



108142018001823



## SECURITIES AND EXCHANGE COMMISSION

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### Company Information

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

### Document Information

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**Document ID** 108142018001823  
**Document Type** 17-Q (FORM 11-Q: QUARTERLY REPORT/FS)  
**Document Code** 17-Q  
**Period Covered** June 30, 2018  
**No. of Days Late** 0  
**Department** CFD  
**Remarks**

COVER SHEET

C S 2 0 0 5 1 1 8 1 6

S.E.C. Registration Number

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

(Company's Full Name)

1 1 F L I B E R T Y C E N T E R, 1 0 4 H V D E L I V  
C O S T A S A T C E R D V T A L A G E M O X A T

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

Roan Buenaventura-Torregoza  
Chief Finance Officer  
Contact Person/s

(632) 4789659/5333915/5333917  
Company Telephone Number

0 6 3 0  
Month Day  
Calendar Year

SEC Form 17-Q  
June 30, 2018  
FORM TYPE

0 7 2 8  
Month Day  
Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc

Amended Articles Number/Section

37  
Total No. of Stockholders

33  
Domestic

4  
Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended June 30, 2018

2. Commission identification number CS 2005 11 816

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

4. Exact name of issuer as specified in its charter

8990 HOLDINGS, INC.

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

6. Industry Classification Code:  (SEC Use Only)

7. Address of issuer's principal office Postal Code

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

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

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

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

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

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

Yes  No

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

Name of Stock Exchange: **Philippine Stock Exchange**

Class of Securities Listed: **Common Shares**

12. Indicate by check mark whether the registrant:

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

Yes  No

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

Yes  No

**PART I--FINANCIAL INFORMATION**

**Item 1. Financial Statements.**

**8990 HOLDINGS, INC AND SUBSIDIARIES**

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

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

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

	For six months ended June 30		For three months ended June 30	
	2018	2017	2018	2017
	Unaudited	Unaudited	Unaudited	Unaudited
<b>REVENUES</b>				
<b>Real Estate Operations</b>				
Real estate sales	6,000,339,573	3,036,325,865	3,499,955,766	1,446,635,515
Rental income	6,096,391	5,166,874	3,544,485	2,800,101
Others				(2,077,171)
	6,006,435,965	3,041,492,739	3,503,500,252	1,447,358,445
<b>Gain on Sale of Preferred Shares</b>				
	6,006,435,965	3,041,492,739	3,503,500,252	1,447,358,445
<b>COST OF SALES AND SERVICES</b>				
<b>Real Estate Operations</b>				
Cost of real estate sales	2,879,340,957	1,259,759,210	1,781,054,477	601,987,366
Cost of rental services				(12,769)
Others				13,456,771
	2,879,340,957	1,259,759,210	1,781,054,477	615,431,368
<b>Loss on Sale of Preferred Shares</b>				
	2,879,340,957	1,259,759,210	1,781,054,477	615,431,368
<b>Gross Income</b>	3,127,095,008	1,781,733,530	1,722,445,775	831,927,077
Operating Expenses	723,565,537	740,861,594	352,658,139	425,431,419
Other Operating Income (Expense)	698,136,083	821,329,669	368,378,901	398,482,113
Finance Costs	605,763,790	537,979,089	307,310,278	294,642,107
Operating Income	2,495,901,764	1,324,222,515	1,430,856,259	510,335,664
Other Income	13,544,664	13,706,229	7,803,567	3,822,277
Income Before Income Tax				
from Continuing Operations	2,509,446,428	1,337,928,744	1,438,659,826	514,157,941
Provision for Income Tax	118,818,028	116,985,655	57,960,077	44,956,115
Income from Continuing				
Operations	2,390,628,400	1,220,943,089	1,380,699,749	469,201,826
from Discontinuing				
Operations				
Net Income	2,390,628,400	1,220,943,089	1,380,699,749	469,201,826
Other Comprehensive Loss				
Total Comprehensive Income	2,390,628,400	1,220,943,089	1,380,699,749	469,201,826



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

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



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

**1. Summary of Significant Accounting Policies**

Basis of Preparation

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

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

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

Changes in Accounting Policies and Disclosures

The accounting policies adopted in the preparation of the unaudited financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended December 31, 2017.

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

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

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

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

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

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

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

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

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

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

## **2 Basis of Consolidation**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### **3 Segment Information**

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

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

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

#### *Medium-rise Condominium Units*

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

#### *Preferred Share*

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

#### *High-rise Condominium Units*

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

#### *Hotel Operations*

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

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

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

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

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

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

This account consists of:

	30-Jun		31-Dec	
	2018	2017	2017	2016
	Unaudited	Unaudited	Audited	Audited
Cash on hand	7,257,406	2,185,186	10,518,535	46,376,413
Cash in banks	118,302,583	510,549,603	1,366,901,760	657,432,792
	125,559,988	512,734,789	1,377,420,295	703,809,205

## 5 Trade and Other Receivables

This account consists of:

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

Eighty nine percent (89%) of total receivables of the Company are on long-term basis. Current portion of installment contract receivables stands at PHP912.5 million which pertains to portion of receivables from buyers due within one (1) year.

## 6 Inventories

This account consists of:

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

## 7. Available for Sale Securities

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

## 8 Other Assets

This account consists of:

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

## 9 Land Held for Future Development

This account consists of:

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

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

30-Jun-18  
Unaudited

	Land	Buildings	Land Improvements	Leasehold Improvements	Furniture and Fixtures	Machinery and Equipment	Transportation Vehicles	Software and Licenses	Construction in Progress	Total
<b>Cost</b>										
Balances at beginning of year	107,405,010	57,548,576	10,458,647	20,687,019	85,982,371	66,943,489	141,847,857	-	26,618,286	517,491,255
Additions		13,296		1,934,250	2,012,586	6,732,786	104,464	5,280,551	4,507,457	20,585,391
Transfers		8,433,824			(50,446)					(6,340,446)
Balances at end of year	<b>107,405,010</b>	<b>65,995,697</b>	<b>10,458,647</b>	<b>22,621,269</b>	<b>87,944,511</b>	<b>73,676,275</b>	<b>141,952,321</b>	<b>5,280,551</b>	<b>22,691,919</b>	<b>600,000,000</b>
<b>Accumulated Depreciation and Amortization</b>										
Balances at beginning of year		22,941,670	10,417,323	9,939,779	39,857,353	43,102,211	72,618,024			198,876,359
Depreciation and Amortization		2,286,975	41,325	1,652,497	7,051,280	5,970,473	9,629,734	1,145,168		27,777,452
Transfers					3,200		1,991,835			3,200
Balances at end of year		<b>25,228,645</b>	<b>10,458,648</b>	<b>11,592,276</b>	<b>46,875,843</b>	<b>49,072,684</b>	<b>80,255,925</b>	<b>1,145,168</b>		<b>224,629,187</b>
<b>Accumulated Impairment Losses</b>										
Balances at beginning of year		8,970,000								8,970,000
Provision for impairment loss										
Balances at end of year										
<b>Net Book Value</b>	<b>107,405,010</b>	<b>40,767,052</b>			<b>24,603,591</b>	<b>55,400,397</b>	<b>4,133,289</b>	<b>21,691,919</b>	<b>298,137,112</b>	