30, 2018, respectively, mainly due to advance rental and security deposit received from tenants related to new office building.

Current Estimated liability for land and land development costs decreased by P104 million, or 18%, from P571 million to P467 million as of December 31, 2017 and September 30, 2018, respectively, due to costs incurred in developing the Aseana City in accordance with the master plan.

Reserve for property development costs increased by P65 million, or 45%, from P144 million to P209 million as of December 31, 2017 and September 30, 2018, respectively, mainly due to cash collections from the sale of condominium units.

Deferred tax liabilities increased by P181 million, or 31%, from P589 million to P770 million as of December 31, 2017 and September 30, 2018, respectively, due to recognition of income taxes related to deferred rental income.

Total Equity

Total equity increased by P9,112, or 94.9%, from P9,598 million to P18,710 million as of December 31, 2017 and September 30, 2018, respectively, primarily due to the following:

Capital stock increased by 25% due to the listing of the Company's shares on June 29, 2018.

Additional paid-in capital increased by P6,938 million, or 100% as of September 30, 2018 mainly due to recognition of proceeds net of par value of listed shares and transaction costs incidental to the offering.

Other Key Financial Ratios

The Company's key performance indicators are measured in terms of the following: (a) Current ratio which determines the liquidity of the Company (b) Debt to equity which determines the Company's financial leverage (c) Return on equity which measures the profitability to capital provided by stockholders (d) net income ratio which measures the ratio of net profit to total gross revenue (e) recurring income contribution.

Current ratio increased to 3.13 from 1.55 as of September 30, 2018 and December 31, 2017, respectively, mainly due to the proceeds from the listing of the Company's shares.

Debt to equity ratio decreased to 11% from 26% as of September 30, 2018 and December 31, 2017, respectively, due to payment of maturing loans and the increase in equity due to the listing of shares.

Return on equity decreased to 15% from 18% as of September 30, 2018 and December 31, 2017, respectively, as a result of increase in equity.

Net income margin increased to 84% for the nine months ended September 30, 2018 from 57% for the same period in 2017 mainly due to the increase in other income as discussed in a previous paragraph.

The Company has no known direct or contingent financial obligation that is material to the Company, including any default acceleration of an obligation. There were no contingent liabilities or assets in the Company's balance sheet. The Company has no off-balance sheet transactions, arrangements, obligations during the reporting year as of balance sheet date.

Key Operating Data

In 2018, the Company's fifth self-developed office building was completed and contributed an additional leasable gross floor area of 30,914 sq.m., or an increase by 52%, from 59,000 sq.m to 89,914 sq.m. The overall occupancy rate of existing building is at 100% up from 94% at the end of the previous quarter. Average occupancy rate of total commercial buildings as of the period ended is 100%. Leased land area increased by 4,897 sq.m., or 3% from 150,521 sq.m. to 155,418 sq.m.

Pipeline projects that are on its construction, planning and pre-selling stage are 8912 Asean Ave. (formerly known as Aseana Four), Parqal (formerly known as Aseana Mainstreet) and MidPark Towers (formerly known as Parkside Place), respectively.

8912 Asean Ave is a 15-story office building and currently the Company's largest office project to date with a total gross leasable area of approximately 68,000 sq.m. The project stretches 120 meters along Aseana Ave. with convenient access to retail options at the Ayala Malls Bay Area, connected through an elevated walkway. Among its key features are 100% back-up power, Variable Refrigerant Flow (VRF) Air-conditioning, high allowances and redundancies of utilities per square meter, double-glazed curtain wall and space planning flexibility.

Commercial retail spaces are located on the first level while offices are located starting on the fifth floor and above. It is expected to attract traditional corporate offices and Business Process Outsourcing (BPO) companies.

Parqal is a mixed-use project with office and retail spaces that stretches from Diokno Ave. to Macapagal Ave. It features a climate protected, walkable mixed-use development with 50% retail component.

MidPark Towers features multiple indoor and outdoor gathering spaces, immediate neighborhood amenities and locational advantages to airports and lifestyle options. It reflects modern architecture built in minimalist leanings against a full glass façade overlooking Aseana City's greenway—a pedestrian park and promenade.

MidPark Towers is bordered by two main avenues—Aseana Avenue and Macapagal Boulevard, a major thoroughfare parallel to Roxas Boulevard. The property is in front of Parqal, a low-rise mixed-use main street concept adjacent to a greenway, and within walking distance from Ayala Malls Bay Area and the planned Light Rail Transit (LRT) Aseana station. All of these projects are situated within two to five kilometers from all terminals of Ninoy Aquino International Airport (NAIA) and the newly completed Paranaque Integrated Terminal Exchange (formerly known as Southwest Integrated Bus Terminal Exchange).

Project and Capital Expenditure

Total capital expenditures for the first nine months of 2018 amounted to P917 million. Of the total capital expenditure, 88% pertains to development projects, 8% pertains to the development of Aseana City and 4% pertains to purchase of construction and transportation equipment.

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: **D.M. WENCESLAO & ASSOCIATES, INC.**

By:

DELFIN ANGELO C. WENCESLAO
Chief Executive Officer

ATTY. HEHERSON M. ASIDDAO
Chief Finance Officer

Date: November 13, 2018