COVER SHEET

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S.E.C. Registration Number

8 9 9 0 H O L D I N G S , I N C .

(Company's Full Name)

1 1 F L I B E R T Y C E N T E R, 1 0 4 H V D E L A
C O S T A, S A L C E D O V I L L A G E, M A K A T I

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

Teresa C. Secuya
Compliance Officer
Contact Person/s

(632) 4789659/5333915/5333917
Company Telephone Number

1	2		3	1
Month			Day	

Calendar Year

SEC Form 17-A
December 31, 2014
FORM TYPE

0	7		2	9
Month			Day	

Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

26	24	2
Total No. of Stockholders	Domestic	Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

**ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES**

- For the fiscal year ended **December 31, 2014 (Full Year)**
- Commission identification number. **CS 2005 11 816**
- BIR Tax Identification No **239-508-223-000**
- Exact name of issuer as specified in its charter **8990 HOLDINGS, INC.**
- Province, country or other jurisdiction of in Company or organization : **Metro Manila, Philippines**
- Industry Classification Cod[ ] (SEC Use Only)
- **11F Liberty Center, 104 HV Dela Costa, Salcedo Village, Makati City, 1200 Philippines**
  Address of issuer's principal office Postal Code
- Issuer's telephone number, including area code **(632) 4789659/5333915/5333917**
- Former name, former address and former fiscal year, if changed since last report **N/A**
- Securities registered pursuant to Sections 8 and 12 of the SRC, or Sections 4 and 8 of the RSA

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
Common	**5,517,990,720**

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

  Yes [√] No [ ]

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

  Name of Stock Exchange: **Philippine Stock Exchange**
  Class of Securities Listed: **Common Shares**

- Indicate by check mark whether the registrant:

  (a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the

Company Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)

Yes [√] No [ ]

(b) has been subject to such filing requirements for the past ninety (90) days.
Yes [√] No [ ]

- State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within sixty (60) days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form. (See definition of "affiliate" in "Annex B").

The aggregate market value of the voting stock held by non-affiliates of the Company as of December 29, 2014, the last trading day for the year is Php9,964,483,980.24 (1,399,506,177 shares @ Php7.12/share).

APPLICABLE ONLY TO ISSUER INVOLVED IN INSOLVENCY/SUSPENSION OF PAYMENTS PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

- Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

Yes [ ] No [ ] (N/A)

DOCUMENTS INCORPORATED BY REFERENCE

- If any of the following documents are incorporated by reference, briefly describe them and identify the part of SEC Form 17-A into which the documents is incorporated:

(a) Any annual report to security holders; **(N/A)**

(b) Any information statement filed pursuant to SRC Rule; **(N/A)**

(c) Any prospectus filed pursuant to SRC Rule 8.1. **(N/A)**

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PART I – BUSINESS AND GENERAL INFORMATION

Item 1. Business

Business Development

8990 Holdings, Inc. ("The Company") is the largest mass housing developer in the Philippines in terms of units licensed under BP 220 from 2011 to 2013, according to Housing and Land Use Regulatory Board (HLURB). The principal owners began development of their first horizontal mass housing project in 1991 in Cagayan de Oro, and have since expanded into other high-growth areas across the Philippines, such as Davao, Iloilo, Pampanga and Cavite. Banking on over eighty (80) years of collective experience in the Philippine property development industry of its principals, The Company has built a reputation of providing quality and affordable homes to consumers in the fast-growing Philippine mass housing market. The Company's DECA Homes and Urban DECA Homes brands undoubtedly gain a strong reputation in the market, resulting in The Company garnering numerous awards including Q Asia Magazine's Best Housing Developer for 2012-2013. As of December 31, 2014, the Company has completed twenty four (24) mass housing projects, and is currently developing eleven (11) more mass housing projects. The Company's completed and on-going development projects consists approximately thirty thousand (30,000) housing units, to date.

The Company believes that its industry experience has equipped it with the ability to understand the demands, needs, preferences, means and circumstances of consumers in the Philippine mass housing market. The Company offers an affordable pricing and payment model, and has developed its CTS Gold in-house financing program to cater to mass housing market Filipino consumers who do not have the accumulated savings to pay high down payments for homes, but have sufficient recurring income to support monthly amortization payments. Under this program, customers only pay a minimal down payment and can quickly move into their chosen homes. The Company retains ownership of such homes until full payment is made by the customer. The CTS Gold program is further strengthened by the Company's strong relationship with PAG-IBIG, the primary Government agency providing housing financial assistance to Filipinos through the long-established PAG-IBIG loan program. The Company has structured the CTS Gold program, in particular the CTS Gold Convertible product, such that the requirements for such product generally mirror the requirements to avail a PAG-IBIG home loan. This essentially ensures the take-up by PAG-IBIG of such loans upon application by customers, converting receivables of the Company into cash and lessening the financing and other risks appurtenant to potential buyer defaults.

Consistent with the Company's thrust of providing quality and affordable housing units to its customers, the Company also introduced a pre-cast construction process, which enables it to construct complete residences ready for move-in much faster than under the conventional concrete cinder block method. Through this process, the Company is able to construct townhouses and single-storey attached units in just eight (8) to ten (10) days, with an additional five (5) days for single-storey houses with lofts. The use of this process allows the Company to realize significant cost savings and enables it to turn over units to its customers in a fast and efficient way.

In addition to horizontal mass housing subdivision projects, the Company also develops medium-rise building ("MRB") condominium projects. The Company began development of its first MRB mass housing project in Cebu in 2008, and plans to develop similar MRB projects in Metro Manila and other urban areas.

In 2013 and 2014, the Company recorded consolidated revenues from sales of PhP5,433.1 million and PhP7,792.4 million, respectively, with resulting net income of PhP2,183.7 million and PhP3,309.1 million, respectively.

Competitive Strengths

The Company considers the following to be its principal competitive strengths:
Favorable market and industry demographics of the Mass Housing sector.

The Company believes that the Mass Housing sector has shown favorable market demographics in recent years and will continue to do so in the medium- to long-term. Consistent with steadily expanding GDP and rising consumption and spending domestically, the Company believes that the growing Philippine workforce is primarily comprised of young individuals with regular cash flows, which will drive continued expansion and growth in the Philippine housing sector. According to HLURB, from 2001 to 2011, a total of 1,263,924 Mass Housing units were built; during this same period, however, the backlog for new Mass Housing units was approximately 3,087,520 units. In addition, according to the SHDA/CRC Report (based on data from HLURB, HUDCC, United Nations World Population Prospects and the National Statistics Office of the Philippines), by 2030 the total housing need in the Philippines is expected to increase to approximately 6.3 million units, largely driven by the demand for Mass Housing units at approximately 4.8 million units.

The Company believes that it is squarely positioned to capitalize on the existing housing need and growing demand for Mass Housing in the Philippines. This is borne out by the Company's attractive business model of quick construction and roll-out of quality finished houses with affordable monthly amortizations. The Company typically rolls out its horizontal housing developments in phases of up to 200 houses, with a typical phase being completely rolled out after around two months from start of construction. While construction is ongoing, the Company also simultaneously conducts its marketing and sales campaigns, including reservation and processing of homebuyer applications. Given that the Company is serving a need-based market segment within which there is significant demand for housing supply, a substantial number of units are pre-sold prior to completion of construction. This has resulted in strong sales growth recorded by the Company in recent years.

Leading Mass Housing developer with established track record and brands for the underserved Mass Housing segment.

The Company is the largest Mass Housing developer in the Philippines in terms of units licensed under B.P. 220 from 2011 to 2013, according to HLURB. In 2003, the Company launched its projects under the DECA Homes brand. As of March 31, 2015, the Company has completed 24 Mass Housing projects and is developing another nine Mass Housing and MRB projects. Across these 24 completed and ongoing projects, the Company has, since 2003, sold more than 28,000 units, with approximately 21,000 additional units available for development and sale from ongoing projects. As a result of this track record, the Company has built a reputation of providing quality and affordable homes to consumers in the fast-growing Philippine Mass Housing market, resulting in the Company garnering numerous awards such as Q Asia Magazine's Best Housing Developer for 2012 to 2013.

The Company believes that it is one of the few developers dedicated to serving the housing needs of the Mass Housing segment throughout the Philippines, with most of its direct competitors being smaller regional developers with limited geographical coverage. This has allowed the Company to build significant nationwide brand equity for its DECA Homes and Urban DECA Homes brands across its target market and also achieve economies of scale from its operations.

Customer-focused product and payment scheme best suited for the Mass Housing market, coupled with effective collection and risk management policies.

The Company believes that its industry experience has equipped it and its management with in-depth knowledge and understanding of the needs, preferences, means and constraints of the Mass Housing segment customer base. The Company continuously undertakes demographic analysis of its customer base, which helps in developing products and payment schemes that are in line with the needs and lifestyles of its target customers. The Company believes that sustainable affordability is critical in serving the Mass Housing segment. Accordingly, the Company tailors the house area, lot area and locations of its developments to deliver housing products where the monthly amortization payments are affordable for its target customers when compared to monthly rental payments for comparable housing units, hence allowing a smooth transition from home rental to ownership. Furthermore, the Company's innovative CTS Gold financing program typically requires a relatively small upfront payment (normally 2% of the purchase price of the unit, compared to approximately 10% to 20% equity down payment generally required by other developers). This allow home buyers to purchase and move into a house without material effect on their savings. Fast and efficient processing under the CTS Gold financing program, combined with the Company's pre-cast construction process, translates into the ability to deliver units to customers within a short time frame. This combination of market knowledge, technical expertise and customer understanding results in a compelling proposition for the Company's target Mass Housing segment, which is primarily driven by end-user demand.

To complement and support the CTS Gold financing program, the Company has developed a comprehensive collection platform comprising policies, structures, systems, organizations and mechanisms focused on collection efficiency and the mitigation of payment delinquency. The Company proactively approaches customer credit management, beginning at the point prior to actual sale by conducting in-house seminars/lectures covering key topics related to purchasing a housing unit such as documentary requirements, payment structure and credit and legal obligations connected with the housing unit purchase. The Company has also implemented a comprehensive credit verification process for all potential buyers looking to purchase housing units under the in-house CTS Gold program, which includes a rigorous and systematic documentation approval process. In addition, the Company is able to leverage on its previous experience as collection agent for Pag-IBIG in formulating and implementing highly effective collection processes, including discontinuing the supply of certain utilities to the unit and/or disallowing certain privileges with respect to use of the Company's facilities in the developments. This has resulted in the Company recording estimated collection efficiency rates, defined as amount collected out of current amount due, of over 93% since 2011, with an estimated efficiency rate of 93% in 2013 and 93% in 2014. Moreover, the Company believes that, in part as a result of its collection processes, of the customer accounts which become delinquent, approximately half become active again within three months of default. For the remaining half of the delinquencies that ultimately result in default, the Company is able to regain possession and typically resell the property in due time.

Market innovations with respect to construction processes, which translates into efficiencies and cost-savings.

The Company has continually invested in innovation to update its building processes and minimize wasted materials while at the same time maintaining the quality of its products and rapid completion of housing units. To this end, the Company has developed its own unique building system that makes use of a pre-cast construction process, enabling the Company to construct and complete housing units and MRBs in a cost- and time-efficient manner without compromising the quality and standards of the housing units being turned over to its customers. The utilization of this pre-cast construction process on-site, as opposed to traditional building methods, likewise results in significant cost reduction for the Company, particularly on labor costs. The Company believes that these factors help it to achieve and maintain healthy profit margins. Since pre-cast is manufactured in a controlled casting environment, it is easier to control the mix, placement, and curing; hence, quality can be monitored easily and wastage, typically a large cost for those still utilizing traditional construction methods, is significantly reduced. The Company sources cement from the largest cement manufacturers, which it then blends in-house, together with other additives in specific proportions, to create its proprietary concrete blend. This concrete mix has a faster curing time than standard concrete mixes, which allows for faster setting of pre-cast molds, resulting in panels that can withstand approximately four times as much pressure per square inch than traditional cinder block structures. For instance, the recent 7.2 magnitude earthquake, which affected Cebu and Bohol tested the structural strength and quality of the Company's projects in the area. The Company commissioned an independent structural engineer to inspect the units in its affected projects and the inspection indicated that there was only minor superficial damage and that the units remained structurally stable and fit for occupancy. Through the use of this process, the Company is able to construct townhouses and single attached units in just eight to 10 days with an additional five days for single-storey houses with lofts.

The Company continuously improves and refines this process and has mastered its efficient implementation in the field. This construction process is highly scalable and, as such, enables the Company's high levels of growth.

Strong relationships with key housing and shelter agencies.

The Company, through its Subsidiaries and Principals, has been recognized by key Government shelter agencies with respect to its success in the industry. In particular, the Company was recognized by HLURB as the developer with the most number of subdivision units licensed under B.P. 220 from 2011 to 2013. In addition, the accreditation of the Company's projects with the Board of Investment under the Investments Priorities Plan ("IPP") allows each accredited project to enjoy certain tax incentives.

These recognitions demonstrate that the Company has a good reputation and working relationship with key Government agencies that are essential to any success in the Mass Housing development industry. Pag-IBIG serves as the primary Government housing financial assistance program in the Philippines, with a statutory mandate to provide financial assistance for the housing requirements of its members and allot not less than 70% of its available funding for deployment of housing loans to qualified buyers. The Company closely coordinates with Pag-IBIG to increase the efficiency in Pag-IBIG's take-up of the Company's contracts-to-sell under its CTS Gold in-house financing scheme. The Company has also voluntarily submitted a proposal for it to be recognized as an authorized collection agent by Pag-IBIG for its home buyers, thus lessening the manpower needed by Pag-IBIG to follow up and keep accounts current.

Experienced management team with extensive expertise in Mass Housing development.

The Company prides itself in having an experienced management team under the leadership of Mr. Luis Yu, Jr. (Chairman Emeritus and Founder), Mr. Mariano Martinez, Jr. (Chairman of the Board) and Mr. Januario Jesus Gregorio III B. Atencio (President and CEO), who each have extensive experience and in-depth knowledge of the real estate business, particularly in the Mass Housing market, and span an aggregate of over 80 years in the industry. The three Principals believe that they have, between them, developed over 80 subdivisions and constructed over 70,000 housing units on an aggregate of over 850 hectares in major cities such as Cagayan de Oro, Cebu City, Davao City and Metro Manila. In addition, they have also developed, over the years, positive relationships with key market participants, including construction companies, regulatory agencies, local Government agencies and banks. Mr. Yu carries with him over 30 years of experience in the Mass Housing business. Mr. Martinez has over three decades of experience in the Mass Housing industry and was once the National President of the Subdivision and Housing Development Association ("SHDA"), the largest national organization of subdivision and housing developers in the Philippines with over 200 members. Mr. Atencio brings with him over two decades of experience in the development of Mass Housing projects across the country. Furthermore, he has also been the National President of the SHDA and currently serves on the Board of Governors of the SHDA and as a private sector representative to the Housing and Urban Development Coordinating Center, the highest policy making body for housing in the Government.

Key Strategies

The Company's overall business strategy, and the key to its current and past success in the Mass Housing industry, is to deliver with speed and quality the right products (a DECA Homes house or Urban DECA Homes MRB unit) to its target customers, mainly comprising low to middle income earners able to afford a monthly amortization payment of approximately ₱2,800 (the estimated amortization for a ₱450,000 loan for a Socialized Housing unit with 6% annual interest rate for the first year and a 25-year amortization schedule) to ₱10,000 (the estimated amortization for a ₱1,250,000 loan with 8.5% annual interest rate and a 25-year amortization schedule) under the Company's in-house financing program, at the right price range (the estimated amortization for a ₱450,000 to ₱1.25 million per housing/condominium unit).

To further build on its competitive strengths and allow further expansion of its business, the Company is looking to undertake the following:

Increase existing coverage and expand geographically.

The Company intends to further grow its existing Mass Housing revenue base. To accomplish this, the Company intends to (1) increase the number and variety of projects in the cities in which it currently has existing developments, as well as to (2) geographically expand into new cities. For example, the Company plans to bring to Metro Manila the Urban DECA Homes low-cost MRB concept that they were able to successfully launch and implement in the Mandaue City, Metro Cebu urban environment. The Company is also currently in the process of identifying sites for projects targeting Metro Manila commuters.

Continue to support Mass Housing home ownership via innovative financing products.

The Company seeks to promote increased home ownership in the Mass Housing segment in part by continuing to develop financing products tailored to the specific needs, requirements and financial situation of Mass Housing customers. In particular, the Company intends to seek ways to improve on and further provide flexibility to its CTS Gold financing program, an innovative product developed using the Company's experience in the Mass Housing segment, which allows home buyers to move into their chosen homes after a low down payment and provides affordable monthly amortizations.

Continue to replenish land bank for development.

The Company plans to continue to explore opportunities to replenish its land bank for future developments, selectively acquiring parcels and properties that meet its requirements for potential projects. The Company aims to seek out properties located in close proximity to public transportation terminals and major thorough-fares in cities, and also seeks to locate suitable project sites near developing business centers and high growth communities across the Philippines.

Continue to diversify into new product types.

The Company plans to supplement its subdivision and MRB offerings by launching two high-rise condominium projects under the brand "Urban DECA Towers" in the highest density urban areas of Metro Manila. This concept involves the construction and sale of condominium units that are half the size (i.e. approximately 13 sq. m.) of typical studio apartments. This project is envisioned to provide a weekday lodging for low- to mid-income commuters who typically have to endure two to four hours of daily travel time and spend up to ₱5,000 each month in transportation costs traveling between their inner-city places of work and their homes in the outlying neighborhoods of Metro Manila. Key to the success of this concept is the up to ₱7,000 per month price point that works for the Company's low- to mid-income customers, coupled with the savings in transportation time and costs that would accrue to the condominium buyers.

Attain increased efficiencies in all facets of its operations and processes.

The Company will seek to improve its construction efficiencies in part by adding more mechanization and by standardizing the sizes of its building components. The Company will also seek to further improve collections by updating its customer qualification process and improving its delinquency remedial measures. In pursuing these items, the Company believes that it will be able to lower operating costs even further and improve its operational efficiency.

The 8990 Group

8990 Group is comprise of the parent, which is also the holding company, 8990 Holdings, Inc. and six (6) wholly-owned subsidiaries namely: [1] 8990 Housing Development Corporation (8990 Housing); [2] 8990 Luzon Housing Development Corporation (8990 Luzon); [3] 8990 Mindanao Housing Development Corporation (8990 Mindanao); [4] 8990 Davao Housing Development Corporation (8990 Davao); [5] 8990 Leisure and Resorts Corporation (8990 Leisure); and [6] Fog Horn, Inc. (Fog Horn)

8990 Holdings, Inc. was incorporated and registered with the Philippine Securities and Exchange Commission (SEC), and was listed in Philippines Stock Exchange (PSE) on July 8, 2005 and October 20, 2010, respectively.

Subsidiaries

The following table presents certain information regarding the Company's Subsidiaries as of December 31, 2014.

Subsidiary	Country of incorporation	Total Assets	Company's Ownership Interest	Company's Share in Net Income/(Loss) for the year
		(PhP in millions, except percentages)		
8990 Housing	Philippines	22,346	100%	1,008
8990 Luzon	Philippines	6,020	100%	1,114
8990 Mindanao	Philippines	56	100%	(0.3)
8990 Davao	Philippines	1,490	100%	663
8990 Leisure	Philippines	15	100%	(0.2)
Fog Horn.	Philippines	5,163	100%	560

8990 Housing

Established in 2003, 8990 Housing is flagship subsidiary of the Company. Its primary purpose is 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. 8990 Housing registered with the Philippine SEC on March 20, 2003. Its principal office address is 8990 Bldg., Negros Street, Cebu Business Park, Cebu City.

8990 Luzon

8990 Luzon is a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines and registered with the Philippine SEC on October 28, 2008. 8990 Luzon engages in acquiring by purchase, lease, donation or otherwise, and own, using, improving, developing, subdividing, selling, mortgaging, exchanging, leasing and holding 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. The registered principal office address of 8990 Luzon is 8990 Bldg., Negros Street, Cebu Business Park, Cebu City.

8990 Mindanao

8990 Mindanao is a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines and registered with the Philippine SEC on September 17, 2009. 8990 Mindanao primarily engages in developing mass housing projects. Its registered principal office address is 8990 Corporation Center, Quirino Avenue, Davao City. 8990 Mindanao owns certain parcels of land used for the Company's development projects.

8990 Davao

8990 Davao is a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines and registered with the Philippine SEC on September 17, 2009. 8990 Davao primarily engages in the mass housing development business. Its registered principal office address is 8990 Corporation Center, Quirino Avenue, Davao City. 8990 Davao owns certain parcels of land used for the Company's development projects.

8990 Leisure

8990 Leisure is a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines and registered with the Philippine SEC on November 24, 2009. 8990 Leisure engages in acquiring, purchasing, holding, managing, developing and selling land with or without buildings or improvements for such consideration and in such manner or form as the company may determine of as the law permits, erecting, constructing, altering, managing, operating, leasing in whole or in part, buildings and tenements of the company or other persons, engages in real estate consultation and management including identifying, purchasing, conceptualizing, preparing master plans and layouts for land and building developments, managing the properties of and advising clients, developing or executing plans, undertaking project management and overseeing construction, except for management of funds, portfolios, securities and other similar assets. 8990 Leisure owns certain parcels of land used for the Company's development projects. 8990 Leisure's principal office address is 2nd Floor PGMC Bldg., 76 Calbayog St. corner Libertad St., Mandaluyong City.

Fog Horn

Fog Horn is a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines and registered with the Philippine SEC on January 14, 2004. Fog Horn engages in acquiring by purchase, lease, donation or otherwise, and own, using, improving, developing, subdividing, selling, mortgaging, exchanging, leasing and holding 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. Fog Horn's registered principal office address is located at the 3rd Floor PGMC Bldg., 76 Calbayog St. corner Libertad St., Mandaluyong City.

Bankruptcy, Receivership and Similar Proceedings

To the best of its knowledge, the Company and its subsidiaries are not subject to any bankruptcy, receivership and/or similar proceedings.

Material reclassification, merger, consolidation, or purchase or sale of a significant amount of assets not in the ordinary course of business.

On May 15, 2012, IHoldings, Januarius, and Kwantlen purchased 79.5% of the outstanding capital stock of the Company from certain stockholders of the Company. In compliance with the Republic Act No. 8799, also known as the Securities Regulation Code of the Philipine (SRC) and the Implementing Rules and Regulation of the SRC, as amended, (IRRs), a tender offer for all other remaining shares of the Company was conducted, the terms and conditions of which were disclosed through the Tender Offer Report dated June 19, 2012. Following the lapse of the tender offer period on July 19, 2012, during which no stockholder tendered any shares, a Final Tender Offer Report dated August 2, 2012 was filed with the Philippine SEC.

On May 29, 2012, prior to the closing of the sale referred to above, the Company transferred all of its assets to IP Converge Data Services, Inc. (IPCDSI) and subsequently transferred all of its equity interest in IPCDSI to its parent company at the time, IP Ventures, Inc. (IPVI), and consequently became a shell company.

On July 25, 2012, pursuant to the sale transaction discussed in the immediately preceding paragraph, IPVI and IPVG Employees, Inc. (IEI) transferred a total of 136,400,000 shares of the Company to IHoldings, Januarius and Kwantlen through the facilities of the PSE. As a result, IHoldings, Januarius and Kwantlen acquired ownership, and control over 61.4% of the Company's total outstanding capital stock. The remaining 40,000,000 shares of the Company acquired pursuant to the sale were transferred through the PSE immediately upon the lapse of the lock-up period applicable to said shares.

On May 6, 2013, the Company acquired all of the outstanding shares in the Subsidiaries from their respective shareholders under a Deed of Exchange dated May 6, 2013, as amended and supplemented on June 8, 2013 and, in exchange, agreed to issue a total of 3,968,357,534 shares from the increase of the Company's authorized capital stock in favor of the Subsidiaries' majority shareholders at the time. Consequently, under a private placement transaction and to ensure continued compliance with Philippine minimum public ownership requirements of the PSE, the Company applied with the Philippine SEC to: [1] increase its authorized capital stock to accommodate the foregoing issuance; [2] change the primary purpose of the Company into a financial holding company; and [3] change its corporate name to "8990 Holdings, Inc.". The Philippine SEC approved the application for the foregoing on October 1, 2013.

Business of Issuer

Business segments of the 8990 Group are as follows:

- Construction of low-cost mass housing
- Construction of medium-rise condominium units
- Construction of high-rise condominium units
- Issuance of timeshare
- Hotel operations

Construction of low-cost mass housing

Under brand name DECA Homes, The Company's residential subdivisions are located in Cebu, Iloilo, Davao, Pampanga and Cavite. This is the main business segment of the 8990 Group with widest reach and highest revenue contribution. About eighty seven percent (87%) of revenues in 2013 were from low-cost mass housing business segments. Refer to Note 19 of the 2013 Audited Consolidated Financial Statements for details.

The Company constructs three (3) types of housing unit namely:

1. Single-storey detached – a residential unit which is situated on its own or in a separate lot without sharing any walls with another home or building

2. Single-storey attached – a single floor residential unit built in a row of four (4) or more units joined by a common side walls
3. Townhouse – a two-storey residential unit built in a row of four (4) or more units joined by a common side walls

Floor areas range from thirty five (35) square meters to one hundred twenty (120) square meters with corresponding unit price range of five hundred fifty thousand pesos (PhP550,000) to one million two hundred fifty thousand pesos (PhP1,250,000). Facilities include concrete roads, underground drainage system, centralized water system, power system, cable and telephone lines, gated entrance with security personnel, and perimeter fence. Amenities may include wakeboard park, swimming pool, basketball court, clubhouse/multipurpose hall, church, and commercial market.

Construction of medium-rise condominium units

The Company's medium-rise building (MRB), building with four (4) to five (5) storeys, is marketed under Urban DECA Homes brand, and with revenue contribution of about ten and a half percent (10.5%) in 2013. The first MRB project, which is currently on-going as of writing, is located in Mandaue City, Cebu. Each MRB unit has a floor area of twenty five (25) square meters with unit price between eight hundred thousand pesos (PhP800,000) to one million two hundred fifty pesos (PhP1,250,000).

MRB facilities are concrete roads, sidewalks with curbs and gutters, underground drainage system, centralized water system, power system, cable and telephone lines, gated entrance with security personnel, and perimeter fence. On-site leisure amenities may include swimming pool, basketball court, clubhouse/multipurpose hall and/or park.

Construction of high-rise condominium units

The Company has ventured into high-rise condominium projects under the brand Urban DECA Towers in the highest density urban areas of Metro Manila. This concept involves the construction and sale of condominium units that are half the size (approximately 13 sq. m.) of typical studio apartments. A unit would have a bathroom and a combination sleeping/living/dining area suited for occupancy by a single person or a couple. Each unit would cost around ₱875,000, which equates to initial monthly amortization payments of around ₱7,000 under the Company's CTS Gold Convertible in-house financing product (with typical 25-year term, 8.5% fixed annual interest rate subject to adjustment after fourth year). The lower floors of the building would contain common areas (i.e. gym, living-room style lobby, function rooms, etc.) and commercial shopping/dining areas. The buildings are intended be situated in dense urban neighborhoods with easy access to major transportation routes/facilities and within easy distance of major white-collar employment centers (i.e., central business districts).

Making use of the "Micro Living" concept, Urban DECA Towers is envisioned to provide weekday accommodation for low- to mid-income commuters who typically have a two- to four-hour daily commute and spend up to ₱5,000 each month in transportation costs traveling between their places of work and homes in the outlying neighborhoods of Metro Manila. Key to the success of this concept is the ₱7,000 per month or lower amortization price point that has proven to work with the Company's low- to mid-income customers, coupled with the savings in transportation time and costs that would accrue to the condominium unit buyers.

Issuance of timeshare

Current timeshare business of The Company pertains to a property in Baguio city named Azalea Residences Baguio. Timeshare is considered a right to occupy a property such as a resort condominium or vacation home during a maximum specified number of time periods per calendar year. The Company sold timeshare which gives the buyer seven (7) nights perpetual right to occupy one (1) lodging type of Azalea Vacation

Hotel. It also grants certain buyers the right to avail of the international exchange services offered by affiliated companies through the Group's Resorts Condominium International membership.

Timeshare classifications are based on the accommodation types offered by the vacation hotel ranging from deluxe to 3-bedroom units. Pricing varies across different types of accommodation units.

Timeshare purchase does not result into any change in equity or ownership of the 8990 Group as the sale does not grant the buyer any proprietary or voting right or residual interest in the 8990 Group.

Timeshare sales in 2014 contributed less than 1% of the total 8990 Group revenues, same with 2013's about 1% revenue contribution.

Hotel operation

The Company, being the owner of the unsold timeshares, used their right to occupy the unsold timeshares in Azalea Residences Baguio by operating as traditional hotel. Hotel services include room accommodation, banquet and events services, and restaurant operations. In 2014, hotel operation contributed more than 1% of total revenues. Sixty seven percent (67%) of hotel revenues are from hotel accommodations while the remaining thirty three (33%) came from food and beverages sales. Hotel operation of the 8990 Group is a Board of Investments (BOI)-registered activity

Summary of Projects

The tables below summarize the status of the various completed and ongoing projects the Company has under its various Subsidiaries as of December 31, 2014:

List of Projects[1]

Project Name	Location	Type	Date Started	Date Completed	Units Available for Sale	Units Sold
8990 Housing						
Completed:						
DECA Homes Danao 2 & 3	Cebu	Horizontal	2006	2009	322	322
DECA Homes Mactan 1	Cebu	Horizontal	2005	2008	679	679
DECA Homes Mactan 2	Cebu	Horizontal	2006	2009	162	162
DECA Homes Mactan 3	Cebu	Horizontal	2008	2011	473	473
DECA Homes Mactan 4	Cebu	Horizontal	2009	2013	1,249	1,249
DECA Homes Mactan 5	Cebu	Horizontal	2009	2013	1,200	1,200
DECA Homes Tunghaan	Cebu	Horizontal	2005	2009	382	382
DECA Homes Minglanilla	Cebu	Horizontal	2003	2010	2,471	2,471
DECA Homes Commercial	Cebu	Horizontal	2005	2009	26	26
Minglanilla Homes	Cebu	Horizontal	2010	2012	187	187
DECA Homes Davao	Davao	Horizontal	2006	2012	1,538	1,538
DECA Homes Talisay 1	Cebu	Horizontal	2011	2012	1,039	1,039
DECA Homes Pavia 1	Iloilo	Horizontal	2009	2013	976	976
Savannah Green Plains	Angeles	Horizontal	2006	2013	2,697	2,697
DECA Homes Mandaue Prime	Cebu	Horizontal	2008	2013	912	912
Bon Giorno	Lipa	Horizontal	2010	2012	374	374
Completed Projects Subtotal					**14,687**	**14,687**
Ongoing:						
DECA Homes Baywalk Talisay 2	Cebu	Horizontal	2013	ongoing	881	420
DECA Homes Esperanza	Davao	Horizontal	2009	ongoing	2,072	2,028
DECA Homes Resort Residences	Davao	Horizontal	2007	ongoing	6,798	5,962
DECA Homes Pavia 2	Iloilo	Horizontal	2013	ongoing	884	295

Ongoing Projects Subtotal..................................					**10,635**	**8,705**
8990 Housing Total..					**25,322**	**23,392**
Fog Horn						
Ongoing:						
Urban DECA Homes Tipolo[2]..............................	Cebu	MRB	2012	ongoing	1,540	684
8990 Luzon						
Ongoing:						
DECA Clark Resort Residences............................	Angeles	Horizontal	2012	ongoing	4,843	840
Bella Vista	Cavite	Horizontal	2013	ongoing	3,881	1,033
8990 Luzon Total...					**8,724**	**1,873**
8990 Davao						
Ongoing:						
DECA Homes Indangan......................................	Davao	Horizontal	2013	ongoing	3,428	297[3]
8990 Davao Total..					**3,428**	**297[3]**
Total Houses and Lots......................................					**39,014**	**26,246**

Notes:

(1) *8990 Mindanao and 8990 Leisure have been excluded from this table because they are not yet in operation.*

(2) *Comprises 16 total MRBs, of which nine have been completed as of December 31, 2013.*

(3) *As of March 15, 2014.*

Pipeline Projects

	Project	Location	Type	Start Date	Target Completion
LUZON					
1	Deca Homes Marseilles	Imus, Cavite	Economic	2014	2015
2	Urban Deca Tower Edsa	Edsa, Mandaluyong	High Rise	2014	2016
3	Urban Deca Homes Campville Muntinlupa	Brgy. Cupang Muntinlupa	MRB	2014	2016
4	Deca Homes Tanza	Tanza, Cavite	Socialized	2015	2015
					VISAYAS
5	Deca Homes Our Lady of Guadalupe	Guadalupe, Cebu	Economic	2014	2015
6	Urban Deca Homes Tisa	Tisa, Cebu	MRB	2014	2018
7	Deca Homes Pavia Resort Residences Ph 1	Pavia, Iloilo	Economic	2014	2019
					MINDANAO
8	Deca Homes Resort Residences Phase 11	Brgy Tugbok, Davao	Economic	2015	2015
9	Deca Homes Resort Residences Prime	Brgy Tugbok, Davao	Economic	2015	2015
10	Deca Homes Catalunan Grande	Catalunan Grande, Davao City	Economic	2015	2016
11	Deca Homes Indangan Ph 3 & 4	Indangan, Davao City	Economic	2015	2017

In-house Financing

The Company offers in-house financing to qualified borrowers who purchase housing units through its CTS Gold loan financing product. CTS Gold is divided in two (2) categories, namely:

- CTS Gold Convertible – CTS Gold Convertible carries a fixed rate of eight and a half percent (8.5%) per annum and is intended for PAG-IBIG take-up. The eight and a half percent (8.5%) per annum interest rate is fixed for the first four (4) years and is subject to re-pricing at the end of fourth year, with the increase not to exceed three percent (3%) per annum. The interest rate re-pricing shall be subject to review thereafter, taking into account factors such as inflation and the prevailing market rates. In the event that PAG-IBIG take-up does not happen at the end of the fourth year, the interest rate under the CTS Gold Convertible automatically increases to eleven and a half percent (11.5%) per annum until maturity. The terms of CTS Gold Convertible generally match PAG-IBIG requirements for similar loans.

- CTS Gold Straight – Under the CTS Gold Straight product, interest rate is eleven and a half percent (11.5%) per annum and is not intended for PAG-IBIG take-up.

As of December 31, 2013, the Company estimates that approximately ninety percent (90%) of its in-house financing is under CTS Gold Convertible while the other ten percent (10%) is under CTS Gold Straight.

Loan approval for the Company's in-house financing is based on capacity to pay. Anticipated amortization should constitute no more than forty percent (40%) of the applicant's net disposable income during the same period. To substantiate claims of income (after statutory deductions and personal loans), the Company conducts a background investigation and examines other relevant documents such as certificate of employment and compensation, pay slips, other sources of income supported by bank account statements, contract of employment for OFWs, proof of remittance and income tax returns. Should any single individual applicant not meet this requirement, such applicant may add up to three (3) individuals and apply as co-borrowers whose income is then measured on a combined basis.

Prospective homebuyers are required to attend three (3) in-house seminars/lectures that cover topics such as the Company, its products and various projects, documentary requirements needed in purchasing a housing unit from the Company, manner of payment, repayment obligations, homeowners' responsibilities, etc.

The Company typically rolls out its projects in phases, approximately two hundred (200) units per phase for horizontal housing projects.

For residential projects, the buyer is expected to pay approximately two percent (2%) of the purchase price as down payment, either immediately or within two (2) months of signing.

Principal payment occurs through monthly amortizations over a maximum of twenty five (25) years. The title is transferred to the buyer only after full payment of the equity and principal amounts are made to the Company by either the buyer or by PAG-IBIG.

Liquidity Management

Financing Options

PAG-IBIG Transfer

The Company may enter into take-out arrangements with Pag-IBIG as needed, where it transfers its CTS Gold Convertible receivables, typically within four years of the loan commencement period, subject to the

Company's requirements. In 2014, the Company was able to take out ₱1,777.3 million worth of receivables from Pag-IBIG Fund. The acceptance or rejection of a CTS receivable by Pag-IBIG is based on certain guidelines such as employment, number of contributions made by the homeowner/Pag-IBIG member and net disposable income, among other factors. As a result of the Company's CTS Gold Convertible requirements mirroring those of Pag-IBIG's, the Company estimates that substantially all of its historic requests for take-outs have been accepted by Pag-IBIG. However, in the event that a material number of take-up applications are delayed or even denied, the Company's cashflow and recognized revenues could be materially affected. Moreover, the conversion into cash of the Company's CTS receivables as a result of take-ups by Pag-IBIG also affects the Company's results of operations. As a greater amount of CTS receivables are converted pursuant to the Company's take-up arrangements, the Company's finance income and receivables decrease while its cash balances correspondingly increase.

Other Receivables Management Options

In addition to its receivables take-up arrangements with institutions such as PAG-IBIG, the Company also regularly adopts other measures to manage its level of receivables from its housing sales, as well as to generate cash necessary for operations. For example, from time to time, the Company enters into loan arrangements with banks against its receivables portfolio as collateral. In addition, the Company also intends to sell receivables to banks and other financial institutions on a non-recourse basis. The Company has also begun to explore possible securitization transactions with respect to its receivables portfolio. The success of any of these receivable management measures, depending on the amount involved and terms agreed, may affect the Company's results of operations in terms of its liquidity and the levels of its receivable assets.

Credit and Collection

The Company has a credit and collection team which is in charge of handling the amortization payments of buyers. The team is responsible for the timely collection of payments, depositing of post-dated checks and the eventual remittance of payments to the Company's treasury group and undertaking remedial measures for delinquent accounts. The Company has also developed a comprehensive collection platform comprising policies, structures, systems, organizations and mechanisms focused on collection efficiency and the mitigation of payment delinquency.

The Company's credit and collection team is composed of forty six (46) permanent employees organized per area of operation. Of the forty six (46), six (6) are managers in charge of North Luzon, South Luzon, Cebu, Iloilo, and Davao, while forty (40) are employees functioning as remittance officers, frontline customer service officers and site collection officers. The team is supported by thirty (30) contractual employees who serve as collection officers in the various projects nationwide. These collection officers ensure enforcement of the Company's credit and collection policies. In addition, the services of five (5) law firms have been retained by the Company to handle the legal side of collection, including the sending of demand letters, notices of cancellation and the eventual eviction of the delinquent borrower.

Submission of Check Payments

Potential homebuyers of the Company's housing units are required to submit twenty five (25) post-dated checks. The first twenty four (24) checks are equivalent to the first twenty four (24) monthly amortization payments, while the 25th check represents the outstanding principal balance as of the 25th month and serves as an assurance that the borrower will again submit another twenty four (24) post-dated checks (equivalent to the payments for 25th to 48th months) plus another 25th check equivalent to the outstanding principal balance as of the 49th month. This cycle is repeated until the loan is fully paid at the end of the term. The excess of the twenty four (24) checks will be deposited if the borrower fails to submit the next set of twenty five (25) checks.

The Company imposes a PhP2,200 bank penalty fee and a PhP200 fee per bounced check as facilitation and retrieval fee. Likewise, a fee of PhP200 is charged if the buyer replaces the check with cash paid directly to the Company.

The Company's estimated collection efficiency rates for the past six years are as follows:

Period	Collection Efficiency Rate[1]
2008[2]	93.7%
2009[2]	94.6%
2010[2]	92.6%
2011	93.2%
2012	93.8%
2013	93%
2014	93%

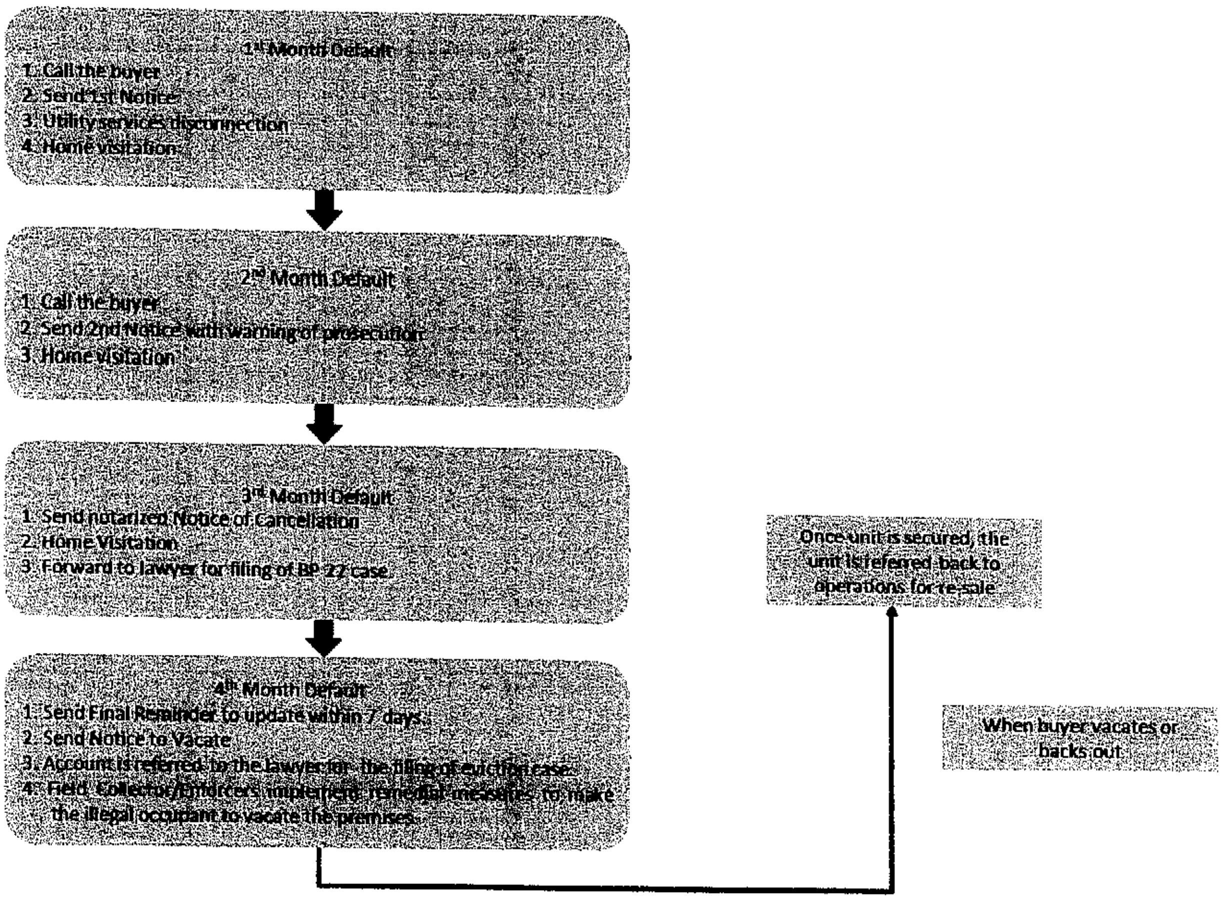
Notes:

(1) Collection efficiency rate is calculated as amount collected out of current amount due.

(2) Prior to 2011, the collection efficiency rates refer to rates for receivables managed on behalf of PAG-IBIG.

In the Company's experience, through remedial measures, approximately half of the defaulting accounts usually become current again after a one to three (1 to 3) months payment lag, while the other half of the defaulting accounts result in the cancellation of the CTS and remarketing of the property. The Company was able to leverage on its experience and expertise in acting as PAG-IBIG's collection agent prior to 2011 in the formulation and execution of its credit and collection policies.

Collection Process in the Event of Default



Accounts are considered in default when the buyer fails to pay one (1) monthly amortization, while payments are considered late if the buyer fails to pay his amortization on the due date. In 2012, approximately four percent (4%) of all customers, out of the seven percent (7%) of all customers who were in default, updated their accounts within the first three (3) months of default. In 2013, the Company estimates its collection efficiency at 96.8%. Out of the 3.2% of all customers who were in default, 1.3% of all customers became current within their first three (3) months of default and only approximately 2% of all customers required eventual cancellation of accounts and eviction of buyers.

Marketing and Sales

Marketing

The Company believes it has an extensive marketing network. The Company's marketing and distribution network consists of approximately two hundred thirty six (236) teams, with twenty eight (28) headed by unit managers and two hundred eight (208) headed by licensed brokers and with a combined total of more than three thousand (3,000) active agents. All of the unit managers and the agents under them are exclusively contracted to the Company. Furthermore, all unit managers are accredited licensed realtors. The Company's commission structure and incentive schemes vary relative to the network's affiliation and sales structure. The Company's marketing teams are compensated through commission fees and are provided some administrative support by the Company. The Company trains its marketing teams monthly on topics including new Company policies, product information and terms and conditions of sale.

As a marketing strategy, the Company's sales and marketing teams regularly conduct presentations to potential clients to inform them of the Company's products. Mall exhibits have likewise provided the Company with an effective platform to introduce its product offerings and get leads on prospective buyers. Another strong source of sales relates to "repeat buyers," in the form of family members of those who already own a DECA Home unit.

Moreover, promotional discounts are also offered by the Company to attract buyers and increase their interest. These include:

- Cash Discounts. The Company gives discounts upon full payment of the required down payment and is based on the total contract price of the house and lot package (which price ranges from PhP450,000 to PhP1.25 million). Cash discounts are as follows:

Down Payment Fully Paid Within	Cash Discount
7 Days	3%
30 Days	2%
60 Days	1%
90 Days	0.5%

- "LipatAgad." Buyers are allowed to move-in to the property upon full payment of the required down payment pending take-out of the loan with PAG-IBIG.

CTS Gold Sales Process

The CTS Gold product follows a rigorous process of credit verification for all potential buyers. The following diagram illustrates the process under the CTS Gold product:

Pre-Qualification → Lot Verification → Bis-Unit Encoding → Documentation Approval → Reservation Payment & Confirmation → Documentation Final Review → Turn-Over of Unit to Buyer

- Pre-Qualification – The buyer provides basic requirements such as valid identification, proof of income (pay slips, certificate of employment and compensation, bank statements, income tax return, etc.), signed loan documents and complete post-dated checks.

- Lot Verification – The availability of the unit is verified.

- BIS-Unit Encoding – A unit manager assigns and encodes the buyer's identification into its system to avoid double reservation.

- Documentation Approval – A documentation manager submits the buyer's information folder to a documentation account officer. The account officer verifies and screens the documents provided by the borrower. Physical appearance of the buyer is required to verify accuracy of all information provided. Incomplete documentation folders are sent back to the documentation manager for re-evaluation.

- Reservation Payment and Confirmation – Reservation payment is paid for by the buyer and documented by an account officer.

- Documentation Final Review – The documents are sent to a documentation manager for final review.

- Turn-Over of Unit to Buyer – Take-out occurs only when construction of the unit is complete and the buyer accepts the unit. Attendance to a buyer orientation is required which will cover documentation, credit and legal obligation, construction and technical discussion.

Suppliers

All of the raw materials used by the Company were sourced from domestic Philippine suppliers. Suppliers are chosen based on a number of criteria, including the quality of the raw materials supplied, stability of supply in the past, delivery time, pricing of the raw materials as well as the financial and industrial strength of the supplier. The Company's sourcing strategy is to deal with reliable suppliers at the best available price, to prefer national over local suppliers, and to encourage on-time delivery.

The Company maintains relationships with over two hundred (200) suppliers. For the year ended December 31, 2014, the Company's five (5) largest raw materials suppliers in aggregate accounted for approximately forty (40%) of the Company's total amount of purchases.

Customers

The Company mainly focuses on serving the needs of the mass housing market. Specifically, the Company targets (a) the upper-end of the lower class segment of society and (b) the lower-end of the middle class segment of society. The Company's target market primarily consists of buyers who are gainfully employed (such as government employees, business processing operations (BPO) employees, manufacturing workers, etc.), which account for approximately ninety three (93%) of the Company's horizontal unit buyers, and the self-employed (i.e., tending to their own businesses), which accounts for the remaining seven percent (7%), as of year-end 2013. Fifty one (51%) of the horizontal unit buyers have monthly gross income above PhP5,000.00; twenty eight percent (28%) have monthly gross income from PhP16,000-PhP25,000, while twenty percent (20%) have monthly gross income of PhP8,000 to PhP15,000. For those who have lower monthly gross income, other income is sourced from employed members of the family living with them or supplementary income from informal businesses. The Company likewise caters to OFWs, which, for many years, have played an important role in keeping the Philippine economy afloat through their remittances that help fuel consumption, specifically real-estate purchases.

The following table summarizes the Company's customer demographics as of December 31, 2014:

	Houses	Medium Rise Building
Employment Category		
Retail and Services	35%	47%
Business Process Outsourcing/IT	13%	15%
Overseas Filipino Worker (Land Based)	24%	18%
Government Employees	4%	4%
Self-employed	3%	3%
Remittance	5%	3%
Manufacturing	2%	2%
Seaman	13%	6%
Banking	2%	1%
Gross Income (per month)		
₱8000 to ₱15,000	10%	5%
₱16,000 to ₱25,000	24%	16%
Above ₱25,000	67%	79%
Civil Status		
Single	44%	56%
Married	54%	43%
Others	2%	2%
Age		
25 and below	7%	9%
26 to 35 years old	50%	40%
36 to 45 years old	31%	32%
46 to 55 years old	10%	15%
Above 55 years old	2%	4%

Customer Service and Warranties

The Company believes it is important to ensure that quality service is afforded to homebuyers throughout and after the relevant sales period. Customer service employees oversee pre-delivery quality control inspections and respond to post-delivery customer needs. The Company responds to customer requests during the construction phase and coordinates the legal requirements that customers must comply with when making a purchase, including signing deeds, obtaining permits, and securing funding.

Under the terms of the Company's CTS contracts, buyers may seek repairs for patent (i.e., observable) defects in new homes prior to their acceptance of the residential unit. If the defect is latent (i.e., non-observable), customers may seek repairs within one (1) year from the date the housing unit was turned over to them for occupancy.

In addition to the foregoing contractual warranties, the Company may be subject to additional liabilities arising from construction defects under Philippine law. However, the Company has historically spent immaterial amounts on claims from customers for construction or other defects.

Competition

The Company believes it does not have significant direct competition from national (i.e. Metro Manila-based) real-estate developers for low cost housing projects within its price range (i.e. PhP450,000 to PhP1.25 million per housing unit). Although competitors with nationwide scope, such as Amaia Land Corporation, a subsidiary of Ayala Land, Inc.; Century Limitless Corporation, a subsidiary of Century Properties Group, Inc.; Filinvest Land, Inc., under the "Futura Homes" brand; Suntrust Properties, Inc., a subsidiary of Megaworld Corporation; Robinsons Land Corporation, under the "Robinsons Communities" brand; Summerhills Home Development Corporation, a subsidiary of SM Prime Holdings, Inc.; and Vista Land, under the "Camella Homes" brand, do undertake affordable housing projects, they do so at a higher price range (i.e. PhP1.5 million and up), which is a different market from that of the Company's.

The Company has direct competitors at the local/regional level that sell housing units within its PhP450,000 to PhP1.25 million price range. These include: Johndorf and ProHomes in Cebu; Foothills Development

Corporation and HLC Development Corporation in Davao; ProFriends, Ion Realty, Happy Homes and San Raphael Realty in Iloilo; Hausland, Fiesta Communities and El Valerio Realty in Pampanga; and ProFriends, Homemark Development, Picar Development, Rudex, Masaito and New APEC in Cavite.

Employees

As of the date of this report, the Company has a total of two hundred eighty five (285) employees. This is broken down as follows:

Function	Number of Employees
Managers	62
Accounting Staff	34
Conversion Staff	16
Credit & Collection Staff	40
Documentation Staff	44
Human Resources/Administrative Assistant	38
Management Information Systems Staff	8
Planning/Engineering Staff	23
Water Services Staff	20
Total	285

Furthermore, to date, there is no existing collective bargaining agreement between the Company and its employees, and the Company's employees are not part of any labor union. The Company has not experienced any disruptive labor disputes, strikes or threats of strikes, and management believes that the Company's relationship with its employee in general is satisfactory. The Company complies with minimum compensation and benefits standards as well as all other applicable labor and employment regulations.

Intellectual Property

The Company is in the process of registering "DECA Homes", "Urban DECA Homes" and "Urban DECA Towers" as brand names with the Intellectual Property Office. These trademarks are important in the aggregate because name recognition and exclusivity of use are contributing factors to the success of the Company's and its Subsidiaries' property developments. In the Philippines, certificates of registration of a trademark filed with the Philippine Intellectual Property Office prior to the effective date of the Philippine Intellectual Property Code in 1998 are generally effective for a period of 20 years from the date of the certificate, while those filed after the Philippine Intellectual Property Code became effective are generally effective for a shorter period of 10 years, unless terminated earlier.

Health, Safety and Environment

The Company regards occupational health and safety as one of its most important corporate and social responsibilities and it is the Company's corporate policy to comply with existing environmental laws and regulations. The Company maintains various environmental protection systems and conducts regular trainings on environment, health and safety.

Insurance

The Company has insurance coverage that is required in the Philippines for real and personal property. Subject to the customary deductibles and exclusions, the Company carries all-risks insurance during the project construction stage. The Company also requires all of its purchasers to carry fire insurance and sales redemption insurance, for which it pays the annual premium upfront to the insurer and charges purchasers on a monthly basis. For its vertical projects, the Company requires its general contractors to carry all-risks insurance for the period of building construction. The Company does not carry business interruption insurance.

Risks Relating to the Companies Business

All of the Company's business activities are conducted in the Philippines, which exposes the Company to risks associated with the Philippines, including the performance of the Philippine economy.

Historically, the Company has derived primarily all of its revenue from the sale of real estate assets in the Philippines and its business is highly dependent on the state of the Philippine economy. Demand for, and prevailing prices of real estate assets are directly related to the strength of the Philippine economy (including overall growth levels and interest rates), the overall levels of business activity in the Philippines, the overall employment levels in the Philippines and the amount of remittances received from OFs. Historically, the Philippines has periodically experienced economic downturns. For example, the general slowdown of the global economy in 2008 and 2009 had a negative effect on the Philippine economy, which in turn had a negative effect on the Philippine property market as property sales declined.

There is no assurance that there will not be a recurrence of an economic slowdown in the Philippines. Factors that may adversely affect the Philippine economy include:

- decreases in business, industrial, manufacturing or financial activity in the Philippines or in the global market;
- decreases in the amount of remittances received from OFs;
- decreases in or changes in consumption habits in the Philippines;
- decreases in property values;
- scarcity of credit or other financing, resulting in lower demand for products and services provided by companies in the Philippines or in the global market;
- the sovereign credit ratings of the Philippines;
- exchange rate fluctuations;
- a prolonged period of inflation or increase in interest rates;
- changes in the Government's taxation policies;
- natural disasters, including typhoons, earthquakes, fires, floods and similar events;
- political instability, terrorism or military conflict in the Philippines, other countries in the region or globally; and
- other regulatory, political or economic developments in or affecting the Philippines.

There is a degree of uncertainty regarding the economic and political situation in the Philippines. This uncertainty could have adverse effects on the revenues from the Company's business.

Servicing the mass housing segment of the real estate industry allows the Company to mitigate the risk of demand fluctuation brought about by country-specific risks, being it a needs market and not investment nor speculative in nature. The huge housing backlog as projected by HLURB is a strong indicator that the demand for mass housing unit will continue to be underserved in the short to medium term. Further, the expertise of the management team in dealing with the mass market segment enables them to create an overall package, "build-sell-finance" scheme, to assure that their target market will be able to afford the housing units and realize the projected demand.

The Company is exposed to risks associated with its in-house financing activities, including the risk of customer default, and it may not be able to sustain its in-house financing program.

The Company provides a substantial amount of in-house financing to its customers via its CTS Gold program. As a result, and particularly during periods when the unemployment rate rises or when the overall level of overseas remittances decline, the Company faces the risk that a greater number of customers who utilize the Company's in-house financing facilities will default on their payment obligations, which would require the Company to incur expenses such as those relating to sales cancellations and eviction of occupants, additional expenses caused by delinquent accounts, a disruption in cash inflows, risk of holding additional inventory in its balance sheets and reduced finance income.

In addition, in instances where various customer receivables have been given as collateral for the Company's financing arrangements with banks or in instances where sales of receivables are made with recourse to the Company, a default in these receivables would require the Company to either pay down the corresponding balance on the loan, or replace the defaulting receivable with another from its portfolio. There can be no guarantee that the Company will not be asked to pay cash for these defaulting obligations in the future. In such an event, the defaulting receivable would also be assigned back to the Company, and there can also be no guarantee that the Company will be able to resell the mass housing unit underlying the receivable easily or at all. If the number of and amount involved in any defaults are significant, the Company's financial position and liquidity may be adversely affected.

Furthermore, the Company's current financing arrangements with banks with respect to CTS Gold loans have a tenor of two (2) years. If this timeframe expires and the corresponding loan is not taken up by PAG-IBIG, the Company may need to: [1] pay down the balance on the loan; or [2] arrange for extensions to the loan; or [3] finance the loan from another source. There can also be no guarantee that the Company will be able to arrange for replacement financing easily or at all. If the number of and amount involved in the loans not taken up by PAG-IBIG prior to the expiration of two (2) years are significant, the Company's financial position and liquidity may be adversely affected.

Moreover, other cheaper financing options may become available and if customers choose to obtain financing from other sources, such as banks and other financial institutions, this would result in a decline in the income the Company derives from interest due on in-house financing. The inability of the Company to sustain its in-house financing activities could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company makes it a point to turn over the housing unit to the buyer as soon as the unit is finished and the minimal required equity is paid in order to create a sense of ownership. This has been proven effective in avoiding defaults. In fact, in both 2012 and 2013, installment contract receivables on past due status are below one percent (1%). See Note 4 of the 2013 Audited Consolidated Financial Statements.

The Company will be in a better position in cases where cheap financing options would be available to the buyers as this will immediately result to cash payments rather than long term receivables, hence, will be able to have readily available funds to build new inventories for sale, and would not need to avail of any external financing be it from creditors or equity holders. Interest income from CTS Gold Financing in 2013 as a percentage of overall revenues of the Company stands at less than ten percent (10%), thus, will not hurt the overall income of the Company.

The Company's liquidity and financial results are affected by PAG-IBIG's willingness to process loan take-ups and the expediency by which PAG-IBIG processes these take-ups.

Under its business and operating model, the Company typically provides in-house financing to its customers via its CTS Gold financing team upon the initial purchase of a potential home. From time to time, the Company requires the prospective purchaser to apply with PAG-IBIG for take-up of the loan obligation.

Should PAG-IBIG grant the prospective buyer's application, PAG-IBIG would then grant a home loan to the prospective buyer, who in turn would use the loan to pay the purchase price of the mass housing unit to the Company. However, due to the number of applications pending with PAG-IBIG at any one time, there are often delays in the processing of these loan take-ups. Furthermore, PAG-IBIG may also deny loans for various reasons, such as incomplete documents, among others. In addition, other factors, such as review of titles by banks that purchase receivables from the Company, may also delay the financing process. Depending on the degree of any such delays or denials, and the amounts of the loans and number of customers involved, these could have a material adverse effect on the Company's liquidity because the loans would be retained on the Company's books as receivables and delay its cashflow. Moreover, in the event that PAG-IBIG completely ceases the take-up of these loans, the Company would have to keep these loans for a significant portion of time and may encounter difficulty in selling these loans to other financial institutions. Any of these events may have a material adverse effect on the Company's financial condition and results of operations.

The Company has put in place a team dedicated to process loan take outs from PAG-IBIG to be able to turn around the receivables from the buyers at the least possible time, and arrest possible liquidity problems. Credit evaluation of the Company also matches that of PAG-IBIG to further minimize the instances of rejected loan take outs.

The Company is currently in the process of updating its accounting systems and other internal controls.

As an organization which recently underwent a corporate reorganization and that is now subject to the reporting requirements for listed companies, the Company is currently updating and streamlining its overall operational systems and controls. Notably, the Company is implementing upgrades to its management information systems and processes with respect to accounting controls, documentation and internal reporting. As such, the Company may experience difficulties in the implementation of these new systems and processes organization-wide, and may not be able to effectively integrate these upgrades and new systems across its Subsidiaries. In addition, there can be no assurance that the implementation of these system upgrades will produce the desired improvements in timeliness and quality of the Company's reporting and internal controls. Any failure of the Company to properly upgrade and implement these systems, or to effectively integrate these changes across the entire organization, may not produce the desired efficiencies or may result in imprecise reporting of the Company's accounts and results, which may in turn have a material adverse effect on its results of operation and financial condition.

The Company entered into a service agreement with BPO International (BPOI) to handle its bookkeeping requirements including preparation of financial reports such as balance sheets, Income Statement and Statement of Cashflow, and conduct bank reconciliation on a regular basis. This move allows the Company to produce accurate and reliable financial reports as the team is dedicatedly engaged to do so. Moreover, the prepared financial reports by BPOI will be reviewed by the Company's accounting group prior finalization. Despite the involvement of BPOI in the Company's financial reporting, internal finance and accounting group manpower is retained, if not beefed up, to be able to successfully handle growing volume of financial transactions brought about by the exponential growth of the business.

The real estate industry in the Philippines is capital intensive, and the Company may be unable to readily raise necessary amounts of funding to acquire new land or complete existing projects.

The real estate industry in the Philippines is capital intensive, and market players are required to incur significant expenditures to acquire land for development, complete existing projects and commence construction on new developments. In 2012, the Company spent PhP397 million for land banking of its real estate development projects while in 2013, the Company spent PhP1,185 million for land banking purposes.

Historically, the Company has funded a significant portion of its capital expenditure requirements as well as steady growth from external sources of financing; however, it may also fund such requirements through other means, such as equity sales, among others, in the future. There can be no assurance that, to complete its planned projects or satisfy its other liquidity and capital resources requirements, the Company will be able to obtain sufficient funds at acceptable rates to fund its capital expenditure requirements, or that it will not issue Common Shares that may cause dilution, or that it will be able to obtain sufficient funds at all. Failure to obtain the requisite funds could delay or prevent acquisition of land for or completion of projects and materially and adversely affect the Company's business, financial condition and results of operations.

The Company mainly relies on the following sources of liquidity: [1] cash flow from operations, [2] cash generated from the sale or transfer of receivables to private financial institutions such as banks or to government housing related institutions such as the Home Development Mutual Fund ("PAG-IBIG"), and [3] financing lines provided by banks. The Company knows of no demands, commitments, events, or uncertainties that are reasonably likely to result in a material increase or decrease in liquidity. The Company is current on all of its loan accounts, and has not had any issues with banks to date. The Company does not anticipate having any cash flow or liquidity problems over the next twelve (12) months. The Company is not in breach or default on any loan or other form of indebtedness.

The Company expects to meet its operating assets and liabilities, capital expenditure, dividend payment and investment requirements for the next twelve (12) months primarily from its operating cash flows, borrowings and proceeds of the shares issuance. It may also from time to time seek other sources of funding, which may include debt or equity financings, depending on its financing needs and market conditions.

A portion of demand for the Company's products is from OFs, which exposes the Company to risks relating to the performance of the economies of the countries where these potential customers are located.

Sales to OFs, including OFWs and Filipino expatriates, generate a portion of the demand for the Company's housing and land development projects. A number of factors could lead to, among other effects, reduced remittances from OFWs, a reduction in the number of OFs or a reduction in the purchasing power of OFs. These include:

- an appreciation of the Philippine peso, which would result in decreased value of the other currencies transmitted by OFs;
- a downturn in the economic performance of the countries and regions where a significant number of these potential customers are located, such as the United States, Italy, the United Kingdom, Singapore, Hong Kong, Japan and the Middle East;
- a change in Government regulations that currently exempt the income of OFWs from taxation in the Philippines;
- the imposition of restrictions by the Government on the deployment of OFWs to particular countries or regions, such as the Middle East; and
- restrictions imposed by other countries on the entry or the continued employment of foreign workers.

As an example, the Company believes that the global economic downturn of 2008 resulted in OFW remittances tending to be used for basic family expenses or savings and bank deposits rather than for investing in or purchasing real estate. In addition, recent turmoil in the Middle East and North Africa have resulted in OFs being repatriated from these regions and losing their steady sources of income. Any of these events could adversely affect demand for the Company's projects from OFs, which could have a material adverse effect on the Company's business, financial condition and results of operations.

Although about twenty percent (20%) of the Company's existing clients are OFs, land and sea based combined, the Company assures that credit capacity of OF buyers are established by subjecting these buyers to the strict credit parameters mirroring PAG-IBIG Fund. The Company also encourages inclusion of co-borrower for every OF purchase in order to minimize, if not totally avoid, risk brought about by the exposure to OFs.

The Company's focus on residential housing and land development exposes it to sector-specific risks, including competition in the Philippine residential real estate industry.

The housing market involves significant risks distinct from those involved in the ownership and operation of established properties, including the risk that the Company may invest significant time and money in a project that may not attract sufficient levels of demand in terms of anticipated sales and which may not be commercially viable. The Company's results of operations are therefore dependent, and are expected to continue to be dependent, on the continued success of its residential and land development projects.

Additionally, the Philippine residential real estate industry is highly competitive. The Company's income from, and market values of, its real estate projects are largely dependent on these projects' popularity when compared to similar types of projects in their areas, as well as on the ability of the Company to correctly gauge the market for its projects. Important factors that could affect the Company's ability to effectively compete include a project's relative location versus that of its competitors, particularly to transportation facilities and commercial centers, the quality of the housing and related facilities offered by the Company, price and payment terms of the project, available financing for the project and the overall attractiveness of the project. The time and costs involved in completing the development and construction of residential projects can be affected by many factors, including shortages of materials, equipment and labor, adverse weather conditions, natural disasters, labor disputes with contractors and subcontractors, and the occurrence of other unforeseeable circumstances. Any of these factors could result in project delays and cost overruns, which could negatively affect the Company's margins. Moreover, failure by the Company to complete construction of a project to its planned specification or schedule may result in contractual liabilities to purchasers and lower returns, all of which could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company believes that it is one of the few developers dedicated to serve the housing needs of the mass housing segment throughout the Philippines, with most of its direct competitors being smaller regional developers with limited geographical coverage. This has allowed the Company to build significant nationwide brand equity for its DECA Homes and Urban DECA Homes brands across its target market and also achieve economies of scale from its operations.

Competition for the acquisition of land for new projects and risks relating to the management of its land bank, including fluctuations in demand and prices, may adversely affect the Company's business.

The Company's future growth and development are dependent, in part, on its ability to acquire additional tracts of land suitable for the Company's future real estate projects. When the Company attempts to locate sites for development, it may experience difficulty locating parcels of land of suitable size in locations and at prices acceptable to the Company, particularly parcels of land located in areas surrounding Metro Manila and in other urban areas throughout the Philippines. In the event the Company is unable to acquire suitable land at prices and in locations that could translate into reasonable returns, or at all, its growth prospects could be limited and its business and results of operations could be adversely affected.

In addition, the risks inherent in purchasing and developing land increase as consumer demand for residential real estate decreases. The market value of land, subdivision lots and housing inventories can fluctuate significantly as a result of changing market conditions. There can be no assurance that the measures the Company employs to manage land inventory risks will be successful. In the event of significant changes in economic, political, security or market conditions, the Company may have to sell subdivision lots and housing and condominium units at significantly lower margins or at a loss. Changes in economic or market conditions may also require the Company to defer the commencement of housing and land development projects. Any of the foregoing events would have a material adverse effect on the Company's business, financial condition and results of operations.
The Company, at the end of 2014, has significant land held for future development with aggregate value of PhP7,330.8 million. This has been a ninety four percent (94%) increase from the land banking amount of PhP3,784.7 million in 2013. The Company believes that this land held for future development is enough to satisfy the needs for four (4) to five (5) years. The Company intends to continue to look for land in various parts of the Philippines for future development.

There can be no assurance that the Company will not suffer from substantial sales cancellations. The Company faces certain risks related to the cancellation of sales involving its residential projects and, if the Company were to experience a material number of sales cancellations, the Company's historical revenue would be overstated.

As a developer and seller of residential real estate, the Company's business, financial condition and results of operations could be adversely affected in the event a material number of horizontal subdivision, MRB unit or high-rise unit sales are cancelled.

The Company is subject to Republic Act No. 6552 (the "Maceda Law"), which applies to all transactions or contracts involving the sale or financing of real estate through installment payments, including residential condominium units. Under the Maceda Law, buyers who have paid at least two years of installments are granted a grace period of one month for every year of paid installments to cure any payment default. If the contract is cancelled by the Company, the buyer is entitled to receive a refund of at least 50% of the total payments made by the buyer, with an additional 5% per annum in cases where at least five years of installments have been paid (but with the total not to exceed 90% of the total payments). Buyers who have paid less than two years of installments and who default on installment payments are given a 60-day grace period to pay all unpaid installments before the sale can be cancelled, but without right of refund.

While the Company historically has not experienced a material number of cancellations to which the Maceda Law has applied, there can be no assurance that it will not experience a material number of cancellations in the future, particularly during slowdowns or downturns in the Philippine economy. In the event the Company does experience a material number of cancellations, it may not have enough funds on hand to pay the necessary cash refunds to buyers or it may have to incur indebtedness in order to pay such cash refunds. The Company may also experience losses relating to these cancellations. In addition, particularly during an economic slowdown or downturn, there can be no assurance that the Company would be able to re-sell the same property or re-sell it at an acceptable price. Any of the foregoing events would have a material adverse effect on the Company's business, financial condition and results of operations.

Understanding the needs of the market is the key to avoid sales cancellations. Providing the buyers with affordable package under the "build-sell-finance" scheme minimizes the chances of cancellations. Credit checking prior to actual sale is conducted, thus, further, lowering the likelihood of cancellations and the exposure to obligations under the Maceda Law.

Titles over land owned by the Company may be contested by third parties.

While the Philippines has adopted a system of land registration that is intended to conclusively confirm land ownership and is binding on all persons (including the Government), it is not uncommon for third parties to claim ownership of land that has already been registered and over which a title has been issued. There have also been cases where third parties have produced false or forged title certificates over land. The Company has occasionally had to defend itself against third parties who claim to be the rightful owners of land that has been either titled in the name of the persons selling the land to the Company or that has already been titled in the name of the Company. In the event a greater number of third-party claims are brought against the Company or any such claims involves land that is material to the Company's housing and land development projects, the Company's management may be required to devote significant time and incur significant costs in defending the Company against such claims. In addition, if any such claims are successful, the Company may have to either incur additional costs to settle such third-party claims or surrender title to land that may be material in the context of the Company's housing and land development projects. Any of the foregoing circumstances could have a material adverse effect on the Company's business, financial condition and results of operations, as well as on its business reputation.

The Company makes sure that prior to land acquisition, market and feasibility studies are conducted, and all related documents have been checked. Complete documentation is also practiced upon actual purchase of the land.

The Company faces risks relating to project cost and completion.

Construction of property projects may take as long as a year or longer before generating positive net cash flow through sales. As a result, the Company's cash flows and results of operations may be significantly affected by its project development schedules and any changes to those schedules. Other factors that could adversely affect the time and the costs involved in completing the development and construction of the Company's projects include:

- natural catastrophes and adverse weather conditions;
- changes in market conditions, economic downturns, unemployment rate, and decreases in business and consumer sentiment in general;
- delays in obtaining government approvals and permits;
- changes in laws or in Government priorities;
- relocation of existing residents and/or demolition of existing constructions;
- shortages of materials, equipment, contractors and skilled labor;
- labor disputes with contractors and subcontractors;
- construction accidents;
- errors in judgment on the selection and acquisition criteria for potential sites;
- lack of familiarity with high-rise projects; and
- other unforeseen problems or circumstances.

Any of these factors could result in project delays and cost overruns, which may harm the Company's reputation as a property developer or lead to cost overruns or loss of or delay in recognizing revenues and lower margins. This may also result in sales and resulting profits from a particular development not being recognized in the year in which it was originally expected to be recognized, which could adversely affect the Company's results of operations for that year. Furthermore, the failure by the Company to complete construction of a project to its planned specifications or schedule may result in contractual liabilities to purchasers and lower returns. The Company cannot provide any assurance that it will not experience any significant delays in completion or delivery of its projects in the future or that it will not be subject to any liabilities for any such delays.

The pre-cast technology allows the Company to complete townhouses and single-storey attached units in just eight (8) to ten (10) days, with an additional five (5) days for single-storey houses with lofts. The use of this process allows the Company to realize significant cost savings and enables it to turn over units to its customers in a fast and efficient way.

The Company's reputation will be adversely affected if projects are not completed on time or if projects do not meet customers' requirements.

If any of the Company's projects experience construction or infrastructure failures, design flaws, significant project delays, quality control issues or otherwise, this could have a negative effect on the Company's reputation and make it more difficult to attract new customers to its new and existing housing and land development projects. Any negative effect on the Company's reputation or its brand could also affect the Company's ability to sell its housing and land development projects. This would impair the Company's ability to reduce its inventory and working capital requirements. The Company cannot provide any assurance that such events will not occur in a manner that would adversely affect its results of operations or financial condition.

Projects of the Company have dedicated project managers, who assure that regular monitoring and quality control are in place. The project managers also make sure that the projects live up to the DECA Homes and Urban DECA Homes brands. The Company also provides warranties to housing unit purchasers as provided for in the relevant Contract to Sell between purchaser and the Company.

Independent contractors may not always be available, and once hired by the Company, may not be able to meet the Company's quality standards or to complete projects on time and within budget.

The Company relies on independent contractors to provide various services, including land clearing, infrastructure development and various construction projects. In particular, the Company relies mainly on the Lasvazmun and Conmax groups of companies to complete the construction for substantially all of its projects. Should either of the contractors mentioned above become unable to perform with respect to their contracted scope of work, there can be no assurance that the Company will be able to find or engage an independent contractor for any particular project or find a contractor that is willing to undertake a particular project within the Company's budget and schedule, which could result in costs increases or project delays.

Furthermore, although the Company's personnel actively supervise the work of such independent contractors, there can be no assurance that the services rendered by any of its independent contractors will always be satisfactory or match the Company's requirements for quality and timing. Contractors may also experience financial or other difficulties up to insolvency, and shortages or increases in the price of construction materials or labor may occur, any of which could delay the completion or increase the cost of certain housing and land development projects, and the Company may incur additional costs as a result thereof. Any of these factors could have a material adverse effect on the Company's business, financial condition and results of operations.

Lasvazmun and Conmaz groups of companies are exclusive contractors of the Company for its mass housing projects. These contractors have been partners with the Company since it started. Quality of work and reliability of the said contractors have been tested by the Company through time.

The Company uses third-party brokers to sell a significant portion of its residential housing and land development projects.

The Company uses third-party brokers to market and sell all of its residential housing and land development projects to potential customers. If these brokers do not meet their requisite sales targets, the Company's business, financial condition and results of operations could be adversely affected. Moreover, there is competition for the services of third-party brokers in the Philippines and many of the Company's competitors may attempt to recruit brokers away from the Company. If a large number of these third-party brokers were to cease selling for the Company, the Company would be required to seek other external brokers, and there can be no assurance that the Company could do so quickly or in sufficient numbers. Also, negative publicity on the Company's exclusive third-party brokers may spill over and have a negative effect on the Company's reputation. Furthermore, with the passage of R.A. No. 9646 or The Real Estate Service Act of the Philippines and its implementing rules, more stringent requirements are now being imposed with respect to the practice of real estate service, as well as the qualifications and licensing of real estate service practitioners. There can be no assurance that the imposition of these requirements will not affect the real estate service practice of the Company, or its ability to retain their existing third-party brokers or identify new third party brokers. These factors could disrupt the Company's business and negatively affect its financial condition, results of operations and prospects.

All of the unit managers and the agents are exclusively contracted to the Company. Furthermore, all unit managers are accredited licensed realtors. The Company's commission structure and incentive schemes vary relative to the network's affiliation and sales structure. The Company's marketing teams are compensated through commission fees and are provided some administrative support by the Company. The Company trains its marketing teams monthly on topics including new Company policies, product information and terms and conditions of sale.

The Company operates in a highly-regulated environment and it is affected by the development and application of regulations in the Philippines.

The Philippines' housing market is highly regulated. The development of subdivision and other residential projects is subject to a wide range of government regulations, which, while varying from one locality to another, typically include zoning considerations as well as the requirement to procure a variety of environmental and construction-related permits. In addition, projects that are to be located on agricultural land must get clearance from the Philippine Department of Agrarian Reform ("DAR") so that the land can be re-classified as non-agricultural land and, in certain cases, tenants occupying agricultural land may have to be relocated at the Company's expense.

Presidential Decree No. 957, as amended, ("PD 957") and BP 220 are the principal statutes which regulate the development and sale of real property as part of a condominium project or subdivision. PD 957 and BP 220 cover subdivision projects for residential, commercial, industrial or recreational purposes and condominium projects for residential or commercial purposes. The HLURB is the administrative agency of the Government which enforces these statutes. Regulations applicable to the Company's operations include standards regarding:

- the suitability of the site;
- road access;
- necessary community facilities;

- open spaces;
- water supply;
- sewage disposal systems;
- electricity supply;
- lot sizes;
- the length of the housing blocks; and
- house construction.

All subdivision development plans are required to be filed with and approved by the local government unit with jurisdiction over the area where the project is located. Approval of development plans is conditioned on, among other things, completion of the acquisition of the project site and the developer's financial, technical and administrative capabilities and donation of roadways to and other easements in favor of the relevant government agencies. Alterations of approved plans that affect significant areas of the project, such as infrastructure and public facilities, also require the prior approval of the relevant government unit. There can be no assurance that the Company, its Subsidiaries or associates or partners will be able to obtain governmental approvals for its projects or that when given, such approvals will not be revoked.

In addition, owners of or dealers in real estate projects are required to obtain licenses to sell before making sales or other dispositions of subdivision lots and housing and condominium units. Project permits and any license to sell may be suspended, cancelled or revoked by the HLURB based on its own findings or upon complaint from an interested party and there can be no assurance that the Company, its Subsidiaries, associates or partners will in all circumstances, receive the requisite approvals, permits or licenses or that such permits, approvals or licenses will not be cancelled or suspended. Any of the foregoing circumstances or events could affect the Company's ability to complete projects on time, within budget or at all, and could have a material adverse effect on its financial condition and results of operations.

The Company makes sure that all necessary permits and licenses are secured and renewed, if needed, for each project. A dedicated team tasked to secure and/or renew all necessary permits and licenses is in place. Relevant dues and taxes are also paid regularly.

Environmental laws applicable to the Company's projects could have a material adverse effect on its business, financial condition or results of operations.

In general, developers of real estate projects are required to submit project descriptions to regional offices of the Philippine Department of Environment and Natural Resources ("DENR"). For environmentally-sensitive projects or at the discretion of the regional office of the DENR, a detailed Environmental Impact Assessment ("EIA") may be required and the developer will be required to obtain an Environmental Compliance Certificate ("ECC") to certify that the project will not have an unacceptable environmental impact. There can be no assurance that current or future environmental laws and regulations applicable to the Company will not increase the costs of conducting its business above currently projected levels or require future capital expenditures. In addition, if a violation of an ECC occurs or if environmental hazards on land where the Company's projects are located cause damage or injury to buyers or any third party, the Company may be required to pay a fine, to incur costs in order to cure the violation and to compensate its buyers and any affected third parties. The Company cannot predict what environmental legislation or regulations will be amended or enacted in the future, how existing or future laws or regulations will be enforced, administered or interpreted, or the amount of future expenditures that may be required to comply with these environmental laws or regulations or to respond to environmental claims. The introduction or inconsistent application of, or changes in, laws and regulations applicable to the Company's business could have a material adverse effect on its business, financial condition and results of operations.

The Company submits and fulfills all required environmental compliance that is mandated by law. The Company regards occupational health and safety as one of its most important corporate and social responsibilities and it is the Company's corporate policy to comply with existing environmental laws and regulations. The Company maintains various environmental protection systems and conducts regular trainings on environment, health and safety.

The loss of certain tax exemptions and incentives will increase the Company's tax liability and decrease any profits the Company might have in the future.

The Company benefits from provisions under Philippine law and regulations which exempt sales of residential lots with a gross selling price of PhP1.9 million or less and sales of residential houses and lots with a gross selling price of PhP3.2 million or less from the value-added tax ("VAT") of twelve percent (12%). In the event these sales become subject to the VAT, the selling prices for the Company's subdivision lots and housing and condominium units will increase and this could adversely affect the Company's sales. Because taxes such as the VAT are expected to have indirect effects on the Company's results of operations by affecting general levels of spending in the Philippines and the prices of subdivision lots and houses, any adverse change in the Government's VAT-exemption policy could have an adverse effect on the Company's results of operations.

Furthermore, the accreditation of the Company's projects with unit price between PhP450,000 and PhP3,000,000 with the BOI as under the IPP allows each accredited project to enjoy certain tax incentives. For each accredited project, the Company's sales of low cost subdivision lots and housing units are currently not subject to corporate income tax. Also, the Company's projects with unit price of PhP450,000 and under are considered socialized housing projects and enjoy income tax free status by virtue of Republic Act No. 7279. However, accreditation of certain projects was delayed in 2013. Also, the Legislative-Executive Development Advisory Council is recommending a bill concerning the rationalization of certain fiscal incentives that could have an effect in the Company should it be approved by Congress. This bill intends to remove the tax holiday given to low cost housing projects in the BOI's IPP and instead provide a government subsidy to buyers of the housing units. Should this bill be implemented it could have a material effect on the Company's overall level of profitability. Furthermore, there is no guarantee that the Company's future development projects will be able to benefit from the income tax holiday described above, or that accreditation to receive such benefit will not be delayed. The delay or absence of this income tax holiday on any of the Company's future development projects could have an adverse effect on the Company's results of operations.

VAT is a pass-on tax to consumers, and in case VAT exemption will be lifted for mass housing products, then, the Company may opt to revisit pricing scheme to be able to effectively run its business. The Company is able to sell its housing units at an affordable price because of its BOI exemption. Should BOI rules change, taking away the tax incentive, then the mass housing industry as a whole will revisit its business model and reorganize as needed.

Natural or other catastrophes, including severe weather conditions, may materially disrupt the Company's operations, affect its ability to complete projects and result in losses not covered by its insurance.

The Philippines has experienced a number of major natural catastrophes over the years, including typhoons, droughts, volcanic eruptions and earthquakes. In October 2013, a 7.2 magnitude earthquake affected Cebu and the island of Bohol, and on November, 2013, Super Typhoon Haiyan (called Yolanda in the Philippines) caused destruction and casualties of an as yet undetermined amount, in Tacloban, certain parts of Samar, and certain parts of Cebu City, all of which are located in the Visayas, the southern part of the Philippines. There can be no assurance that the occurrence of such natural catastrophes will not materially disrupt the Company's operations. These factors, which are not within the Company's control, could potentially have significant effects on the Company's housing and land development projects, many of which are large, complex estates with infrastructure, such as buildings, roads and perimeter walls, which are susceptible to damage. Damage to these structures resulting from such natural catastrophes could also give rise to claims against the Company from third parties or from customers, for example for physical injuries or loss of property. As a result, the occurrence of natural or other catastrophes or severe weather conditions may adversely affect the Company's business, financial condition and results of operations.

While the Company carries all-risks insurance during the project construction stage and requires all of its purchasers to carry fire insurance, the Company does not carry any insurance for certain catastrophic events, and there are losses for which the Company cannot obtain insurance at a reasonable cost or at all. Neither does the Company carry any business interruption insurance. Should an uninsured loss or a loss in excess of insured limits occur, the Company could lose all or a portion of the capital invested in a property, as well as the anticipated future turnover from such property, while remaining liable for any project construction costs or other financial obligations related to the property. Any material uninsured loss could materially and adversely affect the Company's business, financial condition and results of operations.

Natural calamities affect all business types at similar levels. And since these events cannot be avoided, and at some instances cannot be predicted, the Company only addresses what it can, and makes sure that it has all the relevant and reasonable insurances that it can have.

The Company has insurance coverage that is required in the Philippines for real and personal property. Subject to the customary deductibles and exclusions, the Company carries all-risks insurance during the project construction stage. The Company also requires all of its purchasers to carry fire insurance and sales redemption insurance, for which it pays the annual premium upfront to the insurer and charges purchasers on a monthly basis. For its vertical projects, the Company requires its general contractors to carry all-risks insurance for the period of building construction. The Company does not carry business interruption insurance.

Construction defects and other building-related claims may be asserted against the Company, and the Company may be subject to liability for such claims.

Philippine law provides that property developers, such as the Company, warrant the structural integrity of houses that were designed or built by them for a period of 15 years from the date of completion of the house. The Company may also be held responsible for hidden (i.e., latent or non-observable) defects in a house sold by it when such hidden defects render the house unfit for the use for which it was intended or when its fitness for such use is diminished to the extent that the buyer would not have acquired it or would have paid a lower price had the buyer been aware of the hidden defect. This warranty may be enforced within six months from the delivery of the house to the buyer. In addition, Republic Act No. 6541, as amended, or the National Building Code of the Philippines (the "Building Code"), which governs, among others, the design and construction of buildings, sets certain requirements and standards that must be complied with by the Company. The Company or its officials may be held liable for administrative fines or criminal penalties in case of any violation of the Building Code.

There can be no assurance that the Company will not be held liable for damages, the cost of repairs, and/or the expense of litigation surrounding possible claims or that claims will not arise out of uninsurable events, such as landslides or earthquakes, or circumstances not covered by the Company's insurance and not subject to effective indemnification agreements with the Company's contractors. Neither can there be any assurance that the contractors hired by the Company will be able to either correct any such defects or indemnify the Company for costs incurred by the Company to correct such defects. In the event a substantial number of claims arising from structural or construction defects arise, this could have a material adverse effect on the Company's reputation and on its business, financial condition and results of operations.

Having developed the processes used in the construction of its projects, the Company trains its contractors on these topics. The Company also sends its engineers to oversee critical functions in project construction to ensure the quality of work of its contractors. Every project has an engineering team assigned to it to assure that repairs, which are within the warranties of the Company, is properly addressed.

Further, under the terms of the Company's CTS contracts, buyers may seek repairs for patent (i.e., observable) defects in new homes prior to their acceptance of the residential unit. If the defect is latent (i.e., non-observable), customers may seek repairs within one (1) year from the date the housing unit was turned over to them for occupancy.

The Company has a number of related-party transactions with affiliated companies.

The companies controlled by the principal owners have a number of commercial transactions with the Company. The Company had entered into a number of transactions with its related parties, which primarily consist of advances and reimbursements of expenses and sale and purchase of real estate properties and development.

The transactions referred to above are described in Note 27 of the 2013 Audited Consolidated Financial Statements. The Company expects that it will continue to enter into transactions with companies directly or indirectly controlled by or associated with the principal owners. These transactions may involve potential conflicts of interest which could be detrimental to the Company and/or its stakeholders. Conflicts of interest may also arise between the Company and the Selling Shareholders in a number of other areas relating to its businesses, including:

- Major business combinations involving the Company and its Subsidiaries;
- Plans to develop the respective businesses of the Company and its Subsidiaries; and
- Business opportunities that may be attractive to the Selling Shareholders and the Company.

The Company can provide no assurance that its related-party transactions will not have a material adverse effect on its business or results of operations.

All related-party transactions are executed with caution and guided judgement, and are properly documented.

The Company is highly dependent on the continued service of its directors, members of senior management and other key officers.

The Company's directors, members of its senior management, and other key officers have been an integral part of its success, and the experience, knowledge, business relationships and expertise that would be lost should any such persons depart could be difficult to replace and may result in a decrease in the Company's operating efficiency and financial performance. Key executives and members of management of the Company include Luis N. Yu, Jr., Mariano D. Martinez, Jr., and Januario Jesus Gregorio III B. Atencio. If the Company loses the services of any such person and is unable to fill any vacant key executive or management positions with qualified candidates, or if the qualified individual takes time to learn the details of the Company, the Company's business and results of operations may be adversely affected.

The Company recently hired four (4) executives, who are all graduates of Masters in Business Administration from Asian Institute of Management. These four (4) directly reports to the three (3) key executives and are currently assigned to different departments of the Company. One is an architect, thus, is assigned to Technical Planning. The other is an engineer and is tasked to supervise Luzon operations. A former employee of a non-government organization is now assigned as the Investors Relations Officer of the Company. Lastly, a former banker, with specialty on real estate, is assigned to Finance and Accounting group of the Company.

Any deterioration in the Company's employee relations could materially and adversely affect the Company's operations.

The Company's success depends partially on its ability to maintain a productive workforce. Any strikes, work stoppages, work slowdowns, grievances, complaints or claims of unfair practices or other deterioration in the Company's employee relations could have a material and adverse effect on the Company's financial condition and results of operations.

To date, there is no existing collective bargaining agreement between the Company and its employees, and the Company's employees are not part of any labor union. The Company has not experienced any disruptive labor disputes, strikes or threats of strikes, and management believes that the Company's relationship with its employee in general is satisfactory. The Company complies with minimum compensation and benefits standards as well as all other applicable labor and employment regulations.

Item 2. Properties

Project Development and Construction

Land Acquisition

Land acquisition offer to the Company and/or joint ventures begins with the Company making a marketability determination of the location of the property, based on the intended development. The Company has developed specific procedures to identify land that is suitable for its needs and performs market research to determine demand for housing in the markets it wishes to enter. These factors include:

- the general economic condition of the environment surrounding the property;
- suitable land must be located near areas with sufficient demand or that the anticipated demand can justify any development;
- the site's accessibility from nearby roads and major thoroughfares;
- the availability of utility infrastructure, such as electric transmission facilities, telephone lines and water systems; and
- the overall competitive landscape and the neighboring environment and amenities.

The Company also considers the feasibility of obtaining required governmental licenses, permits and authorizations, as well as adding necessary improvements and infrastructure including sewage, roads and electricity.

If the property passes the initial procedure, the Company then conducts due diligence on the property. The evaluation process focuses on the following major factors:

- legal documents (e.g. title) related to the property;
- property valuation;
- geographic location (i.e. proximity to public transportation);

- technical characteristics of the property (e.g., location of fault lines); and
- other factors impacting the suitability and feasibility of developing future projects.

Before the Company acquires land, it conducts extensive checks on both the owner and the land itself, with a particular focus on the veracity of the title covering the land and whether it can be traced back to the original judicial decree granting title over the land. As and when needed, the Company also engages third parties, such as surveyors and engineers, to verify that the land it seeks to acquire is covered by the technical description of the title. The Company also conducts its own valuation of the property based on, among other factors, other similar properties in the market and an assessment of the potential income derivable from any development suitable for the property. The Company also conducts engineering and environmental assessments in order to determine if the land is suitable for construction. The land must be topographically amenable to housing development.

After the second stage is passed, the Company then determines the fair price and terms for the acquisition and then negotiates with the land owner for the purchase.

Site Development and Construction

Once the land for a project site has been acquired by the Company, site development and construction work for the Company's projects are contracted out to qualified and accredited independent contractors. The Company's accreditation procedure takes into consideration each contractor's experience, financial capability, resources and track record of adhering to quality, cost and time of completion commitments. The Company primarily contracts the Lasvazmun group of companies (consisting of Lasvazmun Homes, Inc. and Las Caerus Homes, Inc.) for construction work in Luzon, Iloilo and some parts of Cebu and the Conmax group of companies (consisting of Conmax Inc. and Creofab Inc.) for construction work in Davao and other parts of Cebu. Formal arrangements with both groups have been in effect since 2011, ensuring that both contractors are exclusive to the Company only. The Company maintains relationships with many contractors for land development, including CGA Prime Builders Corporation, El Eloha Construction, Lasvazmun Homes, Inc., Las Caerus Homes, Inc., Conmax Inc., Creofab Inc., Panico Construction and Square 8. Typically, these contractors are paid approximately twenty percent (20%) to twenty five (25%) initially as down payments, with sixty five percent (65%) to seventy percent (70%) paid on a turnkey basis and the remaining ten percent (10%) paid after three (3) months, retained as coverage for any faults.

The Company builds its horizontal subdivision units in five steps: [1] casting, [2] foundation preparation, [3] assembly, [4] roofing and retouching, and [5] finishing and detailing:

1. Construction begins with the casting process, which comprises setting molds and pre-casting the walls and ceiling slabs near the actual project site. The Company's pre-casting process utilizes the proprietary concrete mix developed by the Company internally, which produces concrete slabs that are approximately four (4) times stronger than typical concrete slabs used in the Philippines and dry in approximately twenty two (22) hours (compared to 21 days for standard casting).

2. Simultaneously, the foundation at the site is prepared and laid, comprising laying down reinforcing bars and allocations for wiring and pipes, setting hooks for the assembly stage and pouring the concrete mixture. This phase is completed in one (1) day.

3. At the assembly stage, cranes are used to lift the pre-cast components and erect the components in the foundation that is prepared while casting is still in progress. The ends of the components are welded together. This process also takes one day.

4. Roofing and retouching involves the addition of steel beams to support the roof, installation of the roof, and the retouching of rough edges in the concrete structure. This stage takes two (2) to three (3) days to complete.

5. Lastly, finishing and detailing takes four (4) to five (5) days to complete and involves smoothing out the walls, floors and ceilings of the unit, applying paint, and installing doors, windows, and electrical and plumbing fixtures.

The Company currently has capacity to develop up to twelve thousand nine hundred (12,900) units annually. The Company can further expand its capacity by increasing the number of its pre-fabrication molds without requiring significant additional investments in time or resources.

Having developed the processes used in the construction of its projects, the Company trains its contractors on these topics. The Company also sends its engineers to oversee critical functions in project construction to ensure the quality of work of its contractors.

<u>Land Bank</u>

As an integral part of its strategy, the Company believes that it maintains a land bank of sufficient size and nature to ensure that it has adequate land to cover its development requirements. The Company has invested in properties situated in what the Company believes are prime locations across the Philippines for existing and future low-cost Mass Housing and land development projects for the next four to five years, most of which is located in areas with close proximity to major roads and primary infrastructure, and aims to expand its land bank to cover development in the next seven to eight years. As of March 31, 2015, the Company had a land bank of approximately 253.35 hectares of raw land for the development of its various projects, with some properties subject to liens or encumbrances.

Details of the Company's raw land inventory as of March 31, 2015 are set out in the table below:

Location	Size (Square meters)
Deca Homes San Mateo – San Mateo Rizal	311,975
Urban Deca Tower Alabang – Filinvest, Alabang	1,245
Urban Deca Tower Yakal – Yakal, Makati	705
Urban Deca Tower Homes Ortigas – Ortigas Avenue Extension	130,390
Deca Homes Batasan – Batasan, Quezon City	170,377
Urban Deca Homes Tondo – Tondo, Manila	84,732
Deca Homes Marilao – Marilao, Bulacan	131,195
Urban Deca Homes Hampton – Imus, Cavite	11,025
Urban Deca Homes Mahogany – Imus, Cavite	41,871
Deca Homes Baywalk Talisay 3 – Talisay, Cebu	55,012
Urban Deca Homes San Miguel – Banilad, Cebu	31,675
Deca Homes Mactan – Mactan, Cebu	307,629
Deca Homes Pavia Resort Residents Ph 2 – Sta. Barbara, Iloilo	1,057,513
Urban Deca Homes Quirino – Quirino, Davao City	7,085

Deca Homes San Lorenzo – Tigatto, Davao City	248,250
Deca Homes Gen San – General Santos	180,000
Total...	2,770,679

The Company intends to continue to look for land in various parts of the Philippines for future development.

Property and Equipment

The following table summarizes the various real estate properties owned by the Company not intended for use as the site of future projects as of December 31, 2014:

Subsidiary and Property Description	Location	Present Use	Mortgages
8990 Housing			
8990 Corporate Center	Negros St., Cebu Business Park, Cebu City	The three-storey building sits on a property owned by L and D Realty Corp, an affiliate of the Company. It is used as the headquarters of 8990 Housing. A portion of the ground floor and some areas of the 3rd floor are leased out.	Metrobank
8990 Corporate Center	E. Quirino Ave., Davao City	The four-storey building serves as the Company's Davao branch. Some portions of the ground floor, the 3rd floor and the 4th floor are leased out.	Phil. Business Bank
3-hectare resort with the following amenities: clubhouse, swimming pool, basketball courts, mini soccer field and fishing lake	Tacunan, Davao City	Serves as additional amenities for the subdivision residents.	None
7-hectare Wakeboard Park	Mintal, Davao City	Wakeboard park with other amenities presently leased to Session Park	None
8990 Luzon			
12-hectare Wakeboard Park	Margot, Pampanga	Wakeboard park with other amenities presently leased to Session Park	None
Fog Horn			
99-room hotel[1]	Leonard Wood Loop, Baguio City	Hotel and timeshare operation	None

Leases

8990 Holdings

8990 as a lessee

8990 entered into a non-cancellable operating lease contract covering its principal office in Liberty Center Building in Makati City in 2012. The contract has a term of two (2) years, and was renewed in 2014. In 2014, 8990 also entered into a non-cancellable operating lease as a lessee covering a corporate suite located at the SM Mall Mall of Asia Arena for a term of one (1) year and will expire on June 22,2015.

Rent expense arising from this operating lease amounted to Php14.5 million and Php1 million, in 2014 and 2013, respectively. In 2014, future minimum rentals payable, which is less than one (1) year amounts to PhP9.9 million and Php555 thousand future minimum rental payable that is more than one (1) year. See Note 25 of the 2014 Audited Consolidated Financial Statements.

Fog Horn

Fog Horn as a lessee
Fog Horn recognized rent expense amounting to PhP5.3 million, PhP3.6 million, and PhP4.4 million, in 2014, 2013 and 2012, respectively, pertaining to rental of its office. The lease agreements are renewable annually upon mutual agreement of the parties. There is no future minimum rental payable under non-cancellable operating leases in 2012 to 2014.

8990 Housing

8990 Housing as lessee
Rent expense of PhP9.9 million, PhP3.2 million and PhP2.3 million in 2014, 2013, and 2012, respectively were recognized by 8990 Housing. These pertain to rental of 8990 Housing's office spaces and billboard. The lease agreements are renewable annually upon mutual agreement of the parties. 8990 Housing has no future minimum rentals payable under non-cancellable operating leases in 2012 to 2014.

8990 Housing as a lessor
A portion of the building owned by 8990 Housing is currently leased to a third party, which is covered by an operating lease contract for a period of ten (10) years starting 2007. Recognized rent income amounted to PhP37.2 million, PhP4.2 million and PhP1.0 million in 2014, 2013, and 2012, respectively. See Note 25 of the 2014 Audited Consolidated Financial Statements for the future minimum lease receivables under non-cancellable operating lease.

8990 Luzon

8990 Luzon as a lessee
8990 Luzon recognized rent expense amounting to PhP600 thousand in 2014, and PhP100 thousand for both 2013 and 2012, pertaining to rentals for office space, staff house, and generator set.

8990 Luzon as a lessor
8990 Luzon leased its investment properties for a period of five (5) years, with provision for automatic annual renewal unless formally terminated by either party, in 2012. The contract provided that first six (6) monthly leased fees for the first year shall be waived. As an exchange, 8990 Luzon shall be entitles to receive ten percent (10%) of monthly gross sales of riding passes in excess of PhP2 million.

Rent income from investment properties amounted to PhP1.2million and PhP1.1 million in 2014 and 2013, respectively. See Note 25 of the 2014 Audited Consolidated Financial Statements for the future minimum lease receivables under non-cancellable operating lease.

Item 3. Legal Proceedings

Neither the Company nor any of its Subsidiaries are involved in, or the subject of, any legal proceedings which, if determined adversely to the Company or the relevant Subsidiary's interests would have a material effect on the business or financial position of the Company or any of its Subsidiaries.

Item 4. Submission of Matters to a Vote of Security Holders

There was no matter submitted to a vote of security holders during the period covered by this report, except for the matters taken up during the Annual Meeting of Stockholders.

PART II – OPERATIONAL AND FINANCIAL INFORMATIONS

Item 5. Market for Registrant's Common Equity and Related Stockholder Matters

Market Information

The Company has outstanding 5,517,990,720 common shares. All common shares are listed and traded principally on the Philippine Stock Exchange, Inc. ("PSE") as of December 31, 2014. The closing price as of April 8, 2015 is Php8.64 per share.

The following are the quarterly high and low prices, as well as the closing price of the Company's shares traded at the Philippine Stock Exchange, Inc. for the last three (3) years:

Quarter	2014			2013			2012		
	High	Low	Close	High	Low	Close	High	Low	Close
1st	7.47	6.00	6.58	4.65	3.21	4.55	3.49	2.52	3.17
2nd	8.77	6.01	8.02	10.42	4.22	6.60	4.70	2.00	2.33
3rd	8.50	6.88	7.24	7.00	5.51	5.71	2.75	1.75	2.05
4th	7.99	6.74	7.12	9.03	5.81	6.99	3.40	2.03	3.34

The market capitalization of the Company as of December 29, 2014 was approximately PhP39.29 billion, based on the closing price of PhP7.12 per share.

Holders

The following table sets forth the stockholders of record of the Company as of March 30, 2015:

Shareholder	Number of Shares Subscribed	Amount Subscribed and Paid-up (in ₱) (excl of addl paid-in capital)	% of Ownership
IHoldings, Inc.	2,139,035,107	2,139,035,107.00	38.76%
PCD Nominee Corporation (Non-Filipino)	1,037,666,507	1,037,666,507.00	18.81%
Kwantlen Development Corporation	925,325,018	925,325,018.00	16.77%
Januarius Resources Realty Corporation	543,794,584	543,794,584.00	9.85%
PCD Nominee Corporation (Filipino)	402,133,854	402,133,854.00	7.29%
Luis N. Yu, Jr.	258,099,322	258,099,322.00	4.68%
Mariano D. Martinez, Jr.	168,916,767	168,916,767.00	3.06%
Januario Jesus Gregorio III B. Atencio	41,006,372	41,006,372.00	0.74%
Raul Fortunato R. Rocha	1,000,001	100,000,001.00	0.18%
Socorro P. Lim	500,000	500,000.00	0.01%
Antholin T. Muntuerto	300,000	300,000.00	0.01%
Mark Werner J. Rosal	200,000	200,000.00	0.00%
Ian Norman E. Dato	5,001	5,001.00	0.00%
Angeline Pami Torres	3,000	3,000.00	0.00%
Hector A. Sanvictores	2,000	2,000.00	0.00%
Gregorio G. Gruyal	1,500	1,500.00	0.00%
Stephen G. Soliven	1,500	1,500.00	0.00%
Ben Chan Wei Beng	100	100.00	0.00%
Owen Nathaniel Sy Au ITF Li Marcus Au	80	80.00	0.00%
Manuel S. Delfin, Jr.	1	1.00	Nil

Richard L. Haosen	1	1.00	Nil
Arlene C. Keh	1	1.00	Nil
Dominic J. Picone	1	1.00	Nil
Anthony Vincent S. Sotto	1	1.00	Nil
Willibaldo J. Uy	1	1.00	Nil
Lowell L. Yu	1	1.00	Nil
Total	5,517,990,720	5,517,990,720.00	100%

Dividends and Dividend Policy

Under Philippine law, dividends may be declared out of a corporation's Unrestricted Retained Earnings which shall be payable in cash, in property, or in stock to all stockholders on the basis of outstanding stock held by them. The amount of retained earnings available for declaration as dividends may be determined pursuant to regulations issued by the Philippine SEC. The approval of the Board of Directors is generally sufficient to approve the distribution of dividends, except in the case of stock dividends which requires the approval of stockholders representing not less than two-thirds of the outstanding capital stock at a regular or special meeting duly called for the purpose. From time to time, the Company may reallocate capital among its Subsidiaries depending on its business requirements.

The Philippine Corporation Code prohibits stock corporations from retaining surplus profits in excess of 100% of their paid-in capital stock, except when justified by definite corporate expansion projects or programs approved by the Board of Directors, or when the corporation is prohibited under any loan agreement with any financial institution or creditor from declaring dividend without its consent, and such consent has not yet been secured, or when it can be clearly shown that such retention is necessary under special circumstances obtaining in the corporation.

Limitations and Requirements

Under Philippine law, a corporation can only declare dividends to the extent that it has Unrestricted Retained Earnings that represent the undistributed earnings of the corporation which have not been allocated for any managerial, contractual or legal purpose and which are free for distribution to the shareholders as dividends. A corporation may pay dividends in cash, by the distribution of property or by the issuance of shares. Stock dividends may only be declared and paid with the approval of shareholders representing at least two-thirds of the outstanding capital stock of the corporation voting at a shareholders' meeting duly called for the purpose.

The Philippine Corporation Code generally requires a Philippine corporation with retained earnings in excess of 100% of its paid-in capital to declare and distribute as dividends the amount of such surplus. Notwithstanding this general requirement, a Philippine corporation may retain all or any portion of such surplus in the following cases: [1] when justified by definite expansion plans approved by the board of directors of the corporation; [2] when the required consent of any financing institution or creditor to such distribution has not been secured; [3] when retention is necessary under special circumstances, such as when there is a need for special reserves for probably contingencies; or [4] when the non-distribution of dividends is consistent with the policy or requirement of a Government office.

Record Date

Pursuant to existing Philippine SEC rules, cash dividends declared by the Company must have a record date not less than ten (10) nor more than thirty (30) days from the date of declaration. For stock dividends, the record date should not be less than ten (10) nor more than thirty (30) days from the date of the shareholders' approval, provided however, that the set record date is not to be less than ten (10) trading days from receipt by the PSE of the notice of declaration of stock dividend. In the event that a stock dividend is declared in connection with an increase in authorized capital stock, the corresponding record date is to be fixed by the Philippine SEC.

Dividend History

Listed below are the cash dividends declared and/or paid by the Company.

₱0.05 per share
Declaration Date: November 4, 2014
Record date: November 18, 2014
Payment date: December 12, 2014

₱0.18 per share
Declaration Date: February 17, 2015
Record date: March 4, 2015
Payment date: March 30, 2015

Dividend Policy

The Company intends to maintain a consistent dividend payout policy based on its consolidated net income for the preceding fiscal year, subject to the requirements of the applicable laws and regulations and the absence of circumstances which may restrict the payment of such dividends. In line with this, during the last Annual Stockholders' Meeting of 8990 Holdings, Inc. held on July 29, 2013, the stockholders of 8990 Holdings, Inc. approved the adoption of a dividend policy whereby, subject to available cash and after any capital expenditure requirements, at least 50% of the Unrestricted Retained Earnings of 8990 Holdings, Inc. for the preceding fiscal year will be declared as dividends.

The Subsidiaries have not adopted any formal dividend policies. Dividend policies for the Subsidiaries shall be determined by their respective Boards of Directors.

Recent Issuance of Shares Constituting Exempt Transaction

Not applicable.

Description of the Shares

Pursuant to its articles of incorporation as amended on October 1, 2013, the Company has an authorized amount of capital stock of PhP7,000,000,000 divided into 7,000,000,000 Common Shares with a par value of PhP1.00 per share, of which 5,517,990,720 Common Shares are issued and outstanding as of the date of this report.

Objects and Purposes

The Company has been organized primarily to purchase, subscribe for, or otherwise acquire and own, hold, use, invest in, develop, sell, assign, transfer, lease, take options to, mortgage, pledge, exchange, and in all ways deal with, personal and real property of every kind and description, including shares of the capital stock of corporations, bonds, notes, evidence of indebtedness, and other securities, contracts or obligations of any corporation, domestic or foreign, without however, engaging in dealership in securities, in stock brokerage business or in the business of an investment company.

The Company's purposes also include the following:

1. To acquire by purchase, exchange, lease, bequest, devise or otherwise; to hold, own, use, maintain, manage, improve, develop and operate; and to sell, transfer, convey, lease, mortgage, pledge, exchange or otherwise dispose of real and personal properties, including vehicles and equipment

necessary for the primary business, and any and all rights, interests or privileges therein necessary or incidental to the conduct of corporate business.

2. To borrow or raise money for the conduct of the business of the Corporation, and to draw, make, accept, endorse, execute, and issue promissory notes, drafts, bills of exchange, warrants, bonds, debentures and other negotiable and non-negotiable instruments and evidences of indebtedness and to secure the payment thereof and of any interest thereon by mortgage upon, or pledge of, or grant of a security interest in, or conveyance or assignment in trust for, or lien upon the whole or any part of the property of the Corporation, whether at the time owned or thereafter acquired, and to sell, pledge or otherwise dispose of such bonds, debentures or other obligations of the Corporation for corporate purposes.

3. To invest and re-invest the money and property of the Corporation in such manner considered wise or expedient for the advancement of its interests.

4. To acquire the goodwill, rights, assets and property, and to undertake or assume the whole or any part of the obligations or liabilities, of any person, partnership, association or corporation, and to pay therefor in cash, stocks or bonds of the corporation or otherwise.

5. To aid in any lawful manner, by loan, subsidy, guaranty or otherwise, any corporation whose stocks, bonds, notes, debentures or other securities or obligations are held or controlled directly or indirectly, by the Corporation, and to do any and all lawful acts or things necessary or desirable to protect, preserve, or enhance the value of such stocks, bonds, securities or other obligations or evidences of indebtedness, and to guarantee the performance of any contract or undertaking of any person, partnership, association oOr corporation in which the corporation is or become interested.

6. To enter into any lawful arrangement for the sharing of profits, union of interest, reciprocal concession or cooperation with any person, partnership, association, corporation, or government or authority, domestic or foreign, in the carrying on of any business or transaction deemed necessary, convenient or incidental to carrying out any of the purposes of the Corporation.

7. To acquire or obtain from any government authority, national, provincial municipal or otherwise, or any person, partnership, association or corporation, such charters, contracts, franchise, privileges, exemptions, licenses and concessions required for the conduct of any of the purposes of the Corporation.

8. To establish and operate one or more branch offices or agencies and to carry on any or all of its operations and business, including the right to hold, purchase or otherwise acquire, lease, mortgage, pledge and convey or otherwise deal in and with real and personal property anywhere in the Philippines.

9. To conduct and transact any and all lawful activities, and to do or cause to be done any one or more of the acts and things herein set forth as its purposes, within or without the Philippines, and to do everything necessary, desirable or incidental to the accomplishment of the purposes or the exercise of any one or more of the powers herein enumerated, or which shall at any time appear conductive to or expedient for the protection or benefit of the Corporation.

Under Philippine law, a corporation may invest its funds in any other corporation or business or for any purpose other than the purpose for which it was organized when approved by a majority of the board of directors and ratified by the stockholders representing at least two-thirds of the outstanding capital stock, at a stockholders' meeting duly called for the purpose; provided, however, that where the investment by the corporation is reasonably necessary to accomplish its purposes, the approval of the stockholders shall not be necessary. Per the By-laws of the Company, its stock, property and affairs shall be exclusively managed and controlled by the board of directors.

Share Capital

A Philippine corporation may issue common or preferred shares, or such other classes of shares with such rights, privileges or restrictions as may be provided for in the articles of incorporation and by-laws of the corporation. Subject to the approval by the Philippine SEC, it may increase or decrease its authorized capital stock by amending its articles of incorporation, provided that the change is approved by a majority of the board of directors and by shareholders representing at least two-thirds of the outstanding capital stock of the corporation voting at a shareholders' meeting duly called for the purpose.

Under Philippine law, the shares of a corporation may either be with or without a par value. All of the Common Shares currently issued have a par value of PhP1.00 per share. In the case of par value shares, where a corporation issues shares at a price above par, whether for cash or otherwise, the amount by which the subscription price exceeds the par value is credited to an account designated as additional paid-in capital or paid-in surplus.

Subject to approval by the Philippine SEC, a corporation may increase or decrease its authorized capital shares, provided that the change is approved by a majority of the board of directors of such corporation and shareholders representing at least two-thirds of the issued and outstanding capital shares of the corporation voting at a shareholders' meeting duly called for the purpose.

A corporation is empowered to acquire its own shares for a legitimate corporate purpose, provided that the corporation has Unrestricted Retained Earnings or surplus profits sufficient to pay for the shares to be acquired. Examples of instances in which the corporation is empowered to purchase its own shares are: when the elimination of fractional shares arising out of share dividends is necessary or desirable, the purchase of shares of dissenting shareholders exercising their appraisal right (as discussed below) and the collection or compromise of an indebtedness arising out of an unpaid subscription. When a corporation repurchases its own shares, the shares become treasury shares, which may be resold at a price fixed by the board of directors of such corporation.

The Board is authorized to issue shares from treasury from time to time. Treasury shares may be issued to any person, corporation or association, whether or not a shareholder of the Company, including its officers or employees for such consideration in money as the Board may determine.

Voting Rights

The Company's Shares have full voting rights. However, the Philippine Corporation Code provides that voting rights cannot be exercised with respect to shares declared by the board of directors as delinquent; treasury shares, or if the shareholder has elected to exercise his right of appraisal referred to below.

Dividend Rights

Under the Company's By-laws, dividends may be paid out the Unrestricted Retained Earnings of the Company as and when the Board of Directors may elect, subject to legal requirements. Dividends are payable to all shareholders on the basis of outstanding shares of the Company held by them, each share being entitled to the same unit of dividend as any other share. Dividends are payable to shareholders whose name are recorded in the stock and transfer book as of the record date fixed by the Board of Directors. The PSE has an established mechanism for distribution of dividends to beneficial owners of shares which are traded through the PSE which are lodged with the PCD Nominee as required for scripless trading.

Pre-Emptive Rights

The Philippine Corporation Code confers pre-emptive rights on the existing shareholders of a Philippine corporation which entitle such shareholders to subscribe to all issues or other dispositions of shares of any class by the corporation in proportion to their respective shareholdings, regardless of whether the shares proposed to be issued or otherwise disposed of are identical to the shares held. A Philippine corporation may, however, provide for the denial of these pre-emptive rights in its articles of incorporation. Likewise, shareholders who are entitled to such pre-emptive rights may waive the same through a written instrument to that effect.

The articles of incorporation of the Company deny the pre-emptive rights of its shareholders to subscribe to any or all dispositions of any class of shares.

Derivative Rights

Philippine law recognizes the right of a shareholder to institute proceedings on behalf of the corporation in a derivative action in circumstances where the corporation itself is unable or unwilling to institute the necessary proceedings to redress wrongs committed against the corporation or to vindicate corporate rights as, for example, where the directors of the corporation themselves are the malefactors.

Appraisal Rights

The Philippine Corporation Code grants a shareholder a right of appraisal and demand payment of the fair value of his shares in certain circumstances where he has dissented and voted against a proposed corporate action, including:

- an amendment of the articles of incorporation which has the effect of adversely affecting the rights attached to his shares or of authorizing preferences in any respect superior to those of outstanding shares of any class;
- the extension of the term of corporate existence;
- the sale, lease, exchange, transfer, mortgage, pledge or other disposal of all or substantially all the assets of the corporation;
- a merger or consolidation; and
- investment by the corporation of funds in any other corporation or business or for any purpose other than the primary purpose for which it was organized.

In any of these circumstances, the dissenting shareholder may require the corporation to purchase its shares at a fair value, which, in default of agreement, is determined by three disinterested persons, one of whom shall be named by the shareholder, one by the corporation, and the third by the two thus chosen. Regional Trial Courts will, in the event of a dispute, determine any question about whether a dissenting shareholder is entitled to this right of appraisal. From the time the shareholder makes a demand for payment until the corporation purchases such shares, all rights accruing on the shares, including voting and dividend rights, shall be suspended, except the right of the shareholder to receive the fair value of such shares. No payment shall be made to any dissenting shareholder unless the corporation has Unrestricted Retained Earnings sufficient to support the purchase of the shares of the dissenting shareholders.

Right of Inspection

A shareholder has the right to inspect the records of all business transactions of the corporation and the minutes of any meeting of the board of directors and shareholders at reasonable hours on business days and may demand a copy of excerpts from such records or minutes at his or her expense. However, the corporation may refuse such inspection if the shareholder demanding to examine or copy the corporation's records has improperly used any information secured through any prior examination, or was not acting in good faith or for a legitimate purpose in making his demand.

Right to Financial Statements

A shareholder has a right to be furnished with the most recent financial statement of a Philippine corporation, which shall include a balance sheet as of the end of the last taxable year and a profit or loss statement for said taxable year, showing in reasonable detail its assets and liabilities and the results of its operations. At the meeting of shareholders, the board of directors is required to present to the shareholders a financial report of the operations of the corporation for the preceding year, which shall include financial statements duly signed and certificate by an independent certified public accountant.

Board of Directors

Unless otherwise provided by law or in the articles of incorporation, the corporate powers of the Company are exercised, its business conducted, and its property controlled by the Board. Pursuant to its articles of incorporation, as amended, the Company shall have thirteen (13) Directors, two (2) of whom are independent Directors within the meaning set forth in Section 38 of the SRC. The Board shall be elected during each regular meeting of shareholders, at which shareholders representing at least a majority of the issued and outstanding capital shares of the Company are present, either in person or by proxy.

Under Philippine law, representation of foreign ownership on the Board is limited to the proportion of the foreign shareholding. Directors may only act collectively; individual directors have no power as such. Four directors, which is a majority of the Board, constitute a quorum for the transaction of corporate business. Except for certain corporate actions such as the election of officers, which shall require the vote of a majority of all the members of the Board, every decision of a majority of the quorum duly assembled as a board is valid as a corporate act.

Any vacancy created by the death, resignation or removal of a director prior to expiration of such director's term shall be filled by a vote of at least a majority of the remaining members of the Board, if still constituting a quorum, Otherwise, the vacancy must be filled by the shareholders at a meeting duly called for the purpose. Any director elected in this manner by the Board shall serve only for the unexpired term of the director whom such director replaces and until his successor is duly elected and qualified.

Shareholders' Meetings

Annual or Regular Shareholders' Meetings

The Philippine Corporation Code requires all Philippine corporations to hold an annual meeting of shareholders for corporate purposes including the election of directors. The By-laws of the Company provide for annual meetings on the last Monday of July of each year to be held at the principal office of the Company and at such hour as specified in the notice.

Special Shareholders' Meeting

Special meetings of shareholders, for any purpose or purposes, may at any time be called by either the president or a majority of the Board of Directors, whenever he or they shall deem it necessary.

Notice of Shareholders' Meeting

Whenever shareholders are required or permitted to take any action at a meeting, a written notice of the meeting shall be given which shall state the place, date and time of the meeting, and the purpose or purposes for which the meeting is called. The Company's By-laws provide that notices of the time and place of the annual and special meetings of the shareholders shall be given either by mailing the same enclosed in a postage-prepaid envelope, addressed to each shareholder of record at the address left by such shareholder with the Secretary of the Company, or at his last known post-office address, or by delivering the same to him in person, at least two (2) weeks before the date set for such meeting. Notice to any special meeting must state, among others, the matters to be taken up in the said meeting, and no other business shall be transacted at such meeting except by consent of all the shareholders present, entitled to vote. No notice of meeting need be published in any newspaper, except when necessary to comply with the special requirements of the Philippine Corporation Code. Shareholders entitled to vote may, by written consent, waive notice of the time, place and purpose of any meeting of shareholders and any action taken at such meeting pursuant to such waiver shall be valid and binding. When the meeting of the shareholders is adjourned to another time or place, notice of the adjourned meeting need not be provided so long as the time and place to which the meeting is adjourned are announced at the meeting at which the adjournment is taken. At the reconvened meeting, any business may be transacted that might have been transacted on the original date of the meeting.

Quorum

Unless otherwise provided by an existing shareholders' agreement or by law, in all regular or special meeting of shareholders, a majority of the outstanding capital shares must be present or represented in order to constitute a quorum, except in those cases where the Philippine Corporation Code provides a greater percentage vis-a`-vis the total outstanding capital shares. If no quorum is constituted, the meeting shall be adjourned until the requisite amount of shares shall be presented.

Pursuant to the Company's By-laws, the chairman of the board, or in case of his absence or disability, the president, may then call to order any meeting of the stockholders, and proceed to the transaction of business, provided a majority of the shares issued and outstanding be present, either in person or by proxy; but if there be no quorum present at any meeting, the meeting may be adjourned by the stockholders present from time to time until the quorum shall be obtained. If neither the chairman of the board nor the president is present, then the meeting is to be conducted by a chairman to be chosen by the stockholders.

Voting

At all meetings of shareholders, a holder of Common Shares may vote in person or by proxy, for each share held by such shareholder.

Fixing Record Dates

Under existing Philippine SEC rules, cash dividends declared by corporations whose shares are listed on the PSE shall have a record date which shall not be less than 10 or more than 30 days from the date of declaration. With respect to share dividends, the record date shall not be less than 10 or more than 30 days from the date of shareholder approval; provided, however, that the record date set shall not be less than 10 trading days from receipt by the PSE of the notice of declaration of share dividends. In the event that share dividends are declared in connection with an increase in the authorized capital shares, the corresponding record date shall be fixed by the Philippine SEC.

Matters Pertaining to Proxies

Shareholders may vote at all meetings the number of shares registered in their respective names, either in person or by proxy duly given in writing and duly presented to the Corporate Secretary before or during the meeting. Unless otherwise provided in the proxy, it shall be valid only for the meeting at which it has been presented to the Corporate Secretary.

Proxies should comply with the relevant provisions of the Philippine Corporation Code, the SRC, the IRRs, and regulations issued by the Philippine SEC.

Dividends

The Common Shares have full dividend rights. Dividends on the Company's Common Shares, if any, are paid in accordance with Philippine law. Dividends are payable to all shareholders on the basis of outstanding Common Shares held by them, each Common Share being entitled to the same unit of dividend as any other Common Share. Dividends are payable to shareholders whose names are recorded in the stock and transfer book as of the record date fixed by the Company's Board of Directors. The PSE has an established mechanism for distribution of dividends to beneficial owners of Common Shares which are traded through the PSE which are lodged with the PCD Nominee as required for scripless trading.

The Company intends to maintain a consistent dividend payout policy based on its consolidated net income for the preceding fiscal year, subject to the requirements of the applicable laws and regulations and the absence of circumstances which may restrict the payment of such dividends. In line with this, during the last Annual Stockholders' Meeting of 8990 Holdings, Inc. held on July 29, 2013, the stockholders of 8990 Holdings, Inc. approved the adoption of a dividend policy whereby, subject to available cash and after any capital expenditure requirements, at least 50% of the Unrestricted Retained Earnings of 8990 Holdings, Inc. for the preceding fiscal year will be declared as dividends. The Subsidiaries have not adopted any formal dividend policies. Dividend policies for the Subsidiaries shall be determined by their respective Boards of Directors.

Transfer of Shares and Share Register

All transfers of shares on the PSE shall be effected by means of a book-entry system. Under the book-entry system of trading and settlement, a registered shareholder shall transfer legal title over the shares to a nominee, but retains beneficial ownership over the shares. The transfer of legal title is done by surrendering the stock certificate representing the shares to participants of the PDTC System (i.e., brokers and custodian banks) that, in turn, lodge the same with the PCD Nominee Corporation, a corporation wholly-owned by the PDTC (the "PCD Nominee"). A shareholder may request upliftment of the shares from the PDTC, in which case a stock certificate will be issued to the shareholder and the shares registered in the shareholder's name in the books of the Company.

Philippine law does not require transfers of the Common Shares to be effected on the PSE, but any off-exchange transfers will subject the transferor to a capital gains tax that may be significantly greater than the share transfer tax applicable to transfers effected on the PSE. See "Philippine Taxation." All transfers of shares on the PSE must be effected through a licensed stockbroker in the Philippines.

Issues of Shares

Subject to otherwise applicable limitations, the Company may issue additional Common Shares to any person for consideration deemed fair by the Board, provided that such consideration shall not be less than the par value of the issued Common Shares. No share certificates shall be issued to a subscriber until the full amount of the subscription together with interest and expenses (in case of delinquent Common Shares) has been paid and proof of payment of the applicable taxes shall have been submitted to the Company's Corporate Secretary. Under the PSE Rules, only fully-paid shares may be listed on the PSE.

Share Certificates

Certificates representing the Common Shares will be issued in such denominations as shareholders may request, except that certificates will not be issued for fractional shares. Shareholders wishing to split their certificates may do so upon application to the Company's share transfer agent, Securities Transfer and Services, Inc., which will maintain the share register. Common Shares may also be lodged and maintained under the book-entry system of the PDTC. See "The Philippine Stock Market."

Mandatory Tender Offers

In general, under the SRC and the IRRs, any person or group of persons acting in concert and intending to acquire at least: [1] 35% of any class of any equity security of a public or listed corporation in a single transaction; or [2] 35% of such equity over a period of 12 months; or [3] even if less than 35% of such equity, if such acquisition would result in ownership by the acquiring party of over 51% of the total outstanding equity, is required to make a tender offer to all the shareholders of the target corporation on the same terms. Generally, in the event that the securities tendered pursuant to such an offer exceed that which the acquiring person or group of persons is willing to take up, the securities shall be purchased from each tendering shareholder on a pro rata basis, disregarding fractions, according to the number of securities tendered by each security holder. Where a mandatory tender offer is required, the acquirer is compelled to offer the highest price paid by him for such shares during the past six months. Where the offer involves payment by transfer or allotment of securities, such securities must be valued on an equitable basis. However, if any acquisition of even less than 35% would result in ownership of over 51% of the total outstanding equity, the acquirer shall be required to make a tender offer for all the outstanding equity securities to all remaining shareholders of the said corporation at a price supported by a fairness opinion provided by an independent financial adviser or equivalent third party. The acquirer in such a tender offer shall be required to accept any and all securities thus tendered.

No Mandatory Tender Offer is required in: (i) purchases of shares from unissued capital shares unless it will result to a 50% or more ownership of shares by the purchaser; (ii) purchases from an increase in the authorized capital shares of the target company; (iii) purchases in connection with a foreclosure proceedings involving a pledge or security where the acquisition is made by the debtor or creditor; (iv) purchases in connection with privatization undertaken by the government of the Philippines; (v) purchases in connection with corporate rehabilitation under court supervision; (vi) purchases through an open market at the prevailing market price; or (vii) purchases resulting from a merger or consolidation.

Fundamental Matters

The Philippine Corporation Code provides that certain significant acts may only be implemented with shareholders' approval. The following require the approval of shareholders representing at least two-thirds of the issued and outstanding capital shares of the corporation in a meeting duly called for the purpose:

- amendment of the articles of incorporation;
- removal of directors;
- sale, lease, exchange, mortgage, pledge or other disposition of all or a substantial part of the assets of the corporation;
- investment of corporate funds in any other corporation or business or for any purpose other than the primary purpose for which the corporation was organized;
- declaration or issuance of share dividends;

- delegation to the board of directors of the power to amend or repeal by-laws or adopt new by-laws;
- merger or consolidation;
- dissolution;
- an increase or decrease in capital shares;
- ratification of a contract of a directors or officer with the corporation;
- extension or shortening of the corporate term;
- creation or increase of bonded indebtedness; and
- management contracts with related parties;

The approval of shareholders holding a majority of the outstanding capital shares of a Philippine corporation, including non-voting preferred shares, is required for the adoption or amendment of the by-laws of such corporation.

Accounting and Auditing Requirements

Philippine stock corporations are required to file copies of their annual financial statements with the Philippine SEC. In addition, public corporations are required to file quarterly financial statements (for the first three quarters) with the Philippine SEC. Those corporations whose shares are listed on the PSE are additionally required to file said quarterly and annual financial statements with the PSE. Shareholders are entitled to request copies of the most recent financial statements of the corporation which include a statement of financial position as of the end of the most recent tax year and a profit and loss statement for that year. Shareholders are also entitled to inspect and examine the books and records that the corporation is required by law to maintain.

The Board is required to present to shareholders at every annual meeting a financial report of the operations of the Company for the preceding year. This report is required to include audited financial statements.

Item 6. Management Discussion and Analysis of Financial Condition and Results of Operations

Factors Affecting Results of Operations

The Company's results of operations are affected by a variety of factors. Set out below is a discussion of the most significant factors that have affected the Company's results in the past and which the Company expects to affect its financial results in the future. Factors other than those set out below could also have a significant impact on the Company's results of operations and financial condition in the future. See Risk Relating to the Companies Business.

General Global and Philippine Economic Conditions and the Condition of the Philippine Real Estate and Residential Housing Markets

The Company derives substantially all of its revenue from its mass housing development activities in the Philippines. The Philippine real estate and housing markets have historically been affected by the prevailing economic conditions in the Philippines, which may also be affected by the economic conditions in other parts of the world. Accordingly, the Company's results of operations may be significantly affected by the state of the global and Philippine economies generally and specifically the Philippine property and housing markets. The Philippine real estate and housing markets have historically been subject to cyclical trends, and property values have been affected by the supply of and demand for comparable properties, the rate of economic growth, the rate of unemployment and political and social developments in the Philippines. Demand for new residential projects in the Philippines has historically also been affected by, among other things, prevailing political, social and economic conditions in the Philippines, including overall growth levels, the value of the Philippine peso and interest rates, as well as the strength of the economy in other parts of the world, given that a substantial portion of demand comes from overseas Filipino workers. Furthermore, as the Company continues expanding its business, these operations will also be increasingly affected by general conditions in the global and Philippine economies. As a result, the Company expects that its results of operations will continue to vary from period to period largely as a result of general global and Philippine economic conditions.

Collection of Receivables

The Company's results of operations are also affected to a significant degree by the success and efficiency of its collection of receivables from its customers. If the Company experiences any significant delays or defaults on its collection of receivables, it could experience liquidity issues. In addition, a significant number of defaults may result in the Company taking on a significant amount of inventory for the housing units it would repossess from customers. In such an instance, there can be no guarantee that the Company will be able to dispose of these units quickly and at acceptable prices. Any of these occurrences in relation to failure to collect receivables from its customers in a timely manner or at all may have a material adverse effect on the Company's liquidity, financial condition and results of operations.

Liquidity Risk Management

To better manage its liquidity risk, interest risk, as well as improve its cash conversion cycle, the Company typically enters into take-out arrangements with PAG-IBIG where it will transfer its CTS Gold Convertible receivables within four (4) years in exchange for cash. As of the date of this report, the Company has submitted to PAG-IBIG approximately four thousand seven hundred (4,700) CTS receivables, equivalent to approximately PhP4 billion. These accounts are currently being processed by PAG-IBIG, and at various stages of cycle completion. The acceptance or rejection of a CTS receivable by PAG-IBIG is based on certain guidelines of PAG-IBIG such as employment, number of contributions made by the homeowner/PAG-IBIG member and net disposable income, among other factors. The Company believes that substantially all of its requests for take-outs have been accepted by PAG-IBIG. However, in the event that a material number of take-up applications are delayed or even denied, the Company's cashflow and recognized revenues could be materially affected. Moreover, the conversion into cash of the Company CTS receivable as a result of take-ups by PAG-IBIG also affects the Company's results of operations. As greater amount of CTS receivables are converted due to the Company's take-up arrangements, the Company's finance income and receivables decrease while its cash balances correspondingly increase.

In addition to its receivables take-up arrangements with institutions such as PAG-IBIG, the Company also regularly adopts other measures to manage its level of receivables from its housing sales, as well as to generate cash necessary for operations. For example, the Company from time to time enters into loan arrangements with banks against its receivables portfolio as collateral. In addition, the Company also from time to time sells receivables to banks and other financial institutions on a non-recourse basis. The Company has also begun to explore possible securitization transactions with respect to its receivables portfolio. The success of any of these receivable management measures, depending on the amount involved and terms agreed, may affect the Company's results of operations in terms of its liquidity and the levels of its receivable assets.

Interest Rates

The Company generally charges its customers an annual fixed interest rate of eight and a half percent (8.5%) on their housing loans under the CTS Gold program; this interest rate matches the mandated eight and a half percent (8.5%) interest rate that PAG-IBIG will charge such customers if and when their loans are taken up in the PAG-IBIG home loan program. The Company's financing arrangements with commercial banks and other financial institutions are typically on a fixed interest basis, with interest rates typically averaging approximately six percent (6%) or seven percent (7%) per annum. As the Company typically only needs to borrow approximately half of the amount of loans it grants to its customers, the Company believes that it is substantially protected against fluctuations of interest rates in the market. However, in cases of extraordinary increases in interest rates, such as during the Asian financial crisis of the late 1990s or the global economic downturn of 2008, the Company's financial position and results of operations could be adversely affected.

Tax Incentives and Exemptions

As a developer of low-cost housing with mass housing unit price points not exceeding PhP1.9 million (for lots only) or PhP2.2 million (for residential house and lots or other residential dwellings), the Company benefits from an exemption on VAT under current tax laws and regulations. Furthermore, the accreditation of the Company's projects with unit price between PhP450,000 and PhP3,000,000 with the BOI as under the IPP allows each accredited project to enjoy certain tax incentives. For each accredited project, the Company's sales of low cost subdivision lots and housing units are currently not subject to corporate income tax. Also, the Company's projects with unit price of PhP450,000 and under are considered socialized housing projects and enjoy income tax free status by virtue of Republic Act No. 7279. As such, the Company's sales of low cost subdivision lots and housing units are currently not subject to twelve percent (12%) VAT, and corporate income tax. In the event that the Company loses these tax exemptions or incentives or its tax holiday lapses or is not renewed, these sales would become subject to VAT and corporate income tax. These prospective tax charges will directly affect the Company's net income, and the Company expects that any changes in regulatory and tax policy and applicable tax rates may affect its results of operations from time to time.

Price Volatility of Construction Materials and Other Development Costs

The Company's cost of sales is affected by the price of construction materials such as steel, tiles and cement, as well as fluctuations in electricity and energy prices. While the Company, as a matter of policy, attempts to fix the cost of materials components in its agreements with contractors, in cases where demand for steel, tiles and cement are high or when there are shortages in supply, the contractors the Company hires for construction or development work may be compelled to raise their contract prices. With respect to electricity, higher prices generally result in a corresponding increase in the Company's overall development costs. As a result, rising costs for any construction materials or in the price of electricity will impact the Company's construction costs, cost of sales and the price for its products. Any increase in prices resulting from higher construction costs could adversely affect demand for the Company's products and the relative affordability of such products, particularly as a mass housing developer. This could reduce the Company's profitability.

With regard to sales of subdivision house and lots, if the actual cost of completing the development of a particular project exceeds the Company's estimates, any increase in cost is recorded as part of the cost of sales of subdivision house and lots in the same project. This means that the cost of sales for future sales in the same project will be higher.

Availability of Suitable Land for Development

The Company meticulously selects the sites for its mass housing development projects, typically undergoing a research process of anywhere from six (6) months to one (1) year before deciding to acquire land for its contemplated developments. After initializing projects in the Visayas and Mindanao, the Company is currently looking to expand its footprint in Luzon, and also the Metro and Greater Manila areas. To this end, the Company is currently examining its options for the acquisition of parcels of land in these areas. The Company selects the location of its developments based on numerous factors, such as proximity to public transportation hubs and employment areas, as well as vicinity to retail and other commercial establishments, among others. That said, properties which meet all these criteria may not be available for the price the Company is willing to pay, or the Company may encounter competing offers from other developers who may have more resources at their disposal. If the Company is unable to acquire or select the optimal parcels of land for its development projects and expansion plans or is unable to successfully grow and manage its land bank, its ability to meet its revenue and growth targets may be adversely affected.

Demand for Residential Properties

The Company has benefited from greater demand for residential properties resulting from, among other factors, growth of the Philippine economy, increasing number of Filipinos investing in the Philippine real estate market, strong levels of OFW remittances and increasing demand from expatriate Filipinos. In addition, the Company has also benefited specifically from the underserved backlog for mass housing in the Philippines in recent years. The increased demand for residential properties has been a significant factor in the Company's increased revenues and profits over the last three (3) years. In response to these developments, the Company has further increased the number of mass housing development projects. The Company has also begun to offer new mass housing residential products, such as condominiums, to address potential demand from specific target markets. It is unclear whether the demand for housing in the Philippines will remain high or continues to grow, or whether the demand for the Company's products will reach the levels anticipated by the Company. Negative developments with respect to demand for housing in the Philippines would in turn have a negative effect on the Company's operational results. Conversely, positive developments in housing demand would likely positively contribute to the Company's operational results as observed in the past.

Critical Accounting Policies

Critical accounting policies are those that are both (i) relevant to the presentation of the Company's financial condition and results of operations and (ii) require management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. As the number of variables and assumptions affecting the possible future resolution of the uncertainties increase, those judgments become even more subjective and complex. To provide an understanding of how the Company's management forms its judgments about future events, including the variables and assumptions underlying its estimates, and the sensitivity of those judgments to different circumstances, the critical accounting policies discussed below have been identified. While the Company believes that all aspects of its financial statements should be studied and understood in assessing its current and expected financial condition and results of operations, the Company believes that the following critical accounting policies warrant particular attention. For more information, see Notes 5 and 6 to the Company's 2013 Audited Consolidated Financial Statements.

For information on the Company's significant accounting policies and significant accounting judgments and estimates, see Notes 2 and 3 to the Company's 2013 Audited Consolidated financial statements.

DESCRIPTION OF CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME LINE ITEMS

The following table sets forth details for the Company's sales and other income line items for the periods indicated.

	2012	2013	2014
	₱	₱	₱
		(Audited)	
		(millions)	
Revenue	3,877.6	5,433.1	7,792.5
Cost of Sales and Services	(1,448.8)	(1,967.7)	(3,134.9)
Gross Income	2,428.8	3,465.4	4,657.6
Operating Expenses	(694.8)	(1,176.2)	(1,580.8)
Net Operating Income	1,734.0	2,289.2	3,076.8
Finance Costs	(215.5)	(406.5)	(396.4)
Other Income	235.2	558.8	933.4
Income before Income Tax	1,753.7	2,441.5	3,613.8
Provision for Income Tax	(49.2)	(257.8)	(304.7)
Net Income	1,704.5	2,183.7	3,309.1
Other Comprehensive Loss	–	(1.4)	(2.1)
Total Comprehensive Income	1,704.5	2,182.3	3,307.0

Revenue

The Company's revenue primarily comprise of those received from its sales of low-cost Mass Housing units and subdivision lots and medium-rise building housing units, rental services and other incidental income relating to its real estate operations, as well as revenues derived from its timeshare and hotel operations.

Cost of Sales and Services

Cost of sales and services comprise (i) the Company's costs of sales from its low-cost Mass Housing sales of housing units and subdivision lots, costs of sales from sales of MRB condominium units and costs of sales from sales of timeshares; (ii) cost of rental services; and (iii) the Company's costs of services from its hotel operations (including room and food and beverage sales).

Operating Expenses

Operating expenses generally include selling and administrative costs that are not directly attributable to the services rendered. Operating expenses of the Company comprise expenses related to marketing and selling, documentation, taxes and licenses, salaries and employment benefits, write-off of assets, provisions for impairment losses, management and professional fees, communication, light and water, provisions for probable losses, security, messengerial and janitorial services, depreciation and amortization, transportation and travel, repairs and maintenance, rent, entertainment, amusement and representation, supplies, provisions for write-down, subscription dues and fees and miscellaneous expenses (such as extraordinary documentation expenses, liquidation and donation expenses, as well as other expenses).

Finance Costs

Finance costs comprise costs associated with the Company's borrowings, accretion of interest, bank charges and net interest expense on its pension obligations.

Other Income

Other income comprises the Company's interest income from its installment contract receivables, cash in bank and long-term investments. Other income of the Company also comprises income from water supply, gain on repossession of delinquent units and associated penalties, rent income, collection service fees and other miscellaneous income (such as gain from sales cancellations, retrieval fees, association due and transfer fee). The Company also recorded other gains and losses such as a gain from the sale of unquoted debt security classified as loans, and other expenses such as a loss on the sale of a subsidiary.

Provision for Income Tax

Provision for income tax comprises the Company's provisions for regular and minimum corporate income taxes, final taxes to be paid as well as provision for deferred income tax recognized.

Results of Operations

Year ended December 31, 2014 compared to year ended December 31, 2013

Revenue

For the year ended December 31, 2014, the Company recorded consolidated revenue of ₱7,792.5 million, an increase of 43.4% from consolidated sales of ₱5,433.1 million recorded for the year ended December 31, 2013. The increase was mainly attributable to increased real estate sales, rental income and timeshare and hotel operations. The Company's real estate sales generated ₱7,608.2 million in revenues for the year ended December 31, 2014, an increase of 43.5% from the ₱5,303.3 million in revenues recorded for the year ended December 31, 2013. The improvement was mainly due to an increase in the number of units sold during the year, supported by the growing nationwide market acceptance of the Company's CTS Gold program, as well as price increases. The Company's rental income generated ₱39.2 million in revenues for the year ended December 31, 2014, an increase of more than 5 times from the ₱6.5 million rental income for the year ended December 31, 2013. The increase was mainly due to existing rental contracts of the acquired lot in Ortigas, which as part of acquisition terms will be for the account of the Company until the subject contracts expire.

Cost of Sales and Services

The Company's consolidated cost of sales and services for the year ended December 31, 2014 was ₱3,134.9 million, an increase of 57.6% from consolidated cost of sales and services of ₱1,988.6 million recorded for the year ended December 31, 2013. The increase was mainly attributable to increases in costs of real estate operations, consistent with the sales growth of these segments. The Company's real estate operations recorded ₱3,052.6 million in costs for the year ended December 31, 2014, an increase of 59.4% from the ₱1,914.8 million in costs recorded for the year ended December 31, 2013. The increase was mainly due to higher sales of housing units and subdivision lots. The Company's timeshare and hotel operations recorded ₱56.1 million in costs for the year ended December 31, 2014, an increase from the ₱52.2 million in costs for the year ended December 31, 2013. This growth was generally consistent with the higher revenue from timeshare and hotel operations for 2014.

Gross Income

The Company's consolidated gross income for the year ended December 31, 2014 was ₱4,676.7 million, an increase of 35.8% from consolidated gross income of ₱3,444.5 million recorded for the year ended December 31, 2013. The Company's gross income margin for the year ended December 31, 2014 was 60%, compared to a gross income margin of 63% recorded for the year ended December 31, 2013. The Company attributes its strong and steady gross income margin to its sound internal financial planning policies with respect to landbank acquisition and project budgeting process.

Operating Expenses

For the year ended December 31, 2014, the Company recorded consolidated operating expenses of ₱1,580.8 million, an increase of 36.8% from consolidated operating expenses of ₱1,155.3 million recorded for the year ended December 31, 2013. The increase was mainly attributable to higher marketing and selling expenses, taxes and licenses, write-offs of assets, provisions for impairment losses and miscellaneous expenses.

Marketing and selling expenses. The Company's consolidated marketing and selling expenses were ₱542.4 million for the year ended December 31, 2014, an increase of 76.7% from the ₱307.0 million recorded for the year ended December 31, 2013. The increase was mainly due to sales commissions paid to the Company's agents and unit managers, as well as increased media advertisements and expenses.

Taxes and licenses. The Company's consolidated expenses related to taxes and licenses were ₱117.7 million for the year ended December 31, 2013, a 13.7% increase from the ₱103.6 million consolidated taxes and licenses expenses recorded for the year ended December 31, 2013. The increase was mainly due to increased taxes on new projects launched in 2014.

Provision for probable losses. The Company's consolidated provision for probable losses were ₱86.2 million for the year ended December 31, 2014, compared to consolidated provision for impairment of ₱26.3 million for the year ended December 31, 2013. The increase was mainly due to provision made in relation to increased past due receivables in 2014. The Company already tightened its credit checking parameters to address this.

Net Operating Income

The Company's consolidated net operating income for the year ended December 31, 2014 was ₱3,076.8 million, an increase of 34.4% from consolidated net operating income of ₱2,289.2 million recorded for the year ended December 31, 2013. The Company's consolidated net operating margin was 39% for the year ended December 31, 2014, compared to a consolidated net operating margin of 42% for the year ended December 31, 2013, as a result of higher operating expenses related mainly to provisions recorded during the year.

Finance Costs

The Company's consolidated finance costs for the year ended December 31, 2014 were ₱396.3 million, a decrease of 2.5% from consolidated finance costs of ₱406.5 million recorded for the year ended December 31, 2013. The decrease was mainly attributable to lower interest rate enjoyed by the Company from creditor banks.

Other Income

For the year ended December 31, 2014, the Company recorded consolidated other income of ₱933.4 million, a 67.0% increase from ₱558.8 million recorded for the year ended December 31, 2013. The increase was mainly attributable to interest income on the Company's higher level of installment contract receivables under its CTS Gold program during the year, consistent with its higher sales volumes.

Income before Income Tax

The Company's consolidated income before income tax for the year ended December 31, 2014 was ₱3,613.8 million, an increase of 48.0% from consolidated income before income tax of ₱2,441.5 million recorded for the year ended December 31, 2013.

Provision for Income Tax

The Company's consolidated provision for income tax for the year ended December 31, 2014 was ₱304.7 million, an increase from consolidated provision for income tax of ₱257.8 million recorded for the year ended December 31, 2013.

Net Income

As a result of the foregoing, the Company's consolidated net income for the year ended December 31, 2014 was ₱3,309.1 million, an increase of 51.5% from consolidated net income of ₱2,183.7 million recorded for the year ended December 31, 2013. The Company's consolidated net income margin for the year ended December 31, 2014 was 42%, compared to a consolidated net income margin of 40% for the year ended December 31, 2013.

Year ended December 31, 2013 compared to year ended December 31, 2012

Revenue

For the year ended December 31, 2013, the Company recorded consolidated revenue of ₱5,433.1 million, an increase of 40.2% from consolidated sales of ₱3,877.6 million recorded for the year ended December 31, 2012. The increase was mainly attributable to increased sales in the Company's real estate operations and timeshare and hotel operations businesses. The Company's real estate operations generated ₱5,303.3 million in revenues for the year ended December 31, 2013, an increase of 40.2% from the ₱3,783.1 million in revenues recorded for the year ended December 31, 2012. The improvement was mainly due to an increase in the number of units sold during the year, supported by the growing nationwide market acceptance of the Company's CTS Gold program, as well as price increases. The Company's timeshare and hotel operations generated ₱129.8 million in revenues for the year ended December 31, 2013, an increase of 37.4% from the ₱94.5 million in revenues from the timeshare and hotel operations segment recorded for the year ended December 31, 2012.

Cost of Sales and Services

The Company's consolidated cost of sales and services for the year ended December 31, 2013 was ₱1,988.6 million, an increase of 35.7% from consolidated cost of sales and services of ₱1,464.9 million recorded for the year ended December 31, 2012. The increase was mainly attributable to increases in costs of sales in the Company's real estate operations and timeshare and hotel operations, consistent with the sales growth of these segments. The Company's real estate operations segment recorded ₱1,914.8 million in costs of sales and services for the year ended December 31, 2013, an increase of 35.0% from the ₱1,418.7 million in costs of sales and services recorded for the year ended December 31, 2012. The increase was mainly due to higher sales of housing units and subdivision lots. The Company's timeshare and hotel operations segment recorded ₱52.2 million in costs of sales and services for the year ended December 31, 2013, an increase from the ₱29.9 million in costs of sales and services from the timeshare and hotel operations segment recorded for the year ended December 31, 2012.

Gross Income

The Company's consolidated gross income for the year ended December 31, 2013 was ₱3,444.5 million, an increase of 42.8% from consolidated gross income of ₱2,412.7 million recorded for the year ended December 31, 2012. The Company's gross income margin for the year ended December 31, 2013 was 64%, compared to a gross income margin of 63% recorded for the year ended December 31, 2012. The Company attributes its strong and steady gross income margin to its sound internal financial planning policies with respect to landbank acquisition and project budgeting process.

Operating Expenses

For the year ended December 31, 2013, the Company recorded consolidated operating expenses of ₱1,155.3 million, an increase of 70.4% from consolidated operating expenses of ₱677.9 million recorded for the year ended December 31, 2012. The increase was mainly attributable to higher marketing and selling expenses, taxes and licenses, write-offs of assets, provisions for impairment losses and miscellaneous expenses.

Marketing and selling expenses. The Company's consolidated marketing and selling expenses were ₱307.0 million for the year ended December 31, 2013, an increase of 55.5% from the ₱197.4 million recorded for the year ended December 31, 2012. The increase was mainly due to sales commissions paid to the Company's agents and unit managers, as well as increased media advertisements and expenses related to marketing efforts in shopping malls.

Taxes and licenses. The Company's consolidated expenses related to taxes and licenses were ₱103.6 million for the year ended December 31, 2013, a 166.9% increase from the ₱38.8 million consolidated taxes and licenses expenses recorded for the year ended December 31, 2012. The increase was mainly due to increased taxes on capital stock increases and share swaps in relation to the Company's corporate reorganization in 2013.

Write-off of assets. The Company recorded consolidated write-off of assets of ₱64.9 million for the year ended December 31, 2013, pertaining to one-time write-offs of receivables in the form of advances to the Company's marketing managers to assist in their selling efforts, as well as advances made to managers who had since ceased to be affiliated with the Company.

Provision for impairment losses. The Company's consolidated provision for impairment losses were ₱58.4 million for the year ended December 31, 2013, compared to consolidated provision for impairment of ₱2.1 million for the year ended December 31, 2012. The increase was mainly due to provision made in relation to certain advances to contractors for equipment purchases for the Company's development projects.

Miscellaneous expenses. The Company's miscellaneous expenses were P56.3 million in the year ended December 31, 2013, compared to miscellaneous expenses of P13.2 million in the year ended December 31, 2012. The increase was mainly due to additional documentation and receivables liquidation expenses incurred during the year, such as those related to releasing titles and acquiring permits.

Net Operating Income

The Company's consolidated net operating income for the year ended December 31, 2013 was ₱2,289.2 million, an increase of 32.0% from consolidated net operating income of ₱1,734.8 million recorded for the year ended December 31, 2012. The Company's consolidated net operating margin was 42%, compared to a consolidated net operating margin of 45% for the year ended December 31, 2012, as a result of higher operating expenses related mainly to write-offs and provisions recorded during the year.

Finance Costs

The Company's consolidated finance costs for the year ended December 31, 2013 were ₱406.5 million, an increase of 88.6% from consolidated finance costs of ₱216.3 million recorded for the year ended December 31, 2012. The increase was mainly attributable to interest expense resulting from the Company's short-term and long-term loans entered into during the year to support its operations.

Other Income

For the year ended December 31, 2013, the Company recorded consolidated other income of ₱558.8 million, an increase of 137.6% from the consolidated other income of ₱235.2 million recorded for the year ended December 31, 2012. The increase was mainly attributable to interest income on the Company's higher level of installment contract receivables under its CTS Gold program during the year, consistent with its higher sales volumes.

Income before Income Tax

The Company's consolidated income before income tax for the year ended December 31, 2013 was ₱2,441.5 million, an increase of 39.2% from consolidated income before income tax of ₱1,753.7 million recorded for the year ended December 31, 2012.

Provision for Income Tax

The Company's consolidated provision for income tax for the year ended December 31, 2013 was ₱257.8 million, an increase from consolidated provision for income tax of ₱49.2 million recorded for the year ended December 31, 2012. The increase was mainly attributable to the increase in consolidated net deferred tax liability recognized during the year largely as a result of the belated Government approval of BOI accreditation for certain of the Company's projects.

Net Income

As a result of the foregoing, the Company's consolidated net income for the year ended December 31, 2013 was ₱2,183.7 million, an increase of 28.1% from consolidated net income of ₱1,704.5 million recorded for the year ended December 31, 2012. The Company's consolidated net income margin for the year ended December 31, 2013 was 40%, compared to a consolidated net income margin of 44% for the year ended December 31, 2012.

Financial Position

As at December 31, 2014 compared to as at December 31, 2013

Assets

Cash on Hand and in Banks

The Company's consolidated cash on hand and in banks were ₱605.1 million as at December 31, 2014, an increase of 143.0% from consolidated cash on hand and in banks of ₱249.0 million as at December 31, 2013.

Current portion of trade and other receivables

The Company's consolidated current portion of trade and other receivables were ₱947.6 million as at December 31, 2014, a 76.4% increase from consolidated current portion of trade and other receivables of ₱537.1 million as at December 31, 2013.

Inventories

The Company's consolidated inventories were ₱3.078.1 million as at December 31, 2014, an increase of 37.2% from consolidated inventories of ₱2,243.6 million as at December 31, 2013. The increase was due mainly to the reclassification of lands previously classified as held for future development to inventories subsequent to the commencement of construction of development projects on such land.

Due from related parties

The Company's consolidated due from related parties were ₱133.4 million as at December 31, 2014, a decrease of 74.2% from consolidated due from related parties of ₱517.5 million as at December 31, 2013. The decrease was attributable primarily to managed intercompany advances made to affiliated entities during the year.

Other current assets

The Company's consolidated other current assets were ₱572.8 million as at December 31, 2014, an increase of 67.4% from consolidated other current assets of ₱342.1 million as at December 31, 2013, primarily due to increased advances to contractors in relation to construction of the Company's development projects.

Trade and other receivables – net of current portion

The Company's consolidated trade and other receivables-net of current portion were ₱13,477.1 million as at December 31, 2014, an increase of 42.3% from consolidated trade and other receivables-net of current portion of ₱9,473.8 million as at December 31, 2013. This increase was due mainly to higher receivables under the Company's CTS Gold program, in line with its higher sales which increased by 29.5% from 5,687 units as of December 31, 2013 to 7,191 units as of December 31, 2014.

Land held for future development

The Company's consolidated land held for future development was ₱6,527.0 million as at December 31, 2014, an increase of 72.5% from consolidated land held for future development of ₱3,784.7 million as at December 31, 2013, as the Company acquired certain real properties as part of its landbank maintenance activities.

Property and equipment

The Company's consolidated property and equipment was ₱227.1million as at December 31, 2014, an increase of 8.7% from consolidated property and equipment of ₱208.9 million as at December 31, 2013.

Investment properties

The Company's consolidated investment properties were ₱296.3 million as at December 31, 2014, an increase of 108.8% from consolidated investment properties of ₱141.9million as at December 31, 2013.

Other noncurrent assets

The Company's consolidated other noncurrent assets were ₱126.9 million as at December 31, 2014, an increase of 8.5% from consolidated other noncurrent assets of ₱117.0 million as at December 31, 2013.

Liabilities

Current portion of trade and other payables

The Company's consolidated current portion of trade and other payables were ₱2,225.8 million as at December 31, 2014, a decrease of 24.2% from consolidated current portion of trade and other payables of ₱2,937.7 million as at December 31, 2013.

Current portion of loans payable

The Company's consolidated current portion of loans payable were ₱2,380.8 million as at December 31, 2014, a decrease of 28.6% from the consolidated current portion of loans payable of ₱3,332.3 million as at December 31, 2013.

Deposits from customers

The Company's consolidated deposits from customers were ₱274.4 million as at December 31, 2014, an increase of 475.3% from consolidated deposits from customers of ₱47.7 million as at December 31, 2013.

Due to related parties

The Company's consolidated due to related parties were ₱369.0 million as at December 31, 2014, an increase from consolidated due to related parties of ₱172.8 million as at December 31, 2013.

Income tax payable

The Company's consolidated income tax payable was ₱137.3 million as at December 31, 2014, an increase from consolidated income tax payable of ₱31.2 million as at December 31, 2013.

Trade and other payables - net of current portion

The Company's consolidated trade and other payables - net of current portion were ₱18.3 million as at December 31, 2014, a decrease from consolidated trade and other payables - net of current portion of ₱263.1 million as at December 31, 2013.

Loans payable - net of current portion

The Company's consolidated loans payable - net of current portion was ₱6,453.1 million as at December 31, 2014, a 62.1% increase from consolidated loans payable - net of current portion of ₱3,980.6 million as at December 31, 2013. The Company entered into additional loan transactions during the course of the year to fund its installment contract receivables under the CTS Gold program.

Deferred tax liability

The Company's consolidated deferred tax liability was ₱398.8 million as at December 31, 2014, an increase from consolidated deferred tax liability of ₱254.3 million as at December 31, 2013. This deferred tax liability was attributable to provision for income tax resulting from the delay in the income tax holiday accreditation for certain Company projects. Accreditation for these projects have since been obtained.

As at December 31, 2013 compared to as at December 31, 2012

Assets

Cash on Hand and in Banks

The Company's consolidated cash on hand and in banks were ₱249.0 million as at December 31, 2013, an increase of 38.1% from consolidated cash on hand and in banks of ₱180.3 million as at December 31, 2012.

Current portion of trade and other receivables

The Company's consolidated current portion of trade and other receivables were ₱537.1 million as at December 31, 2013, a slight decrease from consolidated current portion of trade and other receivables of ₱537.2 million as at December 31, 2012.

Inventories

The Company's consolidated inventories were ₱2,243.6 million as at December 31, 2013, an increase of 10.0% from consolidated inventories of ₱2,040.5 million as at December 31, 2012. The increase was due mainly to the reclassification of lands previously classified as held for future development to inventories subsequent to the commencement of construction of development projects on such land.

Due from related parties

The Company's consolidated due from related parties were ₱517.5 million as at December 31, 2013, an increase of 251.1% from consolidated due from related parties of ₱147.4 million as at December 31, 2012. The increase was attributable primarily to higher intercompany advances made to shareholders and affiliated entities during the year.

Current portion of long-term investments

The Company's consolidated current portion of long-term investments were nil as at December 31, 2013, compared to consolidated current portion of long-term investments of ₱3.0 million as at December 31, 2012.

Other current assets

The Company's consolidated other current assets were ₱342.1 million as at December 31, 2013, an increase of 149.5% from consolidated other current assets of ₱137.1 million as at December 31, 2012, primarily due to increased advances to contractors in relation to construction of the Company's development projects.

Trade and other receivables – net of current portion

The Company's consolidated trade and other receivables-net of current portion were ₱9,473.8 million as at December 31, 2013, an increase of 114.3% from consolidated trade and other receivables-net of current portion of ₱4,421.0 million as at December 31, 2012. This increase was due mainly to higher receivables under the Company's CTS Gold program, in line with its higher sales which increased by 29.5% from 4,107 units as of December 31, 2012 to 5,687 units as of December 31, 2013.

Land held for future development

The Company's consolidated land held for future development was ₱3,784.7 million as at December 31, 2013, an increase of 274.5% from consolidated land held for future development of ₱1,010.5 million as at December 31, 2012, as the Company acquired certain real properties as part of its landbank maintenance activities.

Property and equipment

The Company's consolidated property and equipment was ₱208.9 million as at December 31, 2013, an increase of 42.2% from consolidated property and equipment of ₱146.9 million as at December 31, 2012.

Investment properties

The Company's consolidated investment properties were ₱141.9 million as at December 31, 2013, a decrease of 0.3% from consolidated investment properties of ₱142.4 million as at December 31, 2012.

Other noncurrent assets

The Company's consolidated other noncurrent assets were ₱117.0 million as at December 31, 2013, an increase of 43.4% from consolidated other noncurrent assets of ₱81.6 million as at December 31, 2012.

Liabilities

Current portion of trade and other payables

The Company's consolidated current portion of trade and other payables were ₱2,937.7 million as at December 31, 2013, an increase of more than ₱2.0 billion from consolidated current portion of trade and other payables of ₱617.7 million as at December 31, 2012. The increase was mainly attributable to the unpaid purchase price on certain land acquired by the Company (see "–Capital Expenditures"), as well as higher payables to contractors in relation to the construction of the Company's development projects.

Current portion of loans payable

The Company's consolidated current portion of loans payable were ₱3,332.3 million as at December 31, 2013, more than twice the consolidated current portion of loans payable of ₱1,257.7 million as at December 31, 2012.

Deposits from customers

The Company's consolidated deposits from customers were ₱47.7 million as at December 31, 2013, a decrease from consolidated deposits from customers of ₱104.9 million as at December 31, 2012.

Due to related parties

The Company's consolidated due to related parties were ₱172.8 million as at December 31, 2013, an increase from consolidated due to related parties of ₱57.2 million as at December 31, 2012.

Income tax payable

The Company's consolidated income tax payable was ₱31.2 million as at December 31, 2013, an increase from consolidated income tax payable of ₱13.9 million as at December 31, 2012.

Trade and other payables - net of current portion

The Company's consolidated trade and other payables - net of current portion were ₱263.1 million as at December 31, 2013, a decrease from consolidated trade and other payables - net of current portion of ₱499.9 million as at December 31, 2012.

Loans payable - net of current portion

The Company's consolidated loans payable - net of current portion was ₱3,980.6 million as at December 31, 2013, a 71.8% increase from consolidated loans payable - net of current portion of ₱2,316.8 million as at December 31, 2012. The Company entered into additional loan transactions during the course of the year to fund its installment contract receivables under the CTS Gold program.

Deferred tax liability

The Company's consolidated deferred tax liability was ₱254.3 million as at December 31, 2013, an increase from consolidated deferred tax liability of ₱31.8 million as at December 31, 2012. This deferred tax liability was attributable to provision for income tax resulting from the delay in the income tax holiday accreditation for certain Company projects. Accreditation for these projects have since been obtained.

Liquidity and Capital Resources

The Company mainly relies on the following sources of liquidity: (1) cash flow from operations, (2) cash generated from the sale or transfer of receivables to private financial institutions such as banks or to government housing related institutions such as the Home Development Mutual Fund ("Pag-IBIG"), and (3) financing lines provided by banks. The Company knows of no demands, commitments, events, or uncertainties that are reasonably likely to result in a material increase or decrease in liquidity. The Company is current on all of its loan accounts, and has not had any issues with banks to date. The Company does not anticipate having any cash flow or liquidity problems over the next 12 months. The Company is not in breach or default on any loan or other form of indebtedness.

The Company expects to meet its operating assets and liabilities, capital expenditure, dividend payment and investment requirements for the next 12 months primarily from its operating cash flows, borrowings and proceeds of the Primary Offer. It may also from time to time seek other sources of funding, which may include debt or equity financings, depending on its financing needs and market conditions.

Cash Flows

The following table sets forth selected information from the Company's consolidated statements of cash flows for the periods indicated:

	For the years ended December 31,		
	2012	2013	2014
	₱	₱	₱
		(Audited)	
		(millions)	
Net Cash Used in Operating Activities	(1,504.7)	(1,985.3)	(2,159.8)
Net Cash Used in Investing Activities	(377.8)	(1,266.2)	(4,120.8)
Net Cash Provided by Financing Activities	1,812.1	3,320.2	6,636.7
Net Increase (Decrease) in Cash on Hand and in Banks	(70.4)	68.7	356.1
Cash on Hand and in Banks at Beginning of Year	250.7	180.3	249.0
Cash on Hand and in Banks at End of Year	180.3	249.0	605.1

Cash flow used in operating activities

The revenue generated from its operations, primarily the sale of residential housing units, subdivision lots and MRB condominium units, primarily affects the Company's consolidated net cash used in operating activities. The Company's consolidated net cash used in operating activities were ₱1,985.2 million and ₱2,159.8 million for the years ended December 31, 2013 and 2014, respectively.

For the year ended December 31, 2014, consolidated net cash flow used in operating activities reflected cash used in the Company's operations.

Cash flows used in investing activities

Consolidated net cash flow used in investing activities for the years ended December 31, 2013 and 2014 were ₱1,266.2 million and ₱4,120.8 million, respectively.

For the year ended December 31, 2014, consolidated net cash flow used in investing activities reflected acquisitions of land for future development, as well as purchases of property and equipment.

Cash flow provided by financing activities

Consolidated net cash flow provided by financing activities for the years ended December 31, 2013 and 2014 were ₱3,320.2 million and ₱6,636.7 million, respectively.

For the year ended December 31, 2014, consolidated net cash flow provided by financing activities was attributable mainly to the proceeds from the Company's availment of loans during the year and an issuance of shares, as offset by certain loan repayments.

Capital Expenditures

The Company's capital expenditures for the years ended December 31, 2013 and 2014 were ₱84.2 million and ₱60.4 million, respectively. The table below sets forth the primary capital expenditures of the Company over the same periods.

	For the years ended December 31,		
	2012	2013	2014
	₱	₱	₱
		(Audited)	
		(millions)	
Land	–	53.8	–
Building	6.8	2.8	0.2
Land improvements	–	0.8	–
Leasehold improvements	1.9	1.1	3.0
Furniture and fixtures	3.0	6.4	6.0
Machineries and equipment	0.6	8.5	39.3
Transportation vehicles	25.2	7.3	8.1
Construction-in-progress	–	1.2	0.2
Waterlines	–	–	2.8
Total capital expenditures	**37.5**	**81.9**	**59.6**

On March 18, 2014, the Company, through 8990 Housing, entered into a contract with San Miguel Corporation to purchase a block of land (including improvements thereon) with an aggregate area of 31, 675 sq. m. located in Cebu City for a total contract price of ₱174,212,500. On the same date, the Company paid a down payment representing 20.0% of the total contract price. The Company will pay the remaining 80.0% of the contract price in 24 equal monthly amortizations. Aside from the transaction described above, the Company has no further pending acquisitions. However, the Company is continuously evaluating available properties for sale.

The Company through 8990 Housing purchased 8.4-hectare land in Tondo, Manila in June 25, 2014 via purchase of shares of stocks from Tondo Holdings, Inc. and Euson Realty and Development Corporation.

In May 19, 2014, the Company through 8990 Housing purchased a lot in Muntinlupa City from Modernland Corporation, a related company. The land is with an area of 1,245 square meters. The Company plans to develop medium-rise condominium in this lot.

The Company also purchased 15-hectare property in Marilao, Bulacan from Vitarich Corporation in 2014.

Aside from the items described in the previous three paragraphs, the Company has no other material commitments for capital expenditure.

Contractual Obligations and Commitments

The following table sets forth the Company's consolidated contractual obligations and commitments as of December 31, 2014:

	Contractual Obligations and Commitments Principal Payments Due by Period (₱ millions)			
	Total	2015	2016-2019	After 2019
Long-term debt obligations..........................	6,996.7	458.9	6,537.8	-
Short-term debt obligations.........................	1,837.2	1,837.2	-	-
Operating leases...	5.0	5.0 (1)	-	-
Total..	8,838.9	2,301.1	6,537.8	-

Notes:

(1) Lease obligation only pertains to 8990 Holdings, Inc. on a standalone basis. Lease contracts of other entities are cancellable.

a standalone basis. Lease contracts of other entities are cancellable.

Key Performance Indicators

The table below sets forth key performance indicators for the Company for the years ended December 31, 2013 and 2014.

Key Performance Indicators	As of December 31, 2014 Unaudited	As of December 31, 2013 Audited
Current Ratio	0.84	0.60
Book Value Per Share	2.70	1.42
Debt to Equity Ratio	0.82	1.67
Asset to Equity Ratio	1.82	2.67
Asset to Debt Ratio	2.21	1.60
Interest Coverage Ratio	10.14	7.04
Gross Income	60.01%	63.78%
EBITDA Margin	51.96%	52.83%
Net Income Margin	42.42%	40.17%

Debt Obligations and Facilities

As of December 31, 2014, the Company's total outstanding indebtedness was ₱8.8 billion, comprised of various short-term and long-term loans mainly from local banks, with interest rates ranging from 3.5% to 6.0% per annum in 2014. The Company's interest rates are either subject to annual repricing or at variable rates. The Company's loans payable have maturities ranging from three months to five years, and are typically secured by receivables under its CTS Gold program, land held for future development, inventories and various properties of the Company.

The Company entered into further financing arrangements in 2014 to fund the balance of its purchase of a 13-hectare property situated in Ortigas Avenue Extension, Barangay Rosario, Pasig City, Metro Manila.

Acceleration of Financial Obligations

There are no known events that could trigger a direct or contingent financial obligation that would have a material effect on the Company's liquidity, financial condition and results of operations.

Off Balance Sheet Arrangements

As of the date of this report, the Company has no material off-balance sheet transactions, arrangements, and obligations. The Company also has no unconsolidated subsidiaries.

Income or Losses Arising Outside of Continuing Operations

The Company has no sources of income or loss coming from discontinued operations. All of its Subsidiaries are expected to continue to contribute to the Company's operating performance on an ongoing basis and/or in the future.

Qualitative and Quantitative Disclosure of Market Risk

Credit Risk

The Company is exposed to credit risk from its in-house financing program. Credit risk is the risk of loss that may occur from the failure of a customer to abide by the terms and conditions of the customer's financial contract with the Company, principally the failure to make required payments on amounts due to the Company. The Company attempts to mitigate credit risk by measuring, monitoring and managing the risk for each customer seeking to obtain in-house financing. The Company has a structured and standardized credit approval process, which includes conducting background and credit checks on prospective buyers using national credit databases and, where feasible, conducting physical verification of claims regarding residences and properties owned. From time to time, the Company utilizes its receivables rediscounting lines with banks and other financial institutions with its contracts receivables as collateral ("with recourse" transactions) and/or sells installment contract receivables on a "without recourse" basis.

Liquidity Risk

The Company faces the risk that it will not have sufficient cash flows to meet its operating requirements and its financing obligations when they come due.

To better manage its liquidity risk as well as improve its cash conversion cycle, the Company currently has take-out arrangements with PAG-IBIG where it will transfer its receivables under the CTS Gold program within four (4) years in exchange for cash. The Company has submitted to PAG-IBIG approximately four thousand seven hundred (4,700) CTS receivables equivalent to approximately PhP4 billion. These accounts are currently being processed by PAG-IBIG, and at various stages of cycle completion. The acceptance or rejection of a CTS receivable by PAG-IBIG is based on certain guidelines of PAG-IBIG such as employment, number of contributions made by the homeowner/PAG-IBIG member, net disposable income, etc. The Company believes that substantially all of its requests for take-outs have been accepted by PAG-IBIG.

In addition, the Company also pursues various sustainable strategies to better manage its liquidity profile. These include the sale to institutions (such as banks or government housing agencies) or the securitization of portions of the Company's receivables portfolio.

Interest Rate Risk

Fluctuations in interest rates could negatively affect the margins of the Company in respect of its sales of receivables and could make it more difficult for the Company to procure new debt on attractive terms, or at all. The Company currently does not, and does not plan to, engage in interest rate derivative or swap activity to hedge its exposure to increases in interest rates.

Fluctuations in interest rates also have an effect on demand for the Company's products. As most of the Company's customers obtain some form of financing for their real estate purchases, interest rate levels could affect the affordability and desirability of the Company's subdivision lots and housing and condominium units.

Commodity Risk

As a property developer, the Company is exposed to the risk that prices for construction materials used to build its properties (including, among others, cement and steel) will increase. These materials are global commodities whose prices are cyclical in nature and fluctuate in accordance with global market conditions. The Company is exposed to the risk that it may not be able to pass its increased costs to its customers, which would lower the Company's margins. The Company does not engage in commodity hedging, but attempts to manage commodity risk by requiring its construction and development contractors to supply raw materials for the relevant construction and development projects (and bear the risk of price fluctuations).

Seasonality

There is no significant seasonality in the Company's sales. Delinquencies on the Company's receivables from homebuyers tend to increase in the months of June and December. During these months, the Company's customers' cash flows are impacted by the need to make tuition payments in June for their children's schooling and by Christmas Holiday-related expenditures in December. The Company mitigates this seasonality in collections by instituting credit and collection policies that encourage homebuyers to prioritize their amortization payments to the Company over other expenditures. These include incentives (i.e. vouchers for school supplies or Christmas season shopping at local stores that are given to homebuyers who are timely in their amortization payments) and remedial measures (i.e. fines for late amortization payments). For the most part, any spikes in delinquencies in June and December normalize in the succeeding month or two as homebuyers catch up on their payments.

Item 7. Consolidated Financial Statements

Please see accompanying 2014 Audited Consolidated Financial Statements ("2014 AFS")

Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosures

Independent Public Accountants

For 2014, Sycip Gorres Velayo & Co. (SGV) remains as the Company's Independent External Auditor. SGV initially rendered its services to the Company in 2012. Prior to commencement of SGV services, the Company's Independent External Auditor was Reyes Tacandong & Co.

The Company has not had any disagreements on accounting and financial disclosures with the independent auditors. Both Reyes Tacandong & Co. and SGV & Co. have neither shareholdings in the Company nor any right, whether legally enforceable or not, to nominate persons or to subscribe to securities issued by the Company.

Both independent auditors do not have and will not receive any direct or indirect interest in the Company or in any of our securities (including options, warrants or rights thereof) pursuant to or in connection with the Common Shares.

The foregoing is in accordance with the Code of Ethics for Professional Accountants in the Philippines set by the Board of Accountancy and approved by the Professional Regulation Commission.

Apart from the foregoing audit-related services, our independent auditors have not rendered tax, accounting, compliance, advice, planning and other tax services for the Company within last two fiscal years.

The 2014 audit of the Company is in compliance with paragraph (3)(b)(iv) of Securities Regulation Code Rule 68, as amended, which provides that the external auditor should be rotated, or the handling partner changed, every five (5) years or earlier.

External Audit Fees

The following table sets out the aggregate fees billed for each of the last two years for professional services rendered by SGV & Co., excluding fees directly related to the Offer.

	2012	2013[3]	2014
	(₱)		
Audit and Audit-Related Fees[1]	300,000	11,000,000	8,500,000
All Other Fees[2]	30,000	1,100,000	850,000
Total	330,000	12,100,000	9,350,000

(1) *Audit and Audit-Related Fees. This category includes the audit of annual financial statements, review of interim financial statements and services that are normally provided by the independent auditor in connection with statutory and regulatory filings or engagements for those calendar years.*

(2) *All other fees above include out-of-pocket expenses incidental to the independent auditors' work, the amounts of which do not exceed 15% of the agreed-upon engagement fees.*

(3) *Billed fees for the interim review engagement of the Company's September 30, 2013 and June 30, 2013 interim consolidated financial statements.*

The Corporation did not engage the services of the External Auditors and has not paid any other fees, except as stated above.

Audit and Risk Committee

The Audit and Risk Committee is composed of at least three members of the Board who have accounting and finance backgrounds, at least one of whom is an independent director and another with audit experience. The chair of the Audit and Risk Management Committee should be an independent director.

The Audit Committee has the following functions:

(a) Assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process and monitoring of compliance with applicable laws, rules and regulations;

(b) Provide oversight over the management's activities in managing credit, market, liquidity, operational, legal and other risks of the Company. This function shall include receiving from management of information on risk exposures and risk management activities;

(c) Perform oversight functions over the Company's internal and external auditors. It should ensure that the internal and external auditors act independently from each other, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;

(d) Review the annual internal audit plan to ensure its conformity with the objectives of the Company. The plan shall include the audit scope, resources and budget, necessary to implement it;

(e) Prior to the commencement of the audit, discuss with the external auditor the nature, scope and expenses of the audit, and ensure proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimized duplication of efforts;

(f) Organize an internal audit department, and consider the appointment of an independent internal auditor and the terms and conditions of it engagement and removal;

(g) Monitor and evaluate the adequacy and effectiveness of the Company's internal control system, including financial reporting control and information technology security;

(h) Review the reports submitted by the internal and external auditors;

(i) Review the quarterly, half-year and annual financial statements before their submission to the Board, with particular focus on the following matters:

  (i) Any changes in accounting policies and practices;

  (ii) Major judgmental areas;

  (iii) Significant adjustments resulting from the audit;

  (iv) Going concern assumptions;

  (v) Compliance with accounting standards; and

  (vi) Compliance with tax, legal and regulatory requirements.

(j) Coordinate, monitor and facilitate compliance with laws, rules and regulations;

(k) Evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the Company's overall consultancy expenses. The Audit Committee shall disallow any non-audit work that will conflict with his duties as an external auditor or may pose a threat to his independence. The non-audit work, if allowed, should be disclosed in the Company's annual report;

(l) Establish and identify the reporting line of the internal auditor to enable him to properly fulfill his duties and responsibilities. He shall functionally report directly to the Audit Committee. The Audit Committee shall ensure that, in the performance of the work of the internal auditor, he shall be free from interference by outside parties.

As of the date of writing, the Audit and Risk Management Committee is chaired by Ms. Arlene C. Keh, while Mr. Mariano D. Martinez, Jr., Mr. Luis N. Yu, Jr., Mr. Ben Chan Wei Beng, and Mr. Dominic J. Picon serve as its members.

PART III - CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers

The overall management and supervision of the Company is undertaken by the Company's Board of Directors. The Company's executive officers and management team cooperate with its Board by preparing appropriate information and documents concerning the Company's business operations, financial condition and results of operations for its review. Pursuant to the Company's current articles of incorporation, the Board consists of thirteen (13) members. To date, two (2) members of the Board are independent directors. Except for Mr. Manuel S. Delfin, Jr. who was elected to the Board on September 2, 2014, all of the directors were re-elected at the Company's annual shareholders meeting on July 28, 2014 and will hold office for a period of one (1) year from their election and until their successors have been duly elected and qualified.

The table below sets forth each member of the Company's Board as of writing.

Name	Age	Nationality	Position
Mariano D. Martinez, Jr.	60	Filipino	Chairman of the Board
Januario Jesus Gregorio III Atencio	53	Filipino	President, CEO and Director
Luis N. Yu, Jr.	59	Filipino	Chairman Emeritus and Director
Anthony Vincent S. Sotto	39	Filipino	Director
Willibaldo J. Uy.....................	56	Filipino	Independent Director
Arlene C. Keh........................	47	Filipino	Independent Director
Manuel S. Delfin, Jr.	54	Filipino	Director
Lowell L. Yu	38	Filipino	Director
Raul Fortunato R. Rocha	62	Filipino	Director
Richard L. Haosen	51	Filipino	Director, Treasurer and Chief Financial Officer
Ian Norman E. Dato	36	Filipino	Director
Ben Chan Wei Beng	48	Malaysian	Director
Dominic J. Picone	36	American	Director

The business experience of each of the directors is set forth below.

Mariano D. Martinez, Jr.
Chairman of the Board

Mr. Martinez assumed chairmanship of the Company in September 2012. He is the President and CEO of 8990 Luzon Housing Development Corp. (2008 to present), and Ceres Homes, Inc. (2002 to present). He is also the President of Kwantlen Development Corporation (2010 to present), and Fog Horn, Inc. (2004 to present). Mr. Martinez had previously held the position of President for Happy Well Management & Collection Services Inc. (2008) and BP Waterworks Incorporated (1997). He is currently a Board Advisor to the SHDA, the largest industry organization for real estate developers in the Philippines. He held the positions of Chairman (2001-2002) and President (1999-2001) for the SHDA. Mr. Martinez holds a Bachelor of Science in Business Management degree from De La Salle College (1976). Mr. Martinez has more than 30 years of experience managing and heading companies engaged in Mass Housing subdivision development.

Januario Jesus Gregorio III B. Atencio
President, CEO and Director

Mr. Atencio became the President, CEO and Director of the Company in September 2012. He is currently the Chairman of Januarius Resources Realty Corporation. Mr. Atencio is also the President and CEO of 8990 Housing Development Corporation, 8990 Commercial Management Corporation and DECA Wakeboard Park (2005 to present). He holds directorship positions in eight (8) other real estate subsidiaries of 8990 Housing Development Corporation. Mr. Atencio is presently a member of the HUDCC, the highest policy-making body of the Government for shelter and human settlements, as a representative of the private sector. He was the National President (2002 to 2003) and National Chairman (2003 to 2004), and currently a member of the Board of Governors of the SHDA. Mr. Atencio completed the International Housing Finance Course at Wharton School of Business, University of Pennsylvania, USA (2011), and the Applied Business Economics Program (post-graduate) at the Center for Research and Communications (University of Asia and the Pacific). He holds a Bachelor of Arts degree in Psychology from the Ateneo de Manila University. Mr. Atencio has more than 20 years of experience managing and heading companies engaged in Mass Housing subdivision development.

Luis N. Yu, Jr.
Chairman Emeritus and Director

Mr. Yu became a director of the Company in July 2012. Mr. Yu is the Founder and Chairman Emeritus of the Company. Mr. Yu is also the Chairman Emeritus of IHoldings, Inc. (2012 to present). He is also the Chairman of 8990 Cebu Housing Development Corporation, 8990 Visayas Housing Development Corporation, 8990 Davao Housing Development Corporation, 8990 Mindanao Housing Development Corporation, 8990 Iloilo Housing Development Corporation and 8990 Luzon Housing Development Corporation (2009 to present), 8990 Housing Development Corporation (2006 to present), Ceres Homes, Inc. (2002 to present), N&S Homes, Inc. (1998 to present), L&D Realty Holdings, Inc. (1998 to present), and Fog Horn (1994 to present). Mr. Yu is currently the President of DECA Housing Corporation (1995 to present). Mr. Yu holds a Master in Business Management degree from the Asian Institute of Management. Mr. Yu has more than 30 years of experience managing and heading companies engaged in Mass Housing subdivision development.

Anthony Vincent S. Sotto
Director

Mr. Sotto became a director of the Company in August 2012. He is currently the General Manager of 8990 Housing Development Corporation (June 2012 to present). He is also a Partner at the Rosal Castillo Diaz Bacalla Sotto and Fortuna Law Offices based in Cebu City (2011 to present). Prior to his current positions, Mr. Sotto served as Assistant General Manager for 8990 Housing Development Corporation (2003 to June 2012), and as Associate lawyer at the Solis and Medina Law Offices (2001-2002). Mr. Sotto holds a Bachelor of Laws (Ll.B) degree from the University of the Philippines (2001), and a Bachelor of Arts in Political Science degree from the University of the Philippines-Cebu College (1997).

Willibaldo J. Uy
Independent Director

Mr. Uy became an independent director of the Company in August 2012. Mr. Uy presently holds concurrent positions with the Phinma Group of Companies. He is currently the President and CEO of Phinma Property Holdings Corporation, President of Asian Plaza Inc., Senior Vice President of Philippine Investment Management(Phinma), Inc., Executive Vice President of T-O Insurance Brokers, Inc., Vice President and Treasurer of Mariposa Properties, Inc., Member of the Board of Directors/Trustees for Microtel Development Corporation, Phinma BPO, Union Galvasteel Corporation, Trans-Asia Renewable Energy

Corporation, Phinma Foundation, Inc. and Mariposa Foundation, Inc. Mr. Uy also holds the position of President and Chairman of the Board of Rockwell Center Association, Inc. He is also the Managing Director of CMTC International Marketing Corporation, Treasurer and Director for American Home Appliance Marketing Corporation, le Becarre International Corporation, Harritex Industrial Corporation, Director of Harrison Industrial Corporation, Southeast Asia Tour and Travel Corporation, Emerald Headway Distributors, Inc., Philippine Retirement, Inc., the SHDA, SHDA Guaranty Funds, Inc., Microventures, Inc. and Treasurer for Coalition for the Homeless Foundation, Inc. Mr. Uy completed the Executive Program from the National University of Singapore and University of California, Los Angeles (1992). He has a Master in Business Administration from the Ateneo Graduate School of Business (1986) and a degree of Bachelor of Science in Marketing Management from the De La Salle University (1979).

Arlene C. Keh
Independent Director

Ms. Keh became an independent director of the Company in August 2012. Ms. Keh holds the position of President of CG & E Holdings Corporation, Cypress Grove Estates Corporation, and CGE South Hills Ventures, Incorporated. She is also the Managing Director of Ceres Homes, Incorporated, Director and Treasurer of C-S Mansions and Development Corporation and Alabang Homes Condotel, Inc. Ms. Keh is a member of the Board of Governors of the SHDA, consultant to the Board of Directors of SM Foundation, Incorporated, and a member of the Board of Directors/Trustees of Foundation for Professional Training, Inc., Asian Appraisal Company, Incorporated and Amalgamated Project Management Services, Inc. Ms. Keh holds a Masters in Business Administration from the J.L. Kellogg Graduate School of Management, Northwestern University, Chicago Illinois, USA and the Hong Kong University of Science and Technology, Clearway Bay, Hong Kong. She has a Bachelor of Science in Biology degree (Summa Cum laude) from the University of the Philippines, where she also earned the Dean's Medal for the Highest Academic Achievement.

Manuel S. Delfin, Jr.
Director

Dr. Delfin is currently a partner in Allied Ophthalmic Consultants. He is also a consultant and the Vice-Chairman of the Department of Ophthalmology in Manila Doctors Hospital. He is also a consultant in Patients First Medical Center. Apart from his medical affiliations, he is also currently serving the following positions: (i) Corporate Secretary of UP Medical Foundation; (ii) President of Lakan Bakor Foundation; (iii) Treasurer of Philippine Glaucoma Society; (iv) Assistant Secretary of Philippine Glaucoma Foundation; (v) Director of Happy Wells Management & Corp.; and (vi) Director of 77 Avenida Corp. Dr. Delfin graduated with a bachelor's degree in Zoology from the University of the Philippines Diliman, cum laude, in 1982. He obtained his medical degree from the University of the Philippines College of Medicine in 1986. He also obtained his residency from the same university in 1990. He obtained his fellowship in Glaucoma from California Pacific Medical Center, USA, under Dr. Dr. Robert L. Stamper MD and Dr. Marc F. Lieberman MD.

Lowell L. Yu
Director

Mr. Yu, 37 years old, is currently the President of iHoldings Inc. He also holds chairmanship positions at 77 Living Spaces, Inc, Grand Majestic Convention City Corp., 101 Restaurant City, Inc., iKitchen Inc., MyMarket, Inc. and Govago, Inc. He is also a founding partner of Dato and Yu Law offices. He previously worked as an AVP of Business Development of Earth+Style/Quantuvis Resources. Atty. Yu Holds Masters in Management from the Asian Institute of Management and a Bachelor of Laws from Siliman University.

Raul Fortunato R. Rocha
Director

Mr. Rocha, 61 years old, was born in Tabaco Albay on August 28, 1953. A banker for fourteen years and a businessman with businesses that include real estate development and leasing. He is currently the president of LYRR Realty Development Corporation and Naga Queenstown Realty and Development Inc. He is also the Chairman of the Board of Directors of Tabaco Port Cargo Corp. He graduated from Divine Word College Legazpi City in 1976 with a degree of BSC Major in Management. He is a member of various organizations like Rotary Club of Naga East, Metro Naga Chamber of Commerce and Industry and Kapisanan ng mga Broadcaster ng Pilipinas (KBP).

Richard L. Haosen
Director, Treasurer, and Chief Financial Officer

Mr. Richard L. Haosen, 50 years old, assumed the position of Chief Financial Officer of the Company in March 2014. Mr. Haosen is also currently serving as the General Manager of 8990 Housing. Prior to his current positions, he served as General Manager of the Treasury for 8990 Housing. Before joining the Company in 2010, he served as the Vice President/Division Head of the Business Lending Division – Cebu and the Business Lending Group – Visayas/Mindanao of Metropolitan Bank and Trust Company (MBTC) from 2006 to 2010. He also served as Unit Head of MBTC Cebu Account Management Unit from 2005 to 2006, and as Account Officer of MBTC Cebu Downtown Center Branch from 1994 to 2005. Mr. Haosen obtained his license as a Certified Public Accountant in 1982. He also has a degree in B.S. Commerce, major in Accounting from the Ateneo de Davao University (1982).

Ian Norman E. Dato
Director

Mr. Dato, 35 years old, is the Managing Partner of Dato Inciong & Associates. He is also an incumbent director of IKitchen, Inc. and MyMarket, Inc. and an incoming one (pending approval by the Monetary Board) of First Naga Rural Bank, Inc. He is Corporate Secretary to 27 corporations. His experience in private law practice includes Ponce Enrile Reyes & Manalastas Law Offices (2012) and Kalaw Sy Vida Selva & Campos (2005-2006). He was in government service between 2003 and 2010 in various capacities, such as: Undersecretary of Justice (2010), Undersecretary of Political Affairs (2008-2010), Assistant Secretary of Political Affairs (2007-2008), and Director in the Presidential Legislative Liaison Office in the Office of the President of the Philippines (2003-2005). He has a Master of Laws degree from University College of London where he graduated with merit in 2011. He obtained his *Juris Doctor* from the Ateneo de Manila University School of Law and a degree in Political Science from the University of the Philippines Diliman. He is a member of the UCL Alumni Association, International Visitors Leadership Program Alumni of the U.S. Department of State, and Chevening Alumni of the Foreign & Commonwealth Office of the United Kingdom.

Ben Chan Wei Beng
Director

Mr. Chan, 47 years old, is currently an Executive Director of Investments in Khazanah Nasional Berhad ("Khazanah"). He joined Khazanah in June 2005 and was appointed an Executive Director in April 2008. Mr. Chan oversees Khazanah's investments in Greater China, Vietnam, Korea and Philippines as well as the reinsurance sector. He also serve on boards of some the investee companies. Prior to joining Khazanah, Mr. Chan was the Director of Research at several investment houses covering both the China and Southeast Asian markets. Mr. Chan is a member of the Institute of Chartered Accountants in England and Wales and holds a Bachelor of Commerce (with merit) from the University of New South Wales, Australia.

Dominic J. Picone
Director

Mr. Picone, 35 years old, is a Principal and Head of Asia Financial Services (ex. India) at TPG Capital, based in Singapore. In addition to 8990, he has been involved with current and past TPG portfolio companies including BFI Finance, Masan Group, Fairmont Raffles Hotels, Bank BTPN, United Test & Assembly Center (UTAC), and CIMB. He is an alternate board member of UTAC Holdings, and serves on the audit, risk, and compensation committees of BFI Finance. Prior to joining TPG in 2005, Mr. Picone worked in the Investment Banking Division of Credit Suisse First Boston in Melbourne, primarily focused on mergers and acquisitions in Australia and New Zealand. A native of Australia, he received a Bachelor of Commerce (Honours – Finance) and a Bachelor of Laws from the University of Melbourne.

The table below sets forth the Company's officers as of writing.

Name	Age	Nationality	Position
Januario Jesus Gregorio III Atencio................................	53	Filipino	President and CEO
Richard L. Haosen.................	51	Filipino	Treasurer and Chief Financial Officer
Teresa C. Secuya..................	53	Filipino	Compliance Officer
Cristina S. Palma Gil-Fernandez.............................	46	Filipino	Corporate Secretary
Kristine Joyce C. Caro-Gañgan	33	Filipino	Asst. Corporate Secretary
Mohammad Taha S. Basman II	29	Filipino	Investor Relations Officer

The business experience of each of the key executive and corporate officers is set forth below.

Januario Jesus Gregorio III B. Atencio
President and Chief Executive Officer
Please refer to the table of Directors above.

Richard L. Haosen
Chief Financial Officer
Please refer to the table of Directors above.

Teresa C. Secuya
Compliance Officer

Ms. Secuya assumed the position of Compliance Officer of the Company in September 2012. Ms. Secuya is also currently the Executive Assistant to the Chairman of 8990 Luzon Housing Development Corp. Prior to her current positions, she served as the Executive Secretary of the President of Ceres Homes, Inc. (February 2006 to December 2009), Executive Assistant of the Chairman of Urban Basic Housing Corporation (May 1999 to January 2003), Executive Assistant for Admin Affairs of Newpointe Realty & Development Corp. (June to July 1996), Marketing Assistant of HIC Construction & Development Corp. (March to May 1996), and Proprietor of Jobs Drugs and Gifts (November 1991 to March 1996). She obtained her Bachelor of Arts degree, major in Communication Arts from the Ateneo de Davao University in 1982.

Cristina S. Palma Gil-Fernandez
Corporate Secretary

Atty. Palma Gil-Fernandez assumed the position of Corporate Secretary of the Company in September 2012. Atty. Palma Gil-Fernandez graduated with a Bachelor of Arts degree, Major in History (Honors) from the University of San Francisco in 1989, and with a Juris Doctor degree, second honors, from the Ateneo de Manila University in 1995. She is currently a Partner at Picazo Buyco Tan Fider & Santos Law Offices and has over 18 years of experience in corporate and commercial law, with emphasis on the practice areas of banking, securities and capital markets (equity and debt), corporate reorganizations and restructurings and real estate.

Kristine Joyce C. Caro-Gangan
Assistant Corporate Secretary

Atty. Caro-Gangan assumed the position of Assistant Corporate Secretary of the Company in September 2012. Born on March 18, 1982, Atty. Gangan graduated cum laude with the degree of Bachelor of Arts, Major in Political Science, from the University of the Philippines in 2002, and with the degree of Bachelor of Laws also from the University of the Philippines in 2006. She is currently a Senior Associate at Picazo Buyco Tan Fider & Santos Law Offices.

Mohammad Taha S. Basman II
Investor Relations Officer

Mr. Basman assumed the position of Investor Relations Officer of the Company in March 2014. Mr. Basman is also currently serving as the Management Services Manager of the Company. Prior to his current position, he worked with The Asia Foundation working on projects under USAID, World Bank and Australian Aid. He has a Masters degree in Business Administration from the Asian Institute of Management.

Family Relationships

As of writing, family relationships (by consanguinity or affinity within the fourth civil degree) between Directors and members of the Company's senior management are as follows:

Lowell L. Yu, Director, is the son of Mr. Luis N. Yu, Jr., Director.

Involvement of Directors and Executive Officers in Certain Legal Proceedings

To the best of the Company's knowledge and belief and after due inquiry, none of the Company's directors, nominees for election as director, or executive officers have in the five-year period prior to the date of this report: [1] had any petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within a two-year period of that time; [2] have been convicted by final judgment in a criminal proceeding, domestic or foreign, or have been subjected to a pending judicial proceeding of a criminal nature, domestic or foreign, excluding traffic violations and other minor offenses; [3] have been the subject of any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting their involvement in any type of business, securities, commodities or banking activities; or [4] have been found by a domestic or foreign court of competent jurisdiction (in a civil action), the Philippine SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation, such judgment having not been reversed, suspended, or vacated.

Item 10. Executive Compensation

Compensation

The following are the Company's president and four most highly compensated executive officers for the year ended December 31, 2014:

Name	Position
Januario Jesus Gregorio III B. Atencio	President and CEO
Richard L. Haosen	Chief Financial Officer
Alexander Ace Sotto	General Manager – Construction
Anthony Vincent S. Sotto	General Manager – Operations
Antonio Balleras	Assistant General Manager – Management Information Systems

The following table identifies and summarizes the aggregate compensation (actual and expected) of the Company's President and CEO and the four most highly compensated executive officers of the Company in 2013, 2014 and 2015:

	Year	Total[1] (₱)
President and the four most highly compensated executive officers named above	2012	19,643,778
	2013	19,643,778
	2014	21,608,155
Aggregate compensation paid to all other officers as a group unnamed...	2012	19,402,621
	2013	23,250,000
	2014	28,050,000

Note:

(1) Includes salary, bonuses and other income.

Compensation of Directors

The by-laws of the Company provide that, by resolution of the Board, each director shall receive a reasonable per diem allowance for his attendance at each meeting of the Board. As compensation, the Board shall receive and allocate an amount of not more than ten (10%) percent of the net income before tax of the Company during the preceding year. Such compensation shall be determined and apportioned among the directors in such manner as the Board may deem proper, subject to the approval of stockholders representing at least a majority of the outstanding capital stock at a regular or special meeting of the stockholders. However, since 2013, no directors' compensation was approved and given by the Board.

Currently, the directors are entitled to a per diem allowance of ₱10,000.00 for each attendance in the Company's board meetings.

Employee Stock Option Plan

The Corporation has no employee stock option plan at the moment.

Item 11. Security Ownership of Certain Record and Beneficial Owners and Management

Security Ownership of Certain Record and Beneficial Owners of more than 5% of the Company's voting securities as of February 28, 2015

Name and Address of Record Owners	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Common Shares Held	Total No. of Shares Held	% of Total Outstanding Shares
IHoldings, Inc. Unit 605, Ayala FGU Center, Cebu Business Park, Cebu City	The record owner is the beneficial owner of the shares indicated	Filipino	2,139,035,107*	2,139,035,107*	38.76*
Kwantlen Development Corporation Unit 605, Ayala FGU Center, Cebu Business Park, Cebu City	The record owner is the beneficial owner of the shares indicated	Filipino	925,325,018	925,325,018	16.77%
Januarius Resources Realty Corporation Unit 605, Ayala FGU Center, Cebu Business Park, Cebu City	The record owner is the beneficial owner of the shares indicated	Filipino	543,794,584	543,794,584	9.85%
Pasir Salak Investments Limited Brumby Center, Lot 42, Jalan Muhibbah, 87000 Labuan FT, Malaysia	The record owner is PCD Nominee Corporation	Malaysian	475,000,000	475,000,000	8.61%
TPG Rafter Holdings Ltd. Maples Corporate Services Limited, PO Box 309, Ugland House, George Town, Grand Cayman, Cayman Islands	The record owner is PCD Nominee Corporation	Cayman Islands	475,000,000	475,000,000	8.61%

**excludes the 40,000,000 shares registered in the name of IP Ventures, Inc. with an agreement to transfer to IHoldings, Inc. upon expiration of the PSE lock-up thereon.*

As of the March 31, 2015 the Company's level of foreign ownership is 23.53% of its equity.

Security Ownership of Directors and Officers as of writing

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	% of Total Outstanding Shares
Common	Luis N. Yu, Jr.	258,099,322 – direct	Filipino	4.68
Common	Mariano D. Martinez, Jr.	168,916,767 – direct	Filipino	3.06
Common	Januario Jesus Gregorio III B. Atencio	41,006,372 – direct	Filipino	0.74
		1,456,265 – indirect*	Filipino	0.0
Common	Arlene C. Keh	1 – direct	Filipino	0.0
Common	Anthony Vincent S. Sotto	1 – direct	Filipino	0.0
Common	Willibaldo J. Uy	1 – direct	Filipino	0.0
Common	Manuel S. Delfin, Jr.	1 – direct	Filipino	0.0
Common	Lowell L Yu	1 – direct	Filipino	0.0
Common	Raul Fortunato R. Rocha	1,000,001 – direct 500,000 – indirect*	Filipino	0.0
Common	Richard L. Haosen	1 – direct	Filipino	0.0
Common	Ian Norman E. Dato	5,001 – direct	Filipino	0.0
Common	Ben Chan Wei Beng	100 – direct	Malaysian	0.0
Common	Dominic J. Picone	1 – direct 99 – indirect*	American	0.0
Common	Cristina S. Palma Gil-Fernandez	None	Filipino	0.0
Common	Kristina Joyce C. Caro-Gañgan	None	Filipino	0.0
Common	Teresa C. Secuya	None	Filipino	0.0
Common	Mohammad Taha S. Basman II	None	Filipino	0.0
	Total:	470,983,934 shares		

**held through the PCD Nominee Corporation*

Voting Trust Holders of five percent or More

There were no persons holding more than five percent of a class of shares of the Company under a voting trust or similar agreement as of writing.

Changes in Control

As of year-end 2014, there are no arrangements, which may result in a change in control of the Company.

Item 12. Certain Relationships and Related Transactions

The Company and its Subsidiaries, in their ordinary course of business, engage in transactions with related parties and affiliates. These transactions include advances and reimbursement of expenses. Settlement of outstanding balances of advances at year-end occurs in cash. As of December 31, 2013 and 2014, the Company has not made any provision for impairment losses relating to amounts owed by related parties.

The summary of the Company's transactions with its related parties for the years ended December 31, 2012, 2013, and 2014 and the related outstanding balances as of December 31, 2012, 2013 and 2014 are as follows:

	Account	Outstanding Balance as of December 31,			Terms
		2012	2013	2014	
		(₱ in millions)			
Stockholders:					
Advances	Due from related parties	-	205.8	-	Non-interest bearing, payable on demand
Advances	Due to related parties	57.2	-	-	Non-interest bearing, payable on demand
Borrowings	Loans payable	-	113.9	25.0	On demand; 7.50% per annum
Interest on borrowings	Finance costs	-	19.4	-	
Entities under common control:					
Advances	Due from related parties	147.4	311.7	133.4	Non-interest bearing, payable on demand
Advances	Due to related parties	-	172.8	369.0	Non-interest bearing, payable on demand

Transactions Not in the Ordinary Course of Business

The Company has likewise entered into transactions with related parties otherwise than in the ordinary course of business. These transactions consist of advances to and from the 8990 Majority Shareholders and the 8990 Related Companies as disclosed in Note 27 of the 2014 Audited Consolidated Financial Statements.

PART IV - CORPORATE GOVERNANCE

Item 13. Corporate Governance

See Exhibit 1 for the Annual Corporate Governance Report filed with SEC on January 12, 2015.

PART V - EXHIBITS AND SCHEDULES

Item 14. Exhibits and Reports on SEC Form 17-C (Current Reports)

20 February 2014 – An announcement by the Company of the acquisition by its subsidiary 8990 Housing Development Corporation, of certain parcels of land situated in Ortigas Avenue.

17 March 2014 – (i) increase in number of shares to be offered in the follow-on offering ("FOO"); (ii) approval of the overallotment option in relation to the FOO; (iii) appointment of UBS AG, Hongkong Branch, as the Sole Global Coordinator, Sole International Bookrunner and Lead Manager and UBS Investments Philippines, Inc. as a Domestic Lead Underwriter, together with SB Capital; (iv) approval of the commencement of a proposed securitization transaction involving subsidiaries of the Corporation; and (v) resignation of of Mr. Hernan B. Bariring CFO of the Company and the appointment of Mr. Richard L. Haosen as the new CFO of the Company.

25 March 2014 – (i) approval of the audited financial statements of the Corporation as of and for the period ending 31 December 2013; and (ii) appointment of Mr. Mohammad Taha S. Basman II as the Investor Relations Officer of the Corporation.

23 April 2014 – adoption of a new dividend policy whereby subject to available cash and existence of Unrestricted Retained Earnings, at least 50% of the net income of the Company for the preceding fiscal year will be declared as dividends.

2 May 2014 – announcement of receipt of the SEC Order of Registration and Permit to Sell in relation to the FOO.

14 May 2014 – (i) approval of the holding of the Annual Stockholders' Meeting on 28 July 2014 and setting the record date for the said Annual General Meeting on 28 June 2014; (ii) approval of the amendment of the Articles of Incorporation to change the principal office address of the Corporation and increase the number of members of the Board of Directors from seven (7) to thirteen (13); and (iii) approval of the amendment of the By-Laws of the Corporation to re-define the powers, duties and responsibilities of the Executive Committee of the Corporation.

30 May 2014 – announcement of the exercise by UBS AG, Hong Kong Branch through its affiliate UBS Securities Philippines, Inc., of the over-allotment option to purchase an additional 134,950,860 common shares of the Company at the offer price of Php6.50.

20 June 2014 – announcement that the Company, through its subsidiary 8990 Housing Development Corporation, entered into a Memorandum of Agreement with CTBC Bank (Philippines) Corp. for the sale by 8990 HDC of Php1 billion worth of receivables arising from the sale of its housing units in the following projects: (i) DECA Homes Mactan 4; (ii) DECA Homes Baywalk Talisay 1; (iii) DECA Homes Mactan 5; and (iv) Urban DECA Homes Tipolo. The sale of receivables will be on a non-recourse basis and shall be based on the outstanding principal balance (OPB).

25 June 2014 – (i) announcement that the Company, through its subsidiary 8990 Housing Development Corporation ("8990 HDC"), entered into a Deed of Absolute Sale with the existing shareholders of Euson Realty and Development Corporation for the sale by the Euson Shareholders and the purchase by 8990 HDC of all existing shares of the Euson Shareholders equivalent to 100% of the total issued and outstanding capital stock of Euson Realty, for and in consideration of the purchase price of Php790,980,000.00; and (ii) execution by 8990 HDC also executed a Deed of Absolute Sale with with the existing shareholders of Tondo Holdings Corporation for the sale by the Tondo Shareholders and the purchase by 8990 HDC of all existing shares of the Tondo Shareholders equivalent to 100% of the total issued and outstanding capital stock of Tondo Holdings, for and in consideration of the purchase price of Php823,659,000.00.

28 July 2014 – (i) announcement of results of the Annual General Meeting of Stockholders including the election of directors, appointment of external auditors, approval of the amendments to the Articles of Incorporation and By-Laws of the Company, election of additional directors whose terms are subject to the SEC approval on the increase in the number of directors, and ratification of the new dividend policy as approved by the Board; (ii) announcement of results of the board organizational meeting including the appointment of officers and committee members.

2 September 2014 – (i) announcement of receipt of the approval of the SEC of the amendments to the Articles of Incorporation of the Company changing the principal address and increasing the number of directors as well as the By-Laws of the Company; (ii) announcement of the effectivity of the terms of the new directors; and (iii) resignation of Carla R. Lipardo as a director and Treasurer of the Company and the appointment of Dr. Manuel S. Delfin, Jr. as the new director of the Company, and Richard L. Haosen, as the new Treasurer of the Company.

4 November 2014 – approval of the declaration of cash dividends in the amount of Five centavos (Php0.05) per share to stockholders of record of the Company as of 18 November 2014, to be paid on 12 December 2014.

14 November 2014 – announcement of subscription by the Company to 560,000 additional shares at par value of its subsidiary 8990 Housing Development Corporation, subject to SEC approval of the incerase in capital of its subsidiary.

Item 15. Annual Corporate Governance Report

See Exhibit 1

Item 16. Audited Consolidated Financial Statements for the Period Ended December 31, 2014 and 2013

See Exhibit 2

SIGNATURES

Pursuant to the requirements of Section 17 of the Securities Regulations Code, and Section 14 of the Corporation Code, the ANNUAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2014 (SEC FORM 17-A) is signed on behalf of the issuer by the undersigned, thereunto duly authorized in the City of Makati, Philippines on _________________ 2015.

MARIANO D. MARTINEZ
Chairman

JANUARIO JESUS GREGORIO III B. ATENCIO
President

RICHARD L. HAOSEN
Chief Financial Officer

Cristina S. Palma Gil

CRISTINA S. PALMA GIL-FERNANDEZ
Corporate Secretary

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

APR 13 2015

SUBSCRIBED AND SWORN TO before me this _______________, the following persons exhibiting me their
Postal IDs/Passports:

	Passport No.	Date of Issue	Place of Issue
Mariano D. Martinez	EB5662795	15 Jun 2012	DFA Manila
Januario Jesus Gregorio III B. Atencio	EB4984285	21 Mar 2012	DFA Manila
Richard L. Haosen	EB1615610	28 Dec 2010	DFA Cebu
Cristina S. Palma Gil-Fernandez	EB8953705	22 Aug 2013	DFA Manila

CHRISTINE JEAN O. CHUA
Appointment No. M-189
Notary Public for Makati City
Until December 31, 2016
Penthouse, Liberty Center
104 H.V. dela Costa Street, Makati City
Roll of Attorneys No. 63536
PTR No. 4754662/ Makati City/ 01-06-2015
IBP No. 979431/ Quezon City/ 01-05-2015

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Series of 2015

8990 HOLDINGS, INC. AND SUBSIDIARIES
FINANCIAL RATIOS
DECEMBER 31, 2014

	December 31, 2014	December 31, 2013
Current ratio	**120.51%**	59.64%
Book value per share	**2.70**	1.42
Debt-to-equity ratio	**0.59**	1.11

	December 31, 2014	December 31, 2013
Gross margin	**59.77%**	63.39%
EBITDA margin	**46.85%**	46.01%
Net income margin	**42.46%**	40.77%

Ratios:

- Current ratio is computed by dividing current assets by current liabilities.
- Net book value is computed by dividing stockholders' equity by total outstanding shares.
- Debt-to-equity ratio is computed by dividing the sum of short-term and long-term interest bearing loans by total stockholders' equity.

8990 Holdings, Inc.

**STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS**

The management of 8990 Holdings, Inc. (the Company) is responsible for the preparation and fair presentation of the financial statements as of and for the years ended December 31, 2014 and 2013, including the additional components attached therein, in accordance with Philippine Financial Reporting Standards. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Board of Directors reviews and approves the financial statements and submits the same to the stockholders.

SyCip Gorres Velayo & Co., the independent auditors, appointed by the stockholders has examined the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such examination.

Mariano D. Martinez
Chairman

Jesus B. Atencio
CEO

Richard L. Haosen
Treasurer

APR 16 2015

Subscribed and sworn to before me this ....
Affiant exhibited to me his/her CTC No. ....
Signed this 7th day of April 2015. Issued on .... at ....

DOC. NO. .... ATTY. JOEL G. GORDOLA
PAGE NO. .... NOTARY PUBLIC
BOOK NO. .... COMMISSION EXPIRES DEC. 31, 2015
ROLL OF ATTORNEY NO. 25109

8990 Holdings, Inc.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR ANNUAL INCOME TAX RETURN

The Management of 8990 HOLDINGS, INC. (the Company) is responsible for all information and representations contained in the **Annual Income Tax Return** for the year ended **December 31, 2014**. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to the value added tax and/or percentage tax returns, withholdingn tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, the Management affirms that the attached audited financial statements for the year ended December 31, 2014 and the accompanying Annual Income Tax Return are in accordance with the books and records of the Company, complete and correct in all material respects. Management likewise affirms that:

(a) the Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;

(b) any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances;

(c) the Company has filed all applicable tax returns, reports and statements required to be filed under the Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.

JESUS B ATENCIO
(Name of the Indvidual Taxpayer/President/Managing Partner)

JESUS B ATENCIO
(Name of the Chief Executive Officer or its equivalent)

RICHARD W HAOSEN
(Name of the Chief Financial Officer or its equivalent)

HOUSING PARTNERS OF THE FILIPINO PEOPLE

Unit 1104 Liberty Center, 104 HV dela Costa cor. Leviste Streets, Salcedo Village, Makati City, Tel. and Fax nos.: 4789659 • 5539044 • 4788987