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**SECURITIES AND EXCHANGE COMMISSION**

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Received From : Head Office

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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 108142018001823
Document Type 17-Q (FORM 11-Q: QUARTERLY REPORT/FS)
Document Code 17-Q
Period Covered June 30, 2018
No. 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 .

(Company's Full Name)

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

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

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

Roan Buenaventura-Torregoza
Chief Finance Officer

Contact Person/s

(632) 4789659/5333915/5333917

Company Telephone Number

0 6

Month

3 0

Day

Calendar Year

SEC Form 17-Q
June 30, 2018

FORM TYPE

0 7

Month

2 8

Day

Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

37

Total No. of Stockholders

33

Domestic

4

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended **June 30, 2018**
2. Commission identification number **CS 2005 11 816**
3. BIR Tax Identification No **239-508-223-000**
4. Exact name of issuer as specified in its charter
8990 HOLDINGS, INC.
5. Province, country or other jurisdiction of incorporation or organization **Metro Manila, Philippines**
6. Industry Classification Code: (SEC Use Only)
7. Address of issuer's principal office Postal Code
11F Liberty Center, 104 HV Dela Costa, Salcedo Village, Makati City, 1200 Philippines
8. Issuer's telephone number, including area code **(632) 4789659/5333915/5333917**
9. Former name, former address and former fiscal year, if changed since last report **N/A**
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
Common	5,517,990,720
Preferred	50,000,000
Fixed Rate Bonds	9,000,000,000

11. Are any or all of the securities listed on a Stock Exchange?
Yes [V] No []

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

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

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)

Yes [☒] No [☐]

(b) has been subject to such filing requirements for the past ninety (90) days.

Yes [☒] No [☐]

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

8990 HOLDINGS, INC AND SUBSIDIARIES

Unaudited Consolidated Statements of Financial Position (in Philippine Peso)

	30-Jun		31-Dec	
	2018	2017	2017	2016
	Unaudited	Unaudited	Audited	Audited
ASSETS				
Current Assets				
Cash on hand and in banks	125,559,988	512,734,789	1,377,420,295	703,809,205
Current portion of trade and other receivables	2,633,441,612	1,453,315,310	2,406,655,085	2,231,153,472
Inventories	13,993,450,925	9,513,389,950	13,022,453,240	9,086,798,479
Due from related parties	572,273,125	383,254,160	535,632,842	228,413,454
Current portion of available-for-sale securities	-	-	-	-
Other current assets	2,643,272,755	1,839,549,563	1,905,264,159	1,349,268,811
Total Current Assets	19,967,998,405	13,702,243,772	19,247,425,621	13,599,443,422
Noncurrent Assets				
Trade and other receivables - net of current portion	20,911,102,141	19,693,514,374	20,640,381,897	20,526,963,325
Available for sale securities	1,148,307,247	1,156,428,004	1,152,777,080	1,160,774,129
Land held for future development	12,982,006,007	13,769,404,187	12,718,820,927	11,177,322,008
Property and equipment	298,137,012	292,129,768	309,644,896	288,627,169
Investment properties	185,754,855	295,320,112	295,792,181	296,694,775
Investment in shares	-	-	-	-
Other noncurrent assets	833,662,174	767,760,010	615,643,344	722,859,686
Total Noncurrent Assets	36,358,969,436	35,974,556,455	35,733,060,325	34,173,241,092
	56,326,967,841	49,676,800,227	54,980,485,946	47,772,684,514
LIABILITIES AND EQUITY				
Current Liabilities				
Current portion of trade and other payables	3,886,467,226	3,033,841,886	4,398,716,425	3,186,647,457
Current portion of loans payable	6,765,268,024	7,919,082,144	6,208,504,304	6,855,592,150
Deposits from customers	373,853,578	433,441,402	441,475,759	429,030,305
Due to related parties	129,452,688	123,905,226	131,669,888	107,151,377
Income tax payable	59,855,866	133,137,318	142,101,217	219,428,101
Total Current Liabilities	11,214,897,382	11,643,407,976	11,322,467,593	10,797,849,390
Noncurrent Liabilities				
Trade and other payables - net of current portion	61,455,373	70,233,657	144,803,032	70,233,657
Loans payable - net of current portion	8,087,517,996	9,466,841,391	7,421,936,590	8,195,495,683
Bonds payable	8,939,767,546	8,917,417,226	8,928,422,408	8,906,782,331
Deferred tax liability	461,606,541	475,222,593	461,606,541	540,091,479
Total Noncurrent Liabilities	17,550,347,457	18,929,714,868	16,956,768,571	17,712,603,150
Total Liabilities	28,765,244,839	30,573,122,844	28,279,236,164	28,510,452,540
Equity				
Capital Stock	5,567,990,720	5,517,990,720	5,567,990,720	5,517,990,720
Additional paid-in capital	9,303,641,205	4,400,126,855	9,303,641,204	4,400,126,855
Remeasurement loss on pension plan	(2,479,173)	(4,612,005)	(2,479,173)	(4,612,005)
Retained earnings	12,692,570,251	9,190,171,813	11,832,097,031	9,348,726,404
Total Equity	27,561,723,002	19,103,677,383	26,701,249,782	19,262,231,974
	56,326,967,841	49,676,800,227	54,980,485,946	47,772,684,514

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	
	2018	2017	2018	2017
	Unaudited	Unaudited	Unaudited	Unaudited
REVENUES				
Real Estate Operations				
Real estate sales	6,000,339,573	3,036,325,865	3,499,955,766	1,446,635,515
Rental income	6,096,391	5,166,874	3,544,485	2,800,101
Others	-	-	-	(2,077,171)
	6,006,435,965	3,041,492,739	3,503,500,252	1,447,358,445
Gain on Sale of Preferred Shares	-	-	-	-
	6,006,435,965	3,041,492,739	3,503,500,252	1,447,358,445
COST OF SALES AND SERVICES				
Real Estate Operations				
Cost of real estate sales	2,879,340,957	1,259,759,210	1,781,054,477	601,987,366
Cost of rental services	-	-	-	(12,769)
Others	-	-	-	13,456,771
	2,879,340,957	1,259,759,210	1,781,054,477	615,431,368
Loss on Sale of Preferred Shares	-	-	-	-
	2,879,340,957	1,259,759,210	1,781,054,477	615,431,368
Gross Income	3,127,095,008	1,781,733,530	1,722,445,775	831,927,077
Operating Expenses	723,565,537	740,861,594	352,658,139	425,431,419
Other Operating Income (Expense)	698,136,083	821,329,669	368,378,901	398,482,113
Finance Costs	605,763,790	537,979,089	307,310,278	294,642,107
Operating Income	2,495,901,764	1,324,222,515	1,430,856,259	510,335,664
Other Income	13,544,664	13,706,229	7,803,567	3,822,277
Income Before Income Tax				
from Continuing Operations	2,509,446,428	1,337,928,744	1,438,659,826	514,157,941
Provision for Income Tax	118,818,028	116,985,655	57,960,077	44,956,115
Income from Continuing				
Operations	2,390,628,400	1,220,943,089	1,380,699,749	469,201,826
from Discontinuing				
Operations	-	-	-	-
Net Income	2,390,628,400	1,220,943,089	1,380,699,749	469,201,826
Other Comprehensive Loss	-	-	-	-
Total Comprehensive Income	2,390,628,400	1,220,943,089	1,380,699,749	469,201,826

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

	For six months ended June 30, 2018					
	Capital Stock	Subscribed Capital Stock	Additional Paid in Capital	Equity Reserve	Other Comprehensive Loss	Retained Earnings
Balance at January 1, 2018	5,567,990,720	-	9,303,641,204	-	(2,479,173)	11,832,097,031
Cash dividends declared by the Parent Company	-	-	-	-	-	(1,530,155,180)
Total comprehensive income (loss)	-	-	-	-	-	2,390,628,400
Balance at June 30, 2018	5,567,990,720	-	9,303,641,204	-	(2,479,173)	12,692,570,251
Balance at January 1, 2017	5,517,990,720	-	4,400,126,855	-	(4,612,005)	9,348,726,404
Preferred shares issuance	50,000,000	-	4,903,514,349	-	-	4,953,514,349
Cash dividends declared by the Parent Company	-	-	-	-	-	(1,655,397,216)
Total comprehensive income (loss)	-	-	-	-	2,132,832	4,138,767,843
Balance at December 31, 2017	5,567,990,720	-	9,303,641,204	-	(2,479,173)	11,832,097,031
Balance at January 1, 2016	5,517,990,720	-	4,400,126,855	-	(5,116,942)	7,429,601,128
Cash dividends declared by the Parent Company	-	-	-	-	-	(1,655,397,216)
Total comprehensive income (loss)	-	-	-	-	504,937	3,574,522,492
Balance at December 31, 2016	5,517,990,720	-	4,400,126,855	-	(4,612,005)	9,348,726,404
						19,262,231,974

	For six months ended June 30, 2017					
	Capital Stock	Subscribed Capital Stock	Additional Paid in Capital	Equity Reserve	Other Comprehensive Loss	Retained Earnings
Balance at January 1, 2017	5,517,990,720	-	4,400,126,855	-	(4,612,005)	9,348,726,404
Cash dividends declared by the Parent Company	-	-	-	-	-	(1,379,497,680)
Total comprehensive income (loss)	-	-	-	-	-	1,220,943,089
Balance at June 30, 2017	5,517,990,720	-	4,400,126,855	-	(4,612,005)	9,190,171,813
						19,103,677,383

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	
	2018	2017	2017	2016
	Unaudited	Unaudited	Audited	Audited
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax	2,509,446,428	1,337,928,744	4,437,144,729	4,023,467,547
Adjustments for:				
Interest income	(683,291,791)	(765,859,734)	(1,411,825,919)	(1,428,543,208)
Finance cost	594,418,652	534,266,325	1,169,943,106	942,986,033
Write-off of assets	-	-	12,079,339	-
Provision for impairment losses	-	-	(11,683,504)	24,056,631
Provision for probable losses	-	-	-	(35,441,122)
Depreciation and amortization	30,303,574	26,774,335	55,194,011	47,605,365
Amortization of discount on bonds payable	11,345,138	10,634,896	21,640,077	20,285,343
Provision for inventory write-down	-	-	-	-
Loss (gain) on repossession	-	-	112,683,872	(77,328,991)
Gain on sale of AFS	-	-	(20,927,172)	(65,029,540)
Gain on sale of building and improvements	-	-	-	(85,452)
Unrealized foreign exchange loss	-	-	-	-
Retirement Expense	-	-	-	1,805,848
Operating income before changes in working capital	2,462,222,001	1,143,744,566	4,364,248,538	3,453,778,454
Changes in operating assets and liabilities				
Decrease (increase) in:				
Trade and other receivables	(497,506,772)	1,611,287,113	(807,236,681)	(3,632,040,650)
Inventories	(970,997,685)	(2,195,894,043)	(4,048,338,633)	(2,574,436,170)
Other assets	(1,000,440,538)	(535,205,321)	(460,858,344)	561,830,215
Increase (decrease) in:				
Trade and other payables	(599,270,913)	(217,674,456)	1,287,577,463	595,121,060
Deposits from customers	(67,622,181)	4,411,097	12,445,454	17,297,478
Net cash used in operations	(673,616,088)	(189,331,044)	347,837,797	(1,578,449,613)
Interest received	683,291,791	765,859,734	1,411,825,919	1,427,633,778
Interest paid	(590,744,597)	(534,266,325)	(1,168,749,394)	(1,145,970)
Income tax paid	(156,650,267)	(203,252,194)	(454,188,708)	(359,861,961)
Net cash from (used in) operating activities	(737,719,161)	(160,989,829)	136,725,615	(511,823,766)
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of:				
Land held for future development	(155,423,876)	(818,717,970)	(1,011,498,919)	(5,918,492,212)
Available-for-sale securities	-	-	-	-
Property and equipment	(20,585,391)	(31,864,917)	(71,232,876)	(101,963,392)
Investment in shares	-	-	-	-
Proceeds from (Acquisition of) Investment properties	(250,000)	(1,098,989)	(4,076,268)	(940,227)
Proceeds from:				
Sale of AFS	4,469,833	4,346,125	28,924,221	82,442,627
Disposal of property and equipment	4,315,823	-	-	2,120,556
Net cash used in investing activities	(167,473,610)	(847,335,752)	(1,057,883,842)	(5,936,832,648)
CASH FLOWS FROM FINANCING ACTIVITIES				
Availment (retirement) of loans payable	1,222,345,127	2,334,835,703	(1,420,646,939)	8,153,389,876
Issuance of corporate bonds	-	-	-	-
Payment of bond issuance costs	-	-	(46,485,651)	-
Issuance of shares by the Parent Company	-	-	5,000,000,000	-
Issuance of shares by subsidiaries	-	-	-	-
Decrease (increase) in the amount of due from related parties	(36,640,283)	(154,840,706)	(307,219,388)	61,303,541
Increase (decrease) in the amount of due to related parties	(2,217,200)	16,753,849	24,518,511	(7,061,487)
Payment of cash dividends	(1,530,155,180)	(1,379,497,680)	(1,655,397,216)	(1,655,397,216)
Net cash provided by financing activities	(346,667,536)	817,251,165	1,594,769,317	6,552,234,714
Effect of changes in foreign exchange rates on hand and in banks	-	-	-	-
Net increase (decrease) in cash on hand and in banks	(1,251,860,307)	(191,074,416)	673,611,090	103,578,300
Cash Balance at the beginning of the year	1,377,420,295	703,809,205	703,809,205	600,230,905
Cash Balance at the end of the year	125,559,988	512,734,789	1,377,420,295	703,809,205

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

1. Summary of Significant Accounting Policies

Basis of Preparation

The accompanying unaudited financial statements have been prepared in accordance with Philippine Accounting Standard (PAS) 34, Interim Financial Reporting. The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at December 31, 2017.

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

The accompanying unaudited financial statements have been prepared on a historical cost basis. Further, this has been presented in Philippine peso, the functional currency of 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, 2017.

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

- PFRS 7, *Financial Instruments: Disclosures-Offsetting Financial Assets and Financial Liabilities (Amendments)*
- PFRS 10, *Consolidated Financial Statements*
- PFRS 11, *Joint Arrangements*
- PFRS 12, *Disclosure of Interests in Other Entities*
- PFRS 13, *Fair Value Measurement*
- PAS 1, *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income or OCI (Amendments)*
- PAS 1, *Presentation of Financial Statements – Clarification of the requirements for comparative information*
- PAS 27, *Separate Financial Statements (as revised in 2011)*
- PAS 28, *Investments in Associates and Joint Ventures (as revised in 2011)*
- Philippine Interpretation IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine*
- 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	
	2018	2017	2017	2016
	Unaudited	Unaudited	Audited	Audited
Cash on hand	7,257,406	2,185,186	10,518,535	46,376,413
Cash in banks	118,302,583	510,549,603	1,366,901,760	657,432,792
	125,559,988	512,734,789	1,377,420,295	703,809,205

5. Trade and Other Receivables

This account consists of:

	30-Jun		31-Dec	
	2018	2017	2017	2016
	Unaudited	Unaudited	Audited	Audited
Trade Receivables				
Installment contract receivables	912,476,347	592,512,463	900,663,205	617,588,175
Advances to external marketing manager	60,856,698	60,856,698	60,856,698	60,865,416
Retention Receivables	773,643,569	516,789,566	732,338,370	353,173,872
Receivables from employees	502,063,984	355,832,129	361,158,967	256,158,533
Other Receivables	631,899,807	186,506,750	599,136,637	1,202,549,772
	2,880,940,404	1,712,497,606	2,654,153,877	2,490,335,768
Less: Allowance for impairment losses	247,498,792	259,182,296	247,498,792	259,182,296
	2,633,441,612	1,453,315,310	2,406,655,085	2,231,153,472
Non current				
Trade Receivables				
Installment contract receivables	20,911,102,141	19,693,514,374	20,640,381,897	20,526,963,325
Retention Receivables	-	-	-	-
	20,911,102,141	19,693,514,374	20,640,381,897	20,526,963,325
	23,544,543,754	21,146,829,684	23,047,036,982	22,758,116,797

Eighty nine percent (89%) of total receivables of the Company are on long-term basis. Current portion of installment contract receivables stands at Php912.5 million which pertains to portion of receivables from buyers due within one (1) year.

6. Inventories

This account consists of:

	30-Jun		31-Dec	
	2018	2017	2017	2016
	Unaudited	Unaudited	Audited	Audited
Real estate inventories				
Low-cost mass housing	8,189,592,097	5,776,372,965	6,064,938,554	4,862,717,314
Medium-rise condominium units	1,196,814,857	709,170,950	1,002,520,547	751,006,813
High-rise condominium units	4,607,043,971	3,027,846,035	5,954,994,139	3,473,074,352
	13,993,450,925	9,513,389,950	13,022,453,240	9,086,798,479
Timeshares	-	-	-	-
	13,993,450,925	9,513,389,950	13,022,453,240	9,086,798,479

7. Available for Sale Securities

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

8. Other Assets

This account consists of:

	30-Jun		31-Dec	
	2018	2017	2017	2016
	Unaudited	Unaudited	Audited	Audited
Current				
Advances to contractors and brokers	1,971,945,728	1,268,723,248	1,286,392,822	897,907,372
Input tax	376,094,911	291,523,665	346,340,221	221,910,839
Advances to landowners	195,599,200	195,599,200	195,599,200	198,399,200
Creditable withholding tax	90,005,891	57,638,149	46,331,783	32,773,315
Prepaid expenses	60,511,574	76,949,845	81,484,674	47,878,192
Others	4,490,653	4,490,660	4,490,662	5,775,096
	2,698,647,958	1,894,924,766	1,960,639,362	1,404,644,014
Less: Allowance for impairment losses	55,375,203	55,375,203	55,375,203	55,375,203
	2,643,272,755	1,839,549,563	1,905,264,159	1,349,268,811
Non-current				
Deposits	145,710,965	128,433,341	140,573,733	137,626,460
Advances to contractors and brokers	546,564,867	546,564,867	400,303,390	546,564,867
AFS equity investment	-	-	-	-
Software cost	1,492,522	1,492,522	1,492,522	1,492,522
Others	142,405,794	93,781,254	75,785,673	39,687,810
	836,174,148	770,271,984	618,155,318	725,371,660
Less: Allowance for impairment losses	2,511,974	2,511,974	2,511,974	2,511,974
	833,662,174	767,760,010	615,643,344	722,859,686
	3,476,934,929	2,607,309,574	2,520,907,503	2,072,128,497

9. Land Held for Future Development

This account consists of:

	30-Jun		31-Dec	
	2018	2017	2017	2016
	Unaudited	Unaudited	Audited	Audited
Balance at beginning of year	12,718,820,927	11,177,322,008	11,177,322,008	5,683,998,436
Land acquired during the year	155,423,876	818,717,970	1,541,498,919	5,918,492,212
Transfers/Reclassification	107,761,205	4,061,636	-	(425,168,640)
Provision for write down	-	-	-	-
Balance at end of year	12,982,006,007	12,000,101,614	12,718,820,927	11,177,322,008

10. Property and Equipment

This account consists of:

30-Jun-18 Unaudited										
	Land	Building	Land Improvements	Leasehold Improvements	Furniture and Fixtures	Machinery and Equipment	Transportation Vehicles	Software and Licenses	Construction in Progress	Total
Cost										
Balances at beginning of year	107,405,010	57,548,576	10,458,647	20,687,019	85,982,371	66,943,489	141,847,857	-	26,618,286	517,491,255
Additions	-	13,296	-	1,934,250	2,012,586	6,732,786	104,464	5,280,551	4,507,457	20,585,391
Transfers/Disposals	-	8,433,824	-	-	(50,446)	-	(6,290,000)	-	(8,433,824)	(6,340,446)
Balances at end of year	107,405,010	65,995,697	10,458,647	22,621,269	87,944,511	73,676,274	135,662,321	5,280,551	22,691,919	531,736,199
		65,995,697		22,621,269	87,944,511			5,280,551	22,691,919	
Accumulated Depreciation and Amortization										
Balances at beginning of year	-	22,941,670	10,417,323	9,939,779	39,857,353	43,102,211	72,618,024	-	-	198,876,359
Depreciation and Amortization	-	2,286,975	41,325	1,652,497	7,051,280	5,970,473	9,629,734	1,145,168	-	27,777,452
Transfers/Disposals	-	-	-	-	(32,790)	-	(1,991,833)	-	-	(2,024,623)
Balances at end of year	-	25,228,645	10,458,648	11,592,276	46,875,843	49,072,684	80,255,925	1,145,168	-	224,629,187
		25,228,645	10,458,648	11,592,276	46,875,843	49,072,684	80,255,925	1,145,168		
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	40,767,052	(1)	11,028,993	41,068,668	24,603,591	55,406,397	4,135,384	22,691,919	298,137,012

30-Jun-17
Unaudited

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

31-Dec-17

Audited

	Land	Building	Land Improvements	Leasehold Improvements	Furniture and Fixtures	Machineries and Equipment	Transportation Vehicles	Construction in Progress	Total
Cost									
Balances at beginning of year	107,405,010	55,826,776	10,458,647	10,196,608	68,486,767	64,462,208	115,880,676	14,480,148	447,196,840
Additions	-	1,721,801	-	10,490,410	17,495,604	2,481,281	26,905,642	12,138,138	71,232,875
Transfers/Disposals	-	-	-	-	-	-	(938,461)	-	(938,461)
Balances at end of year	107,405,010	57,548,576	10,458,647	20,687,019	85,982,371	66,943,489	141,847,857	26,618,286	517,491,255
Accumulated Depreciation and Amortization									
Balances at beginning of year	-	18,688,346	8,888,701	7,831,443	27,350,134	30,422,288	56,418,760	-	149,599,671
Depreciation and Amortization	-	4,253,323	1,528,622	2,108,336	12,507,220	12,679,923	17,137,725	-	50,215,149
Transfers/Disposals	-	-	-	-	-	-	(938,461)	-	(938,461)
Balances at end of year	-	22,941,670	10,417,323	9,939,779	39,857,353	43,102,211	72,618,024	-	198,876,359
Accumulated Impairment Losses									
Balances at beginning of year	8,970,000	-	-	-	-	-	-	-	8,970,000
Provision for impairment loss	-	-	-	-	-	-	-	-	-
Balances at end of year	8,970,000	-	-	-	-	-	-	-	8,970,000
Net Book Value	98,435,010	34,606,907	41,324	10,747,240	46,125,018	23,841,278	69,229,833	26,618,286	309,644,896

31-Dec-16

Audited

	Land	Building	Land Improvements	Leasehold Improvements	Furniture and Fixtures	Machinery and Equipment	Transportation Vehicles	Waterlines	Construction in Progress	Total
Cost										
Balances at beginning of year	107,405,010	55,691,345	10,458,647	8,092,569	39,904,666	52,823,585	79,722,542	10,655,635	-	364,753,999
Additions	-	135,431	-	2,104,039	29,122,101	11,638,623	44,458,801	24,249	14,480,148	101,963,392
Transfers/Disposals	-	-	-	-	(540,000)	-	(8,300,667)	(10,679,884)	-	(19,520,551)
Balances at end of year	107,405,010	55,826,776	10,458,647	10,196,608	68,486,767	64,462,208	115,880,676	0	14,480,148	447,196,840
Accumulated Depreciation and Amortization										
Balances at beginning of year	-	14,488,494	7,335,972	7,198,962	19,527,523	18,898,703	48,225,947	1,102,945	-	116,778,546
Depreciation and Amortization	-	4,199,852	1,552,729	632,481	8,266,611	11,523,585	14,554,396	1,955,150	-	42,684,802
Transfers/Disposals	-	-	-	-	(444,000)	-	(6,361,583)	(3,058,094)	-	(9,863,677)
Balances at end of year	-	18,688,346	8,888,701	7,831,443	27,350,134	30,422,288	56,418,760	0	-	149,599,671
Accumulated Impairment Losses										
Balances at beginning of year	8,970,000	-	-	-	-	-	-	-	-	8,970,000
Provision for impairment loss	-	-	-	-	-	-	-	-	-	-
Balances at end of year	8,970,000	-	-	-	-	-	-	-	-	8,970,000
Net Book Value	98,435,010	37,138,429	1,569,946	2,365,166	41,136,634	34,039,920	59,461,916	(0)	14,480,148	288,627,169

11. Investment Properties
This account consists of:

	30-Jun-18 Unaudited			
	Land	Building	Land Improvements	Total
Cost				
Balances at beginning of year	226,791,891	8,832,630	92,003,920	327,628,440
Additions	-	-	250,000	250,000
Transfers/Reclassification to REI	(107,761,205)	-		(107,761,205)
Balances at end of year	119,030,686	8,832,630	92,253,920	220,117,236
	119,030,686	8,832,630	92,253,920	
Accumulated Depreciation and Amortization				
Balances at beginning of year	-	3,499,970	28,336,289	31,836,259
Depreciation and Amortization	-	220,816	2,305,306	2,526,122
Balances at end of year	-	3,720,786	30,641,595	34,362,381
		3,720,786	30,641,595	
Net Book Value	119,030,686	5,111,844	61,612,324	185,754,855

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

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

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

12. Trade and Other Payables

This account consists of:

	30-Jun		31-Dec	
	2018 Unaudited	2017 Unaudited	2017 Audited	2016 Audited
Current				
Trade and accounts payables	1,395,964,467	1,210,693,732	1,674,979,169	1,344,015,931
Accrued expenses	1,132,022,248	1,195,730,233	1,718,794,112	1,224,146,133
Interest Payable	116,552,078	116,453,993	116,819,575	152,644,320
Retention payables	475,238,130	373,648,426	362,016,776	279,869,419
Withholding tax payables	90,719,494	23,931,009	99,556,527	15,028,031
Construction bonds	38,608,984	45,909,499	51,007,579	40,954,581
Net out put tax	100,150,839	40,002,386	66,069,131	12,675,559
Deferred Income	220,199,610	-	153,438,250	-
Deferred Rent	-	-	-	-
Others	317,011,376	27,472,609	156,035,306	117,313,483
	3,886,467,226	3,033,841,886	4,398,716,425	3,186,647,457
Non-current				
Trade and accounts payables	31,816,667	31,816,667	25,131,717	31,816,667
Deferred Rent	-	-	-	-
Pension Liability	3,581,194	12,359,478	3,581,194	12,359,478
Retention payables	26,057,512	26,057,512	116,090,121	26,057,512
Others	-	-	-	-
	61,455,373	70,233,657	144,803,032	70,233,657
	3,947,922,599	3,104,075,543	4,543,519,458	3,256,881,114

13. Loans Payable

This account consists of:

	30-Jun		31-Dec	
	2018	2017	2017	2016
	Unaudited	Unaudited	Audited	Audited
Short-term loans payable	6,765,268,024	7,919,082,144	6,208,504,304	6,855,592,150
Long-term loans payable	8,087,517,996	9,466,841,391	7,421,936,590	8,195,495,683
	14,852,786,021	17,385,923,536	13,630,440,894	15,051,087,833

14. Deposits from Customers

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

15. Equity

This account consists of:

Common Shares

	30-Jun		31-Dec	
	2018	2017	2017	2016
	Unaudited	Unaudited	Audited	Audited
Authorized, par value PhP1.00	7,000,000,000	7,000,000,000	7,000,000,000	7,000,000,000
Issued and outstanding at beginning of year	5,517,990,720	5,517,990,720	5,517,990,720	5,517,990,720
Issuance of shares			-	-
Issued and outstanding at end of year	5,517,990,720	5,517,990,720	5,517,990,720	5,517,990,720

Preferred Shares

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

16. Revenue

This account consists of:

	For six months ended June 30		For three months ended June 30	
	2018	2017	2018	2017
	Unaudited	Unaudited	Unaudited	Unaudited
Real estate				
Low-cost mass housing	3,546,149,269	1,555,678,467	2,242,410,155	728,903,307
Medium-rise condominium units				
Condominium units	927,001,133	616,091,062	508,143,140	373,176,362
Parking space	398,000	-	-	-
High-rise condominium units				
Condominium units	1,409,868,652	864,556,336	685,674,152	344,555,846
Parking space	116,922,520	-	63,728,320	-
	6,000,339,573	3,036,325,865	3,499,955,767	1,446,635,515
Rental income	6,096,391	5,166,874	3,544,485	2,800,101
Others	-	-	-	(2,077,171)
	6,006,435,965	3,041,492,739	3,503,500,252	1,447,358,445
Sale of Timeshares	-	-	-	-
	6,006,435,965	3,041,492,739	3,503,500,252.01	1,447,358,445

17. Cost of Sales and Services

This account consists of:

	For six months ended June 30		For three months ended June 30	
	2018	2017	2018	2017
	Unaudited	Unaudited	Unaudited	Unaudited
Real estate				
Low-cost mass housing	1,792,623,922	619,163,783	1,206,410,805	299,379,130
Medium-rise condominium units			-	153,617,358
Condominium units	355,973,945	247,511,201		
Parking space	20,949	-		
High-rise condominium units				
Condominium units	689,429,330	393,084,226		
Parking space	41,292,811	-	35,200,748	148,990,878
	2,879,340,957	1,259,759,210	1,241,611,553	601,987,366
Cost of rental services	-	-	-	(12,769)
Cost of others	-	-	-	13,456,771
	2,879,340,957	1,259,759,210	1,241,611,553	615,431,368
Timeshare and Hotel Operations			-	-
Timeshare	-	-	-	-
	2,879,340,957	1,259,759,210	1,241,611,553	615,431,368

18. Operating Expenses

This account consists of:

	For six months ended June 30		For three months ended June 30	
	2018	2017	2018	2017
	Unaudited	Unaudited	Unaudited	Unaudited
Marketing and selling	245,148,490.60	224,905,594.42	103,820,911.60	106,226,078.00
Documentation	138,803,175.80	124,944,514.55	61,919,235.80	63,088,765.00
Taxes and licenses	98,387,729.26	88,170,984.44	70,632,411.26	39,457,962.00
Salaries and employee benefits	63,463,531.38	62,592,554.85	32,853,526.38	37,223,502.00
Write-off of assets	-	-	-	-
Provision for credit and impairment losses	-	-	-	-
Loss on sales of equipment	1,891.76	-	(0.24)	-
Management and professional fees	18,704,348.44	20,534,463.65	10,399,730.44	17,687,713.00
Communication, light and water	12,985,959.99	30,665,812.09	8,496,241.99	23,632,499.00
Provision for (reversal of) probable losses	-	-	-	-
Security, messengerial and janitorial	20,459,648.49	35,638,725.99	5,471,470.49	30,410,532.00
Depreciation and amortization	30,303,573.79	26,774,335.43	15,305,999.79	13,677,292.00
Transportation and travel	16,812,496.54	25,192,492.97	10,185,314.54	19,182,002.00
Repairs and maintenance	34,637,945.71	32,908,848.36	14,899,615.71	26,825,305.00
Entertainment, amusement and representation	12,054,062.54	10,612,293.31	8,771,352.54	9,951,547.00
Donations and contributions	-	-	-	-
Rent	7,273,111.97	11,023,979.95	4,192,232.97	5,262,568.00
Supplies	4,789,095.25	6,806,350.59	1,748,313.25	3,945,140.00
Insurance	4,584,599.21	7,051,264.38	1,894,929.21	5,010,522.00
Provision for write-down	-	-	-	-
Subscription dues and fees	2,439,827.71	3,206,949.44	777,014.71	1,347,432.00
Miscellaneous	12,716,048.08	29,832,429.71	1,289,839.08	22,502,560.00
	723,565,536.53	740,861,594.12	352,658,139.53	425,431,419.00

19. Finance Costs

This account consists of:

	For six months ended June 30		For three months ended June 30	
	2018	2017	2018	2017
	Unaudited	Unaudited	Unaudited	Unaudited
Borrowings	314,420,700	247,345,148	163,097,394	147,129,839.00
Accretion	11,345,138	10,634,896	5,734,796	5,375,779.00
Bonds	279,668,805	279,668,805	140,241,593	140,241,593.00
Bank charges	329,146	330,240	(1,763,507)	1,894,896.00
Net interest expense on pension obligation	-	-	-	-
	605,763,790	537,979,089	307,310,277	294,642,107

20. Other Operating Income

This account consists of:

	For six months ended June 30		For three months ended June 30	
	2018	2017	2018	2017
	Unaudited	Unaudited	Unaudited	Unaudited
Interest Income from:				
Installment contract receivables	681,565,170	765,242,686	339,111,036	371,866,371.00
Cash in banks and long term investments	1,726,621	617,049	1,052,623	495,765.00
Accretion	-	-	-	-
Penalties	18,258,271	22,015,687	9,384,544	23,182,924.00
Water income	-	-	-	-
Maintenance fee	-	-	-	-
Provision for (reversal of) probable loss	-	-	-	-
Collection service fees	-	-	-	10,286,970.00
Loss on sale of a subsidiary	-	-	-	-
Gain on sale of unquoted debt security classified as loans	-	-	-	-
Miscellaneous Income (Expense)	(3,413,979)	33,454,247	18,830,697	(7,349,917.00)
	698,136,083	821,329,669	368,378,900	398,482,113

21. Related Party Transactions

This account consists of:

30-Jun-18 Unaudited					
Related Party	Nature of Transaction	Account	Outstanding Balance/Amount	Terms	Conditons
Entities under common control	Advances	Due from related parties	572,273,125	Non-interest bearing, payable on demand	Unsecured, no impairment
Entities under common control	Advances	Due to related parties	129,452,688	Non-interest bearing, payable on demand	Unsecured
30-Jun-17 Unaudited					
Related Party	Nature of Transaction	Account	Outstanding Balance/Amount	Terms	Conditons
Entities under common control	Advances	Due from related parties	383,254,160	Non-interest bearing, payable on demand	Unsecured, no impairment
Entities under common control	Advances	Due to related parties	123,905,226	Non-interest bearing, payable on demand	Unsecured
31-Dec-17 Audited					
Related Party	Nature of Transaction	Account	Outstanding Balance/Amount	Terms	Conditons
Entities under common control	Advances	Due from related parties	535,632,842	Non-interest bearing, payable on demand	Unsecured, no impairment
Entities under common control	Advances	Due to related parties	131,669,888	Non-interest bearing, payable on demand	Unsecured

31-Dec-16
Audited

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

Item 2. Management Discussions and Analysis

Financial Highlights and Key Performance Indicators

Table below shows comparative consolidated balance sheet financial highlights of 8990 Holdings, Inc. for six months ended June 30, 2018 and 2017, both unaudited.

Consolidated Balance Sheet	As of June 30, 2018 Unaudited	As of June 30, 2017 Unaudited	Increase Amount	%
Total Assets	56,326,967,841	49,676,800,227	6,650,167,614	13.39%
Current Assets	19,967,998,405	13,702,243,772	6,265,754,633	45.73%
Trade Receivables	23,544,543,754	21,146,829,684	2,397,714,070	11.34%
Total Liabilities	28,765,244,839	30,573,122,844	(1,807,878,005)	-5.91%
Current Liabilities	11,214,897,382	11,643,407,976	(428,510,594)	-3.68%
Loans Payable	14,852,786,021	17,385,923,536	(2,533,137,515)	-14.57%
Stockholder's Equity	27,561,723,002	19,103,677,383	8,458,045,619	44.27%
Permitted Liens	5,632,696,784	4,967,680,023		
Loans under Permitted Liens	805,565,026	2,089,580,914		

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

Consolidated Statements of Income	As of June 30, 2018 Unaudited	As of June 30, 2017 Unaudited	Increase Amount	%
Revenue	6,006,435,965	3,041,492,739	2,964,943,226	97.48%
Gross Income	3,127,095,008	1,781,733,530	1,345,361,478	75.51%
Operating Expenses	723,565,537	740,861,594	(17,296,058)	-2.33%
Net Operating Income	2,403,529,471	1,040,871,935	1,362,657,536	130.92%
EBITDA	3,145,513,791	1,902,682,169	1,242,831,623	65.32%
Net Income Before Tax	2,509,446,428	1,337,928,744	1,171,517,683	87.56%
Net Income After Tax	2,390,628,400	1,220,943,089	1,169,685,310	95.80%

Tables below show quarter two 2018 key performance indicators of the Company, with relevant comparative figures.

Key Performance Indicators	As of June 30, 2018 Unaudited	As of June 30, 2017 Unaudited	Bond Covenant
Current Ratio	1.78	1.18	minimum 1.0
Book Value Per Share	4.06	3.46	
Total Liabilities to Equity Ratio	1.04	1.60	
Net Debt to Equity Ratio	0.86	1.35	maximum 1.5
Asset to Equity Ratio	2.04	2.60	
Asset to Debt Ratio	1.96	1.62	
Debt Service Ratio	2.85	1.63	minimum 1.25
Interest Coverage Ratio	7.69	4.26	

Key Performance Indicators	As of June 30, 2018 Unaudited	As of June 30, 2017 Unaudited
Gross Margin	52.06%	58.58%
EBITDA Margin	52.37%	62.56%
Net Income Margin	39.80%	40.14%
Earnings per share	0.43	0.22

Description of Consolidated Statements of Comprehensive Income Line Items

Revenue

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

Cost of Sales and Services

Cost of sales and services comprises of the Company's costs of sales from its low-cost mass housing sales of housing units and subdivision lots, costs of sales from sales of medium-rise condominium units, costs of sales from sales of medium-rise condominium units, and costs of sales from rental.

Operating Expenses

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

Finance Costs

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

Other Income

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

Provision for Income Tax

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

Results of Operations

Six months ended June 30, 2018 compared to six months ended June 30, 2017

Revenue

For the six months ended June 30, 2018, the Company recorded consolidated revenue of PhP6,006 million, an increase of 97% from consolidated revenue of PhP3,041 million recorded for the six months ended June 30, 2017. The increase was mainly attributable to the increased sales in NCR, Iloilo and Bulacan.

Cost of Sales and Services

The Company's consolidated cost of sales and services for the six months ended June 30, 2018 was PhP2,879 million, an increase of 129% from consolidated cost of sales and services of PhP1,260 million recorded for the six months ended June 30, 2017. The increase was mainly attributable to increased cost of materials and labor to construct the sold units.

Gross Income

The Company's consolidated gross income for the six months ended June 30, 2018 was PhP3,127 million, an increase from consolidated gross income of PhP1,782 million recorded for the six months ended June 30, 2017. The Company's gross income margin for the six months ended June 30, 2018 was 52.1%, compared to a gross income margin of 58.6% recorded for the six months ended June 30, 2017. The Company attributes its strong and maintained gross income margin to its sound internal financial planning policies with respect to land banking activities and project budgeting process.

Operating Expenses

For the six months ended June 30, 2018, the Company recorded consolidated operating expenses of PhP724 million, a decrease from consolidated operating expenses of PhP741 million recorded for the six months ended June 30, 2017.

Finance Costs

The Company's consolidated finance costs for the six months ended June 30, 2018 were PhP606 million, an increase from consolidated finance costs of PhP538 million recorded for the six months ended June 30, 2017. The increase was mainly attributable to interest expense resulting from the Company's increased borrowing rates from creditors.

Other Operating Income

For the six months ended June 30, 2018, the Company recorded consolidated other income of PhP698 million, a decrease from the consolidated other income of PhP821 million recorded for the six months ended June 30, 2017. Interest income on the Company's installment contract receivables under its CTS Gold program contributes to the majority of the other income.

Income before Income Tax

The Company's consolidated income before income tax for the six months ended June 30, 2018 was PhP2,509 million, an increase from consolidated income before income tax of PhP1,338 million recorded for the six months ended June 30, 2017.

Provision for Income Tax

The Company's consolidated provision for income tax for the six months ended June 30, 2018 was PhP119 million, a slight increase from consolidated provision for income tax of PhP117 million recorded for the six months ended June 30, 2017. The increase was mainly attributable to the Company's increased other income which are subject to income tax.

Net Income

As a result of the foregoing, the Company's consolidated net income for the six months ended June 30, 2018 was PhP2,391 million, a 96% increase from consolidated net income of PhP1,221 million recorded for the six months ended June 30, 2017. The Company's consolidated net income margin for the six months ended June 30, 2018 was 39.8%, compared to a consolidated net income margin of 40.1% for the six months ended June 30, 2017.

Financial Position

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

Assets

Cash on Hand and in Banks

The Company's consolidated cash on hand and in banks were PhP126 million as at June 30, 2018, a decrease from consolidated cash on hand and in banks of PhP513 million as at June 30, 2017.

Current portion of trade and other receivables

The Company's consolidated current portion of trade and other receivables were PhP2,633 million as at June 30, 2018, an increase from consolidated current portion of trade and other receivables of PhP1,453 million as at June 30, 2017.

Inventories

The Company's consolidated inventories were PhP13,993 million as at June 30, 2018, an increase of 47% from consolidated inventories of PhP9,513 million as at June 30, 2017.

Due from related parties

The Company's consolidated due from related parties were PhP572 million as at June 30, 2018, an increase from consolidated due from related parties of PhP383 million as at June 30, 2017.

Other current assets

The Company's consolidated other current assets were PhP2,643 million as at June 30, 2018, an increase from consolidated other current assets of PhP1,840 million as at June 30, 2017, primarily due to increased advances to contractors in relation to construction on the Company's development projects.

Trade and other receivables – net of current portion

The Company's consolidated trade and other receivables-net of current portion were PhP20,911 million as at June 30, 2018, an increase from consolidated trade and other receivables - net of current

portion of PhP19,694 million as at June 30, 2017. 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 PhP12,982 million as at June 30, 2018, a decrease from consolidated land held for future development of PhP13,769 million as at June 30, 2017, as the Company acquired certain real properties as part of its land banking.

Property and equipment

The Company's consolidated property and equipment was PhP298 million as at June 30, 2018, an increase from consolidated property and equipment of PhP292 million as at June 30, 2017.

Investment properties

The Company's consolidated investment properties were PhP186 million as at June 30, 2018, a decrease from consolidated investment properties of PhP295 million as at June 30, 2017.

Investment in shares

The Company's consolidated investment in shares was nil as at June 30, 2018.

Other noncurrent assets

The Company's other noncurrent assets were PhP834 million as at June 30, 2018, an increase from other noncurrent assets of PhP768 million as at June 30, 2017.

Liabilities

Current portion of trade and other payables

The Company's consolidated current portion of trade and other payables were PhP3,886 million as at June 30, 2018, an increase from consolidated current portion of trade and other payables of PhP3,034 million as at June 30, 2017.

Current portion of loans payable

The Company's consolidated current portion of loans payable were PhP6,765 million as at June 30, 2018, a decrease from consolidated current portion of loans payable of PhP7,919 million as at June 30, 2017. The decrease was due to decreased short-term borrowing of the Company.

Deposits from customers

The Company's consolidated deposits from customers were PhP374 million as at June 30, 2018, a decrease from consolidated deposits from customers of PhP433 million as at June 30, 2017.

Due to related parties

The Company's consolidated due to related parties were PhP129 million as at June 30, 2018, an increase from consolidated due to related parties of PhP124 million as at June 30, 2017.

Income tax payable

The Company's consolidated income tax payable was PhP60 million as at June 30, 2018, a decrease from consolidated income tax payable of PhP133 million as at June 30, 2017.

Trade and other payables - net of current portion

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

Loans payable - net of current portion

The Company's consolidated loans payable - net of current portion was Ph8,088 million as at June 30, 2018, a decrease from consolidated loans payable - net of current portion of PhP9,467 million as at June 30, 2017.

Deferred tax liability

The Company's consolidated deferred tax liability was PhP462 million as at June 30, 2018, a decrease from consolidated deferred tax liability of PhP475 million as at June 30, 2017. This deferred tax liability was attributable to provision for income tax resulting from the delay in the income tax holiday accreditation for certain Company projects. Accreditation for these projects has since been obtained.

Liquidity and Capital Resources

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

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

Cash Flows

Cash flow used in operating activities

The Company's consolidated net cash from operating activities is primarily affected by the revenues generated from its operations, primarily the sale of residential housing units, subdivision lots and MRB condominium units. The Company's consolidated net cash used in operating activities were PhP738 million for the period ended June 30, 2018, and consolidated net cash used in operating activities were PhP161 million for the period ended June 30, 2017.

Cash flows used in investing activities

Consolidated net cash flow used in investing activities for the period ended June 30, 2018 were PhP 167 million, consolidated net cash used in investing activities for the period ended June 30, 2017 were PhP847 million.

For the six months ended June 30, 2018, consolidated net cash flow used in investing activities reflected acquisitions of land for future development, investment in shares, as well as purchases of property and equipment.

Cash flow provided by financing activities

Consolidated net cash flow used in financing activities for the period ended June 30, 2018 were PhP 347 million, and consolidated net cash flow provided by financing activities for the period ended June 30, 2017 were PhP817 million.

PART II--OTHER INFORMATION

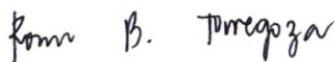
There is no material information to be reported by the Company aside from those reported in SEC 17C.

SIGNATURES

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

Issuer: 8990 Holdings, Inc.

By:

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

ROAN BUENAVENTURA-TORREGOZA
Chief Finance Officer

Date: