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)

Roan Buenaventura-Torregoza
Chief Finance Officer

Contact Person/s

(632) 4789659/5333915/5333917

Company Telephone Number

0 3 | 3 1

Month | Day

Calendar Year

SEC Form 17-Q June 30, 2017

FORM TYPE

0 7 | 3 1

Month | Day

Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

33

Total No. of Stockholders

30

Domestic

3

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended **June 30, 2017**

2. Commission identification number **CS 2005 11 816**

3. BIR Tax Identification No **239-508-223-000**

4. Exact name of issuer as specified in its charter

8990 HOLDINGS, INC.

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

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

7. Address of issuer's principal office Postal Code

11F Liberty Center, 104 HV Dela Costa, Salcedo Village, Makati City, 1200 Philippines

8. Issuer's telephone number, including area code **(632) 4789659/5333915/5333917**

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

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

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
Common	5,517,990,720
Fixed Rate Bonds	9,000,000,000

11. Are any or all of the securities listed on a Stock Exchange?
    Yes [V] 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

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)
Yes [√] No [ ]

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

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

8990 HOLDINGS, INC AND SUBSIDIARIES

Interim Condensed Consolidated Statements of Financial Position (in Philippine Peso)

	30-Jun		31-Dec	
	2017 Unaudited	2016 Unaudited	2016 Audited	2015 Audited
ASSETS				
Current Assets				
Cash on hand and in banks	512,734,789	319,802,325	703,809,205	600,230,905
Current portion of trade and other receivables	1,453,315,310	1,398,583,590	2,231,153,472	1,502,055,562
Inventories	9,513,389,950	5,520,190,899	7,317,495,907	5,092,332,659
Due from related parties	383,254,160	499,564,531	228,413,454	289,716,995
Current portion of available-for-sale securities	-	-	-	-
Other current assets	1,839,549,563	2,279,567,486	1,349,268,812	2,025,188,139
	13,702,243,772	10,017,708,832	11,830,140,850	9,509,524,260
Noncurrent Assets				
Trade and other receivables - net of current portio	19,693,514,374	19,704,170,759	20,526,963,325	17,565,634,589
Available for sale securities	1,156,428,004	1,175,052,196	1,160,774,129	1,178,187,216
Land held for future development	13,769,404,187	10,727,565,372	12,946,624,580	6,593,194,295
Property and equipment	292,129,768	274,323,365	288,627,169	239,005,453
Investment properties	295,320,112	323,002,263	296,694,775	309,011,270
Investment in shares	-	-	-	-
Other noncurrent assets	767,760,010	683,350,953	722,859,686	682,682,007
	35,974,556,455	32,887,464,908	35,942,543,664	26,567,714,830
	49,676,800,227	42,905,173,740	47,772,684,514	36,077,239,090
LIABILITIES AND EQUITY				
Current Liabilities				
Current portion of trade and other payables	3,033,841,886	2,507,953,659	3,186,647,457	2,626,967,526
Current portion of loans payable	7,919,082,144	4,121,395,838	6,855,592,150	1,980,934,640
Deposits from customers	433,441,402	278,378,098	429,030,305	411,732,827
Due to related parties	123,905,226	89,843,799	107,151,377	114,212,864
Income tax payable	133,137,318	65,596,353	219,428,101	213,934,544
	11,643,407,976	7,063,167,748	10,797,849,390	5,347,782,401
Noncurrent Liabilities				
Trade and other payables - net of current portion	70,233,657	73,607,436	70,233,657	68,422,945
Loans payable - net of current portion	9,466,841,391	8,271,011,526	8,195,495,683	3,975,433,053
Bonds payable	8,917,417,226	8,896,466,108	8,906,782,331	8,886,496,988
Deferred tax liability	475,222,593	456,501,942	540,091,479	456,501,942
	18,929,714,868	17,697,587,012	17,712,603,150	13,386,854,928
	30,573,122,844	24,760,754,760	28,510,452,540	18,734,637,329
Equity				
Capital Stock	5,517,990,720	5,517,990,720	5,517,990,720	5,517,990,720
Additional paid-in capital	4,400,126,855	4,400,126,855	4,400,126,855	4,400,126,855
Remeasurement loss on pension plan	(4,612,005)	(5,116,942)	(4,612,005)	(5,116,942)
Retained earnings	9,190,171,813	8,231,418,347	9,348,726,404	7,429,601,128
	19,103,677,383	18,144,418,980	19,262,231,974	17,342,601,761
	49,676,800,227	42,905,173,740	47,772,684,514	36,077,239,090

8990 HOLDINGS, INC. AND SUBSIDIARIES
Unaudited Consolidated Statements of Comprehensive Income (in Philippine Peso)

	For six months ended June 30		For three months ended June 30	
	2017 Unaudited	2016 Unaudited	2017 Unaudited	2016 Unaudited
REVENUES				
Real Estate Operations				
Real estate sales	3,036,325,865	4,729,496,861	1,446,635,515	2,556,619,461
Rental income	5,166,874	5,846,444	2,800,101	4,730,373
Others	-	-	(2,077,171)	-
	3,041,492,739	4,735,343,305	1,447,358,444	2,561,349,834
Gain on Sale of Preferred Shares	-	-	-	-
	3,041,492,739	4,735,343,305	1,447,358,444	2,561,349,834
COST OF SALES AND SERVICES				
Real Estate Operations				
Cost of real estate sales	1,259,759,210	1,954,708,475	601,987,366	1,032,087,040
Cost of rental services	-	98,591	(12,769)	-
Others	25,048,803	55,187,797	13,456,771	32,024,650
	1,284,808,013	2,009,994,863	615,431,368	1,064,111,690
Loss on Sale of Preferred Shares	-	-	-	-
	1,284,808,013	2,009,994,863	615,431,368	1,064,111,690
Gross Income	1,756,684,727	2,725,348,441	831,927,077	1,497,238,144
Operating Expenses	740,861,594	787,991,714	425,431,419	463,122,346
Other Operating Income	846,378,472	750,640,833	414,016,055	367,003,235
Finance Costs	537,979,089	411,202,226	294,642,107	218,351,615
Operating Income	1,324,222,515	2,276,795,335	525,869,605	1,182,767,417
Other Income	13,706,229	-	3,822,277	-
Income Before Income Tax from Continuing Operations	1,337,928,744	2,276,795,335	529,691,882	1,182,767,417
Provision for Income Tax	116,985,655	95,480,436	44,956,115	33,130,828
Income from Continuing Operations	1,220,943,089	2,181,314,899	484,735,767	1,149,636,589
from Discontinuing Operations	-	-	-	-
Net Income	1,220,943,089	2,181,314,899	484,735,767	1,149,636,589
Other Comprehensive Loss	-	-	-	-
Total Comprehensive Income	1,220,943,089	2,181,314,899	484,735,767	1,149,636,589

8990 HOLDINGS, INC. AND SUBSIDIARIES
Unaudited Consolidated Statements of Changes in Equity (in Philippine Peso)

	For the six months ended June 30, 2017						
	Capital Stock	Subscribed Capital Stock	Additional Paid in Capital	Equity Reserve	Other Comprehensive Loss	Retained Earnings	Total
Balance at January 1, 2017	5,517,990,720	-	4,400,126,855	-	(4,612,005)	9,348,726,404	19,262,231,974
Cash dividends declared by the Parent Company	-	-	-	-	-	(1,379,497,680)	(1,379,497,680)
Total comprehensive income (loss)	-	-	-	-	-	1,220,943,089	1,220,943,089
Balance at June 30, 2017	5,517,990,720	-	4,400,126,855	-	(4,612,005)	9,190,171,813	19,103,677,383
Balance at January 1, 2016	5,517,990,720	-	4,400,126,855	-	(5,116,942)	7,429,601,128	17,342,601,761
Cash dividends declared by the Parent Company	-	-	-	-	-	(1,655,397,216)	(1,655,397,216)
Total comprehensive income (loss)	-	-	-	-	504,937	3,574,522,492	3,575,027,429
Balance at December 31, 2016	5,517,990,720	-	4,400,126,855	-	(4,612,005)	9,348,726,404	19,262,231,974
Balance at January 1, 2015	5,517,990,720	-	4,400,126,855	-	(3,559,308)	4,974,655,099	14,889,213,366
Cash dividends declared by the Parent Company	-	-	-	-	-	(1,269,137,866)	(1,269,137,866)
Total comprehensive income (loss)	-	-	-	-	(1,557,634)	3,724,083,895	3,722,526,261
Balance at December 31, 2015	5,517,990,720	-	4,400,126,855	-	(5,116,942)	7,429,601,128	17,342,601,761

	For the six months ended June 30, 2016						
	Capital Stock	Subscribed Capital Stock	Additional Paid in Capital	Equity Reserve	Other Comprehensive Loss	Retained Earnings	Total
Balance at January 1, 2016	5,517,990,720	-	4,400,126,855	-	(5,116,942)	7,429,601,128	17,342,601,761
Cash dividends declared by the Parent Company	-	-	-	-	-	(1,379,497,680)	(1,379,497,680)
Total comprehensive income (loss)	-	-	-	-	-	2,181,314,899	2,181,314,899
Balance at June 30, 2016	5,517,990,720	-	4,400,126,855	-	(5,116,942)	8,231,418,347	18,144,418,980

8990 HOLDINGS, INC. AND SUBSIDIARIES
Unaudited Consolidated Statements of Cash Flows (in Philippine Peso)

	For six months ended June 30		For years ended December 31	
	2017 Unaudited	2016 Unaudited	2016 Audited	2015 Audited
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax	1,337,928,744	2,276,795,335	4,023,467,547	4,134,418,070
Adjustments for:				
Interest income	(765,859,734)	(694,475,234)	(1,428,543,208)	(1,210,782,426)
Finance cost	534,266,325	410,870,718	942,986,033	614,688,045
Write-off of assets	-	-	-	3,810,970
Provision for impairment losses	-	-	24,056,631	143,207,061
Provision for probable losses	-	-	(35,441,122)	(79,469,175)
Depreciation and amortization	26,774,335	21,778,823	47,605,365	35,839,138
Amortization of discount on bonds payable	10,634,896	9,969,120	20,285,343	8,839,101
Provision for inventory write-down	-	-	-	1,257,282
Loss (gain) on repossession	-	-	(77,328,991)	38,664,969
Loss on sale of PPE			(65,029,540)	(1,874,007)
Gain on sale of building and improvements	-	-	(85,452)	(571,399)
Unrealized foreign exchange loss	-	-	-	14,101
Retirement Expense	-	-	1,805,848	1,595,596
Operating income before changes in working capital	1,143,744,566	2,024,938,762	3,453,778,454	3,689,637,326
Changes in operating assets and liabilities				
Decrease (increase) in:				
Trade and other receivables	1,611,287,113	(2,035,064,198)	(3,632,040,650)	(4,761,221,198)
Inventories	(2,195,894,043)	(427,858,240)	(1,714,329,458)	(683,306,872)
Other assets	(535,205,321)	(255,040,064)	644,272,845	(2,086,843,036)
Increase (decrease) in:				
Trade and other payables	(217,674,456)	(113,829,376)	595,121,060	667,256,278
Deposits from customers	4,411,097	(133,354,729)	17,297,478	137,361,511
Net cash used in operations	(189,331,044)	(940,207,845)	(635,900,272)	(3,037,115,991)
Interest received	765,859,734	694,390,118	1,427,633,778	1,213,020,188
Interest paid	(534,266,325)	(410,870,718)	(1,145,970)	(140,683,474)
Income tax paid	(203,252,194)	(243,733,510)	(359,861,961)	(250,052,366)
Net cash from (used in) operating activities	(160,989,829)	(900,421,955)	430,725,575	(2,214,831,643)
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of:				
Land held for future development	(818,717,970)	(4,134,371,077)	(6,778,598,925)	(1,454,581,648)
Available-for-sale securities	-	3,135,020	-	
Property and equipment	(31,864,917)	(54,655,158)	(101,963,392)	(47,442,303)
Investment in shares	-	-		
Proceeds from (Acquisition of) Investment properties	(1,098,989)	(16,440,797)	(940,227)	
Proceeds from:				
Disposal of building and hotel improvments			-	
Maturities/termination of long term investments	-	-	-	-
Sale of AFS	-	-	-	-
Disposal of property and equipment	4,346,125	-	-	2,544,225
Net cash outflow from disposal of investment in a subsidiary	-	-	2,120,556	508,687
Net cash inflow from acquisition of net assets of acquiree	-	-	-	-
Net cash used in investing activities	(847,335,752)	(4,202,332,012)	(6,879,381,989)	(1,498,971,039)
CASH FLOWS FROM FINANCING ACTIVITIES				
Availment (retirement) of loans payable	2,334,835,703	6,436,039,672	8,153,389,876	(3,491,155,544)
Issuance of corporate bonds			-	8,877,657,887
Payment of bond issuance costs			-	
Issuance of shares by the Parent Company	-	-	-	-
Issuance of shares by subsidiaries	-	-	-	-
Decrease (increase) in the amount of due from related partie	(154,840,706)	(209,847,536)	61,303,541	(153,658,524)
Increase (decrease) in the amount of due to related parties	16,753,849	(24,369,065)	(7,061,487)	(254,806,403)
Payment of cash dividends	(1,379,497,680)	(1,379,497,680)	(1,655,397,216)	(1,269,137,866)
Net cash provided by financing activities	817,251,165	4,822,325,390	6,552,234,714	3,708,899,552
Effect of changes in foreign exchange rates on hand and in b	-	-	-	(14,101)
Net increase (decrease) in cash on hand and in banks	(191,074,416)	(280,428,580)	103,578,300	(4,917,231)
Cash Balance at the beginning of the year	703,809,205	600,230,905	600,230,905	605,148,136
Cash Balance at the end of the year	512,734,789	319,802,325	703,809,205	600,230,905

8990 HOLDINGS, INC. AND SUBSIDIARIES
Notes to Unaudited Consolidated Financial Statements

1. Summary of Significant Accounting Policies

Basis of Preparation

The accompanying unaudited financial statements have been prepared in accordance with Philippine Accounting Standard (PAS) 34, Interim Financial Reporting. The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at December 31, 2016.

The preparation of the financial statements in compliance with Philippine Financial Reporting Standards (PFRS) requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying reports. The estimates and assumptions used on the accompanying unaudited financial statements are based upon management's evaluation of relevant facts and circumstances which are used as indicators affecting the results as of the date of the unaudited financial statements. Actual results could differ from such estimates.

The accompanying unaudited financial statements have been prepared on a historical cost basis. Further, this has been presented in Philippine peso, the functional currency of Fog Horn, Inc. All values are rounded to the nearest peso except when otherwise indicated.

Changes in Accounting Policies and Disclosures

The accounting policies adopted in the preparation of the unaudited financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended December 31, 2016.

The following standards and interpretations were adopted beginning January 1, 2013, but do not have significant impact on the financial position or performance of the Company.

- PFRS 7, *Financial Instruments: Disclosures-Offsetting Financial Assets and Financial Liabilities (Amendments)*
- PFRS 10, *Consolidated Financial Statements*
- PFRS 11, *Joint Arrangements*
- PFRS 12, *Disclosure of Interests in Other Entities*
- PFRS 13, *Fair Value Measurement*
- PAS 1, *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income or OCI (Amendments)*
- PAS 1, *Presentation of Financial Statements – Clarification of the requirements for comparative information*
- PAS 27, *Separate Financial Statements (as revised in 2011)*
- PAS 28, *Investments in Associates and Joint Ventures (as revised in 2011)*
- Philippine Interpretation IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine*
- PRFS 1, *First-time Adoption of PFRS – Borrowing Costs*
- PAS 16, *Property, Plant and Equipment – Classification of servicing equipment*

- PAS 32, *Financial Instruments: Presentation – Tax effect of distribution to holders of equity instruments*
- PAS 19, *Employee Benefits (Revised)*
- PAS 34, *Interim Financial Reporting – Interim financial reporting and segment information for assets and liabilities*

The following standard and interpretation was adopted beginning January 1, 2014, but does not have significant impact on the financial position or performance of the Company.

- PAS 32, *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities (Amendments)*
  The amendments clarify the meaning of "currently has a legally enforceable right to set off" and also clarify the application of the PAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments affect presentation only and have no impact on the Company's financial position or performance.

The following standards and interpretations was adopted beginning January 1, 2015.

- PFRS 9, *Financial Instruments*
  PFRS 9, as issued, reflects the first phase on the replacement of PAS 39 and applies to the classification and measurement of financial assets and liabilities as defined in PAS 39, *Financial Instruments: Recognition and Measurement*. Work on impairment of financial instruments and hedge accounting is still ongoing, with a view to replacing PAS 39 in its entirety. PFRS 9 requires all financial assets to be measured at a fair value at initial recognition. A debt financial asset may, if the fair value option (FVO) is not invoked, be subsequently measured at amortized cost if it is held within a business model that has the objective to hold the assets, to collect the contractual cash flows and its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding. All other debt instruments are subsequently measured at fair value through profit or loss. All equity financial assets are measured at fair value either through OCI or profit or loss. For FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. All other PAS 39 classification and measurement requirements for financial liabilities have been carried forward into PFRS 9, including the embedded derivative separation rules and the criteria for using the FVO.

  The adoption of the first phase of PFRS 9 will have no impact on the classification and measurement of financial assets and liabilities.

- Philippine Interpretation IFRIC 15, *Agreements for the Construction of Real Estate*
  This interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors, The SEC and the Financial Reporting Standards Council (FRSC) have deferred the effectivity of this interpretation until the final Revenue standard is issued by the International Accounting Standards Board (IASB) and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed.

The accompanying unaudited consolidated financial statements have been prepared on a historical cost basis. Further, this has been presented in Philippine peso, the functional currency of 8990 Holdings, Inc. and its subsidiaries. All values are rounded to the nearest peso except when otherwise indicated.

2. Basis of Consolidation

The unaudited consolidated financial statements include the financial statements of the Parent Company and the following wholly owned subsidiaries:

- 8990 Housing Development Corporation
- Fog Horn, Inc.
- 8990 Luzon Housing Development Corporation
- 8990 Davao Housing Development Corporation
- 8990 Mindanao Housing Development Corporation
- 8990 Leisure and Resorts Corporation

Control is achieved when the Parent Company is exposed, or has the rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Parent Company controls an investee if and only if the Parent Company has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure or rights to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has the power over an investee, including:

- The contractual arrangement with the other voting shareholders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income, expenses and other comprehensive income (OCI) of a subsidiary are included in the financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the Parent Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. The consolidated financial statements are prepared for the same reporting period as the Parent Company's financial statements, using consistent accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Parent Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for within equity. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Parent Company.

When a change in ownership interest in a subsidiary occurs which results in a loss of control over the subsidiary, the Parent Company:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any non-controlling interests
- Recognizes the fair value of the consideration received
- Recognizes the fair value of any investment retained
- Recognizes any surplus or deficit in profit or loss
- Reclassifies the Parent Company's share of components previously recognized in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

When there are business combinations in which all the combining entities within the Group are ultimately controlled by the same ultimate parent (i.e. controlling shareholders) before and after the business combination and the control is not transitory (business combinations under common control), the Group accounts for such business combinations similar to a pooling of interests. The assets and liabilities of the acquired entities and that of the Group are reflected at their carrying values in the stand-alone financial statements of the investee companies. The difference in the amount recognized and the fair value of the consideration given is accounted for as an equity transaction, i.e., as either a contribution or distribution of equity. Further, when a subsidiary is disposed in a common control transaction without loss of control, the difference in the amount recognized and the fair value consideration received, is also accounted for as an equity transaction.

The Group recorded the above difference as Equity Reserve and is presented as a separate component of equity in the consolidated statement of financial position. Comparatives shall be restated to include balances and transactions as if the entities had been acquired at the beginning of the earliest period presented in the consolidated financial statements, regardless of the actual date of combination.

The Group consolidated the assets, liabilities, income and expenses of the Parent Company starting May 2012, which was the date when the controlling shareholders acquired or gained control over the Parent Company.

3. Segment Information

For management's purposes, the Group's operating segments are organized and managed separately according to the nature of the products provided, with each segment representing a strategic business unit that offers different products and serves different markets. The Group has four reportable operating segments as follows:

Low-cost mas Mass Housing
This segment pertains to the housing market segment of the Group. It caters to the development and sale of residential lots and units.

Medium-rise Condominium Units
This segment pertains to the medium-rise condominium segment of the Group. It caters to the development and sale of condominium units.

Preferred Share
This segment pertains to sale of preferred share wherein the purchaser has a perpetual right to occupy one unit of the Group's vacation hotel for a specific number of days in a year.

High-rise Condominium Units
This segment pertains to the high-rise condominium segment of the Group. It caters to the development and sale of condominium units with more than four (4) storeys.

Hotel Operations
This segment pertains to the activities from hotel operations, which are considered incidental revenues while the Group has not yet sold all of the timeshares of its vacation hotel, Azalea Baguio Residences.

The hotel operation's peak season is during the holiday and summer seasons. For other supplementary businesses, there is no significant seasonality that would materially affect their operations. This information is provided to allow for a proper appreciation of the results of the Company's operations.

The Group has only one geographical business segment as all the assets and liabilities are located in the Philippines. The Group derives all of its revenues from domestic operations. Thus, geographical business segment information is not presented. No operating segments have been aggregated to form the above operating business segments.

Management monitors the operating results of its operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on segment operating income or loss. The presentation and classification of segment revenues and expenses are consistent with the consolidated statements of comprehensive income. This segment information is presented monthly to the Parent Company' BOD who is the Chief Operating Decision Maker. Finance income consists on interest earned from installment contract receivables and deposits in banks.

The amount of segment assets and liabilities are based on the measurement principles that are similar with those used in measuring the assets and liabilities in the statement of financial position which is in accordance with PFRS. Capital expenditures represent acquisitions of 'Land held for future development', 'Property and equipment', and 'Investment properties'. The Group has no significant customer which contributes 10% or more of their segment revenue.

4. **Cash on Hand and in Banks**
This account consists of:

	30-Jun		31-Dec	
	2017 Unaudited	2016 Unaudited	2016 Audited	2015 Audited
Cash on hand	2,185,186	1,544,598	46,376,413	2,394,766
Cash in banks	510,549,603	318,257,727	657,432,792	597,836,139
	512,734,789	319,802,325	703,809,205	600,230,905

5. **Trade and Other Receivables**

This account consists of:

	30-Jun		31-Dec	
	2017 Unaudited	2016 Unaudited	2016 Audited	2015 Audited
Trade Receivables				
Installment contract receivables	592,512,463	929,822,637	617,588,175	1,201,317,283
Others	3,642,470	9,993,588	6,094,898	13,509,864
Advances to external marketing manager	60,856,698	60,874,416	60,865,416	72,528,405
Retention Receivables	516,789,566	256,134,823	353,173,872	215,629,479
Receivables from employees	355,832,129	217,085,616	256,158,533	132,791,687
Other Receivables	182,864,280	162,666,745	1,196,454,874	101,404,509
	1,712,497,606	1,636,577,823	2,490,335,768	1,737,181,227
Less: Allowance for impairment losses	259,182,296	237,994,233	259,182,296	235,125,665
	1,453,315,310	1,398,583,590	2,231,153,472	1,502,055,562
Non current				
Trade Receivables				
Installment contract receivables	19,693,514,374	19,704,170,759	20,526,963,325	17,565,634,589
Retention Receivables	-		-	-
	19,693,514,374	19,704,170,759	20,526,963,325	17,565,634,589
	21,146,829,684	21,102,754,349	22,758,116,797	19,067,690,151

Ninety three percent (93%) of total receivables of the Company are on long-term basis. Current portion of installment contract receivables stands at PhP592.5 million which pertains to portion of receivables from buyers due within one (1) year.

6. Inventories

This account consists of:

	30-Jun		31-Dec	
	2017 Unaudited	2016 Unaudited	2016 Audited	2015 Audited
Real estate inventories				
Low-cost mass housing	5,776,372,965	3,417,690,957	4,862,717,314	3,444,857,924
Medium-rise condominium units	709,170,950	784,316,741	751,006,813	238,275,698
High-rise condominium units	3,027,846,035	1,318,183,201	1,703,771,780	1,409,199,037
	9,513,389,950	5,520,190,899	7,317,495,907	5,092,332,659
Timeshares	-	-	-	-
	9,513,389,950	5,520,190,899	7,317,495,907	5,092,332,659

7. **Available for Sale Securities**

Azalea Resorts Residences Corporation (ALRC) acquired the building, which is the subject of the timeshare inventory of the Company. The Company in turn invested in the common shares (representing 45% ownership) and in the preferred shares of ALRC. ALRC's primary purpose is to operate, maintain and/or manage a membership club. ALRC's preferred shares represent membership rights to the club including the right to use a specific unit of the building acquired from the Group and other facilities/amenities for one day per calendar year.

8. Other Assets

This account consists of:

	30-Jun		31-Dec	
	2017 Unaudited	2016 Unaudited	2016 Audited	2015 Audited
Current				
Advances to contractors and brokers	1,268,723,248	1,063,821,706	897,907,372	765,559,684
Input tax	291,523,665	177,170,847	221,910,839	60,789,182
Advances to landowners	195,599,200	992,788,948	198,399,200	1,155,852,449
Creditable withholding tax	57,638,149	33,773,657	32,773,315	25,974,944
Prepaid expenses	76,949,845	67,387,531	47,878,192	33,478,986
Others	4,490,660	-	5,775,097	38,908,097
	1,894,924,766	2,334,942,689	1,404,644,015	2,080,563,342
Less: Allowance for impairment losses	55,375,203	55,375,203	55,375,203	55,375,203
	1,839,549,563	2,279,567,486	1,349,268,812	2,025,188,139
Non-current				
Deposits	128,433,341	126,028,604	137,626,460	122,959,182
Advances to contractors and brokers	546,564,867		546,564,867	546,564,867
AFS equity investment	-	546,564,867	-	-
Software cost	1,492,522	1,492,522	1,492,522	1,492,522
Others	93,781,254	11,776,934	39,687,811	14,177,410
	770,271,984	685,862,927	725,371,660	685,193,981
Less: Allowance for impairment losses	2,511,974	2,511,974	2,511,974	2,511,974
	767,760,010	683,350,953	722,859,686	682,682,007
	2,607,309,574	2,962,918,439	2,072,128,497	2,707,870,146

9. Land Held for Future Development

This account consists of:

	30-Jun		31-Dec	
	2017 Unaudited	2016 Unaudited	2016 Audited	2015 Audited
Balance at beginning of year	12,946,624,580	6,593,194,295	6,593,194,295	6,527,048,427
Land acquired during the year	818,717,970	4,423,165,171	6,778,598,925	1,454,581,648
Transfers/Reclassification	4,061,636	(287,536,811)	(425,168,640)	(1,387,178,498)
Provision for write down	-	(1,257,282)	-	(1,257,282)
Balance at end of year	**13,769,404,187**	**10,727,565,372**	**12,946,624,580**	**6,593,194,295**

10. Property and Equipment

This account consists of:

30-Jun-17
Unaudited

	Land	Building	Land Improvements	Leasehold Improvements	Furnitures and Fixtures	Machineries and Equipment	Transportation Vehicles	Waterlines	Construction in Progress	Total
Cost										
Balances at beginning of year	107,405,010	55,826,776	10,458,647	10,196,608	68,486,767	64,462,208	115,880,676	0	14,480,148	447,196,840
Additions	-	1,336,800	-	6,798,933	6,888,007	407,300	7,677,870	(0)	8,756,007	31,864,917
Transfers/Disposals	-		(4,061,636)	-	-	-	-	-	-	(4,061,636)
Balances at end of year	**107,405,010**	**57,163,576**	**6,397,011**	**16,995,541**	**75,374,775**	**64,869,508**	**123,558,545**	-	**23,236,155**	**475,000,121**
Accumulated Depreciation and Amortization										
Balances at beginning of year	-	18,688,346	8,888,701	7,831,443	27,350,134	30,422,288	56,418,760	0	-	149,599,671
Depreciation and Amortization	-	2,111,780	773,865	669,923	5,893,287	6,061,132	8,790,695	(0)	-	24,300,682
Transfers/Disposals	-	-	-	-	-	-	-	-	-	-
Balances at end of year	-	20,800,127	9,662,566	8,501,365	33,243,421	36,483,420	65,209,455	-	-	173,900,354
Accumulated Impairment Losses										
Balances at beginning of year	8,970,000	-	-	-	-	-	-	-	-	8,970,000
Provision for impairment loss	-	-	-	-	-	-	-	-	-	-
Balances at end of year	8,970,000	-	-	-	-	-	-	-	-	8,970,000
Net Book Value	**98,435,010**	**36,363,449**	**(3,265,555)**	**8,494,176**	**42,131,354**	**28,386,089**	**58,349,090**	-	**23,236,155**	**292,129,768**

30-Jun-16
Unaudited

	Land	Building	Land Improvements	Leasehold Improvements	Furnitures and Fixtures	Machineries and Equipment	Transportation Vehicles	Waterlines	Construction in Progress	Total
Cost										
Balances at beginning of year	107,405,010	55,691,345	10,458,647	8,092,569	39,904,666	52,823,585	79,722,542	10,655,635	-	364,753,999
Additions	-	-	-	180,032	12,631,642	10,065,835	31,708,802		68,847	54,655,158
Transfers/Disposals										-
Balances at end of year	107,405,010	55,691,345	10,458,647	8,272,601	52,536,308	62,889,420	111,431,344	10,655,635	68,847	419,409,157
Accumulated Depreciation and Amortization										
Balances at beginning of year	-	14,488,494	7,335,972	7,198,962	19,527,523	18,898,703	48,225,947	1,102,945	-	116,778,546
Depreciation and Amortization		2,099,927	776,364	257,440	3,609,100	5,439,649	6,089,202	1,065,563	-	19,337,246
Transfers/Disposals										-
Balances at end of year	-	16,588,421	8,112,336	7,456,402	23,136,623	24,338,352	54,315,149	2,168,508	-	136,115,792
Accumulated Impairment Losses										
Balances at beginning of year	8,970,000	-	-	-	-	-	-	-	-	8,970,000
Provision for impairment loss	-	-	-	-	-	-	-	-	-	-
Balances at end of year	8,970,000	-	-	-	-	-	-	-	-	8,970,000
Net Book Value	**98,435,010**	**39,102,924**	**2,346,311**	**816,199**	**29,399,685**	**38,551,068**	**57,116,194**	**8,487,127**	**68,847**	**274,323,365**

31-Dec-16
Unaudited

	Land	Building	Land Improvements	Leasehold Improvements	Furnitures and Fixtures	Machineries and Equipment	Transportation Vehicles	Waterlines	Construction in Progress	Total
Cost										
Balances at beginning of year	107,405,010	55,691,345	10,458,647	8,092,569	39,904,666	52,823,585	79,722,542	10,655,635	-	364,753,999
Additions	-	135,431	-	2,104,039	29,122,101	11,638,623	44,458,801	24,249	14,480,148	101,963,392
Transfers from construction in progress										-
Transfers from inventories										-
Disposals	(25,469,856)	-	-	-	(540,000)	-	(8,300,667)	(10,679,884)	-	(44,990,407)
Balances at end of year	81,935,154	55,826,776	10,458,647	10,196,608	68,486,767	64,462,208	115,880,676	0	14,480,148	421,726,984
Accumulated Depreciation and Amortization										
Balances at beginning of year	-	14,488,494	7,335,972	7,198,962	19,527,523	18,898,703	48,225,947	1,102,945	-	116,778,546
Depreciation and Amortization	-	4,199,852	1,552,729	632,481	8,266,611	11,523,585	14,554,396	1,955,150	-	42,684,802
Disposal	-	-	-	-	(444,000)	-	(6,361,583)	(3,058,094)	-	(9,863,677)
Balances at end of year	-	18,688,346	8,888,701	7,831,443	27,350,134	30,422,288	56,418,760	0	-	149,599,671
Accumulated Impairment Losses										
Balances at beginning of year	8,970,000	-	-	-	-	-	-	-	-	8,970,000
Provision for impairment loss	-	-	-	-	-	-	-	-	-	-
Balances at end of year	8,970,000	-	-	-	-	-	-	-	-	8,970,000
Net Book Value	**72,965,154**	**37,138,429**	**1,569,946**	**2,365,166**	**41,136,634**	**34,039,920**	**59,461,916**	**(0)**	**14,480,148**	**263,157,313**

31-Dec-15
Audited

	Land	Building	Land Improvements	Leasehold Improvements	Furnitures and Fixtures	Machineries and Equipment	Transportation Vehicles	Waterlines	Construction in Progress	Total
Cost										
Balances at beginning of year	107,405,010	52,743,858	10,458,647	10,089,216	27,216,545	43,802,465	65,660,348	2,821,648	1,339,286	322,537,023
Additions:	-	1,462,000	-	868,310	12,688,121	9,027,691	15,562,194	7,833,987	-	47,442,303
Transfers from construction in progress		1,339,286							(1,339,286)	-
Transfers from inventories		146,201								146,201
Disposals	-	-	-	(2,864,957)	-	(6,571)	(2,500,000)	-	-	(5,371,528)
Balances at end of year	107,405,010	55,691,345	10,458,647	8,092,569	39,904,666	52,823,585	79,722,542	10,655,635	-	364,753,999
Accumulated Depreciation and Amortization										
Balances at beginning of year	-	11,937,783	5,513,742	7,940,969	15,019,184	9,272,259	39,393,912	47,823	-	89,125,672
Depreciation and Amortization	-	2,550,711	1,822,230	740,384	4,508,339	9,631,479	10,632,035	1,055,122	-	30,940,300
Disposal		-	-	(1,482,391)	-	(5,035)	(1,800,000)	-	-	(3,287,426)
Balances at end of year	-	14,488,494	7,335,972	7,198,962	19,527,523	18,898,703	48,225,947	1,102,945	-	116,778,546
Accumulated Impairment Losses										
Balances at beginning of year	6,279,000	-	-	-	-	-	-	-	-	6,279,000
Provision for impairment loss	2,691,000	-	-	-	-	-	-	-	-	2,691,000
Balances at end of year	8,970,000	-	-	-	-	-	-	-	-	8,970,000
Net Book Value	**98,435,010**	**41,202,851**	**3,122,675**	**893,607**	**20,377,143**	**33,924,882**	**31,496,595**	**9,552,690**	**-**	**239,005,453**

11. Investment Properties

This account consists of:

	30-Jun-17 Unaudited				
	Land	Building	Land Improvements	Joint operations	Total
Cost					
Balances at beginning of year	224,635,194	8,832,630	90,084,348	-	323,552,172
Additions	1,064,018	-	34,971	-	1,098,989
Transfers/Reclassification to REI	-	-	-		-
Balances at end of year	225,699,212	8,832,630	90,119,320	-	324,651,162
Accumulated Depreciation and Amortization					
Balances at beginning of year	-	3,058,338	23,799,059	-	26,857,397
Depreciation and Amortization	-	220,816	2,252,837	-	2,473,653
Balances at end of year	-	3,279,154	26,051,896	-	29,331,050
Net Book Value	**225,699,212**	**5,553,476**	**64,067,424**	-	**295,320,112**

	30-Jun-16 Unaudited				
	Land	Building	Land Improvements		Total
Cost					
Balances at beginning of year	232,971,353	8,604,750	89,372,001	-	330,948,104
Additions	4,546,709	-	92,750	11,801,339	16,440,797
Balances at end of year	237,518,062	8,604,750	89,464,751	11,801,339	347,388,901
Accumulated Depreciation and Amortization					
Balances at beginning of year	-	2,627,152	19,309,682	-	21,936,834
Depreciation and Amortization	-	215,118	2,234,686	-	2,449,805
Balances at end of year	-	2,842,270	21,544,368	-	24,386,639
Net Book Value	**237,518,062**	**5,762,480**	**67,920,383**	**11,801,339**	**323,002,263**

	31-Dec-16 Audited				
	Land	Building	Land Improvements		Total
Cost					
Balances at beginning of year	232,971,353	8,604,750	89,372,001	-	330,948,104
Transfers/Reclassification	-	227,880	712,347	-	940,227
Additions	(8,336,159)	-	-	-	(8,336,159)
Balances at end of year	224,635,194	8,832,630	90,084,348		323,552,172
Accumulated Depreciation and Amortization					
Balances at beginning of year	-	2,627,152	19,309,682	-	21,936,834
Depreciation and Amortization	-	431,186	4,489,377	-	4,920,563
Balances at end of year	-	3,058,338	23,799,059		26,857,397
Net Book Value	**224,635,194**	**5,774,292**	**66,285,290**		**296,694,775**

	31-Dec-15 Audited			
	Land	Building	Land Improvements	Total
Cost				
Balances at beginning of year	215,377,426	8,604,750	89,372,001	313,354,177
Transfers/Reclassification	17,593,927	-	-	17,593,927
Additions	-	-	-	-
Balances at end of year	232,971,353	8,604,750	89,372,001	330,948,104
Accumulated Depreciation and Amortization				
Balances at beginning of year	-	2,196,914	14,841,082	17,037,996
Depreciation and Amortization		430,238	4,468,600	4,898,838
Balances at end of year	-	2,627,152	19,309,682	21,936,834
Net Book Value	**232,971,353**	**5,977,598**	**70,062,319**	**309,011,270**

12. Trade and Other Payables

This account consists of:

	30-Jun		31-Dec	
	2017 Unaudited	2016 Unaudited	2016 Audited	2015 Audited
Current				
Trade and accounts payables	1,210,693,732	364,991,124	1,344,015,931	1,171,035,888
Accrued expenses	1,195,730,233	831,185,381	1,224,146,133	1,092,797,654
Interest Payable	116,453,993	116,362,327	152,644,320	-
Retention payables	373,648,426	240,864,667	279,869,419	115,419,763
Withholding tax payables	23,931,009	30,125,802	15,028,031	12,083,117
Construction bonds	45,909,499	36,440,455	40,954,581	30,964,955
Net out put tax	40,002,386	12,048,002	12,675,559	11,965,649
Deferred Rent	-	1,666,667	-	7,440,476
Others	27,472,609	874,269,235	117,313,491	185,260,024
	3,033,841,886	2,507,953,659	3,186,647,464	2,626,967,526
Non-current				
Trade and accounts payables	31,816,667	-	31,816,667	31,816,667
Deferred Rent	-	8,452,381	-	-
Pension Liability	12,359,478	10,548,766	12,359,478	10,548,766
Retention payables	26,057,512		26,057,512	26,057,512
Others	-	54,606,289	-	-
	70,233,657	73,607,436	70,233,657	68,422,945
	3,104,075,543	2,581,561,095	3,256,881,121	2,695,390,471

13. **Loans Payable**

This account consists of:

	30-Jun		31-Dec	
	2017 Unaudited	2016 Unaudited	2016 Audited	2015 Audited
Short-term loans payable	7,919,082,144	4,121,395,838	6,855,592,150	1,980,934,640
Long-term loans payable	9,466,841,391	8,271,011,526	8,195,495,683	3,975,433,053
	17,385,923,536	12,392,407,365	15,051,087,833	5,956,367,693

14. **Deposits from Customers**

This account represents downpayments made by the real estate buyers for the purchase of residential housing units and timeshares. Once the residential unit is ready for occupancy, delivered and accepted by the buyer, the amount is removed from the liability account and is classified as part of sales.

15. **Equity**

This account consists of:

	30-Jun		31-Dec	
	2017 Unaudited	2016 Unaudited	2016 Audited	2015 Audited
Authorized, par value PhP1.00	7,000,000,000	7,000,000,000	7,000,000,000	7,000,000,000
Issued and outstanding at beginning of year	5,517,990,720	5,517,990,720	5,517,990,720	5,517,990,720
Issuance of shares			-	-
Issued and outstanding at end of year	5,517,990,720	5,517,990,720	5,517,990,720	5,517,990,720

16. **Revenue**

This account consists of:

	Six Months Ended June 30		Three Months Ended June 30	
	2017 Unaudited	2016 Unaudited	2017 Unaudited	2016 Unaudited
Real estate				
Low-cost mass housing	1,555,678,467	4,222,493,111	728,903,307	2,347,823,461
Medium-rise condominium units				
Condominium units	616,091,062	507,003,750	373,176,362	208,796,000
Parking space	-		-	-
	616,091,062	507,003,750	373,176,362	208,796,000
High-rise condominium units	864,556,336		344,555,846	-
	3,036,325,865	4,729,496,861	1,446,635,515	2,556,619,461
Rental income	5,166,874	5,846,444	2,800,101	4,730,373
Others		-	(2,077,171)	-
	3,041,492,739	4,735,343,305	1,447,358,444	2,561,349,834
Sale of Timeshares	-	-	-	-
	3,041,492,739	4,735,343,305	1,447,358,444	2,561,349,834

17. Cost of Sales and Services

This account consists of:

	Six Months Ended June 30		Three Months Ended June 30	
	2017 Unaudited	2016 Unaudited	2017 Unaudited	2016 Unaudited
Real estate				
Low-cost mass housing	619,163,783	1,761,967,864	299,379,130	946,472,419
Medium-rise condominium units	247,511,201	192,740,612	153,617,358	85,614,621
High-rise condominium units	393,084,226		148,990,878	-
	1,259,759,210	1,954,708,475	601,987,366	1,032,087,040
Cost of rental services	-	98,591	(12,769)	-
Cost of others	25,048,803	55,187,797	13,456,771	32,024,650
	1,284,808,013	2,009,994,863	615,431,368	1,064,111,690
Timeshare and Hotel Operations			-	-
Timeshare	-		-	-
	1,284,808,013	2,009,994,863	615,431,368	1,064,111,690

18. Operating Expenses

This account consists of:

	Six Months Ended June 30		Three Months Ended June 30	
	2017 Unaudited	2016 Unaudited	Q2 2017 Unaudited	Q2 2016 Unaudited
Marketing and selling	224,905,594	295,833,353	106,226,078	171,748,237
Documentation	124,944,515	155,148,813	63,088,765	92,639,783
Taxes and licenses	88,170,984	65,399,539	39,457,962	5,021,751
Salaries and employee benefits	62,592,555	51,515,774	37,223,502	31,049,214
Write-off of assets	-		-	-
Provision for credit and impairment losses	-		-	-
Management and professional fees	20,534,464	16,079,694	17,687,713	10,111,537
Communication, light and water	30,665,812	21,063,217	23,632,499	15,875,526
Provision for (reversal of) probable losses	-		-	-
Security, messengerial and janitorial	35,638,726	20,377,019	30,410,532	15,506,347
Depreciation and amortization	26,774,335	21,778,823	13,677,292	11,296,512
Transportation and travel	25,192,493	43,148,788	19,182,002	36,205,115
Repairs and maintenance	32,908,848	25,978,252	26,825,305	17,496,020
Entertainment, amusement and representation	10,612,293	22,559,075	9,951,547	21,597,562
Donations and contributions	-		-	-
Rent	11,023,980	8,572,523	5,262,568	4,362,334
Supplies	6,806,351	3,704,110	3,945,140	2,335,476
Insurance	7,051,264	13,981,720	5,010,522	13,193,629
Provision for write-down	-		-	-
Subscription dues and fees	3,206,949	4,380,321	1,347,432	2,809,960
Miscellaneous	29,832,430	18,470,693	22,502,560	11,873,342
	740,861,594	787,991,714	425,431,419	463,122,346

19. Finance Costs

This account consists of:

	Six Months Ended June 30		Three Months Ended June 30	
	2017 Unaudited	2016 Unaudited	Q2 2017 Unaudited	Q2 2016 Unaudited
Borrowings	243,962,624	111,263,672	147,129,839	70,418,332
Accretion	10,634,896	9,969,121	5,375,779	2,771,109
Bonds	279,668,805	289,637,926	140,241,593	144,997,695
Bank charges	3,712,764	331,508	1,894,896	164,480
Net interest expense on pension obligation			-	-
	537,979,089	411,202,226	294,642,107	218,351,615

20. Other Income

This account consists of:

	Six Months Ended June 30		Three Months Ended June 30	
	2017 Unaudited	2016 Unaudited	Q2 2017 Unaudited	Q2 2016 Unaudited
Interest Income from:				
Installment contract receivables	765,242,686	693,964,479	371,866,371	355,536,610
Cash in banks and long term investments	617,049	425,639	495,765	205,295
Accretion	-	-	-	-
Penalties	42,839,079	14,123,038	23,182,924	5,913,827
Water income	-	3,433,330	-	2,951,561
Maintenance fee	-	-	-	-
Collection service fees	22,015,687	133,263	10,286,970	124,183
Loss on sale of a subsidiary		-	-	-
Gain on sale of unquoted debt security classified as loans		-	-	-
Miscellaneous	15,663,970	38,561,084	8,184,025	2,271,757
	846,378,472	750,640,833	414,016,055	367,003,235

21. Related Party Transactions

This account consists of:

30-Jun-17
Unaudited

Related Party	Nature of Transaction	Account	Outstanding Balance/Amount	Terms	Conditons
Entities under common control	Advances	Due from related parties	383,254,160	Non-interest bearing, payable on demand	Unsecured, no impairment
Entities under common control	Advances	Due to related parties	123,905,226	Non-interest bearing, payable on demand	Unsecured

30-Jun-16
Unaudited

Related Party	Nature of Transaction	Account	Outstanding Balance/Amount	Terms	Conditons
Entities under common control	Advances	Due from related parties	499,564,531	Non-interest bearing, payable on demand	Unsecured, no impairment
Entities under common control	Advances	Due to related parties	89,843,799	Non-interest bearing, payable on demand	Unsecured

2016
Audited

Related Party	Nature of Transaction	Account	Outstanding Balance/Amount	Terms	Conditons
Entities under common control	Advances	Due from related parties	228,413,454	Non-interest bearing, payable on demand	Unsecured, no impairment
Entities under common control	Advances	Due to related parties	107,151,377	Non-interest bearing, payable on demand	Unsecured

2015
Audited

Related Party	Nature of Transaction	Account	Outstanding Balance/Amount	Terms	Conditons
Stockholders	Advances	Due from related parties	289,716,995	Non-interest bearing, payable on demand	Unsecured, no impairment
Entities under common control	Advances	Due to related parties	114,212,864	Non-interest bearing, payable on demand	Unsecured

Financial Highlights and Key Performance Indicators

Table below shows comparative consolidated balance sheet financial highlights of 8990 Holdings, Inc. as at June 30, 2017 and 2016, both unaudited.

Consolidated Balance Sheet	As of June 30, 2017 Unaudited	As of June 30, 2016 Unaudited	Increase Amount	%
Total Assets	49,676,800,227	42,905,173,740	6,771,626,486	15.78%
Current Assets	13,702,243,772	10,017,708,832	3,684,534,940	36.78%
Trade Receivables	21,146,829,684	21,102,754,349	44,075,335	0.21%
Total Liabilities	30,573,122,844	24,760,754,760	5,812,368,084	23.47%
Current Liabilities	11,643,407,976	7,063,167,748	4,580,240,228	64.85%
Loans Payable	17,385,923,536	12,392,407,365	4,993,516,171	40.29%
Stockholder's Equity	19,103,677,383	18,144,418,980	959,258,403	5.29%
Permitted liens	4,967,680,023	4,290,517,374		
Loans under permitted liens	2,089,580,914	2,937,359,037		

Table below shows comparative consolidated statement of income financial highlights of 8990 Holdings, Inc. for six months ended June 30, 2017 and 2016, both unaudited.

Consolidated Statements of Income	As of June 30, 2017 Unaudited	As of June 30, 2016 Unaudited	Increase Amount	%
Revenue	3,041,492,739	4,735,343,305	(1,693,850,566)	-35.77%
Gross Income	1,756,684,727	2,725,348,441	(968,663,715)	-35.54%
Operating Expenses	740,861,594	787,991,714	(47,130,119)	-5.98%
Net Operating Income	1,015,823,133	1,937,356,728	(921,533,595)	-47.57%
EBITDA	1,902,682,169	2,709,776,384	(807,094,215)	-29.78%
Net Income Before Tax	1,337,928,744	2,276,795,335	(938,866,590)	-41.24%
Net Income After Tax	1,220,943,089	2,181,314,899	(960,371,810)	-44.03%

Tables below show quarter two 2016 key performance indicators of the Company, with relevant comparative figures.

Key Performance Indicators	As of June 30, 2017 Unaudited	As of June 30, 2016 Unaudited
Current Ratio	1.18	1.42
Book Value Per Share	3.46	3.29
Debt to Equity Ratio	1.60	1.36
Net Debt to Equity Ratio	1.35	1.16
Asset to Equity Ratio	2.60	2.36
Asset to Debt Ratio	1.62	1.73
Interest Coverage Ratio	4.22	17.41

Key Performance Indicators	As of June 30, 2017 Unaudited	As of June 30, 2016 Unaudited
Gross Margin	57.76%	57.55%
EBITDA Margin	62.56%	57.22%
Net Income Margin	40.14%	46.06%

Description of Consolidated Statements of Comprehensive Income Line Items

Revenue

8990 Holdings, Inc.'s (the Company) sales primarily comprise revenues received from its sales of low-cost mass housing units and subdivision lots and medium-rise building housing units, as well as revenues derived from its timeshare and hotel operations.

Cost of Sales and Services

Cost of sales and services comprises of 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 medium-rise condominium units, costs of sales from sales of medium-rise condominium units, and costs of sales from sales of timeshares.

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 deferred income tax liabilities recognized.

Results of Operations

Six months ended June 30, 2017 compared to six months ended June 30, 2016

Revenue

For the six months ended June 30, 2017, the Company recorded consolidated revenue of PhP3,041 million, a decrease of 36% from consolidated revenue of PhP4,735 million recorded for the six months ended June 30, 2016. The decrease was mainly attributable to the limited inventory for sale due to the delays in permit.

Cost of Sales and Services

The Company's consolidated cost of sales and services for the six months ended June 30, 2017 was PhP1,285 million, a decrease of 36% from consolidated cost of sales and services of PhP2,010 million recorded for the six months ended June 30, 2016. The decrease was mainly attributable to decreased sales recorded for the period.

Gross Income

The Company's consolidated gross income for the six months ended June 30, 2017 was PhP1,757 million, a decrease from consolidated gross income of PhP2,725 million recorded for the six months ended June 30, 2016. The Company's gross income margin for the six months ended June 30, 2017 was 57.8%, compared to a gross income margin of 57.6% recorded for the six months ended June 30, 2016. The Company attributes its strong and maintained gross income margin to its sound internal financial planning policies with respect to land banking activities and project budgeting process.

Operating Expenses

For the six months ended June 30, 2017, the Company recorded consolidated operating expenses of PhP741 million, a decrease of 6% from consolidated operating expenses of PhP788 million recorded for the six months ended June 30, 2016.

Finance Costs

The Company's consolidated finance costs for the six months ended June 30, 2017 were PhP538 million, an increase from consolidated finance costs of PhP411 million recorded for the six months ended June 30, 2016. The increase was mainly attributable to interest expense resulting from the Company's increased level of debt.

Other Operating Income

For the six months ended June 30, 2017, the Company recorded consolidated other income of PhP846 million, an increase from the consolidated other income of PhP751 million recorded for the six months ended June 30, 2016. Interest income on the Company's installment contract receivables under its CTS Gold program contributes to the majority of the other income.

Income before Income Tax

The Company's consolidated income before income tax for the six months ended June 30, 2017 was PhP1,338 million, a decrease from consolidated income before income tax of PhP2,277 million recorded for the six months ended June 30, 2016.

Provision for Income Tax

The Company's consolidated provision for income tax for the six months ended June 30, 2017 was PhP117 million, an increase from consolidated provision for income tax of PhP95 million recorded for the six months ended June 30, 2016. The increase was mainly attributable to the Company's increased other income which are subject to income tax.

Net Income

As a result of the foregoing, the Company's consolidated net income for the six months ended June 30, 2017 was PhP1,221 million, a decrease from consolidated net income of PhP2,181 million recorded for the six months ended June 30, 2016. The Company's consolidated net income margin for the six months ended June 30, 2017 was 40.1%, compared to a consolidated net income margin of 46.1% for the six months ended June 30, 2016.

Financial Position

As at June 30, 2017 compared to as at June 30, 2016

Assets

Cash on Hand and in Banks

The Company's consolidated cash on hand and in banks were PhP513 million as at June 30, 2017, an increase from consolidated cash on hand and in banks of PhP320 million as at June 30, 2016.

Current portion of trade and other receivables

The Company's consolidated current portion of trade and other receivables were PhP1,453 million as at June 30, 2017, an increase from consolidated current portion of trade and other receivables of PhP1,399 million as at June 30, 2016.

Inventories

The Company's consolidated inventories were PhP9,513 million as at June 30, 2017, an increase from consolidated inventories of PhP5,520 million as at June 30, 2016.

Due from related parties

The Company's consolidated due from related parties were PhP383 million as at June 30, 2017, a decrease from consolidated due from related parties of PhP500 million as at June 30, 2016.

Other current assets

The Company's consolidated other current assets were PhP1,840 million as at June 30, 2017, a significant decrease from consolidated other current assets of PhP2,280 million as at June 30, 2016, primarily due to decreased advances to contractors in relation to construction on 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 PhP19,694 million as at June 30, 2017, an increase from consolidated trade and other receivables - net of current portion of PhP19,704 million as at June 30, 2016. This increase was due mainly to higher receivables under the Company's CTS Gold program, in line with its higher sales.

Land held for future development

The Company's consolidated land held for future development was PhP13,769 million as at June 30, 2017, an increase from consolidated land held for future development of PhP10,728 million as at June 30, 2016, as the Company acquired certain real properties as part of its land banking.

Property and equipment

The Company's consolidated property and equipment was PhP292 million as at June 30, 2017, an increase from consolidated property and equipment of PhP274 million as at June 30, 2016.

Investment properties

The Company's consolidated investment properties were PhP295 million as at June 30, 2017, a decrease from consolidated investment properties of PhP323 million as at June 30, 2016.

Investment in shares

The Company's consolidated investment in shares was nil as at June 30, 2017.

Other noncurrent assets

The Company's other noncurrent assets were PhP768 million as at June 30, 2017, an increase from other noncurrent assets of PhP683 million as at June 30, 2016.

Liabilities

Current portion of trade and other payables

The Company's consolidated current portion of trade and other payables were PhP3,034 million as at June 30, 2017, an increase from consolidated current portion of trade and other payables of PhP2,508 million as at June 30, 2016.

Current portion of loans payable

The Company's consolidated current portion of loans payable were PhP7,919 million as at June 30, 2017, an increase from consolidated current portion of loans payable of PhP4,121 million as at June 30, 2016. The increase was due to decreased short-term borrowing of the Company.

Deposits from customers

The Company's consolidated deposits from customers were PhP433 million as at June 30, 2017, an increase from consolidated deposits from customers of PhP278 million as at June 30, 2016.

Due to related parties

The Company's consolidated due to related parties were PhP124 million as at June 30, 2017, an increase from consolidated due to related parties of PhP90 million as at June 30, 2016.

Income tax payable

The Company's consolidated income tax payable was PhP133 million as at June 30, 2017, an increase from consolidated income tax payable of PhP66 million as at June 30, 2016.

Trade and other payables - net of current portion

The Company's consolidated trade and other payables - net of current portion were PhP70 million as at June 30, 2017, a decrease from consolidated trade and other payables - net of current portion of PhP73 million as at June 30, 2016.

Loans payable - net of current portion

The Company's consolidated loans payable - net of current portion was PhP9,467 million as at June 30, 2017, a significant decrease from consolidated loans payable - net of current portion of PhP8,271 million as at June 30, 2016.

Deferred tax liability

The Company's consolidated deferred tax liability was PhP475 million as at June 30, 2017, an increase from consolidated deferred tax liability of PhP457 million as at June 30, 2016. 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 has 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 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.

Cash Flows

Cash flow used in operating activities

The Company's consolidated net cash used in operating activities is primarily affected by the revenues generated from its operations, primarily the sale of residential housing units, subdivision lots and MRB condominium units. The Company's consolidated net cash used in operating activities were PhP161 million for the period ended June 30, 2017, net cash used in operating activities were PhP900 million for the period ended June 30, 2016.

Cash flows used in investing activities

Consolidated net cash flow used in investing activities for the periods ended June 30, 2017 and June 30, 2016 were PhP847 million and PhP4,202 million, respectively.

For the six months ended June 30, 2017, consolidated net cash flow used in investing activities reflected acquisitions of land for future development, investment in shares, as well as purchases of property and equipment.

Cash flow provided by financing activities

Consolidated net cash flow provided by financing activities for the periods ended June 30, 2017 and June 30, 2016 were PhP817 million and PhP4,822 million, respectively.

PART II--OTHER INFORMATION

There is no material information to be reported by the Company aside from those reported in SEC 17C.

SIGNATURES

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

Issuer: 8990 Holdings, Inc.

By:

Roan B. Torregoza

ROAN BUENAVENTURA-TORREGOZA
Chief Finance Officer

Date: