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S.E.C. Registration Number

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(Company's Full Name)

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

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

Ruan Buenaventura Torregosa  
Chief Finance Officer  
Contact Person/s

(632) 4789659/5333915/5333917  
Company Telephone Number

0 3  
Month  
Calendar Year

3 1  
Day

SEC Form 17-Q (A)  
March 31, 2017  
FORM TYPE

0 7  
Month  
Annual Meeting

2 8  
Day

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Secondary License Type, If Applicable

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Dept. Requiring this Doc.

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Amended Articles Number/Section

33  
Total No. of Stockholders

30  
Domestic

3  
Foreign

To be accomplished by SEC Personnel concerned

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q (A)

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

1. For the quarterly period ended March 31, 2017

2. Commission identification number CS 2005 11 816

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

4. Exact name of issuer as specified in its charter

8990 HOLDINGS, INC.

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

6. Industry Classification Code:  (SEC Use Only)

7. Address of issuer's principal office Postal Code

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

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

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

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

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

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

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

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

12. Indicate by check mark whether the registrant:

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

Yes  No

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

Yes  No

**PART I--FINANCIAL INFORMATION**

**Item 1. Financial Statements.**

**8990 HOLDINGS, INC AND SUBSIDIARIES**

**Unaudited Consolidated Statements of Financial Position (in Philippine Peso)**

	31-Mar		31-Dec	
	2017 Unaudited	2016 Unaudited	2016 Audited	2015 Audited
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash on hand and in banks	791,322,716	456,821,357	703,809,205	600,230,905
Current portion of trade and other receivables	1,589,125,565	1,549,928,439	2,231,153,472	1,502,055,562
Inventories	8,267,771,944	4,860,829,367	7,317,495,907	5,092,332,659
Due from related parties	326,718,995	317,577,075	228,413,454	289,716,995
Current portion of available-for-sale securities	-	-	-	-
Other current assets	1,787,024,927	2,744,888,275	1,349,268,811	2,025,188,139
<b>Total Current Assets</b>	<b>12,761,964,147</b>	<b>9,930,044,513</b>	<b>11,830,140,850</b>	<b>9,509,524,260</b>
<b>Noncurrent Assets</b>				
Trade and other receivables - net of current portion	20,316,671,188	18,115,637,790	20,526,963,325	17,565,634,589
Available for sale securities	1,157,656,403	1,177,514,610	1,160,774,129	1,178,187,216
Land held for future development	13,726,364,608	7,751,329,592	12,946,624,580	6,593,194,295
Property and equipment	285,624,199	247,019,102	288,627,169	239,005,453
Investment properties	296,619,600	322,864,683	296,694,775	309,011,270
Investment in shares	-	-	-	-
Other noncurrent assets	725,123,735	157,130,621	722,859,686	682,682,007
<b>Total Noncurrent Assets</b>	<b>36,508,059,734</b>	<b>27,771,496,398</b>	<b>35,942,543,665</b>	<b>26,567,714,830</b>
	<b>49,270,023,881</b>	<b>37,701,540,911</b>	<b>47,772,684,515</b>	<b>36,077,239,090</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current Liabilities</b>				
Current portion of trade and other payables	3,559,533,913	2,551,512,472	3,186,647,457	2,626,967,526
Current portion of loans payable	7,604,159,001	2,702,077,964	6,855,592,150	1,980,934,640
Deposits from customers	482,136,604	377,011,102	429,030,305	411,732,827
Due to related parties	101,085,239	54,939,361	107,151,377	114,212,864
Income tax payable	291,433,397	261,268,919	219,428,101	213,934,544
<b>Total Current Liabilities</b>	<b>12,038,348,154</b>	<b>5,946,809,817</b>	<b>10,797,849,389</b>	<b>5,347,782,401</b>
<b>Noncurrent Liabilities</b>				
Trade and other payables - net of current portion	70,233,657	10,548,767	70,233,657	68,422,945
Loans payable - net of current portion	9,090,367,527	5,422,657,483	8,195,495,683	3,975,433,053
Bonds payable	8,912,041,448	8,891,562,307	8,906,782,331	8,886,496,988
Deferred tax liability	540,091,479	435,171,147	540,091,479	456,501,942
<b>Total Noncurrent Liabilities</b>	<b>18,612,734,111</b>	<b>14,799,939,704</b>	<b>17,712,603,150</b>	<b>13,386,854,928</b>
<b>Total Liabilities</b>	<b>30,651,082,265</b>	<b>20,706,749,521</b>	<b>28,510,452,540</b>	<b>18,734,637,329</b>
<b>Equity</b>				
Capital Stock	5,517,990,720	5,517,990,720	5,517,990,720	5,517,990,720
Additional paid-in capital	4,400,126,855	4,400,126,855	4,400,126,855	4,400,126,855
Remeasurement loss on pension plan	(4,612,005)	(5,116,942)	(4,612,005)	(5,116,942)
Retained earnings	8,705,436,046	7,081,790,757	9,348,726,404	7,429,601,128
<b>Total Equity</b>	<b>18,618,941,616</b>	<b>16,994,791,390</b>	<b>19,262,231,974</b>	<b>17,342,601,761</b>
	<b>49,270,023,881</b>	<b>37,701,540,912</b>	<b>47,772,684,515</b>	<b>36,077,239,090</b>

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

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

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

For three months ended March 31, 2017

	Capital Stock	Subscribed Capital Stock	Additional Paid in Capital	Equity Reserve	Other		Total
					Comprehensive Loss	Retained Earnings	
Balance at January 1, 2017	5,517,990,720	-	4,400,126,855	-	(4,612,005)	9,283,696,864	19,197,202,434
Cash dividends declared by the Parent Company	-	-	-	-	-	(1,379,497,680)	(1,379,497,680)
Total comprehensive income (loss)	-	-	-	-	-	736,207,322	736,207,322
Balance at March 31, 2017	5,517,990,720	-	4,400,126,855	-	(4,612,005)	8,640,406,506	18,553,912,076
Balance at January 1, 2016	5,517,990,720	-	4,400,126,855	-	(5,116,942)	7,429,601,128	17,342,601,761
Cash dividends declared by the Parent Company	-	-	-	-	-	(1,655,397,216)	(1,655,397,216)
Total comprehensive income (loss)	-	-	-	-	504,937	3,509,492,952	3,509,997,889
Balance at December 31, 2016	5,517,990,720	-	4,400,126,855	-	(4,612,005)	9,283,696,864	19,197,202,434
Balance at January 1, 2015	5,517,990,720	-	4,400,126,855	-	(3,559,308)	4,974,655,099	14,889,213,366
Cash dividends declared by the Parent Company	-	-	-	-	-	(1,269,137,866)	(1,269,137,866)
Total comprehensive income (loss)	-	-	-	-	(1,557,634)	3,724,083,895	3,722,526,261
Balance at December 31, 2015	5,517,990,720	-	4,400,126,855	-	(5,116,942)	7,429,601,128	17,342,601,761

For three months ended March 31, 2016

	Capital Stock	Subscribed Capital Stock	Additional Paid in Capital	Equity Reserve	Other		Total
					Comprehensive Loss	Retained Earnings	
Balance at January 1, 2016	5,517,990,720	-	4,400,126,855	-	(5,116,942)	7,429,601,128	17,342,601,761
Cash dividends declared by the Parent Company	-	-	-	-	-	(1,379,497,680)	(1,379,497,680)
Total comprehensive income (loss)	-	-	-	-	-	1,031,687,309	1,031,687,309
Balance at March 31, 2016	5,517,990,720	-	4,400,126,855	-	(5,116,942)	7,081,790,757	16,994,791,390

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

	For three months ended March 31		For years ended December 31	
	2017 Unaudited	2016 Unaudited	2016 Audited	2015 Audited
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Income before income tax	808,236,862	1,094,028,746	4,023,467,547	4,154,418,070
Adjustments for:				
Interest income	(393,497,599)	(338,652,363)	(1,428,543,208)	(1,210,782,426)
Finance cost	241,519,114	197,683,587	947,986,033	614,688,045
Write-off of assets	-	-	-	3,810,970
Provision for impairment losses	-	-	24,056,631	143,207,061
Provision for probable losses	-	-	(35,441,122)	(79,469,175)
Depreciation and amortization	13,097,044	10,482,451	47,605,365	35,839,138
Amortization of discount on bonds payable	5,259,117	4,939,577	20,285,343	8,839,101
Provision for inventory write-down	-	-	-	1,257,282
Loss (gain) on repossession	-	-	(77,328,991)	38,664,969
Loss on sale of PPE	-	-	(65,029,540)	(1,874,007)
Gain on sale of building and improvements	-	-	(85,452)	(571,399)
Unrealized foreign exchange loss	-	-	-	14,101
Retirement Expense	-	-	1,805,848	1,595,596
<b>Operating income before changes in working capital</b>	<b>674,614,538</b>	<b>963,481,994</b>	<b>3,453,778,453</b>	<b>3,689,637,326</b>
Changes in operating assets and liabilities				
Decrease (increase) in:				
Trade and other receivables	852,320,044	(597,876,078)	(3,632,040,650)	(4,761,221,198)
Inventories	(950,276,037)	231,503,292	(1,714,329,458)	(683,306,872)
Other assets	(440,044,413)	(194,148,751)	644,272,845	(2,086,843,036)
Increase (decrease) in:				
Trade and other payables	372,886,456	(154,660,027)	595,121,060	667,256,278
Deposits from customers	53,106,300	(34,721,725)	17,297,478	137,361,511
<b>Net cash used in operations</b>	<b>562,606,888</b>	<b>213,578,704</b>	<b>(635,900,272)</b>	<b>(3,037,115,991)</b>
Interest received	393,497,599	338,652,363	1,427,633,778	1,213,020,188
Interest paid	(241,519,114)	(192,683,582)	(1,145,970)	(140,683,474)
Income tax paid	(0)	(15,020,219)	(359,861,961)	(250,052,366)
<b>Net cash from (used in) operating activities</b>	<b>714,585,373</b>	<b>344,527,267</b>	<b>430,725,575</b>	<b>(2,214,831,643)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Acquisitions of:				
Land held for future development	(779,740,028)	(1,158,135,297)	(6,778,598,925)	(1,454,581,648)
Property and equipment	(8,857,320)	(17,132,493)	(101,963,392)	(47,442,303)
Investment in shares	-	-	-	-
Proceeds from (Acquisition of) Investment properties	(1,161,579)	(15,078,123)	(940,227)	-
Proceeds from:				
Disposal of building and hotel improvements	-	-	-	-
Maturities/termination of long term investments	-	-	-	-
Sale of AFS	3,117,726	672,606	-	2,544,225
Disposal of property and equipment	-	-	2,120,556	508,687
<b>Net cash outflow from disposal of investment in a subsidiary</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net cash inflow from acquisition of net assets of acquiree</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net cash used in investing activities</b>	<b>(786,641,200)</b>	<b>(1,189,673,306)</b>	<b>(6,879,381,989)</b>	<b>(1,498,971,039)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Availment (retirement) of loans payable	1,643,438,695	2,168,367,754	8,153,389,878	(3,491,155,544)
Issuance of corporate bonds	-	-	-	8,877,657,887
Payment of bond issuance costs	-	-	-	-
Issuance of shares by the Parent Company	-	-	-	-
Issuance of shares by subsidiaries	-	-	-	-
Decrease (increase) in the amount of due from related parties	(98,305,540)	(27,860,080)	61,303,541	(153,658,524)
Increase (decrease) in the amount of due to related parties	(6,066,138)	(59,273,503)	(7,061,487)	(254,806,403)
Payment of cash dividends	(1,379,497,680)	(1,379,497,680)	(1,655,397,216)	(1,269,137,866)
<b>Net cash provided by financing activities</b>	<b>159,569,337</b>	<b>701,736,492</b>	<b>6,552,234,716</b>	<b>3,708,899,552</b>
Effect of changes in foreign exchange rates on hand and in b.	-	-	-	(14,101)
<b>Net increase (decrease) in cash on hand and in banks</b>	<b>87,513,509</b>	<b>(143,409,548)</b>	<b>103,578,302</b>	<b>(4,917,231)</b>
<b>Cash Balance at the beginning of the year</b>	<b>703,809,207</b>	<b>600,230,905</b>	<b>600,230,905</b>	<b>605,148,136</b>
<b>Cash Balance at the end of the year</b>	<b>791,322,716</b>	<b>456,821,357</b>	<b>703,809,207</b>	<b>600,230,905</b>



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

**1. Summary of Significant Accounting Policies**

Basis of Preparation

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

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

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

Changes in Accounting Policies and Disclosures

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

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

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



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

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

- PAS 32, *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities (Amendments)*

The amendments clarify the meaning of “currently has a legally enforceable right to set off” and also clarify the application of the PAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments affect presentation only and have no impact on the Company’s financial position or performance.

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

- PFRS 9, *Financial Instruments*

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

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

- Philippine Interpretation IFRIC 15, *Agreements for the Construction of Real Estate*

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

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

## 2. Basis of Consolidation

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### **3. Segment Information**

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

#### *Low-cost mas Mass Housing*

This segment pertains to the housing market segment of the Group. It caters to the development and sale of residential lots and units.

#### *Medium-rise Condominium Units*

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

#### *Preferred Share*

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

#### *High-rise Condominium Units*

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

#### *Hotel Operations*

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

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

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

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

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

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

This account consists of:

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

## 5. Trade and Other Receivables

This account consists of:

	31-Mar		31-Dec	
	2017 Unaudited	2016 Unaudited	2016 Audited	2015 Audited
Trade Receivables				
Installment contract receivables	611,261,183	1,238,932,113	617,588,175	1,201,317,283
Others	12,728,338	43,101,823	6,094,898	13,509,864
Advances to external marketing manager	60,856,698	60,932,733	60,865,416	72,528,405
Retention Receivables	425,231,730	230,826,163	353,173,872	215,629,479
Receivables from employees	317,205,572	209,518,634	256,158,533	132,791,687
Other Receivables	421,024,340	1,742,640	1,196,454,874	101,404,509
	1,848,307,861	1,785,054,104	2,490,335,768	1,737,181,227
Less: Allowance for impairment losses	259,182,296	235,125,665	259,182,296	235,125,665
	1,589,125,565	1,549,928,439	2,231,153,472	1,502,055,562
Non current				
Trade Receivables				
Installment contract receivables	20,316,671,188	18,115,637,790	20,526,963,325	17,565,634,589
Retention Receivables	-	-	-	-
	20,316,671,188	18,115,637,790	20,526,963,325	17,565,634,589
	21,905,796,753	19,665,566,229	22,758,116,797	19,067,690,151

Ninety three percent (93%) of total receivables of the Company are on long-term basis. Current portion of installment contract receivables stands at PhP611.3 million which pertains to portion of receivables from buyers due within one (1) year.

## 6. Inventories

This account consists of:

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

## 7. Available for Sale Securities

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

## 8. Other Assets

This account consists of:

	31-Mar		31-Dec	
	2017 Unaudited	2016 Unaudited	2016 Audited	2015 Audited
<b>Current</b>				
Advances to contractors and brokers	1,233,567,472	1,446,726,839	897,907,372	765,559,684
Input tax	270,338,000	89,705,649	221,010,000	60,789,182
Advances to landowners	194,199,700	1,187,013,102	198,399,200	1,155,852,449
Creditable withholding tax	46,039,140	38,691,419	32,773,315	25,971,911
Prepaid expenses	92,481,217	38,116,030	47,878,192	33,478,986
Others	5,775,100	8,419	5,775,096	38,908,097
	1,842,400,130	2,800,263,478	1,404,644,014	2,080,563,342
Less: Allowance for impairment losses	55,375,203	55,375,203	55,375,203	55,375,203
	1,787,024,927	2,744,888,275	1,349,268,811	2,025,188,139
<b>Non-current</b>				
Deposits	133,835,631	120,197,693	137,628,480	122,959,182
Advances to contractors and brokers	546,564,867	23,745,500	546,564,867	546,564,867
Software cost	1,492,522	1,492,522	1,492,522	1,492,522
Others	45,742,690	14,206,880	39,687,810	14,177,410
	727,635,709	159,642,595	725,371,660	685,193,981
Less: Allowance for impairment losses	2,511,974	2,511,974	2,511,974	2,511,974
	725,123,735	157,130,621	722,859,686	682,682,007
	2,512,148,662	2,902,018,897	2,072,128,497	2,707,870,146

## 9. Land Held for Future Development

This account consists of:

	31-Mar		31-Dec	
	2017 Unaudited	2016 Unaudited	2016 Audited	2015 Audited
Balance at beginning of year	12,946,624,580	6,593,194,295	6,593,194,295	6,527,048,427
Land acquired during the year	779,740,028	1,158,135,297	6,778,598,925	1,454,581,648
Transfers/Reclassification	-	-	(425,168,640)	(1,387,178,498)
Provision for write down	-	-	-	(1,257,282)
<b>Balance at end of year</b>	<b>13,726,364,608</b>	<b>7,751,329,592</b>	<b>12,946,624,580</b>	<b>6,593,194,295</b>



**10. Property and Equipment**  
This account consists of:

31-Mar-17  
Unaudited

	Land	Building	Improvements and Improvements	Leasehold Improvements	Furniture and Fixtures	Machineries and Equipment	Transportation Vehicles	Waterli- es	Construction in Progress	Total
<b>Cost</b>										
Balances at beginning of year	107,405,010	55,826,776	2,458,647	10,196,608	68,486,767	64,462,208	115,880,676	0	14,480,148	447,196,840
Additions	-	0	-	1,203,55C	4,631,381	115,100	70,200	(0)	2,837,088	8,857,320
Transfers/Disposals	-	-	-	-	-	-	-	-	-	-
<b>Balances at end of year</b>	<b>107,405,010</b>	<b>55,826,776</b>	<b>10,458,647</b>	<b>11,400,159</b>	<b>73,118,149</b>	<b>64,577,308</b>	<b>115,950,876</b>	<b>-</b>	<b>17,317,236</b>	<b>456,054,160</b>
<b>Accumulated Depreciation and Amortization</b>										
Balances at beginning of year	-	18,688,346	3,888,701	7,831,443	27,350,134	30,422,288	56,418,760	0	-	149,599,671
Depreciation and Amortization	-	1,056,734	388,183	255,66C	2,867,107	3,029,293	4,263,304	(0)	-	11,860,290
Transfers/Disposals	-	-	-	-	-	-	-	-	-	-
<b>Balances at end of year</b>	<b>-</b>	<b>19,745,081</b>	<b>3,276,883</b>	<b>8,087,112</b>	<b>30,217,241</b>	<b>33,451,580</b>	<b>60,682,064</b>	<b>-</b>	<b>-</b>	<b>161,459,961</b>
<b>Accumulated Impairment Losses</b>										
Balances at beginning of year	8,970,000	-	-	-	-	-	-	-	-	8,970,000
Provision for impairment loss	-	-	-	-	-	-	-	-	-	-
<b>Balances at end of year</b>	<b>8,970,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,970,000</b>
<b>Net Book Value</b>	<b>98,435,010</b>	<b>36,081,695</b>	<b>1,181,764</b>	<b>3,313,047</b>	<b>42,900,907</b>	<b>31,125,728</b>	<b>55,268,812</b>	<b>-</b>	<b>17,317,236</b>	<b>285,624,199</b>

31-Mar-16

Unaudited

	Land	Building	Land Improvements	Leasehold Improvements	Furniture and Fixtures	Machinery and Equipment	Transportation Vehicles	Waterlines	Construction in Progress	Total
<b>Cost</b>										
Balances at beginning of year	107,405,010	58,638,832	10,458,647	6,095,922	52,592,787	61,844,705	92,784,736	18,489,622	(1,339,286)	406,970,975
Additions	-	-	-	-	(3,930,781)	2,086,549	4,236,958	(6,509,400)	727,059	(3,389,615)
Transfers/Disposals	-	-	-	1,967,111	-	-	-	-	-	1,967,111
Balances at end of year	107,405,010	58,638,832	10,458,647	8,063,033	48,662,006	63,931,254	97,021,694	11,980,222	(612,227)	405,548,471
<b>Accumulated Depreciation and Amortization</b>										
Balances at beginning of year	-	17,039,205	9,158,202	6,456,955	24,035,862	28,525,147	57,057,982	2,158,067	-	144,431,420
Depreciation and Amortization	-	121,297	(1,434,048)	874,319	(2,815,854)	3,539,340	(6,010,241)	(520,934)	-	(6,246,122)
Transfers/Disposals	-	-	-	-	-	-	-	-	-	-
Balances at end of year	-	17,160,502	7,724,154	7,331,274	21,220,008	32,064,487	51,047,741	1,637,133	-	138,185,298
<b>Accumulated Impairment Losses</b>										
Balances at beginning of year	8,970,000	-	-	-	-	-	-	-	-	8,970,000
Provision for impairment loss	-	-	-	-	-	-	-	-	-	-
Balances at end of year	8,970,000	-	-	-	-	-	-	-	-	8,970,000
<b>Net Book Value</b>	<b>98,435,010</b>	<b>41,478,331</b>	<b>2,734,493</b>	<b>731,759</b>	<b>27,441,998</b>	<b>31,866,768</b>	<b>45,973,953</b>	<b>10,343,089</b>	<b>(612,227)</b>	<b>258,393,173</b>

31-Dec-16

Audited

	Land	Building	Land Improvements	Leasehold Improvements	Furniture and Fixtures	Machinery and Equipment	Transportation Vehicles	Waterlines	Construction in Progress	Total
<b>Cost</b>										
Balances at beginning of year	107,405,010	55,691,345	10,458,647	8,097,569	39,904,366	52,823,585	79,722,542	10,655,635	-	364,753,999
Additions	-	135,431	-	2,104,039	29,122,100	11,638,623	44,458,801	24,249	14,480,148	101,963,392
Transfers/Disposals	-	-	-	-	(540,700)	-	(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	68,486,766	64,462,208	115,880,676	0	14,480,148	447,196,840
<b>Accumulated Depreciation and Amortization</b>										
Balances at beginning of year	-	14,488,494	7,335,972	7,198,962	19,527,333	18,898,703	48,225,947	1,102,945	-	116,778,546
Depreciation and Amortization	-	4,199,852	1,552,729	632,481	8,266,311	11,523,585	14,554,396	1,955,150	-	42,684,802
Transfers/Disposals	-	-	-	-	(444,000)	-	(6,361,583)	(3,058,094)	-	(9,863,677)
Balances at end of year	-	18,688,346	8,888,701	7,831,443	27,350,134	30,422,288	56,418,760	0	-	149,599,671
<b>Accumulated Impairment Losses</b>										
Balances at beginning of year	8,970,000	-	-	-	-	-	-	-	-	8,970,000
Provision for impairment loss	-	-	-	-	-	-	-	-	-	-
Balances at end of year	8,970,000	-	-	-	-	-	-	-	-	8,970,000
<b>Net Book Value</b>	<b>98,435,010</b>	<b>37,138,429</b>	<b>1,569,946</b>	<b>2,365,166</b>	<b>41,136,632</b>	<b>34,039,920</b>	<b>59,461,916</b>	<b>(0)</b>	<b>14,480,148</b>	<b>288,627,169</b>