

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)

Richard L. Haosen
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, 2015

FORM TYPE

0 7

Month

2 8

Day

Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

26

Total No. of Stockholders

23

Domestic

3

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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, 2015

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 |

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

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

Name of Stock Exchange: Philippine Stock Exchange

Class of Securities Listed: Common Shares

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)
Yes ☒ No ☐

(b) has been subject to such filing requirements for the past ninety (90) days.
Yes ☒ No ☐

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

8990 HOLDINGS, INC AND SUBSIDIARIES

Unaudited Consolidated Statements of Financial Position (in Philippine Peso)

| | 30-Jun | | 31-Dec | |
|--|----------------|----------------|----------------|----------------|
| | 2015 | 2014 | 2014 | 2013 |
| | Unaudited | Unaudited | Audited | Audited |
| ASSETS | | | | |
| Current Assets | | | | |
| Cash on hand and in banks (Note 4) | 502,671,583 | 481,967,112 | 605,148,136 | 249,040,092 |
| Current portion of trade and other receivables (Note 5) | 1,240,457,236 | 862,993,302 | 947,623,417 | 537,057,908 |
| Inventories (Note 6) | 3,275,630,161 | 2,524,474,293 | 3,078,106,185 | 2,243,559,834 |
| Available for sale securities (Note 7) | 1,155,111,934 | - | 1,155,111,934 | - |
| Due from related parties (Note 21) | 375,437,370 | 28,510,355 | 133,418,914 | 517,490,590 |
| Other current assets (Note 8) | 892,811,847 | 1,048,496,064 | 572,834,495 | 342,105,863 |
| Total Current Assets | 7,442,120,131 | 4,946,441,126 | 6,492,243,081 | 3,889,254,287 |
| Noncurrent Assets | | | | |
| Trade and other receivables - net of current portion (No | 16,216,537,109 | 11,431,460,500 | 13,477,108,808 | 9,473,832,351 |
| Land held for future development (Note 9) | 8,161,234,452 | 4,210,771,746 | 6,527,048,427 | 3,784,727,576 |
| Property and equipment (Note 10) | 230,919,179 | 266,598,624 | 227,132,351 | 208,870,467 |
| Investment properties (Note 11) | 293,866,762 | 139,524,194 | 296,316,181 | 141,928,584 |
| Investment in shares | - | 1,855,264,000 | - | - |
| Other noncurrent assets (Note 8) | 144,535,324 | 91,774,850 | 126,853,526 | 117,010,245 |
| Total Noncurrent Assets | 25,047,092,826 | 17,995,393,913 | 20,654,459,293 | 13,726,369,223 |
| | 32,489,212,958 | 22,941,835,039 | 27,146,702,374 | 17,615,623,510 |
| LIABILITIES AND EQUITY | | | | |
| Current Liabilities | | | | |
| Current portion of trade and other payables (Note 12) | 2,947,077,845 | 1,884,794,644 | 2,225,801,812 | 2,937,730,783 |
| Current portion of loans payable (Note 13) | 3,368,353,774 | 1,259,173,668 | 2,380,816,677 | 3,332,250,211 |
| Deposits from customers (Note 14) | 249,591,051 | 161,323,666 | 274,371,315 | 47,746,763 |
| Due to related parties (Note 21) | 308,167,921 | - | 369,019,267 | 172,808,746 |
| Income tax payable | 124,281,548 | 159,980,985 | 137,315,630 | 31,209,903 |
| Total Current Liabilities | 6,997,472,139 | 3,465,272,963 | 5,387,324,701 | 6,521,746,406 |
| Noncurrent Liabilities | | | | |
| Trade and other payables - net of current portion (Note | 12,275,843 | 3,360,955 | 18,288,452 | 263,089,121 |
| Loans payable - net of current portion (Note 13) | 9,057,414,217 | 5,538,465,383 | 6,453,061,864 | 3,980,588,104 |
| Deferred tax liability | 398,813,991 | 254,352,695 | 398,813,991 | 254,352,695 |
| Total Noncurrent Liabilities | 9,468,504,052 | 5,796,179,033 | 6,870,164,307 | 4,498,029,920 |
| Total Liabilities | 16,465,976,190 | 9,261,451,996 | 12,257,489,008 | 11,019,776,326 |
| Equity | | | | |
| Capital Stock (Note 15) | 5,517,990,720 | 5,517,990,720 | 5,517,990,720 | 4,655,804,670 |
| Additional paid-in capital | 4,400,126,855 | 4,413,831,982 | 4,400,126,855 | - |
| Remeasurement loss on pension plan | (3,559,308) | (1,432,534) | (3,559,308) | (1,432,534) |
| Retained earnings (Note 16) | 6,108,678,500 | 3,749,992,875 | 4,974,655,099 | 1,941,475,048 |
| Total Equity | 16,023,236,767 | 13,680,383,043 | 14,889,213,366 | 6,595,847,184 |
| | 32,489,212,958 | 22,941,835,039 | 27,146,702,374 | 17,615,623,510 |

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 | |
|--------------------------------------|------------------------------|---------------|--------------------------------|---------------|
| | 2015 | 2014 | 2015 | 2014 |
| | Unaudited | Unaudited | Unaudited | Unaudited |
| Revenue (Note 16) | 4,508,559,902 | 4,043,595,223 | 2,506,433,377 | 2,100,322,529 |
| Cost of Sales and Services (Note 17) | 1,834,628,617 | 1,598,514,186 | 1,017,740,983 | 857,723,907 |
| Gross Income | 2,673,931,285 | 2,445,081,037 | 1,488,692,394 | 1,242,598,623 |
| Operating Expenses (Note 18) ₱ | 738,114,268 | 687,499,726 ₱ | 370,739,176 | 385,310,557 |
| Net Operating Income | 1,935,817,017 | 1,757,581,310 | 1,117,953,218 | 857,288,065 |
| Finance Costs (Note 19) | (218,910,207) | (222,746,418) | (124,893,656) | (89,884,471) |
| Other Income (Note 20) | 596,749,240 | 421,070,888 | 315,936,128 | 213,143,963 |
| Income Before Income Tax | 2,313,656,050 | 1,955,905,781 | 1,308,995,690 | 980,547,557 |
| Provision for Income Tax | 186,394,318 | 147,387,953 | 118,809,176 | 105,627,564 |
| Net Income | 2,127,261,732 | 1,808,517,828 | 1,190,186,514 | 874,919,994 |
| Other Comprehensive Loss | - | - | - | - |
| Total Comprehensive Income | 2,127,261,732 ₱ | 1,808,517,828 | 1,190,186,514 | 874,919,994 |

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

For six months ended June 30, 2015

| | Capital Stock | Subscribed Capital Stock | Additional Paid in Capital | Equity Reserve | Comprehensive Loss | Other Retained Earnings | Total |
|---|----------------------|--------------------------|----------------------------|----------------------|--------------------|-------------------------|-----------------------|
| Balance at January 1, 2015 | 5,517,990,720 | - | 4,400,126,855 | - | (3,559,309) | 4,974,655,098 | 14,889,213,365 |
| Cash dividends declared by the Parent Company | - | - | - | - | - | (993,238,330) | (993,238,330) |
| Total comprehensive income (loss) | - | - | - | - | - | 2,127,261,732 | 2,127,261,732 |
| Balance at June 30, 2015 | 5,517,990,720 | - | 4,400,126,855 | - | (3,559,309) | 6,108,678,500 | 16,023,236,767 |
| Balance at January 1, 2014 | 4,655,804,670 | - | - | - | (1,432,534) | 1,941,475,048 | 6,595,847,184 |
| Issuance of shares through follow-on offering | 862,186,050 | - | 4,400,126,855 | - | - | - | 5,262,312,905 |
| Cash dividends declared by the Parent Company | - | - | - | - | - | (275,899,536) | (275,899,536) |
| Total comprehensive income (loss) | - | - | - | - | (2,126,775) | 3,309,079,586 | 3,306,952,812 |
| Balance at December 31, 2014 | 5,517,990,720 | - | 4,400,126,855 | - | (3,559,309) | 4,974,655,098 | 14,889,213,365 |
| Balance at January 1, 2013 | 221,866,669 | - | 190,748,328 | 3,024,273,168 | - | 511,126,856 | 3,948,015,021 |
| Stock dividends issued by a subsidiary | - | - | - | 420,000,000 | - | (420,000,000) | - |
| Issuance of shares through Shares Swap | 3,968,357,534 | - | (190,748,328) | (3,444,273,168) | - | (333,336,038) | - |
| Issuance of shares by Parent Company | 465,580,467 | - | - | - | - | - | 465,580,467 |
| Total comprehensive income (loss) | - | - | - | - | (1,432,534) | 2,183,684,230 | 2,182,251,696 |
| Balance at December 31, 2013 | 4,655,804,670 | - | - | - | (1,432,534) | 1,941,475,048 | 6,595,847,184 |
| Balance at January 1, 2012 | 181,866,669 | 25,000,000 | 129,948,328 | 306,935,003 | - | 624,290,825 | 1,268,040,825 |
| Issuance of shares by Parent Company | 40,000,000 | (25,000,000) | 60,800,000 | (75,800,000) | - | - | - |
| Effect of acquisition of net assets of accounting acquiree (Parent Company) | - | - | - | (12,011,835) | - | - | (12,011,835) |
| Cash dividends declared by a subsidiary | - | - | - | - | - | (400,000,000) | (400,000,000) |
| Stock dividends issued by a subsidiary | - | - | - | 1,417,650,000 | - | (1,417,650,000) | - |
| Issuance of shares by a Subsidiary | - | - | - | 1,387,500,000 | - | - | 1,387,500,000 |
| Total comprehensive income (loss) | - | - | - | - | - | 1,704,486,031 | 1,704,486,031 |
| Balance at December 31, 2012 | 221,866,669 | - | 190,748,328 | 3,024,273,168 | - | 511,126,856 | 3,948,015,021 |

For six months ended June 30, 2014

| | Capital Stock | Subscribed Capital Stock | Additional Paid in Capital | Equity Reserve | Other Comprehensive Loss | Retained Earnings | Total |
|---|----------------------|-----------------------------|-------------------------------|----------------|--------------------------------|----------------------|-----------------------|
| Balance at January 1, 2014 | 4,655,804,670 | - | - | - | (1,432,534) | 1,941,475,047 | 6,595,847,183 |
| Issuance of shares through follow on offering | 862,186,050 | - | 4,413,831,982 | - | - | - | 5,276,018,032 |
| Total comprehensive income (loss) | - | - | - | - | - | 1,808,517,828 | 1,808,517,828 |
| Balance at June 30, 2014 | 5,517,990,720 | - | 4,413,831,982 | - | (1,432,534) | 3,749,992,875 | 13,680,383,043 |

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 | |
|---|------------------------------|-----------------|-----------------------------|-----------------|
| | 2015 | 2014 | 2014 | 2013 |
| | Unaudited | Unaudited | Audited | Audited |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Income before income tax | 2,313,656,050 | 1,955,905,781 | 3,613,817,934 | 2,441,529,813 |
| Adjustments for: | | | | |
| Interest income | (575,768,136) | (406,092,084) | (901,811,810) | (533,181,127) |
| Finance cost | 218,576,189 | 222,477,045 | 395,931,324 | 404,614,757 |
| Write-off of assets | - | - | - | 64,945,573 |
| Provision for impairment losses | - | - | 130,857,268 | 58,414,812 |
| Provision for probable losses | - | - | 77,282,541 | 26,340,946 |
| Depreciation and amortization | 18,057,430 | 16,104,354 | 36,629,536 | 22,566,268 |
| Provision for inventory write-down | - | - | 22,200,000 | 3,646,000 |
| Loss (gain) on repossession | - | - | 56,972,328 | (1,122,087) |
| Gain on sale of building and improvements | - | - | (10,943,948) | - |
| Unrealized foreign exchange loss | - | - | 2,879 | - |
| Retirement Expense | - | - | 1,387,016 | 442,531 |
| Operating income before changes in working capital | 1,974,521,533 | 1,788,395,097 | 3,422,325,068 | 2,488,197,486 |
| Changes in operating assets and liabilities | | | | |
| Decrease (increase) in: | | | | |
| Trade and other receivables | (3,032,262,120) | (2,283,563,542) | (3,549,968,401) | (4,275,829,919) |
| Inventories | (197,523,976) | (280,914,459) | (1,409,098,313) | (69,059,536) |
| Other assets | (337,659,150) | (681,154,806) | (284,466,528) | (404,424,065) |
| Increase (decrease) in: | | | | |
| Trade and other payables | 715,263,424 | (1,312,664,305) | (1,051,343,269) | 177,998,680 |
| Deposits from customers | (24,780,264) | 113,576,903 | 226,624,552 | (57,140,966) |
| Net cash used in operations | (902,440,554) | (2,656,325,111) | (2,645,926,891) | (2,140,258,320) |
| Interest received | 575,617,792 | 406,052,575 | 901,811,810 | 533,181,127 |
| Interest paid | (218,576,189) | (222,477,045) | (385,211,596) | (364,210,661) |
| Income tax paid | (199,278,065) | (18,577,364) | (30,455,229) | (13,949,694) |
| Net cash used in operating activities | (744,677,016) | (2,491,326,945) | (2,159,781,906) | (1,985,237,548) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Acquisitions of: | | | | |
| Land held for future development | (1,634,186,025) | (426,044,170) | (3,618,606,774) | (1,185,093,610) |
| Available-for-sale securities | - | - | (788,755,357) | - |
| Property and equipment | (19,405,824) | (71,428,120) | (63,785,065) | (81,948,759) |
| Investment in shares | - | (1,855,264,000) | - | - |
| Proceeds from (Acquisition of) Investment properties | - | - | (80,210) | (2,201,516) |
| Proceeds from: | | | | |
| Disposal of building and hotel improvements | - | - | 350,381,830 | - |
| Maturities/termination of long term investments | - | - | - | 3,021,720 |
| Disposal of property and equipment, and motor vehicles | 10,993 | - | - | - |
| Net cash used in investing activities | (1,653,580,856) | (2,352,736,290) | (4,120,845,576) | (1,266,222,165) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Availment (retirement) of loans payable | 3,591,889,450 | (515,199,265) | 1,521,040,226 | 3,136,887,266 |
| Issuance of shares by the Parent Company | - | 5,276,018,032 | 5,262,312,905 | 465,580,467 |
| Decrease (increase) in the amount of due from related parties | (242,018,456) | 488,980,235 | (373,217,602) | (370,090,338) |
| Increase (decrease) in the amount of due to related parties | (60,851,346) | (172,808,746) | 502,502,412 | 87,821,282 |
| Payment of cash dividends | (993,238,330) | - | (275,899,536) | - |
| Net cash provided by financing activities | 2,295,781,318 | 5,076,990,255 | 6,636,738,405 | 3,320,198,677 |
| Effect of changes in foreign exchange rates on hand and in bank | - | - | (2,879) | - |
| Net increase (decrease) in cash on hand and in banks | (102,476,553) | 232,927,020 | 356,108,044 | 68,738,964 |
| Cash Balance at the beginning of the year | 605,148,136 | 249,040,092 | 249,040,092 | 180,301,128 |
| Cash Balance at the end of the year | 502,671,583 | 481,967,112 | 605,148,136 | 249,040,092 |

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, 2014.

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, 2014.

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

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

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

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

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

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

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

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

- Philippine Interpretation IFRIC 15, *Agreements for the Construction of Real Estate*
This interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The SEC and the Financial Reporting Standards Council (FRSC) have deferred the effectivity of this interpretation until the final Revenue standard is issued by the International Accounting Standards Board (IASB) and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed.

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

2. Basis of Consolidation

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3. Segment Information

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

Low-cost mas Mass Housing

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

Medium-rise Condominium Units

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

Timeshare

This segment pertains to sale of non-proprietary timeshares 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 | |
|---------------|-------------|-------------|-------------|-------------|
| | 2015 | 2014 | 2014 | 2013 |
| | Unaudited | Unaudited | Audited | Audited |
| Cash on hand | 1,123,498 | 1,011,925 | 3,318,393 | 689,925 |
| Cash in banks | 501,548,086 | 480,955,187 | 601,829,743 | 248,350,167 |
| | 502,671,583 | 481,967,112 | 605,148,136 | 249,040,092 |

5. Trade and Other Receivables

This account consists of:

| | 30-Jun | | 31-Dec | |
|---------------------------------------|----------------|----------------|----------------|----------------|
| | 2015 | 2014 | 2014 | 2013 |
| | Unaudited | Unaudited | Audited | Audited |
| Trade Receivables | | | | |
| Installment contract receivables | 765,244,246 | 475,813,409 | 635,973,013 | 306,046,028 |
| Others | 17,985,688 | 26,523,609 | 12,527,462 | 3,895,790 |
| Advances to external marketing manag | 40,136,994 | 89,704,365 | 40,310,909 | 47,812,508 |
| Retention Receivables | 165,207,095 | 79,897,322 | 133,351,614 | 52,318,996 |
| Receivables from employees | 184,700,742 | 7,504,997 | 111,775,722 | 35,171,413 |
| Other Receivables | 194,555,845 | 186,344,706 | 141,058,071 | 94,608,279 |
| | 1,367,830,610 | 865,788,408 | 1,074,996,791 | 539,853,014 |
| Less: Allowance for impairment losses | 127,373,374 | 2,795,106 | 127,373,374 | 2,795,106 |
| | 1,240,457,236 | 862,993,302 | 947,623,417 | 537,057,908 |
| Non current | | | | |
| Trade Receivables | | | | |
| Installment contract receivables | 16,216,537,109 | 11,419,521,819 | 13,477,108,808 | 9,471,874,962 |
| Retention Receivables | - | 11,938,680 | - | 1,957,389 |
| | 16,216,537,109 | 11,431,460,500 | 13,477,108,808 | 9,473,832,351 |
| | 17,456,994,345 | 12,294,453,801 | 14,424,732,225 | 10,010,890,259 |

Ninety three percent (93%) of total receivables of the Company are on long-term basis. Current portion of installment contract receivables stands at Php765 million which pertains to portion of receivables from buyers due within one (1) year.

6. Inventories

This account consists of:

| | 30-Jun | | 31-Dec | |
|-------------------------------|---------------|---------------|---------------|---------------|
| | 2015 | 2014 | 2014 | 2013 |
| | Unaudited | Unaudited | Audited | Audited |
| Real estate inventories | | | | |
| Low-cost mass housing | 2,798,196,338 | 1,877,035,282 | 2,935,975,193 | 1,735,597,099 |
| Medium-rise condominium units | 358,023,695 | 92,909,509 | 80,160,171 | 115,535,085 |
| High-rise condominium units | 119,410,128 | - | 61,970,821 | - |
| | 3,275,630,161 | 1,969,944,791 | 3,078,106,185 | 1,851,132,184 |
| Timeshares | - | 554,529,502 | - | 392,427,650 |
| | 3,275,630,161 | 2,524,474,293 | 3,078,106,185 | 2,243,559,834 |

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 | |
|---------------------------------------|---------------|---------------|-------------|-------------|
| | 2015 | 2014 | 2014 | 2013 |
| | Unaudited | Unaudited | Audited | Audited |
| Current | | | | |
| Advances to contractors | 874,542,088 | 961,868,939 | 565,281,388 | 295,972,057 |
| Input tax | 56,916,754 | 56,516,831 | 51,273,314 | 44,306,675 |
| Advances to landowners | - | 32,500,000 | - | 32,500,000 |
| Creditable withholding tax | 11,432,962 | 23,983,058 | 9,109,233 | 10,390,648 |
| Prepaid expenses | 5,032,716 | 4,622,537 | 2,347,706 | 4,604,870 |
| Hotel inventories | - | 10,549,901 | - | 3,419,922 |
| Others | 71,619 | 13,639,092 | 7,147 | 6,095,984 |
| | 947,996,140 | 1,103,680,357 | 628,018,788 | 397,290,156 |
| Less: Allowance for impairment losses | 55,184,293 | 55,184,293 | 55,184,293 | 55,184,293 |
| | 892,811,847 | 1,048,496,064 | 572,834,495 | 342,105,863 |
| Non-current | | | | |
| Deposits | 113,541,406 | 92,794,302 | 95,859,608 | 89,284,197 |
| AFS equity investment | 23,745,500 | | 23,745,500 | 23,745,500 |
| Software cost | 1,492,522 | 1,492,522 | 1,492,522 | 1,492,522 |
| Others | 8,267,870 | - | 8,267,870 | 5,000,000 |
| | 147,047,298 | 94,286,824 | 129,365,500 | 119,522,219 |
| Less: Allowance for impairment losses | 2,511,974 | 2,511,974 | 2,511,974 | 2,511,974 |
| | 144,535,324 | 91,774,850 | 126,853,526 | 117,010,245 |
| | 1,037,347,171 | 1,140,270,914 | 699,688,021 | 459,116,108 |

9. Land Held for Future Development

This account consists of:

| | 30-Jun | | 31-Dec | |
|-------------------------------|-----------------|---------------|---------------|---------------|
| | 2015 | 2014 | 2014 | 2013 |
| | Unaudited | Unaudited | Audited | Audited |
| Balance at beginning of year | 6,527,048,427 | 3,784,727,576 | 3,784,727,576 | 1,010,474,241 |
| Land acquired during the year | 3,108,985,719 | 426,044,170 | 3,618,606,775 | 3,062,009,922 |
| Transfers/Reclassification | (1,474,799,694) | - | (854,085,924) | (284,110,587) |
| Provision for write down | - | - | (22,200,000) | (3,646,000) |
| Balance at end of year | 8,161,234,452 | 4,210,771,746 | 6,527,048,427 | 3,784,727,576 |

10. Property and Equipment

This account consists of:

30-Jun-15

Unaudited

| Cost | Land | Building | Land Improvements | Leasehold Improvements | Furniture and Fixtures | Machinery and Equipment | Transportation Vehicles | Waterlines | Construction in Progress | Total |
|---|-------------|------------|-------------------|------------------------|------------------------|-------------------------|-------------------------|------------|--------------------------|-------------|
| Balances at beginning of year | 107,405,010 | 52,743,858 | 10,458,647 | 10,089,216 | 27,216,545 | 43,802,465 | 66,660,348 | 2,821,648 | 1,339,286 | 322,537,023 |
| Additions | - | 714 | - | - | 4,628,966 | 4,093,000 | 5,336,287 | 2,967,395 | 2,379,463 | 19,405,824 |
| Transfers/Disposals | - | 1,339,286 | - | - | - | (5,958) | (500,000) | - | (1,339,286) | (505,958) |
| Balances, ending | 107,405,010 | 54,083,858 | 10,458,647 | 10,089,216 | 31,845,511 | 47,889,507 | 71,496,635 | 5,789,043 | 2,379,463 | 341,436,889 |
| Accumulated Depreciation and Amortization | | | | | | | | | | |
| Balances at beginning of year | - | 11,937,783 | 5,513,742 | 7,940,969 | 15,019,184 | 9,272,259 | 39,393,912 | 47,823 | - | 89,125,672 |
| Depreciation and Amortization | - | 2,071,619 | 1,045,865 | 442,430 | 2,112,950 | 4,364,529 | 5,208,380 | 362,240 | - | 15,608,012 |
| Transfers/Disposals | - | - | - | - | - | (5,035) | (489,938) | - | - | (494,973) |
| Balances, ending | - | 14,009,402 | 6,559,607 | 8,383,399 | 17,132,134 | 13,631,753 | 44,112,354 | 410,063 | - | 104,238,711 |
| Accumulated Impairment Losses | | | | | | | | | | |
| Balances at beginning of year | 6,279,000 | - | - | - | - | - | - | - | - | 6,279,000 |
| Provision for impairment loss | - | - | - | - | - | - | - | - | - | - |
| Balances, ending | 6,279,000 | - | - | - | - | - | - | - | - | 6,279,000 |
| Net Book Value | 101,126,010 | 40,074,456 | 3,899,040 | 1,705,817 | 14,713,377 | 34,257,753 | 27,384,282 | 5,378,980 | 2,379,463 | 230,919,179 |

30-Jun-14

Unaudited

| Cost | Land | Building | Land Improvements | Leasehold Improvements | Furniture and Fixtures | Machinery and Equipment | Transportation Vehicles | Construction in Progress | Total |
|---|-------------|------------|-------------------|------------------------|------------------------|-------------------------|-------------------------|--------------------------|-------------|
| | | | | | | | | | |
| Balances at beginning of year | 107,405,010 | 52,716,704 | 10,458,647 | 7,112,051 | 21,254,001 | 13,116,335 | 58,526,501 | 1,176,127 | 271,765,376 |
| Additions | - | 4,963 | - | 2,984,385 | 2,425,311 | 23,193,456 | 4,648,026 | 38,171,979 | 71,428,120 |
| Balances at end of year | 107,405,010 | 52,721,667 | 10,458,647 | 10,096,436 | 23,679,312 | 36,309,791 | 63,174,527 | 39,348,106 | 343,193,496 |
| Accumulated Depreciation and Amortization | | | | | | | | | |
| Balances at beginning of year | - | 9,495,048 | 3,422,013 | 4,140,404 | 11,432,376 | 4,479,529 | 29,925,539 | - | 62,894,909 |
| Depreciation and Amortization | - | 1,054,400 | 1,045,865 | 1,555,610 | 1,739,256 | 3,737,320 | 4,567,513 | - | 13,699,964 |
| Balances at end of year | - | 10,549,448 | 4,467,878 | 5,696,014 | 13,171,632 | 8,216,849 | 34,493,052 | - | 76,594,873 |
| Net Book Value | 107,405,010 | 42,172,219 | 5,990,769 | 4,400,422 | 10,507,680 | 28,092,942 | 28,681,475 | 39,348,106 | 266,598,624 |

31-Dec-14

Audited

| Audited | | | | | | | | | | |
|---|-------------|------------|-------------------|------------------------|------------------------|-------------------------|-------------------------|------------|--------------------------|-------------|
| Cost | Land | Building | Land Improvements | Leasehold Improvements | Furniture and Fixtures | Machinery and Equipment | Transportation Vehicles | Waterlines | Construction in Progress | Total |
| Balances at beginning of year | 107,405,010 | 52,716,704 | 10,458,647 | 7,112,051 | 21,254,001 | 13,116,335 | 58,526,501 | - | 1,176,127 | 271,765,376 |
| Additions | - | 377,154 | - | 2,977,165 | 5,962,544 | 43,349,548 | 8,133,847 | 2,821,648 | 163,159 | 63,785,065 |
| Disposals | - | (350,000) | - | - | - | (12,663,418) | - | - | - | - |
| Balances, ending | 107,405,010 | 52,743,858 | 10,458,647 | 10,089,216 | 27,216,545 | 43,802,465 | 66,660,348 | 2,821,648 | 1,339,286 | 322,537,023 |
| Accumulated Depreciation and Amortization | | | | | | | | | | |
| Balances at beginning of year | - | 9,495,048 | 3,422,013 | 4,140,404 | 11,432,376 | 4,479,529 | 29,925,539 | - | - | 62,894,909 |
| Depreciation and Amortization | - | 2,442,735 | 2,091,729 | 3,800,565 | 3,586,808 | 8,590,079 | 9,468,373 | 47,823 | - | 30,028,112 |
| Disposal | - | - | - | - | - | (3,797,349) | - | - | - | (3,797,349) |
| Balances, ending | - | 11,937,783 | 5,513,742 | 7,940,969 | 15,019,184 | 9,272,259 | 39,393,912 | 47,823 | - | 89,125,672 |
| Accumulated Impairment Losses | | | | | | | | | | |
| Balances at beginning of year | - | - | - | - | - | - | - | - | - | - |
| Provision for impairment loss | 6,279,000 | - | - | - | - | - | - | - | - | 6,279,000 |
| Balances, ending | 6,279,000 | - | - | - | - | - | - | - | - | 6,279,000 |
| Net Book Value | 101,126,010 | 40,806,075 | 4,944,905 | 2,148,247 | 12,197,361 | 34,530,206 | 27,266,436 | 2,773,825 | 1,339,286 | 227,132,351 |

Audited

| Cost | Land | Building | Land Improvements | Leasehold Improvements | Furniture and Fixtures | Machinery and Equipment | Transportation Vehicles | Construction in Progress | Total |
|---|-------------|------------|-------------------|------------------------|------------------------|-------------------------|-------------------------|--------------------------|-------------|
| Balances at beginning of year | 53,585,010 | 49,919,320 | 9,652,150 | 6,044,734 | 14,802,820 | 4,551,483 | 51,261,100 | - | 189,816,617 |
| Additions | 53,820,000 | 2,797,384 | 806,497 | 1,067,317 | 6,451,181 | 8,564,852 | 7,265,401 | 1,176,127 | 81,948,759 |
| Balances, ending | 107,405,010 | 52,716,704 | 10,458,647 | 7,112,051 | 21,254,001 | 13,116,335 | 58,526,501 | 1,176,127 | 271,765,376 |
| Accumulated Depreciation and Amortization | | | | | | | | | |
| Balances at beginning of year | - | 7,005,824 | 1,371,608 | 1,620,682 | 8,811,354 | 2,824,811 | 21,332,361 | - | 42,966,640 |
| Depreciation and Amortization | - | 2,489,224 | 2,050,405 | 2,519,722 | 2,621,022 | 1,654,718 | 8,593,178 | - | 19,928,269 |
| Balances, ending | - | 9,495,048 | 3,422,013 | 4,140,404 | 11,432,376 | 4,479,529 | 29,925,539 | - | 62,894,909 |
| Net Book Value | 107,405,010 | 43,221,656 | 7,036,634 | 2,971,647 | 9,821,625 | 8,636,806 | 28,600,962 | 1,176,127 | 208,870,467 |

11. Investment Properties

This account consists of:

| 30-Jun-15 Unaudited | | | | | |
|--|--------------------|------------------|----------------------|-----------------------------|--------------------|
| | Land | Building | Land Improvements | Construction in Progress | Total |
| Cost | | | | | |
| Balances at beginning of year | 215,377,426 | 8,604,750 | 89,372,001 | - | 313,354,177 |
| Additions | - | - | - | - | - |
| Balances at end of year | 215,377,426 | 8,604,750 | 89,372,001 | - | 313,354,177 |
| Accumulated Depreciation and Amortization | | | | | |
| Balances at beginning of year | - | 2,196,914 | 14,841,082 | - | 17,037,996 |
| Depreciation and Amortization | - | 215,119 | 2,234,300 | - | 2,449,419 |
| Balances at end of year | - | 2,412,033 | 17,075,382 | - | 19,487,415 |
| Net Book Value | 215,377,426 | 6,192,717 | 72,296,619 | - | 293,866,762 |

| 30-Jun-14 Unaudited | | | | | |
|--|-------------------|------------------|----------------------|-----------------------------|--------------------|
| | Land | Building | Land Improvements | Construction in Progress | Total |
| Cost | | | | | |
| Balances at beginning of year | 54,468,615 | 8,604,750 | 89,291,791 | - | 152,365,156 |
| Additions | - | - | - | - | - |
| Balances at end of year | 54,468,615 | 8,604,750 | 89,291,791 | - | 152,365,156 |
| Accumulated Depreciation and Amortization | | | | | |
| Balances at beginning of year | - | 1,766,676 | 8,669,896 | - | 10,436,572 |
| Depreciation and Amortization | - | 172,095 | 2,232,295 | - | 2,404,390 |
| Balances at end of year | - | 1,938,771 | 10,902,191 | - | 12,840,962 |
| Net Book Value | 54,468,615 | 6,665,979 | 78,389,600 | - | 139,524,194 |

| 31-Dec-14 Audited | | | | | |
|--|--------------------|------------------|----------------------|-----------------------------|--------------------|
| | Land | Building | Land Improvements | Construction in Progress | Total |
| Cost | | | | | |
| Balances at beginning of year | 54,468,615 | 8,604,750 | 89,291,791 | - | 152,365,156 |
| Transfers/Reclassification | 160,908,811 | - | - | - | 160,908,811 |
| Additions | - | - | 80,210 | - | 80,210 |
| Balances at end of year | 215,377,426 | 8,604,750 | 89,372,001 | - | 313,354,177 |
| Accumulated Depreciation and Amortization | | | | | |
| Balances at beginning of year | - | 1,766,676 | 8,669,896 | - | 10,436,572 |
| Depreciation and Amortization | - | 430,238 | 6,171,186 | - | 6,601,424 |
| Balances at end of year | - | 2,196,914 | 14,841,082 | - | 17,037,996 |
| Net Book Value | 215,377,426 | 6,407,836 | 74,530,919 | - | 296,316,181 |

| | 31-Dec-13 | | | | |
|--|-------------------|------------------|-------------------|--------------------------|--------------------|
| | Audited | | | | |
| | Land | Building | Land Improvements | Construction in Progress | Total |
| Cost | | | | | |
| Balances at beginning of year | 54,468,615 | 8,604,750 | 89,291,791 | - | 152,365,156 |
| Additions | - | - | - | - | - |
| Balances at end of year | 54,468,615 | 8,604,750 | 89,291,791 | - | 152,365,156 |
| Accumulated Depreciation and Amortization | | | | | |
| Balances at beginning of year | - | 1,336,439 | 6,462,134 | - | 7,798,573 |
| Depreciation and Amortization | - | 430,237 | 2,207,762 | - | 2,637,999 |
| Balances at end of year | - | 1,766,676 | 8,669,896 | - | 10,436,572 |
| Net Book Value | 54,468,615 | 6,838,074 | 80,621,895 | - | 141,928,584 |

12. Trade and Other Payables

This account consists of:

| | 30-Jun | | 31-Dec | |
|--------------------------|---------------|---------------|---------------|---------------|
| | 2015 | 2014 | 2014 | 2013 |
| | Unaudited | Unaudited | Audited | Audited |
| Current | | | | |
| Trade and accounts payal | 1,482,606,970 | 395,496,359 | 967,663,926 | 2,209,103,891 |
| Accrued expenses | 617,956,468 | 686,299,581 | 746,327,680 | 497,970,175 |
| Retention payables | 222,570,872 | 72,042,633 | 78,118,197 | 57,744,129 |
| Withholding tax payable | 27,980,293 | 50,138,980 | 29,894,775 | 21,875,280 |
| Construction bonds | 27,464,955 | 21,288,819 | 24,069,608 | 16,210,949 |
| Net out put tax | 29,925,130 | - | 79,041,811 | 6,661,147 |
| Deferred Rent | 8,928,572 | - | 8,928,572 | - |
| Others | 529,644,584 | 659,528,273 | 291,757,243 | 128,165,212 |
| | 2,947,077,845 | 1,884,794,644 | 2,225,801,812 | 2,937,730,783 |
| Non-current | | | | |
| Trade and accounts payal | - | - | - | 259,389,316 |
| Deferred Rent | 5,208,333 | - | 7,440,475 | 3,360,955 |
| Pension Liability | 7,067,510 | - | 7,067,510 | - |
| Retention payables | - | - | 3,780,467 | - |
| Others | - | 3,360,955 | - | 338,850 |
| | 12,275,843 | 3,360,955 | 18,288,452 | 263,089,121 |
| | 2,959,353,688 | 1,888,155,599 | 2,244,090,264 | 3,200,819,904 |

13. Loans Payable

This account consists of:

| | 30-Jun | | 31-Dec | |
|--------------------------|----------------|---------------|---------------|---------------|
| | 2015 | 2014 | 2014 | 2013 |
| | Unaudited | Unaudited | Audited | Audited |
| Short-term loans payable | 3,368,353,774 | 1,259,173,668 | 2,380,816,677 | 3,332,250,211 |
| Long-term loans payable | 9,057,414,217 | 5,538,465,383 | 6,453,061,864 | 3,980,588,104 |
| | 12,425,767,991 | 6,797,639,050 | 8,833,878,541 | 7,312,838,315 |

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:

| | 30-Jun | | 31-Dec | |
|---|---------------|---------------|---------------|---------------|
| | 2015 | 2014 | 2014 | 2013 |
| | 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 | 4,655,804,670 | 4,655,804,670 | 221,866,669 |
| Issuance of shares | | 862,186,050 | 862,186,050 | 4,433,938,001 |
| Issued and outstanding at end of year | 5,517,990,720 | 5,517,990,720 | 5,517,990,720 | 4,655,804,670 |

16. Revenue

This account consists of:

| | Six Months Ended June 30 | | Three Months Ended June 30 | |
|--------------------------------|--------------------------|---------------|----------------------------|---------------|
| | 2015 | 2014 | 2015 | 2014 |
| | Unaudited | Unaudited | Unaudited | Unaudited |
| Real estate | | | | |
| Low-cost mass housing | 4,078,039,614 | 3,498,701,414 | 2,426,833,865 | 1,821,395,270 |
| Medium-rise condominium | 316,356,556 | 459,787,149 | 36,555,074 | 252,030,899 |
| | 4,394,396,171 | 3,958,488,563 | 2,463,388,940 | 2,073,426,169 |
| Rental income | 27,952,098 | 12,818,598 | 13,168,670 | 12,788,886 |
| Others | 24,814,290 | (64,957,024) | (12,222,159) | (92,311,735) |
| | 4,447,162,558 | 3,906,350,137 | 2,464,335,450 | 1,993,903,320 |
| Timeshare and Hotel Operations | | | | |
| Timeshare | - | 85,602,049 | - | 77,155,014 |
| Hotel Operations | | | | |
| Rooms | 43,454,529 | 37,586,665 | 24,155,112 | 22,804,993 |
| Food and Beverages | 17,942,814 | 14,056,373 | 17,942,814 | 6,459,201 |
| | 61,397,344 | 137,245,086 | 42,097,927 | 106,419,209 |
| | 4,508,559,902 | 4,043,595,223 | 2,506,433,377 | 2,100,322,529 |

17. Cost of Sales and Services

This account consists of:

| | Six Months Ended June 30 | | Three Months Ended June 30 | |
|--------------------------------|--------------------------|---------------|----------------------------|-------------|
| | 2015 | 2014 | 2015 | 2014 |
| | Unaudited | Unaudited | Unaudited | Unaudited |
| Real estate | | | | |
| Low-cost mass housing | 1,617,329,073 | 1,398,124,982 | 884,711,014 | 748,861,404 |
| Medium-rise condominium units | 179,264,699 | 154,584,890 | 108,513,995 | 83,416,023 |
| | 1,796,593,771 | 1,552,709,872 | 993,225,008 | 832,277,427 |
| Cost of rental services | 5,690,854 | 2,356,671 | 2,326,779 | 2,351,209 |
| Cost of others | 535,000 | 13,375,567 | 75,000 | - |
| | 1,802,819,625 | 1,568,442,110 | 995,626,787 | 834,628,636 |
| Timeshare and Hotel Operations | | | | |
| Timeshare | - | 17,944,915 | - | 15,817,076 |
| Hotel Operations | | | | |
| Rooms | 18,748,293 | 5,584,576 | 9,053,497 | 3,953,835 |
| Food and Beverages | 13,060,698 | 6,542,586 | 13,060,698 | 3,324,360 |
| | 31,808,992 | 30,072,077 | 22,114,196 | 23,095,271 |
| | 1,834,628,617 | 1,598,514,186 | 1,017,740,983 | 857,723,907 |

18. Operating Expenses

This account consists of:

| | Six Months Ended June 30 | | Three Months Ended June 30 | |
|---------------------------------------|--------------------------|-------------|----------------------------|-------------|
| | 2015 | 2014 | 2015 | 2014 |
| | Unaudited | Unaudited | Unaudited | Unaudited |
| Marketing and selling | 276,553,833 | 262,551,366 | 149,415,740 | 132,857,955 |
| Documentation | 142,256,571 | 163,812,114 | 75,105,266 | 65,273,523 |
| Taxes and licenses | 120,222,497 | 62,527,782 | 32,022,537 | 42,848,354 |
| Salaries and employee benefits | 45,819,344 | 49,179,819 | 25,722,493 | 34,627,197 |
| Write-off of assets | - | - | - | - |
| Provision for impairment losses | - | - | - | - |
| Management and professional fees | 14,425,506 | 26,472,196 | 8,381,301 | 22,716,712 |
| Communication, light and water | 20,822,777 | 23,615,289 | 12,305,282 | 16,561,912 |
| Provision for probable losses | - | - | - | - |
| Security, messengerial and janitorial | 11,902,443 | 23,309,268 | 6,965,044 | 20,273,995 |
| Depreciation and amortization | 18,057,430 | 16,104,354 | 9,842,149 | 6,870,684 |
| Transportation and travel | 24,281,491 | 16,732,718 | 15,954,114 | 10,651,077 |
| Repairs and maintenance | 21,186,226 | 9,961,956 | 1,540,716 | 7,740,047 |
| Entertainment, amusement and represe | 14,865,098 | 2,739,708 | 10,004,413 | 280,194 |
| Rent | 9,826,708 | 11,983,591 | 4,479,062 | 10,095,415 |
| Supplies | 4,075,584 | 4,904,037 | 2,477,178 | 3,382,039 |
| Provision for write-down | - | - | - | - |
| Subscription dues and fees | 5,111,035 | 2,984,468 | 3,405,805 | 2,170,769 |
| Miscellaneous | 8,707,723 | 10,621,063 | 4,118,074 | 8,960,684 |
| | 738,114,268 | 687,499,726 | 361,739,176 | 385,310,557 |

19. Finance Costs

This account consists of:

| | Six Months Ended June 30 | | Three Months Ended June 30 | |
|--|--------------------------|-------------|----------------------------|------------|
| | 2015 | 2014 | 2015 | 2014 |
| | Unaudited | Unaudited | Unaudited | Unaudited |
| Borrowings | 204,180,165 | 207,939,789 | 117,592,751 | 83,219,852 |
| Accretion | 14,396,024 | 14,537,256 | 7,198,012 | 7,268,628 |
| Bank charges | 334,018 | 269,373 | 102,893 | (604,009) |
| Net interest expense on pension obligation | - | - | - | - |
| | 218,910,207 | 222,746,418 | 124,893,656 | 89,884,471 |

20. Other Income

This account consists of:

| | Six Months Ended June 30 | | Three Months Ended June 30 | |
|---|--------------------------|-------------|----------------------------|-------------|
| | 2015 | 2014 | 2015 | 2014 |
| | Unaudited | Unaudited | Unaudited | Unaudited |
| Interest Income from: | | | | |
| Installment contract receivables | 574,887,120 | 405,841,741 | 294,432,121 | 206,413,497 |
| Cash in banks and long term investments | 730,672 | 210,834 | 353,033 | 192,441 |
| Gain on sale of building/equipment | 289,255 | - | 289,255 | - |
| Miscellaneous | 20,842,192 | 15,018,313 | 20,861,718 | 6,538,024 |
| | 596,749,240 | 421,070,888 | 315,936,128 | 213,143,963 |

21. Related Party Transactions

This account consists of:

| 30-Jun-15 Unaudited | | | | | |
|-------------------------------|-----------------------|--------------------------|----------------------------|---|--------------------------|
| Related Party | Nature of Transaction | Account | Outstanding Balance/Amount | Terms | Conditons |
| Entities under common control | Advances | Due from related parties | 375,437,370 | Non-interest bearing, payable on demand | Unsecured, no impairment |
| Entities under common control | Advances | Due to related parties | 308,167,921 | Non-interest bearing, payable on demand | Unsecured |
| 30-Jun-14 Unaudited | | | | | |
| Related Party | Nature of Transaction | Account | Outstanding Balance/Amount | Terms | Conditons |
| Stockholders | Advances | Due from related parties | 222,390,884 | Non-interest bearing, payable on demand | Unsecured, no impairment |
| Entities under common control | Advances | Due from related parties | 583,464,265 | Non-interest bearing, payable on demand | Unsecured, no impairment |
| Entities under common control | Advances | Due to related parties | 44,714,603 | Non-interest bearing, payable on demand | Unsecured |

2014
Audited

| Related Party | Nature of Transaction | Account | Outstanding Balance/Amount | Terms | Conditons |
|-------------------------------|-----------------------|--------------------------|----------------------------|---|--------------------------|
| Stockholders | Advances | Due from related parties | 4,522,399 | Non-interest bearing, payable on demand | Unsecured, no impairment |
| Entities under common control | Advances | Due from related parties | 128,896,515 | Non-interest bearing, payable on demand | Unsecured, no impairment |
| Entities under common control | Advances | Due to related parties | 369,019,267 | Non-interest bearing, payable on demand | Unsecured |

2013
Audited

| Related Party | Nature of Transaction | Account | Outstanding Balance/Amount | Terms | Conditons |
|-------------------------------|-----------------------|--------------------------|----------------------------|---|--------------------------|
| Stockholders | Advances | Due from related parties | 205,790,884 | Non-interest bearing, payable on demand | Unsecured, no impairment |
| Entities under common control | Advances | Due from related parties | 311,699,706 | Non-interest bearing, payable on demand | Unsecured, no impairment |
| Entities under common control | Advances | Due to related parties | 172,808,746 | Non-interest bearing, payable on demand | Unsecured |

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, 2015 and 2014, both unaudited.

| Consolidated Balance Sheet | As of June 30, 2015 | As of June 30, 2014 | Increase | |
|----------------------------|---------------------|---------------------|---------------|---------|
| | Unaudited | Unaudited | Amount | % |
| Total Assets | 32,489,212,958 | 22,941,835,039 | 9,547,377,919 | 41.62% |
| Current Assets | 7,442,120,131 | 4,946,441,126 | 2,495,679,006 | 50.45% |
| Trade Receivables | 17,456,994,345 | 12,294,453,801 | 5,162,540,543 | 41.99% |
| Total Liabilities | 16,465,976,190 | 9,261,451,996 | 7,204,524,195 | 77.79% |
| Current Liabilities | 6,997,472,139 | 3,465,272,963 | 3,532,199,176 | 101.93% |
| Loans Payable | 12,425,767,991 | 6,797,639,050 | 5,628,128,941 | 82.80% |
| Stockholder's Equity | 16,023,236,767 | 13,680,383,043 | 2,342,853,724 | 17.13% |

Table below shows comparative consolidated statement of income financial highlights of 8990 Holdings, Inc. for six months ended June 30, 2015 and 2014, both unaudited.

| Consolidated Statements of Income | As of June 30, 2015 | As of June 30, 2014 | Increase | |
|-----------------------------------|---------------------|---------------------|-------------|--------|
| | Unaudited | Unaudited | Amount | % |
| Revenue | 4,508,559,902 | 4,043,595,223 | 464,964,678 | 11.50% |
| Gross Income | 2,673,931,285 | 2,445,081,037 | 228,850,248 | 9.36% |
| Operating Expenses | 738,114,268 | 687,499,726 | 50,614,541 | 7.36% |
| Net Operating Income | 1,935,817,017 | 1,757,581,310 | 178,235,707 | 10.14% |
| EBITDA | 2,550,623,687 | 2,194,756,553 | 355,867,134 | 16.21% |
| Net Income Before Tax | 2,313,656,050 | 1,955,905,781 | 357,750,269 | 18.29% |
| Net Income After Tax | 2,127,261,732 | 1,808,517,828 | 318,743,904 | 17.62% |

Tables below show quarter one 2015 key performance indicators of the Company, with relevant comparative figures.

| Key Performance Indicators | As of June 30, 2015 | As of June 30, 2014 |
|----------------------------|---------------------|---------------------|
| | Unaudited | Unaudited |
| Current Ratio | 1.06 | 1.43 |
| Book Value Per Share | 2.90 | 2.48 |
| Debt to Equity Ratio | 0.78 | 0.50 |
| Asset to Equity Ratio | 2.03 | 1.68 |
| Asset to Debt Ratio | 1.97 | 2.48 |
| Interest Coverage Ratio | 12.40 | 10.48 |

| Key Performance Indicators | As of June 30, 2015 | As of June 30, 2014 |
|----------------------------|---------------------|---------------------|
| | Unaudited | Unaudited |
| Gross Margin | 59.31% | 60.47% |
| EBITDA Margin | 56.57% | 54.28% |
| Net Income Margin | 47.18% | 44.73% |

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 hotel operations.

Cost of Sales and Services

Cost of sales and services comprise: [1] the Company's costs of sales from its low-cost mass housing sales of housing units and subdivision lots, and costs of sales from sales of medium-rise condominium units; and [2] the Company's costs of services from its hotel operations (including room and food and beverage sales).

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, 2015 compared to six months ended June 30, 2014

Revenue

For the six months ended June 30, 2015, the Company recorded consolidated revenue of PhP4,509 million, an increase of 11.5% from consolidated revenue of PhP4,044 million recorded for the six months ended June 30, 2014. The increase was mainly attributable to increased sales in the Company's low-cost mass housing segment. The Company's low-cost mass housing segment generated PhP4,078 million in revenues for the six months ended June 30, 2015, a 16.6% increase from the PhP3,499 million in revenues from the low-cost mass housing segment recorded for the six months ended June 30, 2014. The increase was mainly due to higher sales during the year as the Company sold more low-cost mass housing units.

Cost of Sales and Services

The Company's consolidated cost of sales and services for the six months ended June 30, 2015 was PhP1,835 million, an increase of 14.8% from consolidated cost of sales and services of PhP1,599 million recorded for the six months ended June 30, 2014. The increase was mainly attributable to increases in costs of sales in the Company's low-cost mass housing segment, consistent with the sales growth of this segment. The Company's low-cost mass housing segment recorded PhP1,617 million in costs of sales for the six months ended June 30, 2015, an increase of 15.7% from the PhP1,398 million in costs of sales recorded for the six months ended June 30, 2014. The increase was mainly due to an increase in sales of housing units and subdivision lots.

Gross Income

The Company's consolidated gross income for the six months ended June 30, 2015 was PhP2,674 million, an increase from consolidated gross income of PhP2,445 million recorded for the six months ended June 30, 2014. The Company's gross income margin for the six months ended March 31, 2015 was 59.3%, compared to a gross income margin of 60.5% recorded for the six months ended June 30, 2014. 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, 2015, the Company recorded consolidated operating expenses of PhP738 million, an increase of 7.4% from consolidated operating expenses of PhP687 million recorded for the six months ended June 30, 2014. The increase was mainly attributable to increases in taxes and licenses and repairs and maintenance.

Taxes and Licenses. The Company's consolidated expenses related to taxes and licenses were PhP120 million for the six months ended June 30, 2015, an increase from the PhP63 million consolidated taxes and licenses expenses recorded for the six months ended June 30, 2014. The increase was mainly due to one-time payment of relevant taxes for the sale of Baguio and Boracay buildings pertaining to the timeshare operations to ALRC.

Net Operating Income

The Company's consolidated net operating income for the six months ended June 30, 2015 was PhP1,936 million, an increase from consolidated net operating income of PhP1,757 million recorded for the six months ended June 30, 2014. The Company's consolidated net operating margin was

42.9%, compared to a consolidated net operating margin of 43.5% for the six months ended June 30, 2014.

Finance Costs

The Company's consolidated finance costs for the six months ended June 30, 2015 were PhP94 million, a decrease of 29.24% from consolidated finance costs of PhP219 million recorded for the six months ended June 30, 2014. The decrease was mainly attributable to interest expense resulting from the Company's decreased lending rate extended by creditors for the Company's short-term and long-term loans entered into during the year to support its operations.

Other Income

For the six months ended June 30, 2015, the Company recorded consolidated other income of PhP597 million, an increase of 41.7% from the consolidated other income of PhP421 million recorded for the six months ended June 30, 2014. The increase was mainly attributable to interest income on the Company's higher level of installment contract receivables under its CTS Gold program during the year, consistent with its higher sales volumes.

Income before Income Tax

The Company's consolidated income before income tax for the six months ended June 30, 2015 was PhP2,314 million, an increase of 18.3% from consolidated income before income tax of PhP1,956 million recorded for the six months ended June 30, 2014.

Provision for Income Tax

The Company's consolidated provision for income tax for the six months ended June 30, 2015 was PhP186 million, an increase from consolidated provision for income tax of PhP147 million recorded for the six months ended June 30, 2014. 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, 2015 was PhP2,127 million, a 17.6% increase from consolidated net income of PhP1,809 million recorded for the six months ended June 30, 2014. The Company's consolidated net income margin for the six months ended June 30, 2015 was 47.2%, compared to a consolidated net income margin of 44.7% for the six months ended June 30, 2014.

Financial Position

As at June 30, 2015 compared to as at June 30, 2014

Assets

Cash on Hand and in Banks

The Company's consolidated cash on hand and in banks were PhP503 million as at June 30, 2015, an increase of 4.3% from consolidated cash on hand and in banks of PhP472 million as at June 30, 2014.

Current portion of trade and other receivables

The Company's consolidated current portion of trade and other receivables were PhP1,240 million as at June 30, 2015, an increase from consolidated current portion of trade and other receivables of PhP863 million as at June 30, 2014.

Inventories

The Company's consolidated inventories were PhP3,276 million as at June 30, 2015, an increase from consolidated inventories of PhP2,524 million as at June 30, 2014.

Due from related parties

The Company's consolidated due from related parties were PhP375 million as at June 30, 2015, an increase from consolidated due from related parties of PhP29 million as at June 30, 2014.

Other current assets

The Company's consolidated other current assets were PhP893 million as at June 30, 2015, a decrease from consolidated other current assets of PhP1,048 million as at June 30, 2014, primarily due to decreased advances to contractors in relation to construction on the Company's development projects.

Trade and other receivables – net of current portion

The Company's consolidated trade and other receivables-net of current portion were PhP16,217 million as at June 30, 2015, an increase of 41.9% from consolidated trade and other receivables - net of current portion of PhP11,432 million as at June 30, 2014. 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 PhP8,161 million as at June 30, 2015, an increase of 93.8% from consolidated land held for future development of PhP4,211 million as at June 30, 2014, as the Company acquired certain real properties as part of its land banking.

Property and equipment

The Company's consolidated property and equipment was PhP231 million as at June 30, 2015, a slight decrease from consolidated property and equipment of PhP267 million as at June 30, 2014.

Investment properties

The Company's consolidated investment properties were PhP294 million as at June 30, 2015, a decrease of 110.6% from consolidated investment properties of PhP140 million as at June 30, 2014.

Investment in shares

The Company's consolidated investment in shares was nil as at June 30, 2015. The June 30, 2014 consolidated investment in shares of PhP1,855 million is attributed to 100% shares purchase of one company of the Company's subsidiary 8990 Housing Development Corporation.

Other noncurrent assets

The Company's other noncurrent assets were PhP145 million as at June 30, 2015, an increase of 57.5% from other noncurrent assets of PhP92 million as at June 30, 2014.

Liabilities

Current portion of trade and other payables

The Company's consolidated current portion of trade and other payables were PhP2,947 million as at June 30, 2015, an increase of 56.4% from consolidated current portion of trade and other payables of PhP1,885 million as at June 30, 2014.

Current portion of loans payable

The Company's consolidated current portion of loans payable were PhP3,368 million as at June 30, 2015, an increase of 167.5% from consolidated current portion of loans payable of PhP1,259 million as at June 30, 2014. The increase was due to increased short-term borrowing of the Company.

Deposits from customers

The Company's consolidated deposits from customers were PhP250 million as at June 30, 2015, an increase of 54.7% from consolidated deposits from customers of PhP161 million as at June 30, 2014.

Due to related parties

The Company's consolidated due to related parties were PhP308 million as at June 30, 2015, an increase from consolidated due to related parties of nil as at June 30, 2014.

Income tax payable

The Company's consolidated income tax payable was PhP124 million as at June 30, 2015, a decrease from consolidated income tax payable of PhP160 million as at June 30, 2014.

Trade and other payables - net of current portion

The Company's consolidated trade and other payables - net of current portion were PhP12 million as at June 30, 2015, an increase from consolidated trade and other payables - net of current portion of PhP3 million as at June 30, 2014.

Loans payable - net of current portion

The Company's consolidated loans payable - net of current portion was PhP9,057 million as at June 30, 2015, a 63.5% increase from consolidated loans payable - net of current portion of PhP5,538 million as at June 30, 2014. The Company entered into additional loan transactions during the quarter to fund purchase of land for future development.

Deferred tax liability

The Company's consolidated deferred tax liability was PhP399 million as at June 30, 2015, an increase from consolidated deferred tax liability of PhP254 million as at June 30, 2014. This deferred tax liability was attributable to provision for income tax resulting from the delay in the income tax

holiday accreditation for certain Company projects. Accreditation for these projects has since been obtained.

Liquidity and Capital Resources

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

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

Cash Flows

Cash flow used in operating activities

The Company's consolidated net cash used in operating activities is primarily affected by the revenues generated from its operations, primarily the sale of residential housing units, subdivision lots and MRB condominium units. The Company's consolidated net cash used in operating activities were PhP745 million and PhP2,491 million for the periods ended June 30, 2015 and June 30, 2014, respectively.

Cash flows used in investing activities

Consolidated net cash flow used in investing activities for the periods ended June 30, 2015 and June 30, 2014 were PhP1,654 million and PhP2,353 million, respectively.

For the six months ended June 30, 2015, consolidated net cash flow used in investing activities reflected acquisitions of land for future development, investment in shares, as well as purchases of property and equipment.

Cash flow provided by financing activities

Consolidated net cash flow provided by financing activities for the periods ended June 30, 2015 and June 30, 2014 were PhP2,296 million and PhP5,077 million, respectively.

PART II--OTHER INFORMATION

On Secondary Sale of Preferred Shares Business

On May 25, 2015, Securities and Exchange Commission approved the sale of Azalea Leisure Residences Corp. (ALRC) preferred shares bought by subsidiary, Fog Horn, Inc., to the secondary market thru the approval of the Registration Statement of ALRC, wherein FHI was represented as the Selling Shareholder. ALRC preferred share entitles the shareholder one (1) room night in Azalea Residences Baguio every year in perpetuity.

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 blue ink, appearing to read "Richard L. Hosen", is written over the printed name and title. The signature is stylized with a large loop at the beginning and a series of connected loops for the rest of the name.

RICHARD L. HOSEN
Chief Finance Officer/Treasurer

Date: