

111082018000989

**SECURITIES AND EXCHANGE COMMISSION**

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Company Information

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Company Name 8990 HOLDINGS, INC.
Industry Classification Wholesale On A Free Or Contract Basis
Company Type Stock Corporation

Document Information

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended **September 30, 2018**

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
Preferred	50,000,000
Fixed Rate Bonds	9,000,000,000

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

Yes [☒] No [☐]

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

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

Unaudited Consolidated Statements of Financial Position (in Philippine Peso)

	30-Sep		31-Dec	
	2018	2017	2017	2016
	Unaudited	Unaudited	Audited	Audited
ASSETS				
Current Assets				
Cash on hand and in banks	6,818,427,663	578,425,655	1,377,420,295	703,809,205
Current portion of trade and other receivables	2,728,931,654	2,000,560,997	2,406,655,085	2,231,153,472
Inventories	14,304,217,989	12,183,312,523	13,022,453,240	9,086,798,479
Due from related parties	662,863,055	711,042,355	535,632,842	228,413,454
Current portion of available-for-sale securities	-	-	-	-
Other current assets	2,997,101,082	1,885,957,098	1,905,264,159	1,349,268,811
Total Current Assets	27,511,541,444	17,359,298,627	19,247,425,621	13,599,443,422
Noncurrent Assets				
Trade and other receivables - net of current portion	17,432,323,261	19,109,971,276	20,640,381,897	20,526,963,325
Available for sale securities	1,147,408,235	1,154,320,588	1,152,777,080	1,160,774,129
Land held for future development	13,210,651,312	12,110,733,071	12,718,820,927	11,177,322,008
Property and equipment	315,859,357	302,921,622	309,644,896	288,627,169
Investment properties	165,467,946	346,796,578	295,792,181	296,694,775
Investment in shares	-	-	-	-
Other noncurrent assets	845,411,881	741,344,530	615,643,344	722,859,686
Total Noncurrent Assets	33,117,121,994	33,766,087,665	35,733,060,325	34,173,241,092
	60,628,663,438	51,125,386,292	54,980,485,946	47,772,684,514
LIABILITIES AND EQUITY				
Current Liabilities				
Current portion of trade and other payables	4,508,807,382	3,128,490,642	4,398,716,425	3,186,647,457
Current portion of loans payable	8,011,271,434	7,982,842,734	6,208,504,304	6,855,592,150
Deposits from customers	414,452,203	425,867,598	441,475,759	429,030,305
Due to related parties	131,613,136	110,266,956	131,669,888	107,151,377
Income tax payable	11,891,663	53,800,496	142,101,217	219,428,101
Total Current Liabilities	13,078,035,818	11,701,268,426	11,322,467,593	10,797,849,390
Noncurrent Liabilities				
Trade and other payables - net of current portion	61,455,373	70,233,657	144,803,032	70,233,657
Loans payable - net of current portion	9,577,048,783	9,543,063,784	7,421,936,590	8,195,495,683
Bonds payable	8,945,595,718	8,922,880,534	8,928,422,408	8,906,782,331
Deferred tax liability	461,606,541	540,091,479	461,606,541	540,091,479
Total Noncurrent Liabilities	19,045,706,414	19,076,269,455	16,956,768,571	17,712,603,150
Total Liabilities	32,123,742,232	30,777,537,880	28,279,236,164	28,510,452,540
Equity				
Capital Stock	5,567,990,720	5,517,990,720	5,567,990,720	5,517,990,720
Additional paid-in capital	9,303,641,205	4,400,126,855	9,303,641,204	4,400,126,855
Remeasurement loss on pension plan	(2,479,173)	(4,612,005)	(2,479,173)	(4,612,005)
Retained earnings	13,635,768,454	10,434,342,842	11,832,097,031	9,348,726,404
Total Equity	28,504,921,206	20,347,848,412	26,701,249,782	19,262,231,974
	60,628,663,438	51,125,386,292	54,980,485,946	47,772,684,514

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

	For nine months ended September 30		For three months ended September 30	
	2018	2017	2018	2017
	Unaudited	Unaudited	Unaudited	Unaudited
REVENUES				
Real Estate Operations				
Real estate sales	8,620,437,468	6,105,483,166	2,620,097,895	3,069,157,301
Rental income	8,644,317	8,599,506	2,547,926	3,432,632
Others	-	15,154,711	-	15,154,711
	8,629,081,786	6,129,237,383	2,622,645,821	3,087,744,644
Gain on Sale of Preferred Shares	-	-	-	-
	8,629,081,786	6,129,237,383	2,622,645,821	3,087,744,644
COST OF SALES AND SERVICES				
Real Estate Operations				
Cost of real estate sales	3,911,189,069	2,750,411,365	1,031,848,112	1,490,652,155
Cost of rental services	-	-	-	-
Others	-	132,292,361	-	107,243,558
	3,911,189,069	2,882,703,726	1,031,848,112	1,597,895,713
Loss on Sale of Preferred Shares	-	-	-	-
	3,911,189,069	2,882,703,726	1,031,848,112	1,597,895,713
Gross Income	4,717,892,717	3,246,533,657	1,590,797,709	1,489,848,931
Operating Expenses	1,299,781,758	1,019,703,067	576,216,221	278,841,473
Other Operating Income (Expens	935,991,302	1,199,482,729	237,855,219	353,104,257
Finance Costs	838,278,683	852,700,446	232,514,893	314,721,357
Operating Income	3,515,823,578	2,573,612,872	1,019,921,814	1,249,390,358
Other Income	16,197,272	20,445,078	2,652,609	6,738,849
Income Before Income Tax				
from Continuing Operations	3,532,020,850	2,594,057,950	1,022,574,423	1,256,129,207
Provision for Income Tax	122,865,497	128,943,833	4,047,469	11,958,178
Income from Continuing				
Operations	3,409,155,353	2,465,114,117	1,018,526,953	1,244,171,029
from Discontinuing				
Operations	-	-	-	-
Net Income	3,409,155,353	2,465,114,117	1,018,526,953	1,244,171,029
Other Comprehensive Loss	-	-	-	-
Total Comprehensive Income	3,409,155,353	2,465,114,117	1,018,526,953	1,244,171,029

8990 HOLDINGS, INC. AND SUBSIDIARIES
Unaudited Consolidated Statements of Changes in Equity (in Philippine Peso)
For nine months ended September 30, 2018

	Capital Stock	Subscribed Capital Stock	Additional Paid in Capital	Equity Reserve	Other Comprehensive Loss	Retained Earnings	Total
Balance at January 1, 2018	5,567,990,720	-	9,303,641,204	-	(2,479,173)	11,832,097,031	26,701,249,782
Cash dividends declared by the Parent Company	-	-	-	-	-	(1,605,483,930)	(1,605,483,930)
Total comprehensive income (loss)	-	-	-	-	-	3,409,155,353	3,409,155,353
Balance at September 30, 2018	5,567,990,720	-	9,303,641,204	-	(2,479,173)	13,635,768,454	28,504,921,205
Balance at January 1, 2017	5,517,990,720	-	4,400,126,855	-	(4,612,005)	9,348,726,404	19,262,231,974
Preferred shares issuance	50,000,000		4,903,514,349			-	4,953,514,349
Cash dividends declared by the Parent Company	-	-	-	-	-	(1,655,397,216)	(1,655,397,216)
Total comprehensive income (loss)	-	-	-	-	2,132,832	4,138,767,843	4,140,900,675
Balance at December 31, 2017	5,567,990,720	-	9,303,641,204	-	(2,479,173)	11,832,097,031	26,701,249,782
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

For nine months ended September 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 September 30, 2017	5,517,990,720	-	4,400,126,855	-	(4,612,005)	9,190,171,813	19,103,677,383

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

	For nine months ended September 30		For years ended December 31	
	2018	2017	2017	2016
	Unaudited	Unaudited	Audited	Audited
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax	3,532,020,850	2,594,057,950	4,437,144,729	4,023,467,547
Adjustments for:			-	-
Interest income	(922,413,465)	(1,098,965,933)	(1,411,825,919)	(1,428,543,208)
Finance cost	821,105,373	852,158,262	1,169,943,106	942,986,033
Write-off of assets	-	-	12,079,339	-
Provision for impairment losses	-	-	(11,683,504)	24,056,631
Provision for probable losses	-	-	-	(35,441,122)
Depreciation and amortization	45,816,817	39,015,569	55,194,011	47,605,365
Amortization of discount on bonds payable	17,173,310	16,098,203	21,640,077	20,285,343
Provision for inventory write-down	-	-	-	-
Loss (gain) on repossession	-	-	112,683,872	(77,328,991)
Gain on sale of AFS	-	-	(20,927,172)	(65,029,540)
Gain on sale of building and improvements	-	-	-	(85,452)
Unrealized foreign exchange loss	-	-	-	-
Retirement Expense	-	-	-	1,805,848
Operating income before changes in working capital	3,493,702,885	2,402,364,052	4,364,248,538	3,453,778,454
Changes in operating assets and liabilities				-
Decrease (increase) in:				
Trade and other receivables	2,885,782,066	1,647,584,524	(807,236,681)	(3,632,040,650)
Inventories	(1,281,764,749)	(3,096,514,044)	(4,048,338,633)	(2,574,436,170)
Other assets	(1,366,018,573)	(1,253,228,179)	(460,858,344)	561,830,215
Increase (decrease) in:				
Trade and other payables	(197,422,671)	(58,156,815)	1,287,577,463	595,121,060
Deposits from customers	(27,023,556)	(3,162,707)	12,445,454	17,297,478
Net cash used in operations	3,507,255,402	(361,113,169)	347,837,797	(1,578,449,613)
Interest received	922,413,465	1,098,965,933	1,411,825,919	1,427,633,778
Interest paid	(596,939,405)	(852,158,262)	(1,168,749,394)	(1,145,970)
Income tax paid	(208,661,939)	(294,547,193)	(454,188,708)	(359,861,961)
Net cash from (used in) operating activities	3,624,067,523	(408,852,692)	136,725,615	(511,823,766)
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of:				-
Land held for future development	(384,069,180)	(231,318,622)	(1,011,498,919)	(5,918,492,212)
Available-for-sale securities	-	-	-	-
Property and equipment	(52,733,614)	(53,651,691)	(71,232,876)	(101,963,392)
Investment in shares	-	-	-	-
Proceeds from (Acquisition of) Investment properties	18,773,326	(53,821,770)	(4,076,268)	(940,227)
Proceeds from:				-
Disposal of building and hotel improvements	-	-	-	-
Maturities/termination of long term investments	-	-	-	-
Sale of AFS	5,368,845	6,453,541	28,924,221	82,442,627
Disposal of property and equipment	4,492,040	-	-	2,120,556
Net cash outflow from disposal of investment in a subsidiary	-	-	-	-
Net cash inflow from acquisition of net assets of acquiree	-	-	-	-
Net cash used in investing activities	(408,168,583)	(332,338,541)	(1,057,883,842)	(5,936,832,648)
CASH FLOWS FROM FINANCING ACTIVITIES				
Availment (retirement) of loans payable	3,957,879,323	2,474,818,685	(1,420,646,939)	8,153,389,876
Issuance of corporate bonds	-	-	-	-
Payment of bond issuance costs	-	-	(46,485,651)	-
Issuance of shares by the Parent Company	-	-	5,000,000,000	-
Issuance of shares by subsidiaries	-	-	-	-
Decrease (increase) in the amount of due from related parties	(127,230,213)	(482,628,901)	(307,219,388)	61,303,541
Increase (decrease) in the amount of due to related parties	(56,752)	3,115,579	24,518,511	(7,061,487)
Payment of cash dividends	(1,605,483,930)	(1,379,497,680)	(1,655,397,216)	(1,655,397,216)
Net cash provided by financing activities	2,225,108,428	615,807,683	1,594,769,317	6,552,234,714
Effect of changes in foreign exchange rates on hand and in banks	-	-	-	-
Net increase (decrease) in cash on hand and in banks	5,441,007,368	(125,383,550)	673,611,090	103,578,300
Cash Balance at the beginning of the year	1,377,420,295	703,809,205	703,809,205	600,230,905
Cash Balance at the end of the year	6,818,427,663	578,425,655	1,377,420,295	703,809,205

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, 2017.

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 8990 Holdings, 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, 2017.

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.

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.

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.

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-Sep		31-Dec	
	2018	2017	2017	2016
	Unaudited	Unaudited	Audited	Audited
Cash on hand	8,686,819	2,816,531	10,518,535	46,376,413
Cash in banks	6,809,740,844	575,609,125	1,366,901,760	657,432,792
	6,818,427,663	578,425,655	1,377,420,295	703,809,205

5. Trade and Other Receivables

This account consists of:

	30-Sep		31-Dec	
	2018	2017	2017	2016
	Unaudited	Unaudited	Audited	Audited
Trade Receivables				
Installment contract receivables	760,676,436	574,955,589	900,663,205	617,588,175
Advances to external marketing manager	60,856,698	60,856,698	60,856,698	60,865,416
Retention Receivables	820,354,625	617,134,617	732,338,370	353,173,872
Receivables from employees	519,852,342	386,218,500	361,158,967	256,158,533
Other Receivables	814,690,346	620,577,889	599,136,637	1,202,549,772
	2,976,430,446	2,259,743,293	2,654,153,877	2,490,335,768
Less: Allowance for impairment losses	247,498,792	259,182,296	247,498,792	259,182,296
	2,728,931,654	2,000,560,997	2,406,655,085	2,231,153,472
Non current				
Trade Receivables				
Installment contract receivables	17,432,323,261	19,109,971,276	20,640,381,897	20,526,963,325
Retention Receivables	-	-	-	-
	17,432,323,261	19,109,971,276	20,640,381,897	20,526,963,325
	20,161,254,916	21,110,532,273	23,047,036,982	22,758,116,797

Eighty six percent (86%) of total receivables of the Company are on long-term basis. Current portion of installment contract receivables stands at PhP760.7 million which pertains to portion of receivables from buyers due within one (1) year.

6. Inventories

This account consists of:

	30-Sep		31-Dec	
	2018	2017	2017	2016
	Unaudited	Unaudited	Audited	Audited
Real estate inventories				
Low-cost mass housing	8,651,779,122	7,742,060,328	6,064,938,554	4,862,717,314
Medium-rise condominium units	1,158,356,873	477,569,539	1,002,520,547	751,006,813
High-rise condominium units	4,494,081,995	3,963,682,655	5,954,994,139	3,473,074,352
	14,304,217,989	12,183,312,523	13,022,453,240	9,086,798,479
Timeshares	-	-	-	-
	14,304,217,989	12,183,312,523	13,022,453,240	9,086,798,479

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-Sep		31-Dec	
	2018	2017	2017	2016
	Unaudited	Unaudited	Audited	Audited
Current				
Advances to contractors and brokers	2,294,776,014	1,290,124,841	1,286,392,822	897,907,372
Input tax	390,298,537	317,186,514	346,340,221	221,910,839
Advances to landowners	202,799,200	195,599,200	195,599,200	198,399,200
Creditable withholding tax	113,290,879	78,164,577	46,331,783	32,773,315
Prepaid expenses	46,821,002	55,766,510	81,484,674	47,878,192
Others	4,490,653	4,490,659	4,490,662	5,775,096
	3,052,476,285	1,941,332,301	1,960,639,362	1,404,644,014
Less: Allowance for impairment losses	55,375,203	55,375,203	55,375,203	55,375,203
	2,997,101,082	1,885,957,098	1,905,264,159	1,349,268,811
Non-current				
Deposits	148,289,980	139,712,829	140,573,733	137,626,460
Advances to contractors and brokers	546,564,867	546,564,867	400,303,390	546,564,867
AFS equity investment	-	-	-	-
Software cost	1,492,522	1,492,522	1,492,522	1,492,522
Others	151,576,486	56,086,286	75,785,673	39,687,810
	847,923,855	743,856,504	618,155,318	725,371,660
Less: Allowance for impairment losses	2,511,974	2,511,974	2,511,974	2,511,974
	845,411,881	741,344,530	615,643,344	722,859,686
	3,842,512,964	2,627,301,628	2,520,907,503	2,072,128,497

9. Land Held for Future Development

This account consists of:

	30-Sep		31-Dec	
	2018	2017	2017	2016
	Unaudited	Unaudited	Audited	Audited
Balance at beginning of year	12,718,820,927	11,177,322,008	11,177,322,008	5,683,998,436
Land acquired during the year	384,069,181	235,380,258	1,541,498,919	5,918,492,212
Transfers/Reclassification	107,761,205	698,030,804	-	(425,168,640)
Provision for write down	-	-	-	-
Balance at end of year	13,210,651,312	12,110,733,070	12,718,820,927	11,177,322,008

10. Property and Equipment

This account consists of:

30-Sep-18 Unaudited										
	Land	Building	Land Improvements	Leasehold Improvements	Furnitures and Fixtures	Machineries and Equipment	Transportation Vehicles	Software and Licenses	Construction in Progress	Total
Cost										
Balances at beginning of year	107,405,010	57,548,576	10,458,647	20,687,019	85,982,371	66,943,489	141,847,857	-	26,618,286	517,491,255
Additions	-	13,296	-	5,296,568	12,143,625	6,796,279	3,030,761	5,394,471	20,058,614	52,733,614
Transfers/Disposals	-	8,433,824	-	-	(50,446)	-	(7,347,300)	-	(8,433,824)	(7,397,746)
Balances at end of year	107,405,010	65,995,697	10,458,647	25,983,587	98,075,549	73,739,767	137,531,318	5,394,471	38,243,076	562,827,122
Accumulated Depreciation and Amortization										
Balances at beginning of year	-	22,941,670	10,417,323	9,939,779	39,857,353	43,102,211	72,618,024	-	-	198,876,359
Depreciation and Amortization	-	3,444,658	41,324	2,631,782	10,625,754	9,369,703	14,325,515	1,588,378	-	42,027,113
Transfers/Disposals	-	-	-	-	(32,790)	-	(2,872,917)	-	-	(2,905,707)
Balances at end of year	-	26,386,327	10,458,647	12,571,560	50,450,317	52,471,914	84,070,622	1,588,378	-	237,997,765
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	39,609,369	0	13,412,026	47,625,232	21,267,854	53,460,696	3,806,093	38,243,076	315,859,357

30-Sep-17

Unaudited

	Land	Building	Land Improvements	Leasehold Improvements	Furnitures and Fixtures	Machineries and Equipment	Transportation Vehicles	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	14,480,148	447,196,840
Additions	-	1,721,800	-	9,469,528	13,023,078	723,162	16,638,244	12,075,879	53,651,691
Transfers/Disposals	-	-	(4,061,636)	-	-	-	-	-	(4,061,636)
Balances at end of year	107,405,010	57,548,576	6,397,011	19,666,136	81,509,845	65,185,370	132,518,920	26,556,027	496,786,895
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	-	149,599,671
Depreciation and Amortization	-	3,180,146	1,151,243	1,355,458	9,077,154	9,088,633	11,442,968	-	35,295,601
Transfers/Disposals	-	-	-	-	-	-	-	-	-
Balances at end of year	-	21,868,492	10,039,944	9,186,900	36,427,288	39,510,920	67,861,728	-	184,895,273
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	35,680,084	(3,642,933)	10,479,236	45,082,557	25,674,450	64,657,192	26,556,027	302,921,622

31-Dec-17

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	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	-	1,721,801		10,490,410	17,495,604	2,481,281	26,905,642	(0)	12,138,138	71,232,875
Transfers/Disposals	-			-	-	-	(938,461)	-	-	(938,461)
Balances at end of year	107,405,010	57,548,576	10,458,647	20,687,019	85,982,371	66,943,489	141,847,857	-	26,618,286	517,491,255
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	-	4,253,323	1,528,622	2,108,336	12,507,220	12,679,923	17,137,725	(0)	-	50,215,149
Transfers/Disposals	-	-	-	-	-	-	(938,461)	-	-	(938,461)
Balances at end of year	-	22,941,670	10,417,323	9,939,779	39,857,353	43,102,211	72,618,024	-	-	198,876,359
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	34,606,907	41,324	10,747,240	46,125,018	23,841,278	69,229,833	-	26,618,286	309,644,896

31-Dec-16

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	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/Disposals	-	-	-	-	(540,000)	-	(8,300,667)	(10,679,884)	-	(19,520,551)
Balances at end 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
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
Transfers/Disposals	-	-	-	-	(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	98,435,010	37,138,429	1,569,946	2,365,166	41,136,634	34,039,920	59,461,916	(0)	14,480,148	288,627,169

11. Investment Properties

This account consists of:

30-Sep-18 Unaudited					
	Land	Building	Land Improvements	Joint operations	Total
Cost					
Balances at beginning of year	226,791,891	8,832,630	92,003,920	-	327,628,440
Additions	-	-	(18,773,326)	-	(18,773,326)
Transfers/Reclassification to REI	(107,761,205)	-			(107,761,205)
Balances at end of year	119,030,686	8,832,630	73,230,593	-	201,093,909
	119,030,686	8,832,630	73,230,593		
Accumulated Depreciation and Amortization					
Balances at beginning of year	-	3,499,970	28,336,289	-	31,836,259
Depreciation and Amortization	-	331,224	3,458,480	-	3,789,704
Balances at end of year	-	3,831,193	31,794,770	-	35,625,963
		3,831,193	31,794,770		
Net Book Value	119,030,686	5,001,437	41,435,824	-	165,467,946

30-Sep-17 Unaudited					
	Land	Building	Land Improvements		Total
Cost					
Balances at beginning of year	224,635,194	8,832,630	90,084,348	-	323,552,172
Additions	2,285,714	-	1,544,571	49,991,484	53,821,770
Balances at end of year	226,920,908	8,832,630	91,628,920	49,991,484	377,373,943
Accumulated Depreciation and Amortization					
Balances at beginning of year	-	3,058,338	23,799,059	-	26,857,397
Depreciation and Amortization	-	331,224	3,388,744	-	3,719,967
Balances at end of year	-	3,389,562	27,187,803	-	30,577,365
Net Book Value	226,920,908	5,443,068	64,441,117	49,991,484	346,796,578

31-Dec-17 Audited					
	Land	Building	Land Improvements		Total
Cost					
Balances at beginning of year	224,635,194	8,832,630	90,084,348		323,552,172
Additions	2,156,697	-	1,919,571		4,076,268
Transfers/Reclassification to REI	-	-	-		-
Balances at end of year	226,791,891	8,832,630	92,003,920		327,628,440
Accumulated Depreciation and Amortization					
Balances at beginning of year	-	3,058,338	23,799,059		26,857,397
Depreciation and Amortization	-	441,631	4,537,230		4,978,862
Balances at end of year	-	3,499,970	28,336,289		31,836,259
Net Book Value	226,791,891	5,332,660	63,667,631		295,792,181

	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
Additions	-	227,880	712,347	940,227
Transfers/Reclassification to REI	(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

12. Trade and Other Payables

This account consists of:

	30-Sep		31-Dec	
	2018	2017	2017	2016
	Unaudited	Unaudited	Audited	Audited
Current				
Trade and accounts payables	1,384,029,457	1,086,641,179	1,674,979,169	1,344,015,931
Accrued expenses	1,273,427,243	1,128,406,657	1,718,794,112	1,224,146,133
Interest Payable	116,819,575	116,721,491	116,819,575	152,644,320
Retention payables	509,250,965	411,865,751	362,016,776	279,869,419
Withholding tax payables	116,789,771	19,763,312	99,556,527	15,028,031
Construction bonds	60,677,732	47,216,179	51,007,579	40,954,581
Net out put tax	149,924,226	52,450,871	66,069,131	12,675,559
Deferred Income	273,993,565	64,305,250	153,438,250	
Deferred Rent	-	-	-	-
Others	623,894,847	201,119,953	156,035,306	117,313,483
	4,508,807,382	3,128,490,642	4,398,716,425	3,186,647,457
Non-current				
Trade and accounts payables	31,816,667	31,816,667	25,131,717	31,816,667
Deferred Rent	-	-	-	-
Pension Liability	3,581,194	12,359,478	3,581,194	12,359,478
Retention payables	26,057,512	26,057,512	116,090,121	26,057,512
Others	-	-	-	-
	61,455,373	70,233,657	144,803,032	70,233,657
	4,570,262,755	3,198,724,299	4,543,519,458	3,256,881,114

13. Loans Payable

This account consists of:

	30-Sep		31-Dec	
	2018	2017	2017	2016
	Unaudited	Unaudited	Audited	Audited
Short-term loans payable	8,011,271,434	7,982,842,734	6,208,504,304	6,855,592,150
Long-term loans payable	9,577,048,783	9,543,063,784	7,421,936,590	8,195,495,683
	17,588,320,217	17,525,906,518	13,630,440,894	15,051,087,833

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:

Common Shares

	30-Sep		31-Dec	
	2018	2017	2017	2016
	Unaudited	Unaudited	Audited	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

Preferred Shares

	30-Sep		31-Dec	
	2018	2017	2017	2016
	Unaudited	Unaudited	Audited	Audited
Authorized, par value PhP1.00	100,000,000	-	100,000,000	-
Issued and outstanding at beginning of year	-	-	-	-
Issuance of shares	50,000,000		50,000,000	-
Issued and outstanding at end of year	50,000,000	-	50,000,000	-

16. Revenue

This account consists of:

	For Nine Months Ended September 30		For Three Months Ended September 30	
	2018	2017	2018	2017
	Unaudited	Unaudited	Unaudited	Unaudited
Real estate				
Low-cost mass housing	4,897,196,295	2,968,802,628	1,351,047,026	1,413,124,161
Medium-rise condominium units				
Condominium units	1,200,852,947	1,741,148,781	273,851,814	1,125,057,719
Parking space	28,204,027	2,400,000	27,806,027	2,400,000
High-rise condominium units				
Condominium units	2,337,153,093	1,393,131,757	927,284,442	528,575,421
Parking space	157,031,107	-	40,108,587	-
	8,620,437,468	6,105,483,166	2,620,097,895	3,069,157,301
Rental income	8,644,317	8,599,506	2,547,926	3,432,632
Others	-	15,154,711	-	15,154,711
	8,629,081,786	6,129,237,383	2,622,645,821	3,087,744,644
Sale of Timeshares	-	-	-	-
	8,629,081,786	6,129,237,383	2,622,645,821	3,087,744,644

17. Cost of Sales and Services

This account consists of:

	For Nine Months Ended September 30		For Three Months Ended September 30	
	2018	2017	2018	2017
	Unaudited	Unaudited	Unaudited	Unaudited
Real estate				
Low-cost mass housing	1,956,726,728	1,374,033,535	164,102,805	754,869,752
Medium-rise condominium units			-	
Condominium units	734,237,835	748,733,093	378,263,891	501,221,892
Parking space	5,639,684	0	5,618,735	
High-rise condominium units			-	
Condominium units	1,191,085,956	627,644,737	501,656,626	234,560,511
Parking space	23,498,866	-	(17,793,945)	
	3,911,189,069	2,750,411,365	1,031,848,112	1,490,652,155
Cost of rental services	-		-	-
Cost of others	-	132,292,361	-	107,243,558
	3,911,189,069	2,882,703,726	1,031,848,112	1,597,895,713
Timeshare and Hotel Operations				
Timeshare	-		-	-
	3,911,189,069	2,882,703,726	1,031,848,112	1,597,895,713

18. Operating Expenses

This account consists of:

	For Nine Months Ended September 30		For Three Months Ended September 30	
	2018	2017	2018	2017
	Unaudited	Unaudited	Unaudited	Unaudited
Marketing and selling	427,758,201	316,365,058	182,609,710	91,459,463
Documentation	261,408,952	185,133,920	122,605,776	60,189,406
Taxes and licenses	182,153,998	137,893,693	83,766,269	49,722,708
Salaries and employee benefits	95,369,320	94,673,390	31,905,788	32,080,835
Write-off of assets	-	-	-	-
Provision for credit and impairment losses	-	-	-	-
Loss on sales of equipment	(115,821)	-	(117,713)	-
Management and professional fees	35,351,852	31,938,042	16,647,503	11,403,578
Communication, light and water	22,606,921	34,385,745	9,620,961	3,719,933
Provision for (reversal of) probable losses	-	-	-	-
Security, messengerial and janitorial	43,650,598	40,714,355	23,190,950	5,075,629
Depreciation and amortization	45,816,817	39,015,569	15,513,243	12,241,233
Transportation and travel	28,578,521	23,744,426	11,766,024	1,551,933
Repairs and maintenance	61,827,028	31,586,507	27,189,082	1,677,659
Entertainment, amusement and representation	39,321,328	15,174,654	27,267,266	4,562,360
Donations and contributions	-	-	-	-
Rent	14,775,990	12,071,180	7,502,878	1,047,200
Supplies	8,884,243	7,888,325	4,095,147	1,081,975
Insurance	8,723,658	9,620,416	4,139,058	2,569,152
Provision for write-down	-	-	-	-
Subscription dues and fees	4,669,402	4,490,155	2,229,575	1,283,205
Miscellaneous	19,000,751	35,007,634	6,284,703	5,175,204
	1,299,781,758	1,019,703,067	576,216,221	284,841,473

19. Finance Costs

This account consists of:

	For Nine Months Ended September 30		For Three Months Ended September 30	
	2018	2017	2018	2017
	Unaudited	Unaudited	Unaudited	Unaudited
Borrowings	400,428,936	416,155,604	89,949,788	168,810,456
Accretion	17,173,310	16,098,203	5,828,171	5,463,308
Bonds	419,904,455	419,904,455	140,235,649	140,235,650
Bank charges	771,983	542,184	(3,498,715)	211,944
Net interest expense on pension obligation	-	-	-	-
	838,278,683	852,700,446	232,514,893	314,721,358

20. Other Income (Expense)

This account consists of:

	For Nine Months Ended September 30		For Three Months Ended September 30	
	2018	2017	2018	2017
	Unaudited	Unaudited	Unaudited	Unaudited
Interest Income from:				
Installment contract receivables	920,106,699	1,097,916,720	238,541,529	332,674,034
Cash in banks and long term investments	2,306,766	1,049,212	580,145	432,163
Accretion	-	-	-	-
Penalties	30,079,212	32,209,492	11,820,941	(10,629,587)
Water income	-	-	-	-
Maintenance fee	-	-	-	-
Provision for (reversal of) probable loss	-	-	-	-
Collection service fees	-	370,418	-	(21,645,269)
Loss on sale of a subsidiary	-	-	-	-
Gain on sale of unquoted debt security classified as loans	-	-	-	-
Miscellaneous Income (Expense)	(16,501,376)	67,936,886	(13,087,397)	52,272,916
	935,991,302	1,199,482,729	237,855,219	353,104,257
Other Gains (Loss)				
Gain on sale of AFS	16,197,272	20,095,078	2,652,609	6,388,849.00
Gain on sale of property and equipment	-	350,000	-	350,000.00
Gain on sale of building and improvements	-	-	-	-
	16,197,272	20,445,078	2,652,609	6,738,849

21. Related Party Transactions

This account consists of:

30-Sep-18					
Unaudited					
Related Party	Nature of Transaction	Account	Outstanding Balance/Amount	Terms	Conditons
Entities under common control	Advances	Due from related parties	662,863,055	Non-interest bearing, payable on demand	Unsecured, no impairment
Entities under common control	Advances	Due to related parties	131,613,136	Non-interest bearing, payable on demand	Unsecured
30-Sep-17					
Unaudited					
Related Party	Nature of Transaction	Account	Outstanding Balance/Amount	Terms	Conditons
Entities under common control	Advances	Due from related parties	711,042,355	Non-interest bearing, payable on demand	Unsecured, no impairment
Entities under common control	Advances	Due to related parties	110,266,956	Non-interest bearing, payable on demand	Unsecured

31-Dec-17
Audited

Related Party	Nature of Transaction	Account	Outstanding Balance/Amount	Terms	Conditons
Entities under common control	Advances	Due from related parties	535,632,842	Non-interest bearing, payable on demand	Unsecured, no impairment
Entities under common control	Advances	Due to related parties	131,669,888	Non-interest bearing, payable on demand	Unsecured

31-Dec-16
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

Item 2. Management Discussions and Analysis

Financial Highlights and Key Performance Indicators

Table below shows comparative consolidated balance sheet financial highlights of 8990 Holdings, Inc. as of nine months ended September 30, 2018, and September 30, 2017, both unaudited.

Consolidated Balance Sheet	As of September 30, 2018 Unaudited	As of September 30, 2017 Unaudited	Increase Amount	%
Total Assets	60,628,663,438	51,125,386,292	9,503,277,146	18.59%
Current Assets	27,511,541,444	17,359,298,627	10,152,242,817	58.48%
Trade Receivables	20,161,254,916	21,110,532,273	(949,277,357)	-4.50%
Total Liabilities	32,123,742,232	30,777,537,880	1,346,204,352	4.37%
Current Liabilities	13,078,035,818	11,701,268,426	1,376,767,393	11.77%
Loans Payable	17,588,320,217	17,525,906,518	62,413,698	0.36%
Stockholder's Equity	28,504,921,206	20,347,848,412	8,157,072,794	40.09%
Permitted Liens	6,062,866,344	5,112,538,629	950,327,715	18.59%
Loans under Permitted Liens	1,101,124,425	2,244,668,002	(1,143,543,577)	-50.94%

Table below shows comparative consolidated statement of income financial highlights of 8990 Holdings, Inc. for nine months ended September 30, 2018 and September 30, 2017, both unaudited.

Consolidated Statements of Income	As of September 30, 2018 Unaudited	As of September 30, 2017 Unaudited	Increase Amount	%
Revenue	8,629,081,786	6,129,237,383	2,499,844,403	40.79%
Gross Income	4,717,892,717	3,246,533,657	1,471,359,060	45.32%
Operating Expenses	1,299,781,758	1,019,703,067	280,078,691	27.47%
Net Operating Income	3,418,110,959	2,226,830,590	1,191,280,369	53.50%
EBITDA	4,416,116,350	3,485,773,965	930,342,385	26.69%
Net Income Before Tax	3,532,020,850	2,594,057,950	937,962,900	36.16%
Net Income After Tax	3,409,155,353	2,465,114,117	944,041,236	38.30%

Tables below show 3rd Quarter 2018 key performance indicators of the Company, with relevant comparative figures.

Key Performance Indicators	As of September 30, 2018 Unaudited	As of September 30, 2017 Unaudited	Bond Covenant
Current Ratio	2.10	1.48	minimum 1.0
Book Value Per Share	4.27	3.69	
Debt to Equity Ratio	1.13	1.51	
Net Debt to Equity Ratio	0.69	1.27	maximum 1.5
Asset to Equity Ratio	2.13	2.51	
Asset to Debt Ratio	1.89	1.66	
Debt Service Ratio	2.26	2.09	minimum 1.25
Interest Coverage Ratio	8.58	5.40	

Key Performance Indicators	As of September 30, 2018 Unaudited	As of September 30, 2017 Unaudited
Gross Margin	54.67%	52.97%
EBITDA Margin	51.18%	56.87%
Net Income Margin	39.51%	40.22%

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 rental 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 rental.

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

Nine months ended September 30, 2018 compared to nine months ended September 30, 2017

Revenue

For the nine months ended September 30, 2018, the Company recorded consolidated revenue of PhP8,629 million, an increase of 41% from consolidated revenue of PhP6,129 million recorded for the nine months ended September 30, 2017. The increase was mainly attributable to the increased sales in NCR, Iloilo and Davao.

Cost of Sales and Services

The Company's consolidated cost of sales and services for the nine months ended September 30, 2018 was PhP3,911 million, an increase of 36% from consolidated cost of sales and services of PhP2,883 million recorded for the nine months ended September 30, 2017. The increase was mainly attributable to increased cost of materials and labor to construct the sold units.

Gross Income

The Company's consolidated gross income for the nine months ended September 30, 2018 was PhP4,718 million, an increase from consolidated gross income of PhP3,247 million recorded for the nine months ended September 30, 2017. The Company's gross income margin for the nine months ended September 30, 2018 was 54.7%, compared to a gross income margin of 53.0% recorded for the nine months ended September 30, 2017. 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 nine months ended September 30, 2018, the Company recorded consolidated operating expenses of PhP1,300 million, an increase from consolidated operating expenses of PhP1,020 million recorded for the nine months ended September 30, 2017.

Finance Costs

The Company's consolidated finance costs for the nine months ended September 30, 2018 were PhP838 million, a slight decrease from consolidated finance costs of PhP853 million recorded for the nine months ended September 30, 2017. The decrease was mainly attributable to decreased high interest-bearing loans.

Other Operating Income

For the nine months ended September 30, 2018, the Company recorded consolidated other income of PhP936 million, a decrease from the consolidated other income of PhP1,199 million recorded for the nine months ended September 30, 2017. 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 nine months ended September 30, 2018 was PhP3,532 million, an increase from consolidated income before income tax of PhP2,594 million recorded for the nine months ended September 30, 2017.

Provision for Income Tax

The Company's consolidated provision for income tax for the nine months ended September 30, 2018 was PhP123 million, a slight decrease from consolidated provision for income tax of PhP129 million recorded for the nine months ended September 30, 2017. The decrease was mainly attributable to the Company's decreased other income which are subject to income tax.

Net Income

As a result of the foregoing, the Company's consolidated net income for the nine months ended September 30, 2018 was PhP3,409 million, a 38% increase from consolidated net income of PhP2,465 million recorded for the nine months ended September 30, 2017. The Company's consolidated net income margin for the nine months ended September 30, 2018 was 39.5%, compared to a consolidated net income margin of 40.2% for the nine months ended September 30, 2017.

Financial Position

As at September 30, 2018 compared to as at September 30, 2017

Assets

Cash on Hand and in Banks

The Company's consolidated cash on hand and in banks were PhP6,818 million as at September 30, 2018, an increase from consolidated cash on hand and in banks of PhP578 million as at September 30, 2017. The increase is attributed to the proceeds of sold installment receivables received on September 28, 2018.

Current portion of trade and other receivables

The Company's consolidated current portion of trade and other receivables were PhP2,729 million as at September 30, 2018, an increase from consolidated current portion of trade and other receivables of PhP2,001 million as at September 30, 2017.

Inventories

The Company's consolidated inventories were PhP14,304 million as at September 30, 2018, an increase from consolidated inventories of PhP12,183 million as at September 30, 2017.

Due from related parties

The Company's consolidated due from related parties were PhP663 million as at September 30, 2018, a decrease from consolidated due from related parties of PhP711 million as at September 30, 2017.

Other current assets

The Company's consolidated other current assets were PhP2,997 million as at September 30, 2018, an increase from consolidated other current assets of PhP1,886 million as at September 30, 2017, primarily due to increased 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 PhP17,432 million as at September 30, 2018, a decrease from consolidated trade and other receivables - net of current portion of PhP19,110 million as at September 30, 2017. This decrease was due mainly to sold receivables to third party financial institution.

Land held for future development

The Company's consolidated land held for future development was PhP13,211 million as at September 30, 2018, an increase from consolidated land held for future development of PhP12,111 million as at September 30, 2017, as the Company acquired certain real properties as part of its land banking.

Property and equipment

The Company's consolidated property and equipment was PhP316 million as at September 30, 2018, an increase from consolidated property and equipment of PhP303 million as at September 30, 2017.

Investment properties

The Company's consolidated investment properties were PhP165 million as at September 30, 2018, a decrease from consolidated investment properties of PhP347 million as at September 30, 2017.

Other noncurrent assets

The Company's other noncurrent assets were PhP845 million as at September 30, 2018, an increase from other noncurrent assets of PhP741 million as at September 30, 2017.

Liabilities

Current portion of trade and other payables

The Company's consolidated current portion of trade and other payables were PhP4,509 million as at September 30, 2018, an increase from consolidated current portion of trade and other payables of PhP3,128 million as at September 30, 2017.

Current portion of loans payable

The Company's consolidated current portion of loans payable were PhP8,011 million as at September 30, 2018, an increase from consolidated current portion of loans payable of PhP7,983 million as at September 30, 2017. The increase was due to increased borrowing of the Company.

Deposits from customers

The Company's consolidated deposits from customers were PhP414 million as at September 30, 2018, a decrease from consolidated deposits from customers of PhP426 million as at September 30, 2017.

Due to related parties

The Company's consolidated due to related parties were PhP132 million as at September 30, 2018, an increase from consolidated due to related parties of PhP110 million as at September 30, 2017.

Income tax payable

The Company's consolidated income tax payable was PhP12 million as at September 30, 2018, a decrease from consolidated income tax payable of PhP54 million as at September 30, 2017.

Trade and other payables - net of current portion

The Company's consolidated trade and other payables - net of current portion were PhP61 million as at September 30, 2018, a decrease from consolidated trade and other payables - net of current portion of PhP70 million as at September 30, 2017.

Loans payable - net of current portion

The Company's consolidated loans payable - net of current portion was Ph9,577 million as at September 30, 2018, an increase from consolidated loans payable - net of current portion of PhP9,543 million as at September 30, 2017.

Deferred tax liability

The Company's consolidated deferred tax liability was PhP462 million as at September 30, 2018, a decrease from consolidated deferred tax liability of PhP540 million as at September 30, 2017. 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 from 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 provided by operating activities were PhP3,624 million for the period ended September 30, 2018, and consolidated net cash used in operating activities were PhP409 million for the period ended September 30, 2017.

Cash flows used in investing activities

Consolidated net cash flow used in investing activities for the period ended September 30, 2018 were PhP 408 million while consolidated net cash used in investing activities for the period ended September 30, 2017 were PhP332 million.

For the nine months ended September 30, 2018, 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 period ended September 30, 2018 were PhP 2,225 million, and consolidated net cash flow provided by financing activities for the period ended September 30, 2017 were PhP616 million.

PART II--OTHER INFORMATION

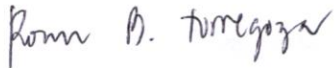
There is no material information to be reported by the Company aside from those reported in SEC 17C.

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:

A handwritten signature in dark ink, appearing to read "Roan B. Torregoza".

ROAN BUENAVENTURA-TORREGOZA
Chief Finance Officer

Date: