

COVER SHEET

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S.E.C. Registration Number

8 9 9 0 H O L D I N G S , I N C .

( F O R M E R L Y I P C O N V E R G E D A T A

C E N T E R , 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)

Teresa C. Secuya  
Compliance Officer  
Contact Person/s

(632) 4789659/5333915/5333917  
Company Telephone Number

0 6  
Month  
Calendar Year

3 0  
Day

SEC Form 17-Q  
June 30, 2014  
FORM TYPE

0 7  
Month  
Annual Meeting

2 8  
Day

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

22  
Total No. of Stockholders

21  
Domestic

1  
Foreign

To be accomplished by SEC Personnel concerned

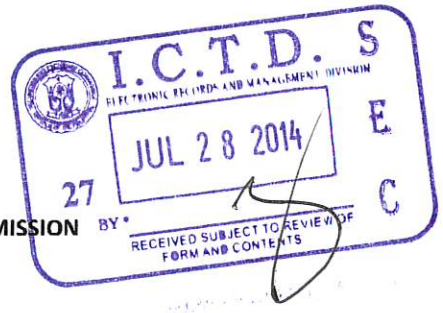
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SECURITIES AND EXCHANGE COMMISSION BY \*

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, 2014
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. (formerly IP CONVERGE DATA CENTER, 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>

11. Are any or all of the securities listed on a Stock Exchange?

Yes [V] No [ ]

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

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

12. Indicate by check mark whether the registrant:

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

Yes  No

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

Yes  No

**PART I--FINANCIAL INFORMATION**

**Item 1. Financial Statements.**

**8990 HOLDINGS, INC. (formerly IP Converge Data Center, Inc.) AND SUBSIDIARIES**  
**Unaudited Consolidated Statements of Financial Position (in Philippine Peso)**

	30-Jun		31-Dec		
	2014 (Unaudited)	2013 (Unaudited)	2013 (Audited)	2012 (Audited)	2011 Unaudited
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash on hand and in banks (Note 4)	481,967,112	200,547,041	249,040,092	180,301,128	250,702,522
Current portion of trade and other receivables (Note 5)	862,993,302	561,809,767	537,057,908	537,242,552	177,653,141
Inventories (Note 6)	2,524,474,293	1,972,208,999	2,243,559,834	2,040,532,596	2,176,633,174
Due from related parties (Note 20)	28,510,355	593,824,328	517,490,590	147,400,252	436,251,603
Current portion of long-term investments	-	-	-	3,021,720	110,113,573
Other current assets (Note 7)	1,048,496,064	135,545,246	342,105,863	137,141,546	89,762,177
<b>Total Current Assets</b>	<b>4,946,441,126</b>	<b>3,463,935,381</b>	<b>3,889,254,287</b>	<b>3,045,639,794</b>	<b>3,241,116,190</b>
<b>Noncurrent Assets</b>					
Trade and other receivables - net of current portion (Note 5)	11,431,460,500	6,977,710,046	9,473,832,351	4,421,033,597	1,558,332,536
Land held for future development (Note 8)	4,210,771,746	1,190,487,593	3,784,727,576	1,010,474,241	692,971,776
Property and equipment (Note 9)	266,598,624	147,845,257	208,870,467	146,849,977	121,591,178
Investment properties (Note 10)	139,524,194	141,891,739	141,928,584	142,365,067	139,207,608
Long term investments, net of current portion	-	-	-	-	3,021,720
Investment in shares	1,855,264,000	-	-	-	-
Other noncurrent assets (Note 7)	91,774,850	81,982,487	117,010,245	81,582,994	76,906,243
<b>Total Noncurrent Assets</b>	<b>17,995,393,913</b>	<b>8,539,917,122</b>	<b>13,726,369,223</b>	<b>5,802,305,876</b>	<b>2,592,031,061</b>
	<b>22,941,835,039</b>	<b>12,003,852,503</b>	<b>17,615,623,510</b>	<b>8,847,945,670</b>	<b>5,833,147,251</b>
<b>LIABILITIES AND EQUITY</b>					
<b>Current Liabilities</b>					
Current portion of trade and other payables (Note 11)	1,884,794,644	959,404,039	2,937,730,783	617,715,984	517,376,695
Current portion of loans payable (Note 13)	1,259,173,668	1,953,255,667	3,332,250,211	1,257,747,508	499,128,411
Deposits from customers (Note 12)	161,323,666	132,596,589	47,746,763	104,887,729	165,941,947
Due to related parties (Note 20)	-	45,743,090	172,808,746	57,176,899	1,786,773,265
Income tax payable	159,980,985	27,333,211	31,209,903	13,899,640	3,568,445
<b>Total Current Liabilities</b>	<b>3,465,272,963</b>	<b>3,118,332,596</b>	<b>6,521,746,406</b>	<b>2,051,427,760</b>	<b>2,972,788,763</b>
<b>Noncurrent Liabilities</b>					
Trade and other payables - net of current portion (Note 11)	3,360,955	430,032,395	263,089,121	499,874,001	615,699,670
Loans payable - net of current portion (Note 13)	5,538,465,383	2,951,576,171	3,980,588,104	2,316,847,888	970,784,608
Deferred tax liability	254,352,695	43,770,794	254,352,695	31,781,000	5,833,385
<b>Total Noncurrent Liabilities</b>	<b>5,796,179,033</b>	<b>3,425,379,360</b>	<b>4,498,029,920</b>	<b>2,848,502,889</b>	<b>1,592,317,663</b>
<b>Total Liabilities</b>	<b>9,261,451,996</b>	<b>6,543,711,956</b>	<b>11,019,776,326</b>	<b>4,899,930,649</b>	<b>4,565,106,426</b>
<b>Equity</b>					
Capital Stock (Note 14)	5,517,990,720	221,866,669	4,655,804,670	221,866,669	181,866,669
Subscribed Capital Stock	-	-	-	-	25,000,000
Additional paid-in capital	4,413,831,982	190,748,328	-	190,748,328	129,948,328
Equity reserve	-	3,444,273,168	-	3,024,273,168	306,935,003
Remeasurement loss on pension plan	(1,432,534)	-	(1,432,534)	-	-
Retained earnings	3,749,992,875	1,603,252,382	1,941,475,048	511,126,856	624,290,825
<b>Total Equity</b>	<b>13,680,383,043</b>	<b>5,460,140,547</b>	<b>6,595,847,184</b>	<b>3,948,015,021</b>	<b>1,268,040,825</b>
	<b>22,941,835,039</b>	<b>12,003,852,503</b>	<b>17,615,623,510</b>	<b>8,847,945,670</b>	<b>5,833,147,251</b>

**8990 HOLDINGS, INC. (formerly IP Converge Data Center, Inc.) AND SUBSIDIARIES**  
**Unaudited Consolidated Statements of Comprehensive Income (in Philippine Peso)**

	For six months ended June 30		For years ended December 31		
	2014 Unaudited	2013 Unaudited	2013 Audited	2012 Audited	2011 Unaudited
Sales (Note 15)	4,095,733,649	3,137,085,347	5,356,098,815	3,830,644,048	2,348,649,231
Cost of Sales (Note 16)	1,582,781,949	1,186,994,066	1,967,047,469	1,448,571,872	1,340,030,404
Gross Income	2,512,951,701	1,950,091,281	3,389,051,346	2,382,072,176	1,008,618,827
Operating Expenses (Note 17)	703,231,964	496,351,489	1,176,864,392	694,252,796	555,386,354
Net Operating Income	1,809,719,736	1,453,739,792	2,212,186,954	1,687,819,380	453,232,473
Finance Costs (Note 18)	(222,746,418)	(176,924,785)	(406,466,175)	(216,312,630)	(84,733,384)
Other Income (Note 19)	368,932,462	276,227,643	635,809,034	282,148,140	77,410,184
Income Before Income Tax	1,955,905,781	1,553,042,650	2,441,529,813	1,753,654,890	445,909,273
Provision for Income Tax	147,387,953	40,917,124	257,845,583	49,168,859	6,923,810
Net Income	1,808,517,828	1,512,125,526	2,183,684,230	1,704,486,031	438,985,463
Other Comprehensive Loss	-	-	(1,432,534)	-	-
Total Comprehensive Income	1,808,517,828	1,512,125,526	2,182,251,696	1,704,486,031	438,985,463

**8990 HOLDINGS, INC. (formerly IP Converge Data Center, Inc.) AND SUBSIDIARIES**  
**Unaudited Consolidated Statements of Changes in Equity (in Philippine Peso)**

For six months ended June 30, 2014

					Other		Retained Earnings	Total
	Capital Stock	Subscribed Capital Stock	Additional Paid in Capital	Equity Reserve	Comprehensive Loss			
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	-	4,412,305,753	-	-	-	5,274,491,803	
Total comprehensive income (loss)	-	-	-	-	-	1,808,517,828	1,808,517,828	
<b>Balance at June 30, 2014</b>	<b>5,517,990,720</b>	<b>-</b>	<b>4,412,305,753</b>	<b>-</b>	<b>(1,432,534)</b>	<b>3,749,992,876</b>	<b>13,678,856,815</b>	
Balance at January 1, 2013	221,866,669	-	190,748,328	3,024,273,168	-	511,126,856	3,948,015,021	
Total comprehensive income (loss)	-	-	-	-	-	1,512,125,526	1,512,125,526	
<b>Balance at June 30, 2013</b>	<b>221,866,669</b>	<b>-</b>	<b>190,748,328</b>	<b>3,024,273,168</b>	<b>-</b>	<b>2,023,252,382</b>	<b>5,460,140,547</b>	

For six months ended June 30, 2014

	Capital Stock		Additional Paid in Capital	Equity Reserve	Other		Retained Earnings	Total
	Subscribed Capital Stock	Capital Stock			Loss	Comprehensive Loss		
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		4,413,831,982	-	-	-	5,276,018,032
Total comprehensive income (loss)		-	-	-	-	-	1,808,517,828	1,808,517,828
<b>Balance at June 30, 2014</b>		<b>5,517,990,720</b>	<b>-</b>	<b>4,413,831,982</b>	<b>(1,432,534)</b>	<b>-</b>	<b>3,749,992,876</b>	<b>13,680,383,043</b>
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
<b>Balance at December 31, 2013</b>		<b>4,655,804,670</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,432,534)</b>	<b>1,941,475,048</b>	<b>6,595,847,184</b>
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
<b>Balance at December 31, 2012</b>		<b>221,866,669</b>	<b>-</b>	<b>190,748,328</b>	<b>3,024,273,168</b>	<b>-</b>	<b>511,126,856</b>	<b>3,948,015,021</b>

**8990 HOLDINGS, INC. (formerly IP Converge Data Center, Inc.) AND SUBSIDIARIES**  
**Unaudited Consolidated Statements of Cash Flows (in Philippine Peso)**

	For six months ended June 30		For years ended December 31	
	2014 Unaudited	2013 Unaudited	2013 Audited	2012 Audited
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Income before income tax	1,955,905,781	1,553,042,650	2,441,529,813	1,753,654,890
Adjustments for:				
Interest income	(406,092,083)	(231,439,360)	(533,181,127)	(227,218,396)
Finance cost	186,422,160	176,924,785	404,614,757	215,560,446
Write-off of assets	-	-	64,945,573	-
Provision for impairment losses	-	-	58,414,812	2,076,561
Provision for probable losses	-	4,683,167	26,340,946	10,680,718
Depreciation and amortization	16,104,354	12,042,625	22,566,268	15,138,560
Provision for inventory write-down	-	-	3,646,000	-
Loss (gain) on repossession	-	-	(1,122,087)	1,256,353
Retirement Expense	-	278,367	442,531	444,200
Loss on sale of a subsidiary	-	-	-	11,165,026
Gain on sale of unquoted debt security classified as loan:	-	-	-	(7,767,942)
Operating income before changes in working capital	1,752,340,213	1,515,532,234	2,488,197,486	1,774,990,416
Changes in operating assets and liabilities				
Decrease (increase) in:				
Trade and other receivables	(2,283,563,542)	(2,581,243,664)	(4,275,829,919)	(3,412,201,469)
Inventories	(280,914,459)	199,054,030	(69,059,536)	200,226,383
Other assets	(681,154,806)	(369,870)	(404,424,065)	(77,168,052)
Increase (decrease) in:				
Trade and other payables	(1,312,664,305)	245,570,976	177,998,680	17,715,084
Deposits from customers	113,576,903	27,708,860	(57,140,966)	(56,337,659)
Net cash used in operations	(2,692,379,996)	(593,747,434)	(2,140,258,320)	(1,552,775,297)
Interest received	406,052,575	231,439,360	533,181,127	227,218,396
Interest paid	(186,422,160)	(155,610,846)	(364,210,661)	(174,133,174)
Income tax paid	(18,577,364)	(13,927,082)	(13,949,694)	(4,986,990)
Net cash used in operating activities	(2,491,326,945)	(531,846,002)	(1,985,237,548)	(1,504,677,065)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Acquisitions of:				
Land held for future development	(426,044,170)	(310,743,785)	(1,185,093,610)	(396,892,465)
Property and equipment	(71,428,120)	(10,624,583)	(81,948,759)	(37,494,702)
Investment properties	-	(1,939,994)	(2,201,516)	(6,293,155)
Investment in shares	(1,855,264,000)	-	-	-
Proceeds from:				
Maturities/termination of long term investments	-	3,021,720	3,021,720	110,113,573
Sale of unquoted debt securities classified as loans	-	-	-	14,325,544
Disposal of property and equipment	-	-	-	-
Net cash outflow from disposal of investment in a subsidiary	-	-	-	(61,680,350)
Net cash inflow from acquisition of net assets of acquiree	-	-	-	100,000
Net cash used in investing activities	(2,352,736,290)	(320,286,642)	(1,266,222,165)	(377,821,555)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Availment (retirement) of loans payable	(515,199,265)	1,330,236,442	3,136,887,266	2,124,116,933
Issuance of shares by the Parent Company	5,276,018,032	-	465,580,467	-
Issuance of shares by subsidiaries	-	-	-	1,387,500,000
Decrease (increase) in the amount of due from related parties	488,980,235	(446,424,076)	(370,090,338)	393,750,716
Increase (decrease) in the amount of due to related parties	(172,808,746)	(11,433,809)	87,821,282	(1,693,270,423)
Payment of cash dividends	-	-	-	(400,000,000)
Net cash provided by financing activities	5,076,990,255	872,378,557	3,320,198,677	1,812,097,226
Net increase (decrease) in cash on hand and in banks	232,927,020	20,245,913	68,738,964	(70,401,394)
Cash Balance at the beginning of the year	249,040,092	180,301,128	180,301,128	250,702,522
Cash Balance at the end of the year	481,967,112	200,547,041	249,040,092	180,301,128



**8990 HOLDINGS, INC. (formerly IP Converge Data Center, Inc.) AND SUBSIDIARIES**  
**Notes to Unaudited Consolidated Financial Statements**

**1. Basis of Preparation**

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.

*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 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	30-Jun	31-Dec	
	2014	2013	2013	2012
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
Cash on hand	1,011,925	672,130	689,925	475,130
Cash in banks	480,955,187	199,874,911	248,350,167	179,825,998
	481,967,112	200,547,041	249,040,092	180,301,128

**5. Trade and Other Receivables**

This account consists of:

	30-Jun	30-Jun	31-Dec	
	2014	2013	2013	2012
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
<b>Current</b>				
Trade Receivables				
Installment contract receivables	475,813,409	276,097,296	306,046,028	266,090,280
Others	26,523,609	3,855,225	3,895,790	8,484,481
Advances to external marketing managers	89,704,365	180,102,006	47,812,508	157,085,699
Retention Receivables	79,897,322	63,346,800	52,318,996	100,239,272
Receivables from employees	7,504,997	29,471,605	35,171,413	3,666,609
Other Receivables	186,344,706	8,936,835	94,608,279	1,676,211
	865,788,408	561,809,767	539,853,014	537,242,552
Less: Allowance for impairment losses	2,795,106	-	2,795,106	-
	862,993,302	561,809,767	537,057,908	537,242,552
<b>Non current</b>				
Trade Receivables				
Installment contract receivables	11,419,521,819	6,968,549,972	9,471,874,962	4,406,018,917
Retention Receivables	11,938,680	9,160,074	1,957,389	15,014,680
	11,431,460,500	6,977,710,046	9,473,832,351	4,421,033,597
	12,294,453,801	7,539,519,813	10,010,890,259	4,958,276,149

**6. Inventories**

This account consists of:

	30-Jun	30-Jun	31-Dec	
	2014	2013	2013	2012
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
<b>Real estate inventories</b>				
Low-cost mass housing	1,877,035,282	1,428,018,200	1,735,597,099	1,452,941,504
Medium-rise condominium units	92,909,509	146,307,426	115,535,085	189,099,680
	1,969,944,791	1,574,325,626	1,851,132,184	1,642,041,184
Timeshares	554,529,502	397,883,373	392,427,650	398,491,412
	2,524,474,293	1,972,208,999	2,243,559,834	2,040,532,596

**7. Other Assets**

This account consists of:

	30-Jun	30-Jun	31-Dec	
	2014	2013	2013	2012
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
<b>Current</b>				
Advances to contractors	961,868,939	93,968,667	295,972,057	87,758,629
Input tax	56,516,831	34,192,354	44,306,675	37,607,319
Advances to landowners	32,500,000	-	32,500,000	-
Creditable withholding tax	23,983,058	1,309,354	10,390,648	124,444
Prepaid expenses	4,622,537	1,261,700	4,604,870	3,507,124
Hotel inventories	10,549,901	2,450,746	3,419,922	1,839,338
Others	13,639,092	2,362,425	6,095,984	8,381,253
	1,103,680,357	135,545,246	397,290,156	139,218,107
Less: Allowance for impairment losses	55,184,293	-	55,184,293	2,076,561
	1,048,496,064	135,545,246	342,105,863	137,141,546
<b>Non-current</b>				
Deposits	92,794,302	76,348,987	89,284,197	75,949,494
Software cost	1,492,522	-	1,492,522	-
Others	-	5,633,500	28,745,500	5,633,500
	94,286,824	81,982,487	119,522,219	81,582,994
Less: Allowance for impairment losses	2,511,974	-	2,511,974	-
	91,774,850	81,982,487	117,010,245	81,582,994
	1,140,270,914	217,527,733	459,116,108	218,724,540

**8. Land Held for Future Development**

This account consists of:

	31-Mar	30-Jun	31-Dec	
	2014	2013	2013	2012
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
Balance at beginning of year	3,784,727,576	1,010,474,241	1,010,474,241	692,971,776
Land acquired during the year	426,044,170	310,743,785	3,062,009,922	317,502,465
Land transferred to inventories	-	(130,730,433)	(284,110,587)	-
Provision for write down	-	-	(3,646,000)	-
<b>Balance at end of year</b>	<b>4,210,771,746</b>	<b>1,190,487,593</b>	<b>3,784,727,576</b>	<b>1,010,474,241</b>

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

30-Jun-14  
(Unaudited)

Cost	Land		Land Improvements		Leasehold Improvements		Furniture and Fixtures		Machineries and Equipment		Transportation Vehicles		Construction In Progress		Total
	Land	Building	Improvements	Improvements	Improvements	Improvements	Fixtures	Fixtures	Equipment	Equipment	Vehicles	Vehicles	In Progress	In Progress	
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						
<b>Net Book Value</b>	<b>107,405,010</b>	<b>42,172,219</b>	<b>5,990,769</b>	<b>4,400,422</b>	<b>10,507,680</b>	<b>28,092,942</b>	<b>28,681,475</b>	<b>39,348,106</b>	<b>266,598,624</b>						
30-Jun-13 (Unaudited)															
Cost	Land		Land Improvements		Leasehold Improvements		Furniture and Fixtures		Machineries and Equipment		Transportation Vehicles		Construction In Progress		Total
	Land	Building	Improvements	Improvements	Improvements	Improvements	Fixtures	Fixtures	Equipment	Equipment	Vehicles	Vehicles	In Progress	In Progress	
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	-	-	768,698	1,067,317	2,726,681	2,155,725	2,789,000	1,117,162	10,624,583						
Balances at end of year	53,585,010	49,919,320	10,420,848	7,112,051	17,529,501	6,707,208	54,050,100	1,117,162	200,441,200						
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	-	1,100,228	1,002,650	1,255,414	1,283,889	600,690	4,386,432	-	9,629,303						
Balances at end of year	-	8,106,052	2,374,258	2,876,096	10,095,243	3,425,501	25,718,793	-	52,595,943						
<b>Net Book Value</b>	<b>53,585,010</b>	<b>41,813,268</b>	<b>8,046,590</b>	<b>4,235,955</b>	<b>7,434,258</b>	<b>3,281,707</b>	<b>28,331,307</b>	<b>1,117,162</b>	<b>147,845,257</b>						

31-Dec-13  
(Audited)

Cost	Land		Land Improvements		Leasehold Improvements		Furniture and Fixtures		Machinery and Equipment		Transportation Vehicles		Construction in Progress		Total
	Land	Building	Land	Improvements	Leasehold	Improvements	Furniture and	Fixtures	Machinery and	Equipment	Transportation	Vehicles	Construction	in Progress	
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	-	-	-	-	-	81,948,759
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	-	-	-	-	-	1,176,127
Balances at end 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	-	-	-	-	-	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	-	-	-	-	-	19,928,269
Depreciation and Amortization	-	2,489,224	2,050,405	2,519,722	2,621,022	1,654,718	8,593,178	-	19,928,269	-	-	-	-	-	62,894,909
Balances at end of year	-	9,495,048	3,422,013	4,140,404	11,432,376	4,479,529	29,925,539	-	62,894,909	-	-	-	-	-	62,894,909
<b>Net Book Value</b>	<b>107,405,010</b>	<b>43,221,656</b>	<b>7,036,634</b>	<b>2,971,647</b>	<b>9,821,625</b>	<b>8,636,806</b>	<b>28,600,962</b>	<b>1,176,127</b>	<b>208,870,467</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>208,870,467</b>

31-Dec-12  
(Audited)

Cost	Land		Land Improvements		Leasehold Improvements		Furniture and Fixtures		Machinery and Equipment		Transportation Vehicles		Construction in Progress		Total
	Land	Building	Land	Improvements	Leasehold	Improvements	Furniture and	Fixtures	Machinery and	Equipment	Transportation	Vehicles	Construction	in Progress	
Balances at beginning of year	53,585,010	42,756,368	9,652,150	4,165,906	11,996,428	3,982,651	26,089,500	392,870	157,620,883	-	-	-	-	-	37,494,702
Additions	-	6,770,082	-	1,936,736	3,047,452	568,832	25,171,600	-	37,494,702	-	-	-	-	-	37,494,702
Transfers	-	392,870	-	-	-	-	-	-	-	-	-	-	-	-	(392,870)
Effect of disposal of a subsidiary	-	-	-	(57,908)	(241,060)	-	-	-	(298,968)	-	-	-	-	-	(298,968)
Balances at end 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	-	-	-	-	-	189,816,617
Accumulated Depreciation and Amortization															
Balances at beginning of year	-	4,740,502	808,500	102,891	6,801,757	2,190,147	16,385,908	-	31,029,705	-	-	-	-	-	12,002,864
Depreciation and Amortization	-	2,265,322	563,108	1,534,198	2,059,119	634,664	4,946,453	-	12,002,864	-	-	-	-	-	(65,929)
Effect of disposal of a subsidiary	-	-	-	(16,407)	(49,522)	-	-	-	(65,929)	-	-	-	-	-	(65,929)
Balances at end of year	-	7,005,824	1,371,608	1,620,682	8,811,354	2,824,811	21,332,361	-	42,966,640	-	-	-	-	-	42,966,640
<b>Net Book Value</b>	<b>53,585,010</b>	<b>42,913,496</b>	<b>8,280,542</b>	<b>4,424,052</b>	<b>5,991,466</b>	<b>1,726,672</b>	<b>29,928,739</b>	<b>-</b>	<b>146,849,977</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>146,849,977</b>

**10. Investment Properties**

This account consists of:

	30-Jun-14 (Unaudited)				
	Land	Building	Land Improvements	Construction in Progress	Total
<b>Cost</b>					
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
<b>Accumulated Depreciation and Amortization</b>					
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
<b>Net Book Value</b>	<b>54,468,615</b>	<b>6,665,979</b>	<b>78,389,600</b>	<b>-</b>	<b>139,524,194</b>

	30-Jun-13 (Unaudited)				
	Land	Building	Land Improvements	Construction in Progress	Total
<b>Cost</b>					
Balances at beginning of year	54,468,615	8,604,750	87,090,275	-	150,163,640
Additions	-	-	-	1,939,994	1,939,994
Transfers	-	-	1,939,994	(1,939,994)	-
Balances at end of year	54,468,615	8,604,750	89,030,269	-	152,103,634
<b>Accumulated Depreciation and Amortization</b>					
Balances at beginning of year	-	1,336,439	6,462,134	-	7,798,573
Depreciation and Amortization	-	215,119	2,198,203	-	2,413,322
Balances at end of year	-	1,551,558	8,660,337	-	10,211,895
<b>Net Book Value</b>	<b>54,468,615</b>	<b>7,053,192</b>	<b>80,369,932</b>	<b>-</b>	<b>141,891,739</b>



	31-Dec-13 (Audited)				
	Land	Building	Land Improvements	Construction in Progress	Total
<b>Cost</b>					
Balances at beginning of year	54,468,615	8,604,750	89,291,791	-	152,365,156
Additions	-	-	-	-	-
<b>Balances at end of year</b>	<b>54,468,615</b>	<b>8,604,750</b>	<b>89,291,791</b>	<b>-</b>	<b>152,365,156</b>
<b>Accumulated Depreciation and Amortization</b>					
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
<b>Balances at end of year</b>	<b>-</b>	<b>1,766,676</b>	<b>8,669,896</b>	<b>-</b>	<b>10,436,572</b>
<b>Net Book Value</b>	<b>54,468,615</b>	<b>6,838,074</b>	<b>80,621,895</b>	<b>-</b>	<b>141,928,584</b>

	31-Dec-12 (Audited)				
	Land	Building	Land Improvements	Construction in Progress	Total
<b>Cost</b>					
Balances at beginning of year	54,468,615	8,604,750	44,155,223	36,641,897	143,870,485
Additions	-	-	-	6,293,155	6,293,155
Transfers	-	-	42,935,052	(42,935,052)	-
<b>Balances at end of year</b>	<b>54,468,615</b>	<b>8,604,750</b>	<b>87,090,275</b>	<b>-</b>	<b>150,163,640</b>
<b>Accumulated Depreciation and Amortization</b>					
Balances at beginning of year	-	906,202	3,756,675	-	4,662,877
Depreciation and Amortization	-	430,237	2,705,459	-	3,135,696
<b>Balances at end of year</b>	<b>-</b>	<b>1,336,439</b>	<b>6,462,134</b>	<b>-</b>	<b>7,798,573</b>
<b>Net Book Value</b>	<b>54,468,615</b>	<b>7,268,311</b>	<b>80,628,141</b>	<b>-</b>	<b>142,365,067</b>

**11. Trade and Other Payables**

This account consists of:

	30-Jun	30-Jun	31-Dec	
	2014	2013	2013	2012
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
<b>Current</b>				
Trade and accounts payables	395,496,359	367,684,600	2,209,103,891	237,317,751
Accrued expenses	686,299,581	405,880,182	497,970,175	239,573,314
Retention payables	72,042,633	68,671,215	57,744,129	24,392,140
Withholding tax payables	50,138,980	8,188,675	21,875,280	6,899,773
Construction bonds	21,288,819	10,940,993	16,210,949	20,410,237
Net output tax	-	6,661,147	6,661,147	6,661,147
Others	659,528,273	91,377,227	128,165,212	82,461,622
	<b>1,884,794,644</b>	<b>959,404,039</b>	<b>2,937,730,783</b>	<b>617,715,984</b>
<b>Non-current</b>				
Trade and accounts payables	-	428,713,177	259,389,316	461,296,790
Retention payables	-	-	-	37,559,937
Others	3,360,955	1,319,218	3,669,805	1,017,274
	<b>3,360,955</b>	<b>430,032,395</b>	<b>263,059,121</b>	<b>499,874,001</b>
	<b>1,888,155,599</b>	<b>1,389,436,434</b>	<b>3,200,789,904</b>	<b>1,117,589,985</b>

**12. 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. For timeshares, when the level of required payment is reached by a buyer, a sale is recognized.

**13. Loans Payable**

This account consists of:

	30-Jun	30-Jun	31-Dec	
	2014	2013	2013	2012
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
<b>Short term loans payable and current portion of long term</b>				
Short term loans payable and current portion of long term	1,259,173,668	1,732,303,576	2,612,529,325	1,239,648,027
<b>Long-term loans payable</b>				
Long-term loans payable	5,538,465,383	3,172,528,262	4,700,308,990	2,334,947,369
	<b>6,797,639,050</b>	<b>4,904,831,838</b>	<b>7,312,838,315</b>	<b>3,574,595,396</b>

**14. Equity**

This account consists of:

	30-Jun	30-Jun	31-Dec	
	2014 (Unaudited)	2013 (Unaudited)	2013 (Audited)	2012 (Audited)
Authorized, par value PhP1.00	7,000,000,000	460,000,000	7,000,000,000	460,000,000
Issued and outstanding at beginning of year	4,655,804,670	221,866,669	221,866,669	181,866,669
Issuance of shares	862,186,050	-	4,433,938,001	40,000,000
Issued and outstanding at end of year	5,517,990,720	221,866,669	4,655,804,670	221,866,669

**15. Sales**

This account consists of:

	Three Months Ended June 30		Years Ended December 31	
	2014 Unaudited	2013 Unaudited	2013 Audited	2012 Audited
<b>Real estate</b>				
Low-cost mass housing	3,498,701,414	2,836,479,744	4,666,488,875	3,702,823,087
Medium-rise condominium units	459,787,149	240,214,425	559,780,876	33,301,000
Timeshares	85,602,049	19,042,130	46,077,321	52,878,961
	4,044,090,611	3,095,736,299	5,272,347,072	3,789,003,048
<b>Hotel Operations</b>				
Rooms	37,586,665	28,060,670	56,091,567	26,743,829
Food and Beverages	14,056,373	13,288,378	27,660,176	14,897,171
	51,643,038	41,349,048	83,751,743	41,641,000
	4,095,733,649	3,137,085,347	5,356,098,815	3,830,644,048

**16. Cost of Sales and Services**

This account consists of:

	Three Months Ended June 30		Years Ended December 31	
	2014 Unaudited	2013 Unaudited	2013 Audited	2012 Audited
<b>Real estate</b>				
Low-cost mass housing	1,398,124,982	1,078,742,657	1,717,519,321	1,405,835,469
Medium-rise condominium units	154,584,890	85,244,127	197,320,474	12,822,403
Timeshares	17,944,915	5,185,282	12,140,099	16,375,980
	1,570,654,787	1,169,172,066	1,926,979,894	1,435,033,852
<b>Hotel Operations</b>				
Rooms	5,584,576	10,880,507	19,085,469	8,621,563
Food and Beverages	6,542,586	6,941,493	20,982,106	4,916,457
	12,127,162	17,822,000	40,067,575	13,538,020
	1,582,781,949	1,186,994,066	1,967,047,469	1,448,571,872

**17. Operating Expenses**

This account consists of:

	Three Months Ended June 30		Years Ended December 31	
	2014	2013	2013	2012
	Unaudited	Unaudited	Audited	Audited
Marketing and selling	262,551,366	171,603,308	307,015,371	197,402,838
Documentation	163,812,114	155,176,933	292,188,702	232,054,087
Taxes and licenses	62,527,782	33,138,168	103,568,517	38,808,832
Salaries and employee benefits	52,525,076	32,661,447	75,943,647	55,249,493
Write-off of assets	-	-	64,945,573	-
Provision for impairment losses	-	-	58,414,812	2,076,561
Management and professional fees	33,162,710	5,149,621	44,502,235	26,188,710
Communication, light and water	26,463,522	15,381,748	34,961,571	27,272,814
Provision for probable losses	-	4,683,167	26,340,946	10,680,718
Security, messengerial and janitorial	26,157,501	13,877,651	25,369,411	23,590,909
Depreciation and amortization	16,104,354	12,042,625	22,566,268	15,138,560
Transportation and travel	16,732,718	9,796,921	22,270,000	13,778,481
Repairs and maintenance	9,961,956	5,118,585	11,295,057	7,111,871
Entertainment, amusement and representation	2,739,708	5,876,117	10,575,323	19,131,170
Rent	11,983,591	5,150,510	8,350,287	7,211,136
Supplies	4,904,037	2,808,445	7,750,140	4,604,354
Provision for write-down	-	-	3,646,000	-
Subscription dues and fees	2,984,468	-	876,704	789,447
Miscellaneous	10,621,063	23,886,243	56,283,828	13,162,815
	703,231,964	496,351,489	1,176,864,392	694,252,796

**18. Finance Costs**

This account consists of:

	Three Months Ended June 30		Years Ended December 31	
	2014	2013	2013	2012
	Unaudited	Unaudited	Audited	Audited
Borrowings	171,884,904	158,663,834	363,633,267	181,122,301
Accretion	14,537,256	18,237,374	40,918,456	34,410,141
Others	36,324,257	23,577	1,914,452	780,188
	222,746,418	176,924,785	406,466,175	216,312,630

**19. Other Income**

This account consists of:

	Three Months Ended June 30		Years Ended December 31	
	2014	2013	2013	2012
	Unaudited	Unaudited	Audited	Audited
Interest Income from:				
Installment contract receivables	405,841,741	231,077,070	531,811,849	218,340,111
Cash in banks and long term investments	210,834	362,290	1,369,278	8,878,285
Water income	25,264,219	18,421,384	52,873,719	31,327,458
Penalties	10,019,884	4,794,155	13,676,202	2,447,857
Rent income	12,818,598	2,189,722	6,481,920	1,412,532
Collection service fees	548,247	1,408,612	2,826,651	11,805,294
Gain on repossession	(100,789,374)	5,486,345	1,122,087	-
Loss on sale of a subsidiary		-	-	(11,165,026)
Gain on sale of unquoted debt security classified as loans		-	-	7,767,942
Miscellaneous	15,018,313	12,488,065	25,647,328	11,333,687
	368,932,462	276,227,643	635,809,034	282,148,140

**20. Related Party Transactions**

This account consists of:

30-Jun-14 (Unaudited)					
Related Party	Nature of Transaction	Account	Outstanding Balance/Amount	Terms	Conditions
Stockholders	Advances	Due from related parties	-	Non-interest bearing, payable on demand	Unsecured, no impairment
Entities under common control	Advances	Due from related parties	28,510,355	Non-interest bearing, payable on demand	Unsecured, no impairment
Entities under common control	Advances	Due to related parties	-	Non-interest bearing, payable on demand	Unsecured
30-Jun-13 (Unaudited)					
Related Party	Nature of Transaction	Account	Outstanding Balance/Amount	Terms	Conditions
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

2013  
(Audited)

Related Party	Nature of Transaction	Account	Outstanding Balance/Amount	Terms	Conditons
Parent Company	Advances	Due from related parties	110,582,715	Non-interest bearing, payable on demand	Unsecured, no impairment
		Due to related parties	4,381	Non-interest bearing, payable on demand	Unsecured
Stockholders	Advances	Due from related parties	101,955,791	Non-interest bearing, payable on demand	Unsecured, no impairment
		Due to related parties	16,800,000	Non-interest bearing, payable on demand	Unsecured
Entities under common control	Advances	Due from related parties	381,285,822	Non-interest bearing, payable on demand	Unsecured, no impairment
		Due to related parties	28,938,709	Non-interest bearing, payable on demand	Unsecured

2012  
(Audited)

Related Party	Nature of Transaction	Account	Outstanding Balance/Amount	Terms	Conditons
Stockholders	Advances	Due from related parties	57,176,899	Non-interest bearing, payable on demand	Unsecured
Entities under common control	Advances	Due from related parties	147,400,252	Non-interest bearing, payable on demand	Unsecured, no impairment

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

### Financial Highlights and Key Performance Indicators

Table below shows comparative consolidated balance sheet financial highlights of 8990 Holdings, Inc. (the Company) for six months ended June 30, 2014 and 2013, both unaudited.

Consolidated Balance Sheet	As of June 30, 2014	As of June 30, 2013	Increase	
	Unaudited	Unaudited	Amount	%
Total Assets	22,941,835,039	12,003,852,503	10,937,982,536	91.12%
Current Assets	4,946,441,126	3,463,935,381	1,482,505,745	42.80%
Trade Receivables	12,294,453,801	10,035,642,118	2,258,811,683	22.51%
Total Liabilities	9,261,451,996	6,543,711,956	2,717,740,040	41.53%
Current Liabilities	3,465,272,963	3,118,332,596	346,940,367	11.13%
Loans Payable	6,797,639,050	4,904,831,838	1,892,807,212	38.59%
Stockholder's Equity	13,680,383,043	6,595,847,184	7,084,535,859	107.41%

Table below shows comparative consolidated statement of income financial highlights of 8990 Holdings, Inc. (the Company) for six months ended June 30, 2014 and 2013 (both unaudited).

Consolidated Statements of Income	As of June 30, 2014	As of June 30, 2013	Increase	
	Unaudited	Unaudited	Amount	%
Net Sales	4,095,733,649	3,137,085,347	958,648,302	30.56%
Gross Profit	2,512,951,701	1,950,091,281	562,860,420	28.86%
Operating Expenses	703,231,964	496,351,489	206,880,475	41.68%
Net Operating Income	1,809,719,736	1,453,739,792	355,979,944	24.49%
EBITDA	2,194,756,553	1,742,010,060	452,746,493	25.99%
Net Income Before Tax	1,955,905,781	1,553,042,650	402,863,131	25.94%
Net Income After Tax	1,808,517,828	1,512,125,526	296,392,302	19.60%

Tables below show quarter one 2014 key performance indicators of the Company, with relevant comparative figures.

Key Performance Indicators	As of June 30, 2014	As of June 30, 2013	As of December 31, 2013	
	Unaudited	Unaudited	Audited	
Current Ratio	1.43	1.11	0.60	
Book Value Per Share	2.48	29.73	1.42	
Debt to Equity Ratio	0.50	0.74	1.67	
Asset to Equity Ratio	1.68	1.82	2.67	
Asset to Debt Ratio	2.48	1.83	1.60	
Interest Coverage Ratio	12.68	10.90	7.83	

Key Performance Indicators	As of June 30, 2014 Unaudited	As of June 30, 2013 Unaudited
Gross Margin	61.36%	62.16%
EBITDA Margin	53.59%	55.53%
Net Income Margin	44.16%	48.20%

**Description of Consolidated Statements of Comprehensive Income Line Items**

**Sales**

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

**Cost of Sales and Services**

Cost of sales and services comprise: [1] the Company's costs of sales from its low-cost mass housing sales of housing units and subdivision lots, costs of sales from sales of medium-rise condominium units and costs of sales from sales of timeshares; 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, 2014 compared to six months ended June 30, 2013***

#### *Sales*

For the six months ended June 30, 2014, the Company recorded consolidated sales of PhP4,096 million, an increase of 30.56% from consolidated sales of PhP3,137 million recorded for the six months ended June 30, 2013. The increase was mainly attributable to increased sales in the Company's low-cost mass housing, MRB and hotel operations businesses. The Company's low-cost mass housing segment generated PhP3,499 million in revenues for the six months ended June 30, 2014, an increase of 23.35% from the PhP2,836 million in revenues recorded for the six months ended June 30, 2013. The sales growth was mainly due to an increase in the number of units sold during the quarter, supported by the increasing nationwide market acceptance of the Company's CTS Gold program, as well as price increases. The Company's MRB segment generated PhP460 million in revenues for the six months ended June 30, 2014, a 91.41% increase from the PhP240 million in revenues from the MRB segment recorded for the six months ended June 30, 2013. The increase was mainly due to higher sales during the year as the Company sold more MRB units.

#### *Cost of Sales and Services*

The Company's consolidated cost of sales and services for the six months ended June 30, 2014 was PhP1,583 million, an increase of 33.34% from consolidated cost of sales and services of PhP1,187 million recorded for the six months ended June 30, 2013. The increase was mainly attributable to increases in costs of sales in the Company's low-cost mass housing and MRB segments, consistent with the sales growth of these segments. The Company's low-cost mass housing segment recorded PhP1,398 million in costs of sales for the six months ended June 30, 2014, an increase of 29.61% from the PhP1,079 million in costs of sales recorded for the six months ended June 30, 2013. The increase was mainly due to an increase in sales of housing units and subdivision lots. The Company's MRB segment recorded PhP155 million in costs of sales for the six months ended June 30, 2014, an increase from the PhP85 million in costs of sales from the MRB segment recorded for the six months ended June 30, 2013. This growth was generally consistent with the higher number of MRB condominium units completed by the Company during the year.

#### *Gross Income*

The Company's consolidated gross income for the six months ended June 30, 2014 was PhP2,513 million, an increase of 28.86% from consolidated gross income of PhP1,950 million recorded for the six months ended June 30, 2013. The Company's gross income margin for the six months ended June 30, 2014 was 61.36%, compared to a gross income margin of 62.16% recorded for the six months ended June 30, 2013. 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, 2014, the Company recorded consolidated operating expenses of PhP703 million, an increase of 41.68% from consolidated operating expenses of PhP496 million recorded for the six months ended June 30, 2013. The increase was mainly attributable to increases in marketing and selling expenses, documentation and management and professional fees.

*Marketing and selling expenses.* The Company's consolidated marketing and selling expenses were PhP263 million for the six months ended June 30, 2014, an increase of 53.00% from the PhP172 million recorded for the six months ended June 30, 2013. The increase was mainly due to sales commissions paid to the Company's agents and unit managers, as well as increased media advertisements and expenses related to marketing efforts in shopping malls.

*Taxes and Licenses.* The Company's consolidated expenses related to taxes and licenses were PhP63 million for the six months ended June 30, 2014, an 88.69% increase from the PhP33 million consolidated taxes and licenses expenses recorded for the six months ended June 30, 2013. The increase was mainly due to increased cost brought about by securing permits and licenses for the companies' new projects.

*Management and Professional Fees.* The Company's management and professional fees were PhP33 million in the six months ended June 30, 2014, compared to management and professional fees of PhP5 million in the six months ended June 30, 2013. The increase was mainly due to acquired services of BPO International, Inc. to perform bookkeeping activities for the Company.

### *Net Operating Income*

The Company's consolidated net operating income for the six months ended June 30, 2014 was PhP1,810 million, an increase of 24.49% from consolidated net operating income of PhP1,454 million recorded for the six months ended June 30, 2013. The Company's consolidated net operating margin was 44.19%, compared to a consolidated net operating margin of 46.34% for the six months ended June 30, 2013.

### *Finance Costs*

The Company's consolidated finance costs for the six months ended June 30, 2014 were PhP223 million, an increase of 25.90% from consolidated finance costs of PhP177 million recorded for the six months ended June 30, 2013. The increase was mainly attributable to interest expense resulting from the Company's increased short-term and long-term loans entered into during the year to support its operations.

### *Other Income*

For the six months ended June 30, 2014, the Company recorded consolidated other income of PhP369 million, an increase of 33.56% from the consolidated other income of PhP276 million recorded for the six months ended June 30, 2013. 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, 2014 was PhP1,956 million, an increase of 25.94% from consolidated income before income tax of PhP1,553 million recorded for the six months ended June 30, 2013.

#### *Provision for Income Tax*

The Company's consolidated provision for income tax for the six months ended June 30, 2014 was PhP147 million, an increase from consolidated provision for income tax of PhP41 million recorded for the six months ended June 30, 2013. 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, 2014 was PhP1,809 million, an increase of 19.60% from consolidated net income of PhP1,512 million recorded for the six months ended June 30, 2013. The Company's consolidated net income margin for the six months ended June 30, 2014 was 44.16%, compared to a consolidated net income margin of 48.20% for the six months ended June 30, 2013.

#### **Financial Position**

##### ***As at June 30, 2014 compared to as at June 30, 2013***

#### ***Assets***

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

The Company's consolidated cash on hand and in banks were PhP482 million as at June 30, 2014, an increase of 140.33% from consolidated cash on hand and in banks of PhP201 million as at June 30, 2013.

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

The Company's consolidated current portion of trade and other receivables were PhP863 million as at June 30, 2014, an increase from consolidated current portion of trade and other receivables of PhP562 million as at June 30, 2013.

##### *Inventories*

The Company's consolidated inventories were PhP2,524 million as at June 30, 2014, an increase from consolidated inventories of PhP1,972 million as at June 30, 2013.

##### *Due from related parties*

The Company's consolidated due from related parties were PhP29 million as at June 30, 2014, a decrease of 95.20% from consolidated due from related parties of PhP594 million as at June 30, 2013.

#### *Other current assets*

The Company's consolidated other current assets were PhP1,048 million as at June 30, 2014, a significant increase from consolidated other current assets of PhP136 million as at June 30, 2013, primarily due to increased advances to contractors in relation to construction on the Company's development projects.

#### *Trade and other receivables – net of current portion*

The Company's consolidated trade and other receivables-net of current portion were PhP11,431 million as at June 30, 2014, an increase of 63.83% from consolidated trade and other receivables - net of current portion of PhP6,978 million as at June 30, 2013. 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 PhP4,211 million as at June 30, 2014, an increase of 253.70% from consolidated land held for future development of PhP1,190 million as at June 30, 2013, as the Company acquired certain real properties as part of its land banking.

#### *Property and equipment*

The Company's consolidated property and equipment was PhP267 million as at June 30, 2014, an increase of 80.32% from consolidated property and equipment of PhP148 million as at June 30, 2013.

#### *Investment properties*

The Company's consolidated investment properties were PhP140 million as at June 30, 2014, a decrease of 1.67% from consolidated investment properties of PhP142 million as at June 30, 2013.

#### *Investment in shares*

The Company's consolidated investment properties were PhP1,855 million as at June 30, 2014. This is attributed to 100% shares purchase of two companies of the Company's subsidiary 8990 Housing Development Corporation.

#### *Other noncurrent assets*

The Company's other noncurrent assets were PhP92 million as at June 30, 2014, an increase of 11.94% from other noncurrent assets of PhP82 million as at June 30, 2013.

#### *Liabilities*

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

The Company's consolidated current portion of trade and other payables were PhP1,885 million as at June 30, 2014, an increase of 96.45% from consolidated current portion of trade and other payables of PhP959 million as at June 30, 2013. The increase was due to increased accrued documentation and commission expense attributed to increased sales.

#### *Current portion of loans payable*

The Company's consolidated current portion of loans payable were PhP1,259 million as at June 30, 2014, a decrease of 35.53% from consolidated current portion of loans payable of PhP1,953 million as at June 30, 2013. The decrease was due to payment of loans with the use of proceeds from the follow on offering in May 2014.

#### *Deposits from customers*

The Company's consolidated deposits from customers were PhP161 million as at June 30, 2014, an increase of 21.67% from consolidated deposits from customers of PhP133 million as at June 30, 2013.

#### *Due to related parties*

The Company's consolidated due to related parties were nil as at June 30, 2014, a decrease from consolidated due to related parties of PhP46 million as at June 30, 2013.

#### *Income tax payable*

The Company's consolidated income tax payable was PhP160 million as at June 30, 2014, an increase from consolidated income tax payable of PhP27 million as at June 30, 2013.

#### *Trade and other payables - net of current portion*

The Company's consolidated trade and other payables - net of current portion were PhP3 million as at June 30, 2014, a decrease from consolidated trade and other payables - net of current portion of PhP430 million as at June 30, 2013.

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

The Company's consolidated loans payable - net of current portion was PhP5,538 million as at June 30, 2014, an 87.64% increase from consolidated loans payable - net of current portion of PhP2,952 million as at June 30, 2013. 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 PhP254 million as at June 30, 2014, an increase from consolidated deferred tax liability of PhP44 million as at June 30, 2013. 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 PhP2,491 million and PhP532 million for the periods ended June 30, 2014 and June 30, 2013, respectively.

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

Consolidated net cash flow used in investing activities for the periods ended June 30, 2014 and June 30, 2013 were PhP2,353 million and PhP320 million, respectively.

For the six months ended June 30, 2014, 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, 2014 and June 30, 2013 were PhP5,077 million and PhP872 million, respectively. Majority of the funds were from the issuance of shares by the Company in May 2014.

## **PART II--OTHER INFORMATION**

### **Related Party Transactions**

#### **A. Purchase of Receivables from Urban Basic Housing Corporation**

In May 14, 2014, the Company's Board of Directors approved the purchase of receivables amounting to Php71,675,806.67 from Urban Basic Housing Corporation's Dona Segundina Townhomes project on a without recourse basis. Dona Segundina Townhomes is an 8,404 square meter project located in No. 32 National Highway Barangay Putatan Muntinlupa City. As of today, the project has sold out all its 130 units. Each unit of the project is a three-story townhouse that houses the garage in the ground floor, the living area and dining area in the second floor and a bedroom at the third floor. The townhomes are priced between Php1,450,000 to Php2,500,000.00 per unit.

#### **B. Purchase of Receivables from Bon Giorno Homes Corporation**

The Company's Board of Directors approved the purchase of Bon Giorno Homes Corporation's receivables amounting to Php215,769,860.00 in May 14, 2014. The purchase of receivables will be on a without recourse basis. Bon Giorno Homes is 34,411 square meter project located in Muntingpulo. Lipa City, Batangas.

#### **C. Acquisition of 100% shares of Modernland Corporation**

In May 14, 2014, the Company's Board of Directors approved the acquisition of 100% outstanding shares of Modernland Corporation. Modernland Corporation has a 1,245 square meter prime lot located in Filinvest City, Muntinlupa as primary asset.

**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. (formerly IP Converge Data Center, Inc.)

By:

A handwritten signature in black ink, appearing to read 'Richard L. Haosen', written over a horizontal line.

**RICHARD L. HAOPEN**  
Chief Finance Officer

Date: July 28, 2014



**8990 Holdings, Inc.**

**Stock Certificates**

1. 201-300
2. 301-400
3. 401-500
4. 501-600

Received by:

Date:

