

COVER SHEET

C S 2 0 0 5 1 1 8 1 6

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 I D 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 L E D U V I L L A G E , M A K A T I

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

Ruan Buenaventura Torregosa  
Chief Finance Officer

Contact Person/s

(652) 4789659/5533915/5333917

Company Telephone Number

0 3

Month

3 1

Day

Calendar Year

SEC Form 17-Q (A)

March 31, 2017

FORM TYPE

0 7

Month

2 8

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 (A)

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



1. For the quarterly period ended March 31, 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 ☒ 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)

|                                                      | 31-Mar                |                       | 31-Dec                |                       |
|------------------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                                                      | 2017                  | 2016                  | 2016                  | 2015                  |
|                                                      | Unaudited             | Unaudited             | Audited               | Audited               |
| <b>ASSETS</b>                                        |                       |                       |                       |                       |
| <b>Current Assets</b>                                |                       |                       |                       |                       |
| Cash on hand and in banks                            | 791,322,716           | 456,821,357           | 703,809,205           | 600,230,905           |
| Current portion of trade and other receivables       | 1,589,125,565         | 1,549,928,439         | 2,231,153,472         | 1,502,055,562         |
| Inventories                                          | 8,267,771,944         | 4,860,829,367         | 7,317,495,907         | 5,092,332,659         |
| Due from related parties                             | 326,718,995           | 317,577,075           | 228,413,454           | 289,716,995           |
| Current portion of available-for-sale securities     | -                     | -                     | -                     | -                     |
| Other current assets                                 | 1,787,024,927         | 2,744,888,275         | 1,349,268,811         | 2,025,188,139         |
| <b>Total Current Assets</b>                          | <b>12,761,964,147</b> | <b>9,930,044,513</b>  | <b>11,830,140,850</b> | <b>9,509,524,260</b>  |
| <b>Noncurrent Assets</b>                             |                       |                       |                       |                       |
| Trade and other receivables - net of current portion | 20,316,671,188        | 18,115,637,790        | 20,526,963,325        | 17,565,634,589        |
| Available for sale securities                        | 1,157,656,403         | 1,177,514,610         | 1,160,774,129         | 1,178,187,216         |
| Land held for future development                     | 13,726,364,608        | 7,751,329,592         | 12,946,624,580        | 6,593,194,295         |
| Property and equipment                               | 285,624,199           | 247,019,102           | 288,627,169           | 239,005,453           |
| Investment properties                                | 296,619,600           | 322,864,683           | 296,694,775           | 309,011,270           |
| Investment in shares                                 | -                     | -                     | -                     | -                     |
| Other noncurrent assets                              | 725,123,735           | 157,130,621           | 722,859,686           | 682,682,007           |
| <b>Total Noncurrent Assets</b>                       | <b>36,508,059,734</b> | <b>27,771,496,398</b> | <b>35,942,543,665</b> | <b>26,567,714,830</b> |
|                                                      | <b>49,270,023,881</b> | <b>37,701,540,911</b> | <b>47,772,684,515</b> | <b>36,077,239,090</b> |
| <b>LIABILITIES AND EQUITY</b>                        |                       |                       |                       |                       |
| <b>Current Liabilities</b>                           |                       |                       |                       |                       |
| Current portion of trade and other payables          | 3,559,533,913         | 2,551,512,472         | 3,186,647,457         | 2,626,967,526         |
| Current portion of loans payable                     | 7,604,159,001         | 2,702,077,964         | 6,855,592,150         | 1,980,934,640         |
| Deposits from customers                              | 482,136,604           | 377,011,102           | 429,030,305           | 411,732,827           |
| Due to related parties                               | 101,085,239           | 54,939,361            | 107,151,377           | 114,212,864           |
| Income tax payable                                   | 291,433,397           | 261,268,919           | 219,428,101           | 213,934,544           |
| <b>Total Current Liabilities</b>                     | <b>12,038,348,154</b> | <b>5,946,809,817</b>  | <b>10,797,849,389</b> | <b>5,347,782,401</b>  |
| <b>Noncurrent Liabilities</b>                        |                       |                       |                       |                       |
| Trade and other payables - net of current portion    | 70,233,657            | 10,548,767            | 70,233,657            | 68,422,945            |
| Loans payable - net of current portion               | 9,090,367,527         | 5,422,657,483         | 8,195,495,683         | 3,975,433,053         |
| Bonds payable                                        | 8,912,041,448         | 8,891,562,307         | 8,906,782,331         | 8,886,496,988         |
| Deferred tax liability                               | 540,091,479           | 435,171,147           | 540,091,479           | 456,501,942           |
| <b>Total Noncurrent Liabilities</b>                  | <b>18,612,734,111</b> | <b>14,759,939,704</b> | <b>17,712,603,150</b> | <b>13,386,854,928</b> |
| <b>Total Liabilities</b>                             | <b>30,651,082,265</b> | <b>20,706,749,521</b> | <b>28,510,452,540</b> | <b>18,734,637,329</b> |
| <b>Equity</b>                                        |                       |                       |                       |                       |
| 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                                    | 8,705,436,046         | 7,081,790,757         | 9,348,726,404         | 7,429,601,128         |
| <b>Total Equity</b>                                  | <b>18,612,941,616</b> | <b>16,994,791,390</b> | <b>19,262,231,974</b> | <b>17,342,601,761</b> |
|                                                      | <b>49,270,023,881</b> | <b>37,701,540,911</b> | <b>47,772,684,515</b> | <b>36,077,239,090</b> |

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

|                                         | For three months ended March 31 |                      | For years ended December 31 |                      |
|-----------------------------------------|---------------------------------|----------------------|-----------------------------|----------------------|
|                                         | 2017                            | 2016                 | 2016                        | 2015                 |
|                                         | Unaudited                       | Unaudited            | Audited                     | Audited              |
| <b>REVENUES</b>                         |                                 |                      |                             |                      |
| <b>Real Estate Operations</b>           |                                 |                      |                             |                      |
| Real estate sales                       | 1,589,690,350                   | 2,172,877,400        | 9,109,329,052               | 9,229,390,046        |
| Rental income                           | 2,366,774                       | 1,116,071            | 12,175,545                  | 45,715,166           |
| Others                                  | 2,077,171                       | 1,642,546            | 149,767,198                 | 2,741,500            |
|                                         | 1,594,134,294                   | 2,175,636,017        | 9,271,272,394               | 9,277,846,712        |
| <b>Gain on Sale of Preferred Shares</b> | -                               | -                    | -                           | 1,874,007            |
|                                         | 1,594,134,294                   | 2,175,636,017        | 9,271,272,394               | 9,279,720,719        |
| <b>COST OF SALES AND SERVICES</b>       |                                 |                      |                             |                      |
| <b>Real Estate Operations</b>           |                                 |                      |                             |                      |
| Cost of real estate sales               | 657,771,844                     | 922,621,435          | 4,197,889,359               | 4,130,909,281        |
| Cost of rental services                 | 12,769                          | 98,591               | 188,033                     | 4,747,977            |
| Others                                  | 11,592,032                      | 23,163,147           | 72,438,807                  | 38,664,969           |
|                                         | 669,376,644                     | 945,883,173          | 4,270,516,199               | 4,174,322,227        |
| <b>Loss on Sale of Preferred Shares</b> | -                               | -                    | -                           | -                    |
|                                         | 669,376,644                     | 945,883,173          | 4,270,516,199               | 4,174,322,227        |
| <b>Gross Income</b>                     | 924,757,650                     | 1,229,752,844        | 5,000,756,195               | 5,105,398,492        |
| Operating Expenses                      | 315,430,175                     | 374,934,089          | 1,615,016,785               | 1,723,804,786        |
| Other Operating Income                  | 432,362,416                     | 432,063,052          | 1,600,914,060               | 1,346,367,860        |
| Finance Costs                           | 243,336,982                     | 192,853,061          | 963,271,375                 | 614,672,430          |
| Operating Income                        | 798,352,910                     | 1,094,028,746        | 4,023,382,095               | 4,113,289,136        |
| Other Income                            | 9,883,952                       | -                    | 85,452                      | 571,399              |
| Income Before Income Tax                |                                 |                      |                             |                      |
| from Continuing Operations              | 808,236,862                     | 1,094,028,746        | 4,023,467,547               | 4,113,860,535        |
| Provision for Income Tax                | 72,029,541                      | 62,341,437           | 448,945,055                 | 410,329,856          |
| Income from Continuing                  |                                 |                      |                             |                      |
| Operations                              | 736,207,322                     | 1,031,687,309        | 3,574,522,492               | 3,703,530,679        |
| from Discontinuing                      |                                 |                      |                             |                      |
| Operations                              | -                               | -                    | -                           | 20,553,216           |
| Net Income                              | 736,207,322                     | 1,031,687,309        | 3,574,522,492               | 3,724,083,895        |
| Other Comprehensive Loss                | -                               | -                    | 504,937                     | (1,557,634)          |
| <b>Total Comprehensive Income</b>       | <b>736,207,322</b>              | <b>1,031,687,309</b> | <b>3,575,027,429</b>        | <b>3,722,526,261</b> |

# 8990 HOLDINGS, INC. AND SUBSIDIARIES

## Unaudited Consolidated Statements of Changes in Equity (in Philippine Peso)

For three months ended March 31, 2017

|                                               | Capital Stock | Subscribed Capital Stock | Additional Paid in Capital | Equity Reserve | Comprehensive Loss | Other Retained Earnings | Total           |
|-----------------------------------------------|---------------|--------------------------|----------------------------|----------------|--------------------|-------------------------|-----------------|
| Balance at January 1, 2017                    | 5,517,990,720 | -                        | 4,400,126,855              | -              | (4,612,005)        | 9,283,696,864           | 19,197,202,434  |
| Cash dividends declared by the Parent Company | -             | -                        | -                          | -              | -                  | (1,379,497,680)         | (1,379,497,680) |
| Total comprehensive income (loss)             | -             | -                        | -                          | -              | -                  | 736,207,322             | 736,207,322     |
| Balance at March 31, 2017                     | 5,517,990,720 | -                        | 4,400,126,855              | -              | (4,612,005)        | 8,640,406,506           | 18,553,912,076  |
| 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            | 3,509,492,952           | 3,509,997,889   |
| Balance at December 31, 2016                  | 5,517,990,720 | -                        | 4,400,126,855              | -              | (4,612,005)        | 9,283,696,864           | 19,197,202,434  |
| 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 three months ended March 31, 2016

|                                               | Capital Stock | Subscribed Capital Stock | Additional Paid in Capital | Equity Reserve | Comprehensive Loss | Other 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)             | -             | -                        | -                          | -              | -                  | 1,031,687,309           | 1,031,687,309   |
| Balance at March 31, 2016                     | 5,517,990,720 | -                        | 4,400,126,855              | -              | (5,116,942)        | 7,081,790,757           | 16,994,791,390  |

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

|                                                                      | For three months ended March 31 |                        | For years ended December 31 |                        |
|----------------------------------------------------------------------|---------------------------------|------------------------|-----------------------------|------------------------|
|                                                                      | 2017                            | 2016                   | 2016                        | 2015                   |
|                                                                      | Unaudited                       | Unaudited              | Audited                     | Audited                |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                          |                                 |                        |                             |                        |
| Income before income tax                                             | 808,236,862                     | 1,094,028,746          | 4,023,467,547               | 4,154,418,070          |
| Adjustments for:                                                     |                                 |                        |                             |                        |
| Interest income                                                      | (393,497,599)                   | (338,652,363)          | (1,428,543,208)             | (1,210,782,426)        |
| Finance cost                                                         | 241,519,114                     | 197,683,587            | 947,986,033                 | 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                                        | 13,097,044                      | 10,482,451             | 47,605,365                  | 35,839,138             |
| Amortization of discount on bonds payable                            | 5,259,117                       | 4,939,577              | 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              |
| <b>Operating income before changes in working capital</b>            | <b>674,614,538</b>              | <b>963,481,994</b>     | <b>3,453,778,453</b>        | <b>3,689,637,326</b>   |
| <b>Changes in operating assets and liabilities</b>                   |                                 |                        |                             |                        |
| Decrease (increase) in:                                              |                                 |                        |                             |                        |
| Trade and other receivables                                          | 852,320,044                     | (597,876,078)          | (3,632,040,650)             | (4,761,221,198)        |
| Inventories                                                          | (950,276,037)                   | 231,503,292            | (1,714,329,458)             | (683,306,872)          |
| Other assets                                                         | (440,044,413)                   | (194,148,751)          | 644,272,845                 | (2,086,843,036)        |
| Increase (decrease) in:                                              |                                 |                        |                             |                        |
| Trade and other payables                                             | 372,886,456                     | (154,660,027)          | 595,121,060                 | 667,256,278            |
| Deposits from customers                                              | 53,106,300                      | (34,721,725)           | 17,297,478                  | 137,361,511            |
| <b>Net cash used in operations</b>                                   | <b>562,606,888</b>              | <b>213,578,704</b>     | <b>(635,900,272)</b>        | <b>(3,037,115,991)</b> |
| Interest received                                                    | 393,497,599                     | 338,652,363            | 1,427,633,778               | 1,213,020,188          |
| Interest paid                                                        | (241,519,114)                   | (192,683,582)          | (1,145,970)                 | (140,683,474)          |
| Income tax paid                                                      | (0)                             | (15,020,219)           | (359,861,961)               | (250,052,366)          |
| <b>Net cash from (used in) operating activities</b>                  | <b>714,585,373</b>              | <b>344,527,267</b>     | <b>430,725,575</b>          | <b>(2,214,831,643)</b> |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                          |                                 |                        |                             |                        |
| Acquisitions of:                                                     |                                 |                        |                             |                        |
| Land held for future development                                     | (779,740,028)                   | (1,158,135,297)        | (6,778,598,925)             | (1,454,581,648)        |
| Property and equipment                                               | (8,857,320)                     | (17,132,493)           | (101,963,392)               | (47,442,303)           |
| Investment in shares                                                 | -                               | -                      | -                           | -                      |
| Proceeds from (Acquisition of) Investment properties                 | (1,161,579)                     | (15,078,123)           | (940,227)                   | -                      |
| Proceeds from:                                                       |                                 |                        |                             |                        |
| Disposal of building and hotel improvements                          | -                               | -                      | -                           | -                      |
| Maturities/termination of long term investments                      | -                               | -                      | -                           | -                      |
| Sale of AFS                                                          | 3,117,726                       | 672,606                | -                           | 2,544,225              |
| Disposal of property and equipment                                   | -                               | -                      | 2,120,556                   | 508,687                |
| <b>Net cash outflow from disposal of investment in a subsidiary</b>  | <b>-</b>                        | <b>-</b>               | <b>-</b>                    | <b>-</b>               |
| <b>Net cash inflow from acquisition of net assets of acquiree</b>    | <b>-</b>                        | <b>-</b>               | <b>-</b>                    | <b>-</b>               |
| <b>Net cash used in investing activities</b>                         | <b>(786,641,200)</b>            | <b>(1,189,673,306)</b> | <b>(6,879,381,989)</b>      | <b>(1,498,971,039)</b> |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                          |                                 |                        |                             |                        |
| Availment (retirement) of loans payable                              | 1,643,438,695                   | 2,168,367,754          | 8,153,389,878               | (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 parties        | (98,305,540)                    | (27,860,080)           | 61,303,541                  | (153,658,524)          |
| Increase (decrease) in the amount of due to related parties          | (6,066,138)                     | (59,273,503)           | (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)        |
| <b>Net cash provided by financing activities</b>                     | <b>159,569,337</b>              | <b>701,736,492</b>     | <b>6,552,234,716</b>        | <b>3,708,899,552</b>   |
| <b>Effect of changes in foreign exchange rates on hand and in b.</b> | <b>-</b>                        | <b>-</b>               | <b>-</b>                    | <b>(14,101)</b>        |
| <b>Net increase (decrease) in cash on hand and in banks</b>          | <b>87,513,509</b>               | <b>(143,409,548)</b>   | <b>103,578,302</b>          | <b>(4,917,231)</b>     |
| <b>Cash Balance at the beginning of the year</b>                     | <b>703,809,207</b>              | <b>600,230,905</b>     | <b>600,230,905</b>          | <b>605,148,136</b>     |
| <b>Cash Balance at the end of the year</b>                           | <b>791,322,716</b>              | <b>456,821,357</b>     | <b>703,809,207</b>          | <b>600,230,905</b>     |

**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*
- PFRS 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:

|               | 31-Mar      |             | 31-Dec      |             |
|---------------|-------------|-------------|-------------|-------------|
|               | 2017        | 2016        | 2016        | 2015        |
|               | Unaudited   | Unaudited   | Audited     | Audited     |
| Cash on hand  | 2,013,598   | 1,347,598   | 46,376,413  | 2,394,766   |
| Cash in banks | 789,309,118 | 455,473,759 | 657,432,792 | 597,836,139 |
|               | 791,322,716 | 456,821,357 | 703,809,205 | 600,230,905 |

## 5. Trade and Other Receivables

This account consists of:

|                                        | 31-Mar         |                | 31-Dec         |                |
|----------------------------------------|----------------|----------------|----------------|----------------|
|                                        | 2017           | 2016           | 2016           | 2015           |
|                                        | Unaudited      | Unaudited      | Audited        | Audited        |
| Trade Receivables                      |                |                |                |                |
| Installment contract receivables       | 611,261,183    | 1,238,932,113  | 617,588,175    | 1,201,317,283  |
| Others                                 | 12,728,338     | 43,101,823     | 6,094,898      | 13,509,864     |
| Advances to external marketing manager | 60,856,698     | 60,932,733     | 60,865,416     | 72,528,405     |
| Retention Receivables                  | 425,231,730    | 230,826,163    | 353,173,872    | 215,629,479    |
| Receivables from employees             | 317,205,572    | 209,518,634    | 256,158,533    | 132,791,687    |
| Other Receivables                      | 421,024,340    | 1,742,640      | 1,196,454,874  | 101,404,509    |
|                                        | 1,848,307,861  | 1,785,054,104  | 2,490,335,768  | 1,737,181,227  |
| Less: Allowance for impairment losses  | 259,182,296    | 235,125,665    | 259,182,296    | 235,125,665    |
|                                        | 1,589,125,565  | 1,549,928,439  | 2,231,153,472  | 1,502,055,562  |
| Non current                            |                |                |                |                |
| Trade Receivables                      |                |                |                |                |
| Installment contract receivables       | 20,316,671,188 | 18,115,637,790 | 20,526,963,325 | 17,565,634,589 |
| Retention Receivables                  | -              | -              | -              | -              |
|                                        | 20,316,671,188 | 18,115,637,790 | 20,526,963,325 | 17,565,634,589 |
|                                        | 21,905,796,753 | 19,665,566,229 | 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 Php611.3 million which pertains to portion of receivables from buyers due within one (1) year.

## 6. Inventories

This account consists of:

|                               | 31-Mar        |               | 31-Dec        |               |
|-------------------------------|---------------|---------------|---------------|---------------|
|                               | 2017          | 2016          | 2016          | 2015          |
|                               | Unaudited     | Unaudited     | Audited       | Audited       |
| Real estate inventories       |               |               |               |               |
| Low-cost mass housing         | 4,943,994,746 | 3,525,364,511 | 4,862,717,314 | 3,444,857,924 |
| Medium-rise condominium units | 1,105,918,745 | 543,645,574   | 751,006,813   | 238,275,698   |
| High-rise condominium units   | 2,217,858,453 | 791,819,283   | 1,703,771,780 | 1,409,199,037 |
|                               | 8,267,771,944 | 4,860,829,367 | 7,317,495,907 | 5,092,332,659 |
| Timeshares                    | -             | -             | -             | -             |
|                               | 8,267,771,944 | 4,860,829,367 | 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:

|                                       | 31-Mar        |               | 31-Dec        |               |
|---------------------------------------|---------------|---------------|---------------|---------------|
|                                       | 2017          | 2016          | 2016          | 2015          |
|                                       | Unaudited     | Unaudited     | Audited       | Audited       |
| <b>Current</b>                        |               |               |               |               |
| Advances to contractors and brokers   | 1,233,567,472 | 1,446,726,839 | 897,907,372   | 765,559,684   |
| Input tax                             | 270,338,000   | 89,705,649    | 221,910,000   | 60,789,182    |
| Advances to landowners                | 194,199,700   | 1,187,013,102 | 198,399,200   | 1,155,852,449 |
| Creditable withholding tax            | 46,039,140    | 38,691,419    | 32,773,315    | 25,971,911    |
| Prepaid expenses                      | 92,481,217    | 38,116,030    | 47,878,192    | 33,478,986    |
| Others                                | 5,775,100     | 8,419         | 5,775,096     | 38,908,097    |
|                                       | 1,842,400,130 | 2,800,263,478 | 1,404,644,014 | 2,080,563,342 |
| Less: Allowance for impairment losses | 55,375,203    | 55,375,203    | 55,375,203    | 55,375,203    |
|                                       | 1,787,024,927 | 2,744,888,275 | 1,349,268,811 | 2,025,188,139 |
| <b>Non-current</b>                    |               |               |               |               |
| Deposits                              | 133,835,631   | 120,197,693   | 137,625,460   | 122,959,182   |
| Advances to contractors and brokers   | 546,564,867   | 23,745,500    | 546,564,867   | 546,564,867   |
| Software cost                         | 1,492,522     | 1,492,522     | 1,492,522     | 1,492,522     |
| Others                                | 45,742,690    | 14,206,880    | 39,687,810    | 14,177,410    |
|                                       | 727,635,709   | 159,642,595   | 725,371,660   | 685,193,981   |
| Less: Allowance for impairment losses | 2,511,974     | 2,511,974     | 2,511,974     | 2,511,974     |
|                                       | 725,123,735   | 157,130,621   | 722,859,686   | 682,682,007   |
|                                       | 2,512,148,662 | 2,902,018,897 | 2,072,128,497 | 2,707,870,146 |

## 9. Land Held for Future Development

This account consists of:

|                               | 31-Mar                |                      | 31-Dec                |                      |
|-------------------------------|-----------------------|----------------------|-----------------------|----------------------|
|                               | 2017                  | 2016                 | 2016                  | 2015                 |
|                               | Unaudited             | Unaudited            | Audited               | 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 | 779,740,028           | 1,158,135,297        | 6,778,598,925         | 1,454,581,648        |
| Transfers/Reclassification    | -                     | -                    | (425,168,640)         | (1,387,178,498)      |
| Provision for write down      | -                     | -                    | -                     | (1,257,282)          |
| <b>Balance at end of year</b> | <b>13,726,364,608</b> | <b>7,751,329,592</b> | <b>12,946,624,580</b> | <b>6,593,194,295</b> |

# 10. Property and Equipment

This account consists of:

31-Mar-17  
Unaudited

|                                                  | Land        | Building   | Improvements | and<br>Improvements | Leasehold<br>Improvements | Furniture and<br>Fixtures | Machinery and<br>Equipment | Transportation<br>Vehicles | Waterli-<br>es | Construction in<br>Progress | Total       |
|--------------------------------------------------|-------------|------------|--------------|---------------------|---------------------------|---------------------------|----------------------------|----------------------------|----------------|-----------------------------|-------------|
| <b>Cost</b>                                      |             |            |              |                     |                           |                           |                            |                            |                |                             |             |
| Balances at beginning of year                    | 107,405,010 | 55,826,776 | 2,458,647    |                     | 10,196,608                | 68,486,767                | 64,462,208                 | 115,880,676                | 0              | 14,480,148                  | 447,196,840 |
| Additions                                        | -           | 0          | -            | -                   | 1,203,55C                 | 4,631,381                 | 115,100                    | 70,200                     | (0)            | 2,837,088                   | 8,857,320   |
| Transfers/Disposals                              | -           | -          | -            | -                   | -                         | -                         | -                          | -                          | -              | -                           | -           |
| Balances at end of year                          | 107,405,010 | 55,826,776 | 10,458,647   | 11,400,159          | 73,118,149                | 64,577,308                | 115,950,876                | 17,317,236                 | -              | 17,317,236                  | 456,054,160 |
| <b>Accumulated Depreciation and Amortization</b> |             |            |              |                     |                           |                           |                            |                            |                |                             |             |
| Balances at beginning of year                    | -           | 18,688,346 | 3,888,701    | 7,831,443           | 27,350,134                | 30,422,288                | 56,418,760                 | 0                          | -              | -                           | 149,599,671 |
| Depreciation and Amortization                    | -           | 1,056,734  | 388,183      | 255,66C             | 2,867,107                 | 3,029,293                 | 4,263,304                  | (0)                        | -              | -                           | 11,860,290  |
| Transfers/Disposals                              | -           | -          | -            | -                   | -                         | -                         | -                          | -                          | -              | -                           | -           |
| Balances at end of year                          | -           | 19,745,081 | 3,276,883    | 8,087,112           | 30,217,241                | 33,451,580                | 60,682,064                 | -                          | -              | -                           | 161,459,961 |
| <b>Accumulated Impairment Losses</b>             |             |            |              |                     |                           |                           |                            |                            |                |                             |             |
| 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   |
| <b>Net Book Value</b>                            | 98,435,010  | 36,081,695 | 1,181,764    | 3,313,047           | 42,900,907                | 31,125,728                | 55,268,812                 | 17,317,236                 | -              | 17,317,236                  | 285,624,199 |

31-Mar-16

Unaudited

|                                                  | Land              | Building          | Land Improvements | Leasehold Improvements | Furniture and Fixtures | Machinery and Equipment | Transportation Vehicles | Waterlines        | Construction in Progress | Total              |
|--------------------------------------------------|-------------------|-------------------|-------------------|------------------------|------------------------|-------------------------|-------------------------|-------------------|--------------------------|--------------------|
| <b>Cost</b>                                      |                   |                   |                   |                        |                        |                         |                         |                   |                          |                    |
| Balances at beginning of year                    | 107,405,010       | 58,638,832        | 10,458,647        | 6,095,922              | 52,592,787             | 61,844,705              | 92,784,736              | 18,489,622        | (1,339,286)              | 406,970,975        |
| Additions                                        | -                 | -                 | -                 | -                      | (3,930,781)            | 2,086,549               | 4,236,958               | (6,509,400)       | 727,059                  | (3,389,615)        |
| Transfers/Disposals                              | -                 | -                 | -                 | 1,967,111              | -                      | -                       | -                       | -                 | -                        | 1,967,111          |
| Balances at end of year                          | 107,405,010       | 58,638,832        | 10,458,647        | 8,063,033              | 48,662,006             | 63,931,254              | 97,021,694              | 11,980,222        | (612,227)                | 405,548,471        |
| <b>Accumulated Depreciation and Amortization</b> |                   |                   |                   |                        |                        |                         |                         |                   |                          |                    |
| Balances at beginning of year                    | -                 | 17,039,205        | 9,158,202         | 6,456,955              | 24,035,862             | 28,525,147              | 57,057,982              | 2,158,067         | -                        | 144,431,420        |
| Depreciation and Amortization                    | -                 | 121,297           | (1,434,048)       | 874,319                | (2,815,854)            | 3,539,340               | (6,010,241)             | (520,934)         | -                        | (6,246,122)        |
| Transfers/Disposals                              | -                 | -                 | -                 | -                      | -                      | -                       | -                       | -                 | -                        | -                  |
| Balances at end of year                          | -                 | 17,160,502        | 7,724,154         | 7,331,274              | 21,220,008             | 32,064,487              | 51,047,741              | 1,637,133         | -                        | 138,185,298        |
| <b>Accumulated Impairment Losses</b>             |                   |                   |                   |                        |                        |                         |                         |                   |                          |                    |
| 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          |
| <b>Net Book Value</b>                            | <b>98,435,010</b> | <b>41,478,331</b> | <b>2,734,493</b>  | <b>731,759</b>         | <b>27,441,998</b>      | <b>31,866,768</b>       | <b>45,973,953</b>       | <b>10,343,089</b> | <b>(612,227)</b>         | <b>258,393,173</b> |

31-Dec-16

Audited

|                                                  | Land              | Building          | Land Improvements | Leasehold Improvements | Furniture and Fixtures | Machinery and Equipment | Transportation Vehicles | Waterlines   | Construction in Progress | Total              |
|--------------------------------------------------|-------------------|-------------------|-------------------|------------------------|------------------------|-------------------------|-------------------------|--------------|--------------------------|--------------------|
| <b>Cost</b>                                      |                   |                   |                   |                        |                        |                         |                         |              |                          |                    |
| Balances at beginning of year                    | 107,405,010       | 55,691,345        | 10,458,647        | 8,097,569              | 39,904,365             | 52,823,585              | 79,722,542              | 10,655,635   | -                        | 364,753,999        |
| Additions                                        | -                 | 135,431           | -                 | 2,104,039              | 29,122,100             | 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             | 68,486,465             | 64,462,208              | 115,880,676             | 0            | 14,480,148               | 447,196,840        |
| <b>Accumulated Depreciation and Amortization</b> |                   |                   |                   |                        |                        |                         |                         |              |                          |                    |
| Balances at beginning of year                    | -                 | 14,488,494        | 7,335,972         | 7,198,962              | 19,527,333             | 18,898,703              | 48,225,947              | 1,102,945    | -                        | 116,778,546        |
| Depreciation and Amortization                    | -                 | 4,199,852         | 1,552,729         | 632,481                | 8,266,311              | 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        |
| <b>Accumulated Impairment Losses</b>             |                   |                   |                   |                        |                        |                         |                         |              |                          |                    |
| 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          |
| <b>Net Book Value</b>                            | <b>98,435,010</b> | <b>37,138,429</b> | <b>1,569,946</b>  | <b>2,365,166</b>       | <b>41,136,654</b>      | <b>34,039,920</b>       | <b>59,461,916</b>       | <b>(0)</b>   | <b>14,480,148</b>        | <b>288,627,169</b> |

31-Dec-15

Audited

|                                                  | Audited           |                   |                   |                        |                        |                         |                         |                  |  |  | Construction in Progress | Total              |
|--------------------------------------------------|-------------------|-------------------|-------------------|------------------------|------------------------|-------------------------|-------------------------|------------------|--|--|--------------------------|--------------------|
|                                                  | Land              | Building          | Land Improvements | Leasehold Improvements | Furniture and Fixtures | Machinery and Equipment | Transportation Vehicles | Waterlines       |  |  |                          |                    |
| <b>Cost</b>                                      |                   |                   |                   |                        |                        |                         |                         |                  |  |  |                          |                    |
| Balances at beginning of year                    | 107,405,010       | 52,743,858        | 10,458,647        | 10,089,216             | 27,216,545             | 43,802,465              | 66,660,348              | 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        |
| <b>Accumulated Depreciation and Amortization</b> |                   |                   |                   |                        |                        |                         |                         |                  |  |  |                          |                    |
| 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        |
| <b>Accumulated Impairment Losses</b>             |                   |                   |                   |                        |                        |                         |                         |                  |  |  |                          |                    |
| 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          |
| <b>Net Book Value</b>                            | <b>98,435,010</b> | <b>41,202,851</b> | <b>3,122,675</b>  | <b>893,607</b>         | <b>20,377,143</b>      | <b>33,924,882</b>       | <b>31,496,595</b>       | <b>9,552,690</b> |  |  | <b>-</b>                 | <b>239,005,453</b> |

# 11. Investment Properties

This account consists of:

| 31-Mar-17<br>Unaudited                           |                    |                  |                   |                   |                    |
|--------------------------------------------------|--------------------|------------------|-------------------|-------------------|--------------------|
|                                                  | Land               | Building         | Land Improvements | Joint operations  | Total              |
| <b>Cost</b>                                      |                    |                  |                   |                   |                    |
| Balances at beginning of year                    | 224,635,194        | 8,832,630        | 90,084,348        | -                 | 323,552,172        |
| Additions                                        | 1,126,607          | -                | 34,971            | -                 | 1,161,579          |
| Transfers/Reclassification to REI                | -                  | -                | -                 | -                 | -                  |
| Balances at end of year                          | 225,761,801        | 8,832,630        | 90,119,320        | -                 | 324,713,751        |
| <b>Accumulated Depreciation and Amortization</b> |                    |                  |                   |                   |                    |
| Balances at beginning of year                    | -                  | 3,058,338        | 23,799,059        | -                 | 26,857,397         |
| Depreciation and Amortization                    | -                  | 110,408          | 1,126,346         | -                 | 1,236,754          |
| Balances at end of year                          | -                  | 3,168,746        | 24,925,405        | -                 | 28,094,151         |
| <b>Net Book Value</b>                            | <b>225,761,801</b> | <b>5,663,884</b> | <b>65,193,915</b> | <b>-</b>          | <b>296,619,600</b> |
| 31-Mar-16<br>Unaudited                           |                    |                  |                   |                   |                    |
|                                                  | Land               | Building         | Land Improvements |                   | Total              |
| <b>Cost</b>                                      |                    |                  |                   |                   |                    |
| Balances at beginning of year                    | 232,971,353        | 8,604,750        | 89,372,001        | -                 | 330,948,104        |
| Additions                                        | 4,995,959          | -                | -                 | 10,082,164        | 15,078,123         |
| Balances at end of year                          | 237,967,312        | 8,604,750        | 89,372,001        | 10,082,164        | 346,026,227        |
| <b>Accumulated Depreciation and Amortization</b> |                    |                  |                   |                   |                    |
| Balances at beginning of year                    | -                  | 2,627,152        | 19,309,682        | -                 | 21,936,834         |
| Depreciation and Amortization                    | -                  | 107,559          | 1,117,150         | -                 | 1,224,709          |
| Balances at end of year                          | -                  | 2,734,711        | 20,426,832        | -                 | 23,161,543         |
| <b>Net Book Value</b>                            | <b>237,967,312</b> | <b>5,870,039</b> | <b>68,945,169</b> | <b>10,082,164</b> | <b>322,864,683</b> |
| 31-Dec-16<br>Audited                             |                    |                  |                   |                   |                    |
|                                                  | Land               | Building         | Land Improvements |                   | Total              |
| <b>Cost</b>                                      |                    |                  |                   |                   |                    |
| 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        |
| <b>Accumulated Depreciation and Amortization</b> |                    |                  |                   |                   |                    |
| 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         |
| <b>Net Book Value</b>                            | <b>224,635,194</b> | <b>5,774,292</b> | <b>66,285,290</b> | <b>-</b>          | <b>296,694,775</b> |

|                                                  | 31-Dec-15<br>Audited |                  |                   |                    |
|--------------------------------------------------|----------------------|------------------|-------------------|--------------------|
|                                                  | Land                 | Building         | Land Improvements | Total              |
| <b>Cost</b>                                      |                      |                  |                   |                    |
| 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        |
| <b>Accumulated Depreciation and Amortization</b> |                      |                  |                   |                    |
| 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         |
| <b>Net Book Value</b>                            | <b>232,971,353</b>   | <b>5,977,598</b> | <b>70,062,319</b> | <b>309,011,270</b> |

## 12. Trade and Other Payables

This account consists of:

|                             | 31-Mar            |                   | 31-Dec          |                 |
|-----------------------------|-------------------|-------------------|-----------------|-----------------|
|                             | 2017<br>Unaudited | 2016<br>Unaudited | 2016<br>Audited | 2015<br>Audited |
| <b>Current</b>              |                   |                   |                 |                 |
| Trade and accounts payables | 1,777,940,355     | 1,283,523,244     | 1,344,015,931   | 1,171,035,888   |
| Accrued expenses            | 1,105,354,088     | 761,664,820       | 1,224,146,133   | 1,092,797,654   |
| Interest Payable            | 116,194,501       | 116,362,327       | 152,644,320     | -               |
| Retention payables          | 304,159,367       | 177,049,011       | 279,869,419     | 115,419,763     |
| Withholding tax payables    | 85,168,164        | 24,927,166        | 15,028,031      | 12,083,117      |
| Construction bonds          | 44,454,489        | 33,052,456        | 40,954,581      | 30,964,955      |
| Net out put tax             | 27,094,957        | 6,337,865         | 12,675,559      | 11,965,649      |
| Deferred Rent               | -                 | (2,976,191)       | -               | 7,440,476       |
| Others                      | 99,167,993        | 141,651,139       | 117,313,491     | 185,200,024     |
|                             | 3,559,533,913     | 2,541,591,837     | 3,186,647,464   | 2,626,967,526   |
| <b>Non-current</b>          |                   |                   |                 |                 |
| Trade and accounts payables | 31,816,667        | -                 | 31,816,667      | 31,816,667      |
| Deferred Rent               | -                 | -                 | -               | -               |
| Pension Liability           | 12,359,478        | 10,548,767        | 12,359,478      | 10,548,766      |
| Retention payables          | 26,057,512        | -                 | 26,057,512      | 26,057,512      |
| Others                      | -                 | -                 | -               | -               |
|                             | 70,233,657        | 10,548,767        | 70,233,657      | 68,422,945      |
|                             | 3,629,767,570     | 2,552,140,604     | 3,256,881,121   | 2,695,390,471   |

**13. Loans Payable**

This account consists of:

|                          | 31-Mar         |               | 31-Dec         |               |
|--------------------------|----------------|---------------|----------------|---------------|
|                          | 2016           | 2016          | 2016           | 2015          |
|                          | Unaudited      | Unaudited     | Audited        | Audited       |
| Short-term loans payable | 7,604,159,001  | 2,702,077,964 | 6,855,592,150  | 1,980,934,640 |
| Long-term loans payable  | 9,090,367,527  | 5,422,657,483 | 8,195,495,683  | 3,975,433,053 |
|                          | 16,694,526,528 | 8,124,735,447 | 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:

|                                             | 31-Mar        |               | 31-Dec        |               |
|---------------------------------------------|---------------|---------------|---------------|---------------|
|                                             | 2017          | 2016          | 2016          | 2015          |
|                                             | 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 |

**16. Revenue**

This account consists of:

|                               | Three Months Ended March 31 |               | Years Ended December 31 |               |
|-------------------------------|-----------------------------|---------------|-------------------------|---------------|
|                               | 2017                        | 2016          | 2016                    | 2015          |
|                               | Unaudited                   | Unaudited     | Audited                 | Audited       |
| Real estate                   |                             |               |                         |               |
| Low-cost mass housing         | 826,775,160                 | 1,874,669,650 | 6,713,552,558           | 7,764,731,679 |
| Medium-rise condominium units |                             |               |                         |               |
| Condominium units             | 242,914,700                 | 298,207,750   | 1,278,287,884           | 1,438,143,367 |
| Parking space                 | -                           | -             | -                       | 26,515,000    |
|                               | 242,914,700                 | 298,207,750   | 1,278,287,884           | 1,464,658,367 |
| High-rise condominium units   | 520,000,490                 |               | 1,117,488,610           |               |
|                               | 1,589,690,350               | 2,172,877,400 | 9,109,329,052           | 9,229,390,046 |
| Rental income                 | 2,366,774                   | 1,116,071     | 12,175,545              | 45,715,166    |
| Others                        | 2,077,171                   | 1,642,546     | 149,767,798             | 2,741,500     |
|                               | 1,594,134,294               | 2,175,636,017 | 9,271,272,394           | 9,277,846,712 |
| Sale of Timeshares            | -                           | -             | -                       | 1,874,007     |
|                               | 1,594,134,294               | 2,175,636,017 | 9,271,272,394           | 9,279,720,719 |

**17. Cost of Sales and Services**

This account consists of:

|                                | Three Months Ended March 31 |             | Years Ended December 31 |               |
|--------------------------------|-----------------------------|-------------|-------------------------|---------------|
|                                | 2017                        | 2016        | 2016                    | 2015          |
|                                | Unaudited                   | Unaudited   | Audited                 | Audited       |
| Real estate                    |                             |             |                         |               |
| Low-cost mass housing          | 319,784,653                 | 815,495,444 | 3,173,233,072           | 3,521,823,132 |
| Medium-rise condominium units  | 93,893,843                  | 107,125,991 | 490,075,085             | 609,086,149   |
| High rise condominium units    | 744,093,348                 |             | 534,581,202             |               |
|                                | 657,771,844                 | 922,621,435 | 4,197,889,359           | 4,130,909,281 |
| Cost of rental services        | 12,769                      | 98,591      | 188,033                 | 4,747,977     |
| Cost of others                 | 11,592,032                  | 23,163,147  | 72,438,807              | 38,664,969    |
|                                | 669,376,644                 | 945,883,173 | 4,270,516,199           | 4,174,322,227 |
| Timeshare and Hotel Operations |                             |             |                         |               |
| Timeshare                      | -                           | -           | -                       | -             |
|                                | 669,376,644                 | 945,883,173 | 4,270,516,199           | 4,174,322,227 |

**18. Operating Expenses**

This account consists of:

|                                             | Three Months Ended March 31 |             | Years Ended December 31 |               |
|---------------------------------------------|-----------------------------|-------------|-------------------------|---------------|
|                                             | 2017                        | 2016        | 2016                    | 2015          |
|                                             | Unaudited                   | Unaudited   | Audited                 | Audited       |
| Marketing and selling                       | 118,679,516                 | 130,193,069 | 573,809,569             | 615,381,901   |
| Documentation                               | 61,855,750                  | 69,554,939  | 277,251,338             | 324,848,386   |
| Taxes and licenses                          | 48,713,023                  | 60,808,566  | 184,701,005             | 193,922,576   |
| Salaries and employee benefits              | 25,369,053                  | 20,466,559  | 124,794,328             | 101,138,966   |
| Write-off of assets                         | -                           | -           | -                       | 3,810,970     |
| Provision for credit and impairment losses  | -                           | -           | 24,056,631              | 135,193,573   |
| Management and professional fees            | 2,846,751                   | 5,968,157   | 38,957,843              | 48,304,768    |
| Communication, light and water              | 7,033,313                   | 5,189,939   | 54,173,630              | 39,364,882    |
| Provision for (reversal of) probable losses | -                           | -           | (35,441,122)            | (79,469,175)  |
| Security, messengerial and janitorial       | 5,228,194                   | 5,361,902   | 51,257,375              | 30,977,348    |
| Depreciation and amortization               | 13,097,044                  | 10,482,451  | 47,605,365              | 35,839,138    |
| Transportation and travel                   | 6,010,491                   | 6,944,806   | 69,455,424              | 44,124,308    |
| Repairs and maintenance                     | 6,083,543                   | 8,482,232   | 80,066,404              | 58,565,085    |
| Entertainment, amusement and representation | 660,746                     | 964,344     | 32,492,154              | 35,577,302    |
| Donations and contributions                 | -                           | -           | -                       | 2,815,962     |
| Rent                                        | 5,761,411                   | 4,371,189   | 18,425,058              | 17,190,739    |
| Supplies                                    | 2,861,210                   | 1,390,083   | 10,480,813              | 8,889,408     |
| Insurance                                   | 2,040,742                   | -           | 10,499,549              | 4,978,683     |
| Provision for write-down                    | -                           | -           | -                       | 1,257,282     |
| Subscription dues and fees                  | 1,859,518                   | 39,715,164  | 6,347,650               | 59,943,285    |
| Miscellaneous                               | 7,329,870                   | 5,040,689   | 46,083,772              | 41,149,399    |
|                                             | 315,430,175                 | 374,934,089 | 1,615,016,785           | 1,723,804,786 |

**19. Finance Costs**

This account consists of:

|                                            | Three Months Ended March 31 |             | Years Ended December 31 |             |
|--------------------------------------------|-----------------------------|-------------|-------------------------|-------------|
|                                            | 2017                        | 2016        | 2016                    | 2015        |
|                                            | Unaudited                   | Unaudited   | Audited                 | Audited     |
| Borrowings                                 | 96,832,785                  | 185,485,570 | 381,457,656             | 584,598,153 |
| Accretion                                  | 5,259,117                   | 7,198,012   | 20,285,343              | 29,030,928  |
| Bonds                                      | 139,427,212                 |             | 559,872,606             |             |
| Bank charges                               | 1,817,868                   | 169,478     | 1,145,970               | 715,322     |
| Net interest expense on pension obligation |                             |             | 509,801                 | 328,027     |
|                                            | 243,336,982                 | 192,853,061 | 963,271,375             | 614,672,430 |

**20. Other Operating Income**

This account consists of:

|                                         | Three Months Ended March 31 |             | Years Ended December 31 |               |
|-----------------------------------------|-----------------------------|-------------|-------------------------|---------------|
|                                         | 2017                        | 2016        | 2016                    | 2015          |
|                                         | Unaudited                   | Unaudited   | Audited                 | Audited       |
| Interest Income from:                   |                             |             |                         |               |
| Installment contract receivables        | 393,376,315                 | 338,427,869 | 1,426,712,872           | 1,209,137,409 |
| Cash in banks and long term investments | 121,284                     | 224,494     | 1,830,336               | 1,623,424     |
| Income from AFS securities              |                             |             |                         | 53,010,870    |
| Gain on sale of AFS                     |                             |             | 65,029,540              |               |
| Penalties                               | 19,656,155                  | 8,209,211   | 30,621,170              | 20,864,114    |
| Water income                            | -                           | 481,768     | 3,433,330               | 7,111,199     |
| Collection service fees                 | 11,728,717                  | 9,080       | 134,496                 | 579,797       |
| Miscellaneous                           | 7,479,945                   | 84,710,630  | 13,152,316              | 54,041,047    |
|                                         | 432,362,416                 | 432,063,052 | 1,600,914,060           | 1,346,367,860 |

**21. Related Party Transactions**

This account consists of:

| 31-Mar-17<br>Unaudited        |                       |                          |                            |                                         |                          |
|-------------------------------|-----------------------|--------------------------|----------------------------|-----------------------------------------|--------------------------|
| Related Party                 | Nature of Transaction | Account                  | Outstanding Balance/Amount | Terms                                   | Conditions               |
| Entities under common control | Advances              | Due from related parties | 326,718,995                | Non-interest bearing, payable on demand | Unsecured, no impairment |
| Entities under common control | Advances              | Due to related parties   | 101,085,239                | Non-interest bearing, payable on demand | Unsecured                |
| 31-Mar-16<br>Unaudited        |                       |                          |                            |                                         |                          |
| Related Party                 | Nature of Transaction | Account                  | Outstanding Balance/Amount | Terms                                   | Conditions               |
| Entities under common control | Advances              | Due from related parties | 317,577,075                | Non-interest bearing, payable on demand | Unsecured, no impairment |
| Entities under common control | Advances              | Due to related parties   | 54,939,361                 | Non-interest bearing, payable on demand | Unsecured                |

2016  
Audited

| Related Party                 | Nature of Transaction | Account                  | Outstanding Balance/Amount | Terms                                   | Conditions               |
|-------------------------------|-----------------------|--------------------------|----------------------------|-----------------------------------------|--------------------------|
| 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                                   | Conditions               |
|-------------------------------|-----------------------|--------------------------|----------------------------|-----------------------------------------|--------------------------|
| 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                |

## 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. for three months ended March 31, 2017 and 2016, both unaudited.

| Consolidated Balance Sheet | As of March 31, 2017 | As of March 31, 2016 | Increase       |         |
|----------------------------|----------------------|----------------------|----------------|---------|
|                            | Unaudited            | Unaudited            | Amount         | %       |
| Total Assets               | 49,270,023,881       | 37,701,540,911       | 11,568,482,970 | 30.68%  |
| Current Assets             | 12,761,964,147       | 9,930,044,513        | 2,831,919,633  | 28.52%  |
| Trade Receivables          | 21,905,796,753       | 19,665,566,229       | 2,240,230,524  | 11.39%  |
| Total Liabilities          | 30,651,082,265       | 20,706,749,521       | 9,944,332,744  | 48.02%  |
| Current Liabilities        | 12,038,348,154       | 5,946,809,817        | 6,091,538,336  | 102.43% |
| Loans Payable              | 16,694,526,528       | 8,124,735,447        | 8,569,791,081  | 105.48% |
| Stockholder's Equity       | 18,618,941,616       | 16,994,791,390       | 1,624,150,226  | 9.56%   |

Table below shows comparative consolidated statement of income financial highlights of 8990 Holdings, Inc. for three months ended March 31, 2017 and 2016, both unaudited.

| Consolidated Statements of Income | As of March 31, 2017 | As of March 31, 2016 | Increase      |         |
|-----------------------------------|----------------------|----------------------|---------------|---------|
|                                   | Unaudited            | Unaudited            | Amount        | %       |
| Revenue                           | 1,594,134,294        | 2,175,636,017        | (581,501,722) | -26.73% |
| Gross Income                      | 924,757,650          | 1,229,752,844        | (304,995,193) | -24.80% |
| Operating Expenses                | 315,430,175          | 374,934,089          | (59,503,914)  | -15.87% |
| Net Operating Income              | 609,327,475          | 854,818,755          | (245,491,280) | -28.72% |
| EBITDA                            | 1,064,670,888        | 1,297,364,258        | (232,693,370) | -17.94% |
| Net Income Before Tax             | 808,236,862          | 1,094,028,746        | (285,791,884) | -26.12% |
| Net Income After Tax              | 736,207,322          | 1,031,687,309        | (295,479,987) | -28.64% |

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

| Key Performance Indicators | As of March 31, 2017 | As of March 31, 2016 | Bond Covenant |
|----------------------------|----------------------|----------------------|---------------|
|                            | Unaudited            | Unaudited            |               |
| Current Ratio              | 1.06                 | 1.67                 | minimum 1.0   |
| Book Value Per Share       | 3.37                 | 3.08                 |               |
| Debt to Equity Ratio       | 1.65                 | 1.22                 | maximum 1.5   |
| Net Debt to Equity Ratio   | 0.92                 | 0.82                 |               |
| Asset to Equity Ratio      | 2.65                 | 2.22                 | minimum 1.25  |
| Asset to Debt Ratio        | 1.61                 | 1.82                 |               |
| Debt Service Ratio         | 1.98                 | 1.45                 | minimum 1.25  |
| Interest Coverage Ratio    | 6.39                 | 4.61                 |               |

| Key Performance Indicators | As of March 31, 2017 | As of March 31, 2016 |
|----------------------------|----------------------|----------------------|
|                            | Unaudited            | Unaudited            |
| Gross Margin               | 58.01%               | 56.52%               |
| EBITDA Margin              | 66.79%               | 59.63%               |
| Net Income Margin          | 46.18%               | 47.42%               |

## **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**

### ***Three months ended March 31, 2017 compared to three months ended March 31, 2016***

#### ***Revenue***

For the three months ended March 31, 2017, the Company recorded consolidated revenue of PhP1,594 million, a decrease of 27% from consolidated revenue of PhP2,176 million recorded for the three months ended March 31, 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 three months ended March 31, 2017 was PhP669 million, a decrease of 29% from consolidated cost of sales and services of PhP946 million recorded for the three months ended March 31, 2016. The decrease was mainly attributable to decreased sales recorded for the period.

#### ***Gross Income***

The Company's consolidated gross income for the three months ended March 31, 2017 was PhP935 million, an increase from consolidated gross income of PhP1,230 million recorded for the three months ended March 31, 2016. The Company's gross income margin for the three months ended March 31, 2017 was 58.3%, compared to a gross income margin of 56.5% recorded for the three months ended March 31, 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 three months ended March 31, 2017, the Company recorded consolidated operating expenses of PhP315 million, a decrease of 16% from consolidated operating expenses of PhP375 million recorded for the three months ended March 31, 2016.

#### ***Finance Costs***

The Company's consolidated finance costs for the three months ended March 31, 2017 were PhP243 million, an increase from consolidated finance costs of PhP193 million recorded for the three months ended March 31, 2016. The increase was mainly attributable to interest expense resulting from the Company's increased level of debt.

#### ***Other Operating Income***

For the three months ended March 31, 2017, the Company recorded consolidated other income of PhP432 million, about the same level from the consolidated other income of PhP432 million recorded for the three months ended March 31, 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 three months ended March 31, 2017 was PhP808 million, an increase from consolidated income before income tax of PhP1,094 million recorded for the three months ended March 31, 2016.

### *Provision for Income Tax*

The Company's consolidated provision for income tax for the three months ended March 31, 2017 was PhP72 million, a decrease from consolidated provision for income tax of PhP62 million recorded for the three months ended March 31, 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 three months ended March 31, 2017 was PhP736 million, a slight increase from consolidated net income of PhP1,032 million recorded for the three months ended March 31, 2016. The Company's consolidated net income margin for the three months ended March 31, 2017 was 45.9%, compared to a consolidated net income margin of 47.4% for the three months ended March 31, 2016.

### **Financial Position**

#### ***As at March 31, 2017 compared to as at March 31, 2016***

#### ***Assets***

##### *Cash on Hand and in Banks*

The Company's consolidated cash on hand and in banks were PhP791 million as at March 31, 2017, a decrease from consolidated cash on hand and in banks of PhP457 million as at March 31, 2016.

##### *Current portion of trade and other receivables*

The Company's consolidated current portion of trade and other receivables were PhP1,589 million as at March 31, 2017, an increase of 3% from consolidated current portion of trade and other receivables of PhP1,550 million as at March 31, 2016.

##### *Inventories*

The Company's consolidated inventories were PhP8,268 million as at March 31, 2017, an increase of 70% from consolidated inventories of PhP4,861 million as at March 31, 2016.

##### *Due from related parties*

The Company's consolidated due from related parties were PhP327 million as at March 31, 2017, slight increase from consolidated due from related parties of PhP318 million as at March 31, 2016.

##### *Other current assets*

The Company's consolidated other current assets were PhP1,787 million as at March 31, 2017, a significant decrease from consolidated other current assets of PhP2,745 million as at March 31, 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 PhP20,317 million as at March 31, 2017, an increase from consolidated trade and other receivables - net of

current portion of PhP18,116 million as at March 31, 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 PhP13,726 million as at March 31, 2017, an increase from consolidated land held for future development of PhP7,751 million as at March 31, 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 PhP286 million as at March 31, 2017, an increase from consolidated property and equipment of PhP247 million as at March 31, 2016.

*Investment properties*

The Company's consolidated investment properties were PhP297 million as at March 31, 2017, a decrease from consolidated investment properties of PhP323 million as at March 31, 2016.

*Investment in shares*

The Company's consolidated investment in shares was nil as at March 31, 2017.

*Other noncurrent assets*

The Company's other noncurrent assets were PhP725 million as at March 31, 2017, an increase from other noncurrent assets of PhP157 million as at March 31, 2016.

**Liabilities**

*Current portion of trade and other payables*

The Company's consolidated current portion of trade and other payables were PhP3,560 million as at March 31, 2017, an increase from consolidated current portion of trade and other payables of PhP2,552 million as at March 31, 2016.

*Current portion of loans payable*

The Company's consolidated current portion of loans payable were PhP7,604 million as at March 31, 2017, an increase from consolidated current portion of loans payable of PhP2,702 million as at March 31, 2016. The decrease was due to decreased short-term borrowing of the Company.

*Deposits from customers*

The Company's consolidated deposits from customers were PhP482 million as at March 31, 2017, an increase from consolidated deposits from customers of PhP377 million as at March 31, 2016.

*Due to related parties*

The Company's consolidated due to related parties were PhP101 million as at March 31, 2017, an increase from consolidated due to related parties of PhP55 million as at March 31, 2016.

#### *Income tax payable*

The Company's consolidated income tax payable was PhP291 million as at March 31, 2017, an increase from consolidated income tax payable of PhP261 million as at March 31, 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 March 31, 2017, a decrease from consolidated trade and other payables - net of current portion of PhP11 million as at March 31, 2016.

#### *Loans payable - net of current portion*

The Company's consolidated loans payable - net of current portion was PhP9,090 million as at March 31, 2017, an increase from consolidated loans payable - net of current portion of PhP5,422 million as at March 31, 2016. The Company entered into additional loan transactions during the quarter to fund purchase of land for future development.

#### *Deferred tax liability*

The Company's consolidated deferred tax liability was PhP540 million as at March 31, 2017, an increase from consolidated deferred tax liability of PhP435 million as at March 31, 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 from operating activities were PhP715 million and PhP345 million for the periods ended March 31, 2017 and March 31, 2016, respectively.

***Cash flows used in investing activities***

Consolidated net cash flow used in investing activities for the periods ended March 31, 2017 and March 31, 2016 were PhP787 million and PhP1,190 million, respectively.

For the three months ended March 31, 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 March 31, 2017 and March 31, 2016 were PhP160 million and PhP702 million, respectively.

**PART II--OTHER INFORMATION**

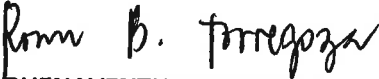
There is no material information to be reported by the Company aside from those reported in SEC 17C.

## 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 BUENAVENTURA-TORREGOZA**  
Chief Finance Officer

Date: