



107252016000765



SECURITIES AND EXCHANGE COMMISSION

SEC Building, EDSA, Greenhills, Mandaluyong City, Metro Manila, Philippines
Tel: (632) 726-0931 to 39 Fax: (632) 725-5293 Email: mis@sec.gov.ph

Barcode Page

The following document has been received:

Receiving Officer/Encoder : Ma. Theresa D. Mabuyo

Receiving Branch : SEC Head Office

Receipt Date and Time : July 25, 2016 01:37:47 PM

Received From : Head Office

Company Representative

Doc Source

Company Information

SEC Registration No. CS200511816
Company Name 8990 HOLDINGS, INC.
Industry Classification Wholesale On A Free Or Contract Basis
Company Type Stock Corporation

Document Information

Document ID 107252016000765
Document Type 17-Q (FORM 11-Q: QUARTERLY REPORT/FS)
Document Code 17-Q
Period Covered June 30, 2016
Nu. of Days Late 0
Department CFD
Remarks

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 .

[Empty grid for name continuation]

[Empty grid for name continuation]

[Empty grid for name continuation]

(Company's Full Name)

1 1 F L I B E R T Y C E N T E R , 1 0 4 H V D E L A

C O S T A , S A L C E D O V I L L A G E , M A K A T I

[Empty grid for address continuation]

[Empty grid for address continuation]

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

Roan Buenaventura-Torregoza
Acting Chief Finance Officer

Contact Person/s

(632) 4789659/5333915/5333917

Company Telephone Number

0 6

Month

3 0

Day

Calendar Year

SEC Form 17-Q
June 30, 2016

FORM TYPE

0 7

Month

2 8

Day

Annual Meeting

[Empty box for Secondary License Type]

Secondary License Type, If Applicable

[Empty box for Dept. Requiring this Doc.]

Dept. Requiring this Doc.

[Empty box for Amended Articles Number/Section]

Amended Articles Number/Section

33

Total No. of Stockholders

30

Domestic

3

Foreign

To be accomplished by SEC Personnel concerned

[Empty box for File Number]

File Number

LCU

[Empty box for Document I.D.]

Document I.D.

Cashier

STAMPS

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended June 30, 2016

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: (SLC 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)

	30-Jun		31-Dec	
	2016 Unaudited	2015 Unaudited	2015 Audited	2014 Audited
ASSETS				
Current Assets				
Cash on hand and in banks	319,802,325	502,671,583	600,230,905	605,148,136
Current portion of trade and other receivables	1,398,583,590	1,240,457,236	1,502,055,562	947,623,417
Inventories	5,520,190,899	3,275,630,161	5,092,332,659	3,078,106,185
Due from related parties	499,564,531	375,437,370	289,716,995	133,418,914
Current portion of available-for-sale securities	-	1,155,111,934	-	1,155,111,934
Other current assets	2,279,567,486	892,811,847	2,025,188,139	572,834,495
Total Current Assets	10,017,708,832	7,442,120,131	9,509,524,260	6,492,243,081
Noncurrent Assets				
Trade and other receivables - net of current portion	19,704,170,759	16,216,537,109	17,565,634,589	13,477,108,808
Available for sale securities	1,175,052,196	23,745,500	1,178,187,216	23,745,500
Land held for future development	10,727,565,372	8,161,234,452	6,593,194,295	6,527,048,427
Property and equipment	774,373,365	730,919,179	739,005,453	227,132,351
Investment properties	323,002,263	293,866,762	309,011,270	296,316,181
Other noncurrent assets	683,350,953	120,789,824	682,682,007	103,108,026
Total Noncurrent Assets	32,887,464,908	25,047,092,826	26,567,714,830	20,654,459,293
	42,905,173,740	32,489,212,958	36,077,239,090	27,146,702,374
LIABILITIES AND EQUITY				
Current Liabilities				
Current portion of trade and other payables	2,507,953,659	2,947,077,845	2,626,967,526	2,225,801,812
Current portion of loans payable	4,121,395,838	3,368,353,774	1,980,934,640	2,380,816,677
Deposits from customers	278,378,098	249,591,051	411,732,827	274,371,315
Due to related parties	89,843,799	308,167,921	114,212,864	369,019,267
Income tax payable	65,596,353	124,281,548	213,934,544	137,315,630
Total Current Liabilities	7,063,167,748	6,997,472,139	5,347,782,401	5,387,324,701
Noncurrent Liabilities				
Trade and other payables - net of current portion	73,607,436	12,275,843	68,422,945	18,288,452
Loans payable - net of current portion	8,271,011,526	9,057,414,217	3,975,433,053	6,453,061,864
Bonds payable	8,896,466,108	-	8,886,496,988	-
Deferred tax liability	456,501,942	398,813,991	456,501,942	398,813,991
Total Noncurrent Liabilities	17,697,587,012	9,468,504,052	13,386,854,928	6,870,164,307
Total Liabilities	24,760,754,760	16,465,976,190	18,734,637,329	12,257,489,008
Equity				
Capital Stock	5,517,990,720	5,517,990,720	5,517,990,720	5,517,990,720
Additional paid-in capital	4,400,126,855	4,400,126,855	4,400,126,855	4,400,126,855
Remeasurement loss on pension plan	(5,116,942)	(3,559,308)	(5,116,942)	(3,559,308)
Retained earnings	8,231,418,347	6,108,678,500	7,429,601,128	4,974,655,099
Total Equity	18,144,418,980	16,023,236,767	17,342,601,761	14,889,213,366
	42,905,173,741	32,489,212,958	36,077,239,090	27,146,702,374

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

	For six months ended June 30		For three months ended June 30	
	2016 Unaudited	2015 Unaudited	2016 Unaudited	2015 Unaudited
Revenue	4,735,343,305	4,448,863,268	2,561,349,834	2,480,237,609
Cost of Sales and Services	2,009,994,863	1,820,941,757	1,064,111,690	1,007,580,687
Gross Income	2,725,348,441	2,627,921,512	1,497,238,144	1,472,656,922
Operating Expenses	787,991,714	733,800,420	463,122,346	367,626,101
Net Operating Income	1,937,356,728	1,894,121,092	1,034,115,798	1,105,030,822
Finance Costs	(411,202,226)	(218,898,691)	(218,351,615)	(124,883,883)
Other Income	750,640,833	613,263,322	367,003,235	328,848,752
Income Before Income Tax from Continuing Operations	2,276,795,335	2,288,485,722	1,182,767,417	1,308,995,691
Provision for Income Tax	95,480,436	186,394,318	33,139,828	118,809,176
Income from Continuing Operations Income Before Income Tax from Discontinuing Operations	2,181,314,899	2,102,091,404	1,149,627,589	1,190,186,515
Net Income	2,181,314,899	2,127,261,732	1,149,627,589	1,190,186,515
Other Comprehensive Loss	-	-	-	-
Total Comprehensive Income	2,181,314,899	2,127,261,732	1,149,627,589	1,190,186,515

8990 HOLDINGS, INC. AND SUBSIDIARIES

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

For six months ended June 30, 2016

	Capital Stock	Subscribed Capital Stock	Additional Paid in Capital	Equity Reserve	Other		Retained Earnings	Total
					Comprehensive Loss	Comprehensive Loss		
Balance at January 1, 2016	5,517,990,720	-	4,400,126,855	-	(5,116,942)	7,429,601,128	17,342,601,761	
Cash dividends declared by the Parent Company	-	-	-	-	-	(1,379,497,680)	(1,379,497,680)	
Total comprehensive income (loss)	-	-	-	-	-	2,181,314,899	2,181,314,899	
Balance at March 31, 2015	5,517,990,720	-	4,400,126,855	-	(5,116,942)	8,231,418,347	18,144,418,980	
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	
Balance at January 1, 2014	4,655,804,670	-	-	-	(1,432,534)	1,941,475,048	6,595,847,184	
Issuance of shares through follow-on offering	862,186,050	-	4,400,126,855	-	-	-	5,262,312,905	
Cash dividends declared by the Parent Company	-	-	-	-	-	(275,899,536)	(275,899,536)	
Total comprehensive income (loss)	-	-	-	-	(2,126,774)	3,309,079,587	3,306,952,813	
Balance at December 31, 2014	5,517,990,720	-	4,400,126,855	-	(3,559,308)	4,974,655,099	14,889,213,366	
Balance at January 1, 2013	221,866,669	-	190,748,328	3,024,273,168	-	511,126,856	3,948,015,021	
Stock dividends issued by a subsidiary	-	-	-	420,000,000	-	(420,000,000)	-	
Issuance of shares through Shares Swap	3,968,357,534	-	(190,748,328)	(3,444,273,168)	-	(333,336,038)	-	
Issuance of shares by Parent Company	465,580,467	-	-	-	-	-	465,580,467	
Total comprehensive income (loss)	-	-	-	-	(1,432,534)	2,183,684,230	2,182,251,696	
Balance at December 31, 2013	4,655,804,670	-	-	-	(1,432,534)	1,941,475,048	6,595,847,184	
Balance at January 1, 2012	181,866,669	25,000,000	129,948,328	306,935,003	-	624,290,825	1,268,040,825	
Issuance of shares by Parent Company	40,000,000	(25,000,000)	60,800,000	(75,800,000)	-	-	-	
Effect of acquisition of net assets of accounting acquiree (Parent Company)	-	-	-	(12,011,835)	-	-	(12,011,835)	
Cash dividends declared by a subsidiary	-	-	-	-	-	(400,000,000)	(400,000,000)	
Stock dividends issued by a subsidiary	-	-	-	1,417,650,000	-	(1,417,650,000)	-	
Issuance of shares by a Subsidiary	-	-	-	1,387,500,000	-	-	1,387,500,000	
Total comprehensive income (loss)	-	-	-	-	-	1,704,486,031	1,704,486,031	
Balance at December 31, 2012	221,866,669	-	190,748,328	3,024,273,168	-	511,126,856	3,948,015,021	

For six months ended June 30, 2015

	Capital Stock	Subscribed Capital Stock	Additional Paid in Capital	Equity Reserve	Other Comprehensive			Total
					Loss	Retained Earnings		
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	-	-	-	-	-	(993,238,330)	(993,238,330)	
Total comprehensive income (loss)	-	-	-	-	-	937,075,217	937,075,217	
Balance at March 31, 2015	5,517,990,720	-	4,400,126,855	-	(3,559,308)	4,918,491,986	14,833,050,253	

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

	For six months ended June 30		For years ended December 31	
	2016 Unaudited	2015 Unaudited	2015 Unaudited	2014 Audited
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax	2,276,795,335	2,313,656,050	4,134,418,070	3,613,817,934
Adjustments for:				
Interest income	(694,475,234)	(575,768,136)	(1,210,782,426)	(901,811,810)
Finance cost	410,870,718	218,576,189	614,688,045	395,931,324
Write-off of assets	-	-	3,810,970	-
Provision for credit and impairment losses	-	-	143,207,061	130,857,268
Provision for (reversal of) probable losses	-	-	(79,469,175)	77,282,541
Depreciation and amortization	21,778,823	18,057,430	35,839,138	36,629,536
Amortization of bond issue costs	9,969,120	-	8,839,101	-
Provision for write-down	-	-	1,257,282	22,200,000
Loss (gain) on repossession	-	-	38,664,969	56,972,328
Gain on sale of AFS securities	-	-	(1,874,007)	-
Gain on sale of assets	-	-	(571,399)	(10,941,940)
Pension expense	-	-	1,595,596	1,387,016
Unrealized foreign exchange loss	-	-	14,101	2,879
Operating income before changes in working capital	2,021,938,762	1,974,521,533	3,688,637,326	3,422,325,068
Changes in operating assets and liabilities				
Decrease (increase) in:				
Trade and other receivables	(2,035,064,198)	(3,032,262,120)	(4,761,221,198)	(3,549,968,401)
Inventories	(427,858,240)	(197,523,970)	(683,306,872)	(1,409,090,313)
Other assets	(255,040,064)	(337,659,150)	(2,086,843,036)	(284,466,528)
Increase (decrease) in:				
Trade and other payables	(113,829,376)	715,263,424	667,256,278	(1,051,343,269)
Deposits from customers	(133,354,729)	(24,780,264)	137,361,511	226,624,552
Net cash used in operations	(940,207,845)	(902,440,554)	(3,037,115,991)	(2,645,926,891)
Interest received	694,390,118	575,617,792	1,213,020,188	901,811,810
Interest paid	(410,870,718)	(218,576,189)	-140,683,474	-385,211,596
Income tax paid	(243,733,510)	(199,278,065)	-250,052,366	-30,455,229
Net cash used in operating activities	(900,421,955)	(744,677,016)	(2,214,831,643)	(2,159,781,906)
CASH FLOWS FROM INVESTING ACTIVITIES				
Sale (Acquisitions) of:				
Land held for future development	(4,134,371,077)	(1,634,186,025)	(1,454,581,648)	(3,618,606,774)
Available-for-sale securities	3,135,020	-	-	(788,755,357)
Property and equipment	(54,655,158)	(19,405,824)	(47,442,303)	(63,785,065)
Investment properties	-	-	-	(80,210)
Proceeds from (Acquisition of) Investment properties	(16,440,797)	-	-	-
Proceeds from:				
Disposal of building and hotel improvements	-	-	-	-
Maturities/termination of long term investments	-	-	-	-
Sale of unquoted debt securities classified as loans	-	-	-	-
Sale of available for sale securities	-	-	2,544,225	-
Disposal of property and equipment	-	10,993	508,687	350,381,830
Net cash outflow from disposal of investment in a subsidiary	-	-	-	-
Net cash inflow from acquisition of net assets of acquiree	-	-	-	-
Net cash used in investing activities	(4,202,332,012)	(1,653,580,856)	(1,498,971,039)	(4,120,845,576)
CASH FLOWS FROM FINANCING ACTIVITIES				
Availment/retirement of loans payable	6,436,039,672	3,591,889,450	(3,491,155,544)	1,521,040,226
Issuance of corporate bonds	-	-	8,877,657,887	-
Issuance of shares	-	-	-	5,262,312,905
Decrease (increase) in the amount of due from related parties	(209,847,536)	(242,018,456)	(153,658,524)	(373,217,602)
Increase (decrease) in the amount of due to related parties	(24,369,065)	(60,851,346)	(254,806,403,00)	502,502,412.00
Payment of cash dividends	(1,379,497,680)	(993,238,330)	(1,269,137,866)	(275,899,536)
Net cash provided by financing activities	4,822,325,390	2,295,781,318	3,708,899,550	6,636,738,405
Effect of changes in foreign exchange rates on hand and in bank	-	-	(14,101)	(2,879)
Net increase (decrease) in cash on hand and in banks	(280,428,578)	(102,476,553)	(4,917,233)	356,108,044
Cash Balance at the beginning of the year	600,230,903	605,148,136	605,148,136	249,040,092
Cash Balance at the end of the year	319,802,325	502,671,583	600,230,903	605,148,136

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, 2015.

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, 2015.

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:

	30-Jun		31-Dec	
	2016	2015	2015	2014
	Unaudited	Unaudited	Audited	Audited
Cash on hand	1,544,598	1,123,498	2,394,766	3,318,393
Cash in banks	318,257,727	501,548,086	597,836,139	601,829,743
	319,802,325	502,671,583	600,230,905	605,148,136

5. Trade and Other Receivables

This account consists of:

	30-Jun		31-Dec	
	2016 Unaudited	2015 Unaudited	2015 Audited	2014 Audited
Trade Receivables				
Installment contract receivables	929,822,637	765,244,246	1,201,317,283	635,973,013
Others	9,993,588	17,985,688	13,509,864	12,527,462
Advances to external marketing managers	60,874,416	40,136,994	72,528,405	40,310,909
Retention Receivables	256,134,823	165,207,095	215,629,479	133,351,614
Receivables from employees	217,085,616	184,700,742	132,791,687	111,775,722
Other Receivables	162,666,745	194,555,845	101,404,509	141,058,071
	1,636,577,823	1,367,830,610	1,737,181,227	1,074,996,791
Less: Allowance for impairment losses	237,994,233	127,373,374	235,125,665	127,373,374
	1,398,583,590	1,240,457,236	1,502,055,562	947,623,417
Non current				
Trade Receivables				
Installment contract receivables	19,704,170,759	16,216,537,109	17,565,634,589	13,477,108,808
Retention Receivables				
	19,704,170,759	16,216,537,109	17,565,634,589	13,477,108,808
	21,102,754,349	17,456,994,345	19,067,090,151	14,424,732,225

Ninety three percent (93%) of total receivables of the Company are on long-term basis. Current portion of installment contract receivables stands at PhP929.82 million which pertains to portion of receivables from buyers due within one (1) year.

6. Inventories

This account consists of:

	30-Jun		31-Dec	
	2016 Unaudited	2015 Unaudited	2015 Audited	2014 Audited
Real estate inventories				
Low-cost mass housing	3,417,690,957	2,798,196,338	3,444,857,924	2,935,975,193
Medium-rise condominium units	784,316,741	358,023,695	238,275,698	80,160,171
High-rise condominium units	1,318,183,201	119,410,128	1,409,199,037	61,970,821
	5,520,190,899	3,275,630,161	5,092,332,659	3,078,106,185
Timeshares	-	-	-	-
	5,520,190,899	3,275,630,161	5,092,332,659	3,078,106,185

7. Available for Sale Securities

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

8. Other Assets

This account consists of:

	30-Jun		31-Dec	
	2016 Unaudited	2015 Unaudited	2015 Audited	2014 Audited
Current				
Advances to contractors and brokers	1,063,821,706	874,542,088	765,559,684	565,281,388
Input tax	177,170,847	56,916,754	60,789,182	51,273,314
Advances to landowners	992,788,948	-	1,155,852,449	-
Creditable withholding tax	33,773,657	11,432,962	25,974,944	9,109,233
Prepaid expenses	67,387,531	5,032,716	33,478,986	2,347,706
Others	-	71,619	38,908,097	7,147
	2,334,942,689	947,996,140	2,080,563,342	628,018,788
Less: Allowance for impairment losses	55,375,203	55,184,293	55,375,203	55,184,293
	2,279,567,486	892,811,847	2,025,188,139	572,834,495
Non-current				
Deposits	126,028,604	113,541,406	122,959,182	95,859,608
AFS Equity Investments				
Advances to contractors and brokers	546,564,867	-	546,564,867	
Software cost	1,492,522	1,492,522	1,492,522	1,492,522
Others	11,776,934	8,267,870	14,177,410	8,267,870
	685,862,927	123,301,798	685,193,981	105,620,000
Less: Allowance for impairment losses	2,511,974	2,511,974	2,511,974	2,511,974
	683,350,953	120,789,824	682,682,007	103,108,026
	2,962,918,439	1,013,601,671	2,707,870,146	675,942,521

9. Land Held for Future Development

This account consists of:

	30-Jun		31-Dec	
	2016 Unaudited	2015 Unaudited	2015 Audited	2014 Audited
Balance at beginning of year	6,593,194,295	6,527,048,427	6,527,048,427	3,784,727,576
Land acquired during the year	4,423,165,171	3,108,985,719	1,454,581,648	3,618,606,775
Transfers/Reclassification	(287,536,811)	(1,474,799,694)	(1,387,178,498)	(854,085,924)
Provision for write down	(1,257,282)	-	(1,257,282)	(22,200,000)
Balance at end of year	10,727,565,372	8,161,234,452	6,593,194,295	6,527,048,427

10. Property and Equipment

This account consists of:

30-Jun-16
Unaudited

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

30-Jun-15

Unaudited

Cost	Land	Building	Land Improvements	Leasehold Improvements	Furniture and Fixtures	Equipment	Transportation vehicles	Waterlines	Construction in Progress	Total
Balances at beginning of year	107,405,010	52,743,858	10,458,647	10,089,216	27,216,545	43,302,465	66,560,348	2,821,648	1,339,286	322,537,023
Additions	-	-	-	-	2,614,494	3,337,000	5,336,287	769,966	-	12,557,747
Transfers/Disposals	-	1,339,286	-	-	-	(5,958)	-	-	(1,339,286)	(5,958)
Balances at end of year	107,405,010	54,083,144	10,458,647	10,089,216	29,831,039	47,333,507	71,996,635	3,591,614	-	335,088,812
Accumulated Depreciation and Amortization	-	-	-	-	-	-	-	-	-	-
Balances at beginning of year	-	11,937,783	5,513,742	7,940,969	15,019,184	9,272,259	39,393,912	47,823	-	89,125,672
Depreciation and Amortization	-	542,439	522,933	486,678	1,023,574	1,338,816	2,623,175	159,429	-	7,012,084
Transfers/Disposals	-	-	-	-	-	(5,035)	-	-	-	(5,035)
Balances at end of year	-	12,480,222	6,036,675	8,427,647	16,042,758	10,321,050	42,017,087	207,252	-	96,132,721
Accumulated Impairment Losses	-	-	-	-	-	-	-	-	-	-
Balances at beginning of year	6,279,000	-	-	-	-	-	-	-	-	6,279,000
Provision for impairment loss	-	-	-	-	-	-	-	-	-	-
Balances at end of year	6,279,000	-	-	-	-	-	-	-	-	6,279,000
Net Book Value	101,126,010	41,602,922	4,421,972	1,661,569	13,788,281	36,712,427	29,979,549	3,384,362	-	232,677,091