COVER SHEET

A	S	0	9	4	-	8	7	5	2

S.E.C. Registration Number

E V E R   G O T E S C O   R E S O U R C E S   &

H O L D I N G S   I N C ,   &   S U B S I D I A R Y

(Company's Full Name)

1 2 F L O O R   G O T E S C O   C O R P .   C T R   1 9 5 8

C . M .   R E C T O   Q U I A P O   M A N I L A

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

ATTY. VICENTE V. CANONEO	735-6901 LOC. 329
Contact Person	Company Telephone Number

SEC FORM 17 Q

0 6	3 0		1 2	3 1
Month	Day	FORM TYPE	Month	Day
Quarter Ending			Fiscal	Year
Ending				

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. Of Stockholders

Domestic

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, 2013.**

2. SEC Identification Number **AS 094-8752** 3. BIR TIN **032-004-817-595**

4. Exact name of issuer as specified in its charter: EVER GOTESCO RESOURCES & HOLDINGS, INC.

5. **Manila, Philippines**
Province, Country or other jurisdiction of incorporation or organization

6. Industry Classification Code: _________ (SEC Use Only)

7. **12 Flr, Ever Gotesco Corporate Center 1958 CM. Recto Ave. Quiapo Manila 1001**
Address of issuer's principal office Postal Code

8. **735-6901, 735-0271 loc. 366/248**
Issuer's telephone number, including area code

9. Securities issued pursuant to Sections 8 and 12 of the Code, or Section 4 and 8 of the RSA.

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Stock, ₱ 1.00 par value	**5,000,000,000 shares**
	Amount of Debt Outstanding: 2.44 billion

10. Are any or all of these securities listed on the Philippine Stock Exchange? Yes (X) No ( )

If yes, state the name of such Stock Exchange and the classes of securities listed therein:
Philippine Stock Exchange / Common Stock.

11. Indicate by check whether the issuer:

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

Yes (X) No ( )

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

Yes (X) No ( )

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PART 1 - FINANCIAL INFORMATION

Item 1. Financial Statements

EVER GOTESCO RESOURCES AND HOLDINGS, INC. AND SUBSIDIARY

UNAUDITED CONSOLIDATED BALANCE SHEETS
JUNE 30, 2013 & DECEMBER 31, 2012
(In Philippine Peso)

	CONSOLIDATED		PARENT COMPANY	
	JUNE 30, 2013	DEC. 31, 2012 *	JUNE 30, 2013	DEC. 31, 2012 *
ASSETS				
CURRENT ASSETS				
Cash	3,335,950	442,773	3,135,693	168,021
Receivables	842,431,963	900,015,154	405,636,953	433,268,085
Creditable withholding taxes	149,733,743	141,030,540	88,448,566	82,788,112
Other Current Assets, net	17,460,648	6,160,857	5,563,940	4,360,032
	1,012,962,304	1,047,649,324	502,785,152	520,584,250
PROPERTY AND EQUIPMENT, NET	1,425,556	1,655,713	485,924	579,225
INVESTMENTS IN & ADVANCES TO SUBSIDIARY			1,250,158,962	1,247,758,376
INVESTMENT PROPERTIES, NET	2,361,737,935	2,437,699,920	1,147,014,476	1,204,589,433
RECEIVABLES FROM RELATED PARTIES	1,192,067,338	1,143,141,762	867,820,802	836,275,148
OTHER NONCURRENT ASSETS	52,160,023	47,704,068	26,938,097	25,660,097
TOTAL ASSETS	**4,620,353,156**	**4,677,850,787**	**3,795,203,413**	**3,835,446,529**
LIABILITIES AND STOCKHOLDERS' EQUITY				
CURRENT LIABILITIES				
Accounts Payable and other liabilities	1,340,905,028	1,337,530,118	442,995,226	462,512,114
Current portion of Payables to Bank	548,351,005	544,470,076	141,837,111	141,818,427
Operating lease payable	30,875,520	30,875,520	30,875,520	30,875,520
Customers Deposits	104,849,962	105,228,060	59,475,628	59,612,243
Provisions	60,084,369	60,084,369	-	-
	2,085,065,884	2,078,188,143	675,183,485	694,818,304
PAYABLE TO BANKS - NET OF CURRENT PORTION	356,289,267	453,020,166	133,358,894	179,694,195
DEFERRED TAX LIABILITY	1,198,832	1,198,831		-
RETIREMENT BENEFITS LIABILITY	1,910,024	1,910,024	1,456,381	1,456,381
TOTAL LIABILITIES	**2,444,464,007**	**2,534,317,164**	**809,998,760**	**875,968,880**
STOCKHOLDERS' EQUITY	2,175,889,149	2,143,533,623	2,985,204,653	2,959,477,649
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	**4,620,353,156**	**4,677,850,787**	**3,795,203,413**	**3,835,446,529**

EVER GOTESCO RESOURCES AND HOLDINGS, INC. AND SUBSIDIARY
UNAUDITED CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS
For the Six-Month Period ended June 30,
(In Philippine Peso)

	CONSOLIDATED						**PARENT COMPANY**					
	Second Quarter Ended June 30			**Six-Month Period Ended June 30**			**Second Quarter Ended June 30**			**Six-Month Period Ended June 30**		
	2013	**2012**	**2011**	**2013**	**2012**	**2011**	**2013**	**2012**	**2011**	**2013**	**2012**	**2011**
REVENUES	87,643,347	87,029,611	86,376,593	175,340,293	174,242,372	174,873,916	56,702,280	54,836,726	54,378,696	113,204,589	109,383,164	109,639,647
OPERATING COSTS AND EXPENSES	81,316,651	72,810,656	74,880,373	148,666,896	153,340,721	145,616,765	60,761,713	51,304,657	50,420,481	105,254,666	105,468,383	97,673,029
INCOME FROM OPERATIONS	**6,326,695**	**14,218,955**	**11,496,220**	**26,673,397**	**20,901,651**	**29,257,151**	**(4,059,433)**	**3,532,069**	**3,958,215**	**7,949,923**	**3,914,781**	**11,966,618**
OTHER INCOME (EXPENSE)-NET												
Accretion of Interest due PAS 32 & 39, net	23,210,207	31,950,974	27,996,937	46,420,413	63,860,259	58,223,606	16,171,092	23,857,984	20,480,261	32,342,184	47,484,799	42,586,099
Interest-net	(29,735,888)	(24,347,990)	(26,625,344)	(40,738,284)	(49,428,389)	(53,343,728)	(10,744,109)	(9,859,050)	(11,448,266)	(14,565,103)	(20,262,612)	(23,228,760)
INCOME BEFORE INCOME TAX	**(198,986)**	**21,821,939**	**12,867,813**	**32,355,526**	**35,333,521**	**34,137,029**	**1,367,550**	**17,531,003**	**12,990,210**	**25,727,004**	**31,136,968**	**31,323,957**
PROVISION FOR INCOME TAX	-	-	-	-	-	-	-	-	-	-	-	-
NET INCOME (LOSS)	**(198,986)**	**21,821,939**	**12,867,813**	**32,355,526**	**35,333,521**	**34,137,029**	**1,367,550**	**17,531,003**	**12,990,210**	**25,727,004**	**31,136,968**	**31,323,957**
RETAINED EARNINGS AT BEGINNING OF PERIOD	(2,823,911,865)	(2,918,748,933)	(2,974,414,895)	(2,856,466,377)	(2,932,260,515)	(2,995,684,111)	(2,016,162,897)	(2,094,788,822)	(2,139,205,811)	(2,040,522,351)	(2,108,394,787)	(2,157,539,558)
RETAINED EARNINGS AT END OF PERIOD	**(2,824,110,851)**	**(2,896,926,994)**	**(2,961,547,082)**	**(2,824,110,851)**	**(2,896,926,994)**	**(2,961,547,082)**	**(2,014,795,347)**	**(2,077,257,819)**	**(2,126,215,601)**	**(2,014,795,347)**	**(2,077,257,819)**	**(2,126,215,601)**
EARNINGS PER SHARE:												
BASIC EARNINGS PER SHARE (A/B)	(0.0000)	0.0044	0.0026	0.0065	0.0071	0.0068	0.0003	0.0035	0.0026	0.0051	0.0062	0.0063
Computation -												
Net Income (Loss) fort the Period (A)	(198,986)	21,821,939	12,867,813	32,355,526	35,333,521	34,137,029	1,367,550	17,531,003	12,990,210	25,727,004	31,136,968	31,323,957
Weighted Ave. No. of Common Shares Outstanding during the Period (B)	5,000,000,000	5,000,000,000	5,000,000,000	5,000,000,000	5,000,000,000	5,000,000,000	5,000,000,000	5,000,000,000	5,000,000,000	5,000,000,000	5,000,000,000	5,000,000,000
DILUTED EARNINGS PER SHARE	*	*	*	*	*	*	*	*	*	*	*	*

* There are no factors that would have dilutive effects on Earnings per Share of the Common Shares, thus, no computation.
See accompanying notes to unaudited financial statements

EVER GOTESCO RESOURCES AND HOLDINGS, INC. AND SUBSIDIARY
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(In Philippine Peso)

	CONSOLIDATED			PARENT		
	June 30			June 30		
	2013	2012	2011	2013	2012	2011
CAPITAL STOCK	5,000,000,000	5,000,000,000	5,000,000,000	5,000,000,000	5,000,000,000	5,000,000,000
RETAINED EARNINGS, BEGINNING	(2,856,466,377)	(2,932,260,515)	(2,995,684,111)	(2,040,522,351)	(2,108,394,787)	(2,157,539,558)
Net Income (Loss) for the period	32,355,526	35,333,521	34,137,029	25,727,004	31,136,968	31,323,956
RETAINED EARNINGS, ENDING	(2,824,110,851)	(2,896,926,994)	(2,961,547,082)	(2,014,795,347)	(2,077,257,819)	(2,126,215,602)
TOTAL STOCKHOLDERS' EQUITY	**2,175,889,149**	**2,103,073,006**	**2,038,452,918**	**2,985,204,653**	**2,922,742,181**	**2,873,784,398**

see accompanying notes to unaudited financial statements

EVER GOTESCO RESOURCES AND HOLDINGS, INC. AND SUBSIDIARY

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

For Six-Month Period ended June 30,

(In Philippine Peso)

	CONSOLIDATED						PARENT COMPANY					
	Second Quarter Ended June 30			Six-Month Period Ended June 30			Second Quarter Ended June 30			Six-Month Period Ended June 30		
	2013	2012	2011	2013	2012	2011	2013	2012	2011	2013	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES												
Net Income (Loss)	(198,986)	21,821,939	12,867,813	32,355,526	35,333,521	34,137,029	1,367,550	17,531,003	12,990,210	25,727,004	31,136,968	31,323,957
Adjustments to reconcile net income to net cash provided by operating activities:												
Depreciation and amortization	38,786,841	40,797,718	40,822,536	77,587,500	81,641,594	81,644,068	29,299,298	31,372,288	31,453,921	58,595,045	62,790,733	62,906,589
Changes in operating assets and liabilities	8,620,377	(29,802,114)	(31,675,931)	(14,155,325)	(51,982,979)	(69,030,736)	(7,002,590)	(22,433,889)	(28,178,280)	(34,997,848)	(41,153,363)	(61,910,444)
Net cash provided by(used in) operating activities	**47,208,232**	**32,817,543**	**22,014,418**	**95,787,701**	**64,992,136**	**46,750,361**	**23,664,258**	**26,469,402**	**16,265,851**	**49,324,200**	**52,774,338**	**32,320,102**
CASH FLOWS FROM INVESTING ACTIVITIES												
Additions to property and equipment	(24,910)	(347,321)	(198,995)	(44,554)	(374,420)	(2,624,695)	(24,911)	-	(91,853)	(39,911)	(27,098)	(144,405)
Net cash provided by (used in) investing activities	**(24,910)**	**(347,321)**	**(198,995)**	**(44,554)**	**(374,420)**	**(2,624,695)**	**(24,911)**	**-**	**(91,853)**	**(39,911)**	**(27,098)**	**(144,405)**
CASH FLOWS FROM FINANCING ACTIVITIES												
Proceeds from:												
Payments to Creditor Banks	(45,963,690)	(32,469,402)	(22,176,269)	(92,849,970)	(64,747,241)	(44,193,111)	(22,465,127)	(26,469,402)	(16,176,269)	(46,316,617)	(52,747,240)	(32,193,111)
Net cash provided by(used in) financing activities	**(45,963,690)**	**(32,469,402)**	**(22,176,269)**	**(92,849,970)**	**(64,747,241)**	**(44,193,111)**	**(22,465,127)**	**(26,469,402)**	**(16,176,269)**	**(46,316,617)**	**(52,747,240)**	**(32,193,111)**
NET INCREASE (DECREASE) IN CASH	**1,219,631**	**820**	**(360,846)**	**2,893,177**	**(129,525)**	**(67,445)**	**1,174,220**	**-**	**(2,271)**	**2,967,672**	**-**	**(17,414)**
CASH AT BEGINNING OF PERIOD	2,116,319	151,147	766,813	442,773	281,492	473,412	1,961,472	-	135,292	168,021		150,435
CASH AT END OF PERIOD	3,335,950	151,967	405,967	3,335,950	151,967	405,967	3,135,693	-	133,021	3,135,693	-	133,021

see accompanying notes to unaudited financial statements

SCHEDULE A

EVER GOTESCO RESOURCES AND HOLDINGS, INC. AND SUBSIDIARY
BALANCE SHEET SCHEDULES
As of June 30, 2013

	CONSOLIDATED	PARENT
CURRENT ASSETS		
Cash on Hand and in Banks	3,335,950	3,135,693
Accounts Receivable - Trade, net (Affiliate)	187,211,399	114,770,480
Accounts Receivable - Trade, net (Non-Affiliate)	105,929,686	37,494,854
Advances to Affiliates	549,290,878	253,371,619
Creditable withholding taxes	149,733,743	88,448,566
Accounts Receivable - Non-Trade, net	11,851,164	1,946,188
Other Current Assets, net	5,609,484	3,617,752
	1,012,962,304	502,785,152

	CONSOLIDATED	PARENT
CURRENT LIABILITIES		
Payable to Banks - current portion	548,351,005	141,837,111
Accrued Interest & financing charges	865,173,088	189,491,420
Accounts Payable - Trade (Contractors)	71,340,581	61,997,065
VAT Payable	2,971,210	2,398,518
Customers Deposit	104,849,962	59,475,628
Operating Lease Payable	30,875,520	30,875,520
Provision for Losses	60,084,369	-
Retentions Payable	40,871,357	40,703,267
Other Accounts Payable & Accrued Expenses	360,548,792	148,404,955
	2,085,065,884	675,183,485

Note:
Other Accounts Payable and Accrued Expenses includes accrual for operating expenses like: utilities, realty taxes and other government payables.

	CONSOLIDATED	PARENT
STOCKHOLDERS' EQUITY		
Capital Stock	5,000,000,000	5,000,000,000
Retained Earnings		
Beginning	(2,856,466,377)	(2,040,522,351)
Net Income for the period	32,355,526	25,727,004
Total	(2,824,110,851)	(2,014,795,347)
	2,175,889,149	2,985,204,653

EVER GOTESCO RESOURCES & HOLDINGS, INC. AND SUBSIDIARY **SCHEDULE B**
SCHEDULE OF PAYABLE TO BANKS
As of June 30, 2013

Date of Loan/ Credit Line Granted	Name of Bank	Type of Loan	Terms	Collateral/ Security	Loan Purpose	Interest Rate	Outstanding Balance	
							Current Portion	Non-Current
EVER GOTESCO RESOURCES & HOLDINGS, INC. (PARENT CO.)								
October 9, 2009	PNB		7 years w/ scheduled monthly amortizations	84 monthly post dated checks until October 7, 2016.	Purchase of property	8%	51,000,000	119,000,000
September 3, 2009	Security Bank		5 years w/ scheduled monthly amortizations	yearly issuance of 12 monthly PDC's	Purchase of property	8%	40,837,111	14,358,894
December 24, 1998	Land Bank		short term		add'l. working capital	8%	50,000,000	-
							141,837,111	133,358,894
GOTESCO TYAN MING DEVELOPMENT, INC. (SUBSIDIARY)								
September 4, 2009	PNB		7 years w/ scheduled monthly amortizations	84 monthly post dated checks until June 16, 2016.	Settlement of Compromise Agreement	8%	98,821,585	222,930,373
							153,846,154	
April 7, 1995	MBTC		Syndicated Loan	land, bldg., chattel	Partly finance		76,923,077	
	UCPB			under MTI agreement	Ever Gotesco		76,923,077	
	CITYTRUST/BPI			Assignment of rec'ble	Ortigas Complex			
							406,513,894	222,930,373
TOTAL							548,351,005	356,289,267

Summary of Significant Accounting Policies

Basis of Preparation
The consolidated financial statements have been prepared on a historical cost basis and are presented in Philippine peso (Peso), which is the Company's functional currency. All values are rounded to the nearest peso except when otherwise indicated.

Statement of Compliance
The consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRS).

Basis of Consolidation
The consolidated financial statements comprise the financial statements of the Company and its subsidiary as of December 31 of each year. The financial statements of the subsidiary are prepared for the same financial reporting year as the Company using consistent accounting policies.

Subsidiary
A subsidiary is an entity over which the parent company has the power to govern the financial and operating policies of the entity, or generally has an interest of more than one half of the voting rights of the entity. A subsidiary is fully consolidated from the date on which control is transferred to the Group or parent company either directly or through holding companies and continues to be consolidated until the date such control ceases. Control is achieved where the parent company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

All balances, transactions within the group, income and expenses, and profits and losses resulting from transactions within the group are eliminated in full.

Changes in Accounting Policies
The accounting policies adopted are consistent with those of the previous financial year except for the following new and amended standards which were adopted on January 1, 2012.

- Amendments to PFRS 7, *Financial Instruments: Disclosures*, require additional disclosures about financial assets that have been transferred but not derecognized to enhance the understanding of the relationship between those assets that have not been derecognized and the associated liabilities. In addition, the amendments require disclosures about continuing involvement in derecognized assets to enable users of financial statements to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognized assets. The amendments affect disclosures only and have no impact on the Group's financial position or performance.

- Amendments to PAS 12, *Income Taxes*, clarify the determination of deferred tax on investment property measured at fair value. The amendments introduce a rebuttable presumption that the carrying amount of investment property measured using the fair value model in PAS 40, *Investment Property*, will be recovered through sale and, accordingly, requires that any related deferred tax should be measured on a 'sale' basis. The presumption is rebutted if the investment property is depreciable and it is held within a business model whose objective is to consume substantially all of the economic benefits in the investment property over time ('use' basis), rather than through sale. Furthermore, the amendment introduces the requirement that deferred tax on non-depreciable assets measured using the revaluation model in PAS 16, *Property, Plant and Equipment*, should always be measured on a sale basis of the asset. The Group does not expect that adoption of these amendments will have an impact to the consolidated financial statements since the Group does not have investment property measured at fair value and property and equipment carried under the revaluation model.

New Accounting Standards, Interpretations, and Amendments to existing Standards Effective Subsequent to December 31, 2012

The Group will adopt the new and amended standards and Philippine Interpretations based on International Financial Reporting Interpretations Committee (IFRIC) interpretations enumerated below when these become effective. The Group continues to assess the impact of the following new and amended accounting standards and interpretations. Except as otherwise indicated, the Group does not expect the adoption of these changes in the standards to have a significant impact on the financial statements. The relevant disclosures will be included in the notes to the financial statements when these become effective.

Effective in 2013

- Amendments to PFRS 7, *Financial Instruments: Disclosures*, require an entity to disclose information about rights of set-off and related arrangements (such as collateral agreements). The new disclosures are required for all recognized financial instruments that are set off in accordance with PAS 32, *Financial Instrument: Presentation*. These disclosures also apply to recognized financial instruments that are subject to an enforceable master netting arrangement or 'similar agreement', irrespective of whether they are set-off in accordance with PAS 32. The amendments require entities to disclose, in a tabular format unless another format is more appropriate, the following minimum quantitative information. This is presented separately for financial assets and financial liabilities recognized at the end of the reporting period:

  a) The gross amounts of those recognized financial assets and recognized financial liabilities;
  b) The amounts that are set off in accordance with the criteria in PAS 32 when determining the net amounts presented in the balance sheet;
  c) The net amounts presented in the balance sheet;
  d) The amounts subject to an enforceable master netting arrangement or similar agreement that are not otherwise included in (b) above, including:
     i. amounts related to recognized financial instruments that do not meet some or all of the offsetting criteria in PAS 32; and
     ii. amounts related to financial collateral (including cash collateral); and,
  e) The net amount after deducting the amounts in (d) from the amounts in (c) above.

  The amendments to PFRS 7 are to be retrospectively applied and are effective for annual periods beginning on or after January 1, 2013. The amendments affect disclosures only and have no impact on the Group's financial position or performance.

- PFRS 10, *Consolidated Financial Statements,* replaces the portion of PAS 27, *Consolidated and Separate Financial Statements,* and addresses the accounting for consolidated financial statements. It also includes the issues raised in SIC 12, *Consolidation - Special Purpose Entities*. PFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by PFRS 10 will require management to exercise significant judgment to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in PAS 27. The standard becomes effective for annual periods beginning on or after January 1, 2013.

- PFRS 11, *Joint Arrangements*, replaces PAS 31, *Interests in Joint Ventures*, and SIC 13, *Jointly Controlled Entities - Non-Monetary Contributions by Venturers* and removes the option to account for jointly controlled entities using proportionate consolidation. Instead, jointly controlled entities that meet the definition of a joint venture must be accounted for using the equity method. The standard becomes effective for annual periods beginning on or after January 1, 2013.

- PFRS 12, *Disclosure of Interests in Other Entities*, includes all of the disclosures related to financial statements that were previously in PAS 27, as well as all the disclosures that were previously included in PAS 31 and PAS 28, *Investments in Associates*. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required. The standard becomes effective for annual periods beginning on or after January 1, 2013. The adoption of PFRS 12 will affect disclosures only and have no impact on the Company's financial position or performance.

- PFRS 13, *Fair Value Measurement*, establishes a single source of guidance under PFRS for all fair value measurements. PFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under PFRS when fair value is required or permitted. This standard should be applied prospectively as of the beginning of the annual period in which it is initially applied. Its disclosure requirements need not be applied in comparative information provided for periods before initial application of PFRS 13. The standard becomes effective for annual periods beginning on or after January 1, 2013.

- Amendments to PAS 1, *Presentation of Financial Statements,* change the grouping of items presented in Other Comprehensive Income (OCI). Items that can be reclassified or "recycled" to profit or loss at a future point in time (for example, upon derecognition or settlement) will be presented separately from items that will never be recycled. The amendments affect presentation only and have no impact on the Group's financial position or performance. The amendments become effective for annual periods beginning on or after July 1, 2012. The amendments will be applied retrospectively and will result to the modification of the presentation of items of OCI.

- Amendments to PAS 19, *Employee Benefits*, range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and rewording. The revised standard also requires new disclosures such as, among others, a sensitivity analysis for each significant actuarial assumption, information on asset-liability matching strategies, duration of the defined benefit obligation, and disaggregation of plan assets by nature and risk. The amendments become effective for annual periods beginning on or after January 1, 2013.

- Amendments to PAS 27, *Separate Financial Statements*, are limited to accounting for subsidiaries, jointly controlled entities and associates in the separate financial statements as a consequence of the issuance of the new PFRS 10 and PFRS 12. The amendments become effective for annual periods beginning on or after January 1, 2013.

- Amendments to PAS 28, *Investments in Associates and Joint Ventures,* describe the application of the equity method to investments in joint ventures in addition to associates as a consequence of the issuance of the new PFRS 11 and has been renamed PAS 28, *Investments in Associates and Joint Ventures*. The amendments become effective for annual periods beginning on or after January 1, 2013.

- Philippine Interpretation IFRIC 20, *Stripping Costs in the Production Phase of a Surface Mine*, applies to waste removal (stripping) costs incurred in surface mining activity during the production phase of the mine. The interpretation addresses the accounting for the benefit from the stripping activity. The interpretation is effective for annual periods beginning on or after January 1, 2013. The new interpretation is not relevant to the Group as the Group is not involved in any mining activities.

Annual Improvements to PFRS (2009-2011 cycle)
The Annual Improvements to PFRS (2009-2011 cycle) contain non-urgent but necessary amendments to PFRS. The amendments are effective for annual periods beginning on or after January 1, 2013 and are applied retrospectively. The adoption of the following amendments will not have significant impact on the financial statements of the Group.

- PFRS 1, *First-time Adoption of PFRS - Borrowing Costs,* clarifies that, upon adoption of PFRS, an entity that capitalized borrowing costs in accordance with its previous generally accepted accounting principles, may carry forward, without any adjustment, the amount previously capitalized in its opening statement of financial position at the date of transition. Subsequent to the adoption of PFRS, borrowing costs are recognized in accordance with PAS 23, *Borrowing Costs*. The amendment does not apply to the Company as it is not a first-time adopter of PFRS.

- PAS 1, *Presentation of Financial Statements - Clarification of the Requirements for Comparative Information*, clarifies the requirements for comparative information that are disclosed voluntarily and those that are mandatory due to retrospective application of an accounting policy, or retrospective restatement or reclassification of items in the financial statements. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the minimum required comparative period. The additional comparative period does not need to contain a complete set of financial statements. On the other hand, supporting notes for the third balance sheet (mandatory when there is a retrospective application of an accounting policy, or retrospective restatement or reclassification of items in the financial statements) are not required.

- PAS 16, *Property, Plant and Equipment - Classification of Servicing Equipment*, clarifies that spare parts, stand-by equipment and servicing equipment should be recognized as property, plant and equipment when they meet the definition of property, plant and equipment and should be recognized as inventory if otherwise.

- PAS 32, *Financial Instruments: Presentation - Tax Effect of Distribution to Holders of Equity Instruments*, clarifies that income taxes relating to distributions to equity holders and to transaction costs of an equity transaction are accounted for in accordance with PAS 12.

- PAS 34, *Interim Financial Reporting - Interim Financial Reporting and Segment Information for Total Assets and Liabilities*, clarifies that the total assets and liabilities for a particular reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change from the amount disclosed in the entity's previous annual financial statements for that reportable segment.

Effective in 2014

- Amendments to PAS 32, *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities*, clarify the meaning of "currently has a legally enforceable right to set-off" and also 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 to PAS 32 are to be retrospectively applied for annual periods beginning on or after January 1, 2014.

Effective in 2015

- PFRS 9, *Financial Instruments - Classification and Measurement,* as issued, reflects the first phase on the replacement of PAS 39, *Financial Instruments: Recognition and Measurement*, and applies to the classification and measurement of financial assets and liabilities as defined in PAS 39. 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 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. Equity financial assets held for trading must be measured at fair value through 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. PFRS 9 is effective for annual periods beginning on or after January 1, 2015.

  The Group has made an evaluation of the impact of the adoption of this standard. The Group decided not to early adopt PFRS 9 for its 2012 reporting ahead of its effectivity date on January 1, 2015 and therefore the financial statements as at and for the years ended December 31, 2012 and 2011 do not reflect the impact of the said standard. Based on this evaluation, loans and receivables and other financial liabilities will not be significantly affected. Upon adoption, the Group's loans and receivables and other financial liabilities will continue to be carried at amortized cost. Thus, no significant impact is expected to the Group's financial position and performance.

Effectivity date to be determined

- Philippine Interpretation IFRIC 15, *Agreements for the Construction of Real Estate*, covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. This Interpretation requires that revenue on construction of real estate be recognized only upon completion, except when such contract qualifies as construction contract to be accounted for under PAS 11, *Construction Contracts*, or involves rendering of services in which case revenue is recognized based on stage of completion. The SEC and the Financial Reporting Standards Council have deferred the effectivity of this interpretation until the final Revenue standard is issued by the International Accounting Standards Board and an evaluation of the requirements of the final revenue standard against the practices of the Philippine real estate industry is completed. Adoption of the interpretation when it becomes effective will not have any impact on the financial statements of the Group.

Cash

Cash includes cash on hand and in banks.

Financial Instruments

Date of recognition

The Group recognizes a financial asset or a financial liability in the consolidated balance sheet when it becomes a party to the contractual provisions of the instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using settlement date accounting.

Initial recognition and classification of financial instruments

Financial assets and financial liabilities are recognized initially at fair value. Transaction costs are included in the initial measurement of all financial assets and financial liabilities, except for financial instruments measured at fair value through profit or loss (FVPL). Financial assets are classified as either financial assets at FVPL, loans and receivables, held-to-maturity (HTM) investments, or available-for-sale (AFS) financial assets. Financial liabilities on the other hand, are classified as financial liabilities at FVPL or other financial liabilities. The Group determines the classification at initial recognition and, where allowed and appropriate, reevaluates this designation at every balance sheet date.

Financial instruments are classified as liability or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity, net of any related income tax benefits.

Determination of fair value

The fair value of financial instruments traded in organized financial markets at balance sheet date is based on their quoted market price or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. When current bid and asking prices are not available, the price of the most recent transaction provides evidence of the current fair value as long as there has not been a significant change in economic circumstances since the time of the transaction.

For all other financial instruments not listed in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include net present value techniques, comparison to similar instruments for which market observable prices exist, options pricing models and other relevant valuation models.

Day 1 gain or loss

Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a Day 1 gain or loss) in profit or loss unless it qualifies for recognition as some other type of asset. The Group recognizes the Day 1 gain or loss on loans to entities that are under common control with the Group directly in equity.

In cases where data used is not observable, the difference between the transaction price and model value is recognized only when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the Day 1 gain or loss.

Loans and receivables

Loans and receivables are nonderivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivables. After initial measurement, loans and receivables are carried at amortized cost using the effective interest rate method less any allowance for impairment. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process. Loans and receivables (or portions of loans and receivables) are included in current assets if maturity is within 12 months from the balance sheet date. Otherwise, these are classified as noncurrent assets.

Other financial liabilities

This category pertains to financial liabilities that are not held for trading or not designated as at FVPL upon the inception of the liability. These include liabilities arising from operations or borrowings. These financial liabilities are recognized initially at fair value and are subsequently carried at amortized cost, taking into account the impact of applying the effective interest rate method of amortization or accretion for any related premium, discount and any directly attributable transaction costs. Other financial liabilities (or portions of other financial liabilities) are included in current liabilities when they are expected to be settled within 12 months from the balance sheet date or the Group does not have an unconditional right to defer settlement of the liabilities for at least 12 months from the balance sheet date.

<u>Impairment of Financial Assets</u>

An assessment is made at each balance sheet date to determine whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset is impaired if its carrying amount is greater than its estimated recoverable amount.

Loans and receivables

The Group first assesses whether an objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset’s original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through the use of an allowance account. The amount of the loss shall be recognized in profit or loss.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognized in profit or loss. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral, if any, has been realized or has been transferred to the Group. If in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance for impairment losses account. If a future write-off is later recovered, the recovery is recognized in profit or loss. Any subsequent reversal of an impairment loss is recognized in profit or loss to the extent that the carrying value of the asset does not exceed its amortized cost at reversal date.

In relation to receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Group will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through the use of an allowance account. Impaired debts are derecognized when they are assessed as uncollectible.

Derecognition of Financial Assets and Financial Liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired; or
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a ‘pass-through’ arrangement; or,
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group’s continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the balance sheet.

Creditable Withholding Tax

Creditable withholding tax represents the amount withheld from income payments and is deducted from income tax payable on the same year the revenue was recognized. Unused creditable withholding taxes can be carried forward to the ensuing years. The balance of creditable withholding tax is reviewed at each balance sheet date to determine if an objective evidence exists that amounts are no longer recoverable and reduced to the amount the Group expects to recover.

Property and Equipment

The initial cost of property and equipment consists of its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use and any estimated cost of dismantling and removing the property and equipment item and restoring the site on which it is located to the extent that the Group had recognized the obligation of that cost. Such cost includes the cost of replacing part of the property and equipment if the recognition criteria are met. When significant parts of property and equipment are required to be replaced in intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of property and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

When assets are retired or otherwise disposed of, their costs and related accumulated depreciation and any impairment in value are removed from the accounts and any resulting gain or loss is recognized in profit or loss.

Depreciation commences once the property and equipment are available for use and is computed on a straight-line basis over the estimated useful lives of the assets as follows:

	Number of Years
Furniture, fixtures and equipment	5
Cinema furniture and equipment	5
Transportation equipment	5 to 10
Other equipment	5

The estimated useful lives and depreciation method are reviewed periodically to ensure that the estimated periods and method of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

Investment Properties

Investment properties are measured initially at cost, including transaction costs. The cost of investment properties is the amount of cash or cash equivalents paid or the fair value of other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognized in accordance with the specific requirements of PFRS. Accordingly, investment properties acquired under the asset-for-share swap agreement in 1995 were initially measured at the assigned values as approved by the Philippine SEC. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property.

Subsequent to initial recognition, investment properties, except for land, are carried at cost less accumulated depreciation and amortization, and any impairment losses. Land is carried at cost less any impairment in value. Interests on funds borrowed to partially finance the investment property during the construction period are capitalized to the respective property accounts.

The Group assesses if an item of property other than a piece of land or a building is regarded as part of an investment property. If an item is an integral part of an investment property, is being leased to the lessee together with the land and building as a whole and the entire group of assets is generating the income stream from the lease contract, the item is included as part of investment property.

Depreciation and amortization of investment properties is computed using the straight-line method over the following useful lives of the assets, regardless of utilization:

	Number of Years
Commercial complex and improvements	25
Machinery and equipment	10
Cinema furniture and equipment	5

Investment properties and improvements located in leased parcels of land are depreciated and amortized using the straight-line method over their useful lives, or the term of the lease, whichever is shorter.

The estimated useful lives and depreciation and amortization method are reviewed periodically to ensure that the periods and method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of investment properties.

Investment properties are derecognized when they have been either disposed of or when the investment properties are permanently withdrawn from use and no future economic benefits are expected from disposal. Any gain or loss on the retirement or disposal of investment properties is recognized in profit or loss in the year of retirement or disposal.

Transfers are made to investment properties when, and only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment properties when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale.

Impairment of Nonfinancial Assets
The carrying values of property and equipment, investment properties and other current and noncurrent assets are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amounts, the assets or cash-generating units (CGU) are written down to their recoverable amounts. The recoverable amount of property and equipment, investment properties and other current and noncurrent assets is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs. Any impairment loss is recognized in profit or loss.

An assessment is made at each balance sheet date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss unless the asset is carried at revalued amount, in which case, the reversal is treated as a revaluation increase. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, on a systematic basis over its remaining useful life.

Value-added tax (VAT)
Revenues, expenses, assets and liabilities are recognized net of the amount of VAT, except where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable.

VAT payable - net of input tax is included under "Accounts payable and other liabilities" account in the consolidated balance sheet

Customers' Deposits
Customers' deposits are recognized upon receipt of advance rental payments from new tenants, which can be applied to unpaid rental receivables upon termination of the tenant's contract.

Capital Stock
The proceeds from the issuance of ordinary or common shares are presented in equity as capital stock to the extent of the par value of the issued and outstanding shares and any excess of the proceeds over the par value of shares issued, less any incremental costs directly attributable to the issuance, net of tax, is presented in equity as "Additional paid-in capital".

Retained Earnings (Deficit)
Retained earnings represent the cumulative balance of periodic total comprehensive income or loss, dividend distributions, correction of prior year's errors, effect of changes in accounting policy and other capital adjustments. When retained earnings account has a debit balance, it is called a "deficit". A deficit is not an asset but a deduction from shareholder's equity.

Revenue

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as a principal or agent.

The Group has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognized:

Mall rental income

Rent income from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and is included in revenue due to its operating nature. Rent income from fixed tenants is generally recognized on a straight-line basis over the lease term. Rental income from percentage tenants is recognized based on a minimum agreed rental or certain percentage of the tenant's gross sales, whichever is higher.

Cinema ticket sales

Revenue from cinema ticket sales is recognized upon receipt of cash from the customers.

Interest income

Interest income is recognized as it accrues, using the effective interest rate method.

Direct Costs and Expenses

Direct costs and expenses are expenses directly related to the performance of services, which are recognized as incurred.

General and Administrative Expenses

General and administrative expenses include costs of administering the business, which are recognized as incurred.

Borrowing Costs

Borrowing costs are capitalized if they are directly attributable to the acquisition and development of qualifying assets as part of the cost of such assets. Capitalization of borrowing cost commences when the activities to prepare the assets for their intended use are in progress and expenditures and borrowing costs are being incurred; is suspended during extended periods in which active development is interrupted; and, ceases when substantially all the activities necessary to prepare the assets for their intended use are complete. All other borrowing costs are expensed as incurred.

Retirement Benefits Costs

Retirement benefits costs are actuarially determined using the projected unit credit method. The projected unit credit method considers each period of service as giving rise to an additional unit of benefits entitlement and measures each unit separately to build up the final obligation. Upon introduction of a new plan or improvement of an existing plan, past service costs are recognized on a straight-line basis over the average period until the amended benefits become vested. To the extent that the benefits are already vested, past service cost is immediately expensed. Actuarial gains or losses are recognized in profit or loss when the cumulative unrecognized actuarial gains and losses at the end of the previous reporting year exceeded 10% of the higher of the present value of defined benefit obligation and the fair value of plan assets at that date. These gains or losses are recognized over the expected average remaining working lives of the employees participating in the plan.

The defined retirement benefits liability is the aggregate of the present value of the defined benefits obligation and unrecognized actuarial gains and losses reduced by past service cost not yet recognized and the fair value of plan assets out of which the obligations are to be settled directly. If such aggregate amount is negative, the asset is measured at the lower of such aggregate amount or the aggregate cumulative unrecognized net actuarial losses and past service cost and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

Leases

The determination of whether an arrangement is, or contains a lease, is based on the substance of the arrangement at inception date of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

(a) there is a change in contractual terms, other than a renewal or extension of the arrangement;
(b) a renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term;
(c) there is a change in the determination of whether fulfillment is dependent on a specified asset; or,
(d) there is a substantial change to the asset.

Where reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios (a), (c) or (d) and at the date of renewal or extension period for scenario (b).

The Group determines whether arrangements contain a lease to which lease accounting must be applied. The costs of the agreements that do not take the legal form of a lease but convey the right to use an asset are separated into lease payments if the entity has the control of the use or access to the asset, or takes essentially all of the outputs of the asset. The said lease component for these arrangements is then accounted for as finance or operating lease.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Group as a lessee

Finance leases that transfer substantially all the risks and benefits incidental to ownership of the leased item to the Group, are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the income statement.

Operating lease expense is recognized in the profit or loss on a straight-line basis over the lease term

Income Taxes

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax

Deferred income tax is provided, using the balance sheet liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax assets are recognized for all deductible temporary differences and carryforward benefits of unused net operating loss carryover (NOLCO) and excess of minimum corporate income tax (MCIT) over regular corporate income tax (RCIT), to the extent that it is probable that sufficient future taxable profits will be available against which the deductible temporary differences and carry forward benefits of unused NOLCO and excess of MCIT over RCIT can be utilized. Deferred income tax liabilities are recognized for all taxable temporary differences.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred income tax assets to be utilized. Unrecognized deferred income tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that sufficient future taxable profits will allow the deferred income tax assets to be recovered.

Deferred income tax assets and deferred income tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Basic/Diluted Earnings Per Share
Basic earnings per share is computed by dividing net income for the year by the weighted average number of shares outstanding during the year.

Diluted earnings per share is calculated by dividing the income for the year attributable to stockholders by the weighted average number of shares outstanding during the year, excluding treasury shares and adjusted for the effects of all potential dilutive shares, if any.

In determining both the basic and diluted earnings per share, the effect of stock dividends, if any, is accounted for retroactively.

Provisions and Contingencies
Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and the amount of obligation can be reliably estimated.

Contingent liabilities are not recognized in the consolidated financial statements but disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

Events After the Balance Sheet Date
Events after the balance sheet date that provide additional information about the Group's position at the balance sheet date (adjusting events) are reflected in the consolidated financial statements. Events after the balance sheet date that are not adjusting events are disclosed when material.

Significant Accounting Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements in accordance with PFRS requires management to make judgments, estimates and assumptions that affect the amounts reported in the consolidated financial statements. The judgments, estimates and assumptions are based on management's evaluation of relevant facts and circumstances that are believed to be reasonable at the balance sheet date. Actual results could differ from such estimates used.

Judgments
In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which has the most significant effect on the amounts recognized in the consolidated financial statements.

Classification of leases
The Group has entered into property leases, where it has determined that all the risks and rewards incidental and related to the underlying properties are substantially retained by the lessors since there is no transfer of ownership of the leased properties. Also, the Group has entered into property leases, where it has determined that all the risks and rewards incidental and related to its investment properties are substantially retained by the Group since there is no transfer of ownership of the leased properties. As such, these lease agreements are accounted for as operating leases (see Note 16).

Classification of financial instruments
The Group classifies a financial instrument, or its component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the consolidated balance sheet. The Group classifies its receivables, advances to subsidiary, and receivable from related parties as loans and receivables while bank loans, payables to banks, and other liabilities as other financial liabilities.

Fair values of financial instruments
The fair values of financial instruments are determined using valuation techniques. To the extent practicable, observable data are used on the valuation models, except for areas that require management to make estimates, such as credit risk, volatilities and correlations (see Note 21).

Determination of investment property
An item other than a piece of land or a building should be regarded by a lessor as part of an investment property if that item is an integral part of the investment property. The determination of whether or not an item constitutes an integral part of an investment property requires judgment and will depend on the particular facts and circumstances. Considering that the cinema furniture and equipment are leased together with the cinema space in the Group's commercial complex and that these group of assets generate lease income from a lease contract, cinema furniture and equipment are classified as investment property as of December 31, 2012 and 2011. As of these dates, the carrying amount of cinema furniture and equipment classified as investment property amounted to ₱37.6 thousand and ₱97.0 thousand, respectively (see Note 7).

<u>Estimates and Assumptions</u>
The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimation of allowance for doubtful accounts and probable losses
Provisions are made for accounts specifically identified to be doubtful of collection. The level of this allowance is evaluated by management on the basis of factors that affect the collectability or realizability of the accounts. These factors include but are not limited to the length of the Group's relationship with the other party, the other party's payment behavior and known market factors. Specific accounts are evaluated based on best available facts and circumstances such as information that certain customers may be unable to meet their financial obligations. In the case of creditable withholding taxes, management considers among others, the availability of future tax payable against which creditable withholding taxes may be utilized. These specific reserves are reevaluated and adjusted as additional information received impacts the amounts estimated.

Recognition of deferred income tax assets
The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred income tax assets to be utilized.

Impairment of noncurrent nonfinancial assets
The Group determines whether its property and equipment, investment properties and other noncurrent assets are impaired when events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The factors that the Group considered important which could trigger an impairment review include the following:

- significant adverse changes in the market, or economic environment where the Group operates;
- significant decrease in the market value of an asset;
- significant increase in the discount rate used for the value-in-use calculations;
- evidence of obsolescence and physical damage;
- significant changes in the manner in which an asset is used or expected to be used;
- plans to restructure or discontinue an operation;
- significant decrease in the capacity utilization of an asset; or,

- evidence is available from internal reporting that the economic performance of an asset is, or will be, worse than expected.

The Company decided not to early adopt PFRS 9 (2009) or PFRS 9 (2010) for its 2012 financial reporting

4. Receivables

EVER GOTESCO RESOURCES & HOLDINGS, INC. AND SUBSIDIARY COMPANY **SCHEDULE C**
Consolidated Aging Schedule of Accounts Receivable - Trade
As of June 30, 2013

			PAST DUE ACCOUNTS			
	TOTAL	Current	31-60 Days	61-90 Days	91-120 Days	120 Days & Over
CONSOLIDATED						
Trade Receivable -Affiliate	187,211,399					187,211,399
Trade Receivable -Non Affilia	105,929,686	7,926,827	4,353,530	6,660,436	4,001,923	82,986,969
TOTAL	**293,141,085**	**7,926,827**	**4,353,530**	**6,660,436**	**4,001,923**	**270,198,368**
PARENT						
Trade Receivable -Affiliate	114,770,480					114,770,480
Trade Receivable -Non Affilia	37,494,854	3,296,356	1,734,870	1,681,327	1,007,476	29,774,825
TOTAL	**152,265,334**	**3,296,356**	**1,734,870**	**1,681,327**	**1,007,476**	**144,545,305**

Note: The Accounts are presented in the Balance Sheet under Current Assets

5. Causes for any material changes *(+/-5% or more)* in the financial statements

Income Statement items – Six Months 2013 versus Six Months 2012

19% decrease in cinema tickets sales
The decline was due to continuous support for senior citizens who availed free cinema admissions from P1.11 million in 2012 to P0.89 million in 2013 plus the fact that our cinema houses need renovations and technology should be up graded to be competitive to nearby cinema.

24% decrease in taxes and licenses
The decrease in taxes & licenses from P20.16 million in 2012 to P15.40 million in 2013 was due to timing difference only, payment in real property taxes for commonwealth mall were usually negotiated the following month.

27% increase in direct cost and expenses
The increase of this expense was primarily because of the increase in cost of utilities like the increase in electricity and water bill per kilowatt, increase on labor cost of on janitorial, security agencies and cost of labor for repairs and maintenance of all malls.

5% decrease in salaries and wages
Replacement of some resigned employees thru consultancy basis only and decrease in head counts for this six months ended June, 2013 compared to the same period last year from P7.49 million to P 7.09 million.

50% increase in entertainment, amusement and recreation
The material increase from P3.013 million in 2012 to P4.52 million this year was due to late booking of some expenses and re-classification of this account.

62% increase in film rentals
Rental for new films were expensive now compared last year from P0.34 million in 2012 to P0.55 million in 2013.

7% decrease in transportation and communication
The decrease was due timing difference on billings of internet provider and communication charges on all malls form P2.63 million in 2012 to P 2.43 million in 2013.

28% decrease in management and professional fee
The decrease pertains to timing difference on booking of professional fees.

49% decrease in advertising, promotions and marketing
The cut in advertising and marketing expense was due to increase in marketing support of tenants thru sponsorship of marketing events and promotions form P 1.04 million in 2012 to P0.53 million in 2013.

20% decrease in office supplies
The dropped in office supplies was due to company's cost cutting measures from P0.28 million in 2012 to P0.23 million in 2013.

18% decrease on interest expense
The declined was due to lower interest rate in 2013 compared in 2012 from P49.44 million in 2012 to P40.74 million this year, DBP loan already fully paid in January, 2013.

8% decrease on net income
Net Income decreased by 8% from P35.33 million in 2012 to P32.36 million in 2013 due to decline on accretion income by 27% from P63.86 million in 2012 to P46.42 in 2013.

Balance Sheet items – June 30, 2013 versus End – 2012

653% increase in cash and cash equivalents
Increase in cash balance from P0.44 million in 2012 to P3.33 million in 2013 was due to increase in collections and timing difference in various utilities payments like light & power, water, janitorial & security services and other payables.

12% decrease in accounts receivables
The decrease in accounts receivable to P792.63 million in 2013 from P900.01 million in 2012 was due increase in collections from old and new accounts for the six months period compared last year.

6% increase in prepaid taxes
The increase was attributed to the increase in withholding taxes on leasehold rental income from P141.03 million in 2012 to P171.03 million in 2013

14% decrease in property & equipment
The decrease of was due to the depreciation charges over the life of the assets.

21% decrease in payable to banks – net of current portion
Mainly due to re-classification of bank loans from non-current to current portion.

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

Results of Operations for Six Months of 2013

1. **Financial discussion**

Ever Gotesco Resources and Holdings, Inc. (EGRHI) and its wholly owned subsidiary had a consolidated revenues for the period January to June, 2013 amounted to P175.34 million a slight increase compared from last year for the same period. Revenues were sourced primarily from mall and cinema operations. Total revenue was maintained with a slight improvement of 1% only from P 174.24 million in 2012 to P175.34 million in 2013. There Cinema Sales declined by 19% from P 1.11 million in 2012 to P0.89 million this year because the cinema need to be modernized and up-graded to be competitive to the nearby malls.

Direct cost and expenses increased by 18% the increase pertains to the increase in cost of utilities and maintenance expenses due to frequent increase in electricity and water rate per kilowatt, increase in labor related cost on janitorial and security services and declined on reimbursement on utility expenses because of the timing difference of moving out tenants versus the incoming tenants, timing difference on real property taxes, periodic depreciation booking.

General and administrative expenses was maintained almost the same as last year P135.31 million in 2013 and 134.18 million in 2012. entertainment, amusement and recreation expenses, increased by 50% but offset with the declined in professional fees by 28%, advertising & promo decreased by 49%, office supplies decreased also by 20%, telecommunication expenses and transportation expense reduced both by 7%.

Net income for Six Months operations ending June 30, 2013 posted at P32.36 million, which is 8% or P2.97 million lower than last year of P35.33 million mainly due to decreased in accretion income in 2013 compared in 21012.

PART II – OTHER INFORMATION

Item 3. 2Q 2013 Developments

A.	**New project or investments in another line of business of corporation**	None
B.	**Performance of the corporation or result / progress of operations**	Please see unaudited consolidated financial statements and management's discussion on results of operations.
C.	**Declaration of Dividends**	None
D.	**Contracts of merger, consolidation or joint venture; contract of management, licensing, marketing, distributorship, technical assistance or similar agreements**	None.
E.	**Offering of rights, granting of Stock Options and corresponding plans therefore**	None.
F.	**Acquisition of additional mining claims or other capital assets or patents, formula, real estate**	None.
G.	**Other information, material events or happenings that may have affected or may affect market price of security**	None.
H.	**Transferring of assets, except in normal course of business**	None.

Item 4. Other Notes to 2Q 2013 Operations and Financials

I.	**Nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidents**	Please see Notes to Financial Statements
J.	**Nature and amount of changes in estimates of amounts reported in prior periods and their material effect in the current period**	None.
K.	**New financing through loans / issuances, repurchases, and repayments of debt and equity securities**	Borrowings and repayments of loans are being undertaken on a number of creditor banks.
L.	**Material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period**	None.
M.	**The effect of changes in the composition of the issuer during the interim period including**	None.

	business combinations, acquisition, or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations	
N.	**Changes in contingent liabilities or contingent assets since the last annual balance sheet date**	None.
O.	**Existence of material contingencies and other material events or transactions during the interim period**	None.
P.	**Material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period**	None.
Q.	**Material commitments for capital expenditures, general purpose and expected sources of funds**	None.
R.	**Known trends, events or uncertainties that have had or that are reasonably expected to have impact on sales / revenues / income from continuing operations**	Uncertainties remain as to whether the country will continue to be affected by regional trends in the coming months. The financial statements do not include any adjustments that might result from these uncertainties. Related effects will be reported in the financial statements, as they become known and estimable.
S.	**Significant elements of income or loss that did not arise from continuing operations**	None.
T.	**Causes for any material change/s from period to period in one or more line items of the financial statements**	Please see Notes to Financial Statements
U.	**Seasonal aspects that had material effect on the financial condition or results of operations**	Not applicable.
V.	**Disclosures not made under SEC From 17-C**	None.

Item 5. Key Performance Indicators

The table below sets forth the comparative key performance indicators of the Company and its majority-owned subsidiaries.

	End-2Q 2013	***End-December 2012***
Current Ratio[1]	0.49:1.00	0.50:1.00
Debt to Assets Ratio[2]	0.53:1.00	0.54:1.00
	June, 2013	***June, 2012***
Net Profit Ratio[3]	18%	20%
Return on Equity[4]	1.49%	1.68%
Return on Assets[5]	.70%	.76%

Manner of calculating the above indicators is as follows:

Current Ratio $\frac{\text{Current Assets}}{\text{Current Liabilities}}$

Debt to Assets Ratio $\frac{\text{Total Liabilities}}{\text{Total Assets}}$

Net Profit Ratio $\frac{\text{Net income for the period}}{\text{Net revenues for the period}}$

Return on equity $\frac{\text{Net Income}}{\text{Total Equity}}$

Return on Assets $\frac{\text{Net Income}}{\text{Total Assets}}$

Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise cash and cash equivalents, receivables, due from related parties, bank loans, accounts payable and accrued expenses, due to related parties, lease liability and long-term debt. The main purpose of these financial instruments is to raise finances for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are liquidity risk, credit risk, and market risk. The Board of Directors reviews and agrees on the policies for managing these risks, as well as approving and authorizing risk limits set by management, summarized as follows:

Liquidity Risk

The group seeks to manage its liquidity risk to be able to meet its operating cash flow requirements, finance capital expenditures and service maturing debts. As an inherent part of its liquidity risk management, the Group regularly evaluates its projected and actual cash flows. To cover its short-term and long-term funding requirements, the Group intends to use internally generated funds and available short-term and long-term credit facilities.

Market Risk

Market risk is the risk of loss to future earnings, to fair values or to future cash flows that may result from changes in the price of a financial instrument. The value of a financial instrument may change as a result of changes in interest rates.

Interest Rate Risk

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's short-term and long-term obligations. In order to effectively manage its interest risk and its financing costs, the Group closely monitors the movements of interest rates, as well as, economic factors affecting the trends of these movements. In certain cases, depending on its assessment of future movements of interest rates, the Group would pre-terminate its debt and obtain a new loan facility which provides for either floating or fixed interest rates. This is intended to minimize its financing costs.

Credit Risk

The Group's exposure to credit risk on its receivables relates primarily to the inability of the debtors to pay and fully settle the unpaid balance of receivables owed to the Group. The Group manages its credit risk in accordance with its credit risk policies which requires the evaluation of the creditworthiness of the debtors. The Group's exposure to credit risk on its other receivables from debtors and related parties is managed through close account monitoring and setting limits.

Discussion and Analysis of Material Events

EGRHI, in 2009, recorded the total purchase price amounting to P622.9 million as an addition to land of a certain parcel of land in Calamba, Laguna amounting to P622.9 million, acquired as a result of the compromise agreement with certain banks.

Property and equipment include the property of GTMDI in Pasig City (land and mall), which secure certain loans from a syndicated lender banks led by PNB. The company has defaulted in its loan obligations, which led to the foreclosure and sale through public auction in July 30, 1999. GTMDI is currently in possession and in complete control of the properties. It continues to operate the mall and draws rental income there from. However, on June 17, 2009, GTMDI and PNB entered into a compromise agreement which was approved by the Court on August 14, 2009. GTMDI shall pay PNB an amount of P565 million, of which P80 million shall be paid upon the execution of the agreement. The remaining amount payable to PNB shall be settled within seven years at 8% interest per annum. The compromise agreement provides that upon GTMDI's full payment of the compromise amount and all advances, taxes, fees and expenses, and both parties' compliance with all their respective obligations under the agreement, each party therefore releases and discharges the other party, their directors, officers, agents and employees from any and all claims arising from PNB's foreclosure and consolidation of the property subject of MTI.

The adverse impact of movie piracy has taken its toll on the movie industry. Gotesco Investments, Inc. (GII), a major player in the cinema business and an anchor tenant of the Company, was no exception. GII originally occupied and operated ten (10) cinemas at GTMDI, a wholly owned subsidiary of EGRHI, and twelve (12) cinemas at EGRHI, the parent company. Towards the end of 2002, GII closed five (5) out of ten (10) cinemas at GTMDI and expected to consolidate patrons in its five (5) remaining cinemas. However, GII continued to experience a deteriorating traffic of movie-goers and the consequential drop of its ticket revenues. As a result, GII management decided to totally close the five (5) remaining cinemas and three (3) cinemas in 2003 and turned over the same to GTMDI and EGRHI, respectively.

In 2004, GII turned over nine (9) remaining cinemas to EGHRI, the parent company. EGRHI generates an average monthly rental revenue of P1.227 million or P14.727 million annually for the said remaining cinemas. The closure translates to an annual rental revenue loss for EGRHI by P14.7 million or 9% of its total annual revenue generation, and 4.6% to the consolidated rental revenue.

Disclosure on the Garnishment of Lease Rental Receivables

The Notice of Garnishment on lease rental receivables was issued on January 27, 2000 by the RTC of Manila against the parent company, its subsidiary and certain affiliates in relation to a civil complaint by the Banko Sentral ng Pilipinas was served to various tenants. This has substantially impaired collection effort on lease rental receivables and added to the company's cash flow problems. The Garnishment Notice limited the company's collections to tenants' utility dues and other assessments, which were exempted from the Garnishment. Cash Flows from these collections, however, allow the continuity of the mall operations and sustain the company's going concern. The company's counsels file a Motion to Dismiss on the grounds, among others, that (a) summons were improperly served such that the Court did not acquire jurisdiction over the Company and certain affiliates, and (b) the complaint states no cause of action or if it does so state, it is founded on illegality. The said Motion to Dismiss was consolidated with a Motion to Dissolve the Writ of Preliminary Attachment. In 2003, the Group together with their co-defendants, on the garnishment case, entered into an extra-judicial settlement with the plaintiff. As a result, the RTC lifted the garnishment of lease payments on January 14, 2004 which the RTC returned to the Company. However, as the parties have agreed on the amortization schedule, the BSP filed a motion of execution anchored on the compromise agreement. White the RTC-Manila initially denied such motion, it eventually granted the same via a motion for execution. As a result thereof, Writ of Garnishment was issued.

Foreclosure of Mortgaged Properties

The property of GTMDI in Pasig City (land and mall), which secure certain loans from a syndicated lender banks led by PNB. The company has defaulted in its loan obligations, which led to the foreclosure and sale through public auction in July 30, 1999. GTMDI is currently in possession and in complete control of the properties. It continues to operate the mall and draws rental income there from.

On June 17, 2009, GTMDI and PNB entered into a compromise agreement which was approved by the Court on August 14, 2009. GTMDI shall pay PNB an amount of P565 million, of which P80 million shall be paid upon the execution of the agreement. The remaining amount payable to PNB shall be settled within seven years at 8% interest per annum. The compromise agreement provides that upon GTMDI's full payment of the compromise amount and all advances, taxes, fees and expenses, and both parties' compliance with all their respective obligations under the agreement, each party therefore releases and discharges the other party, their directors, officers, agents and employees from any and all claims arising from PNB's foreclosure and consolidation of the property subject of MTI.

Meanwhile, the other creditor banks continue to hold their respective proportionate undivided interest over the subject parcels of land and mall.

EGRHI entered into a compromise agreements with PNB, Security Bank Corporation (SBC) and DBP for the purchase of their 50%, 33.33% and 16.67% respective share in the undivided ownership/interest in the same parcel of land in Calamba, Laguna which gave EGRHI the right to acquire the whole undivided ownership/interest over the subject parcel of land payable in seven year at 8% interest per annum for PNB and five years at 8% interest per annum for SBC and DBP. EGRHI recorded the total purchase price amounting to P622.9 million as an addition to land.

On June 17, 2009, GTMDI and PNB entered into a compromise agreement which was approved by the Court on August 14, 2009. GTMDI shall pay PNB an amount of P565 million, of which P80 million shall be paid upon the execution of the agreement. The remaining amount payable to PNB shall be settled within seven years at 8% interest per annum.

OTHER INFORMATION

No significant events happened which were not disclosed under SEC FORM 17-C.

SIGNATURES

Pursuant to the requirements of section 17 of SRC and section 141 of the Corporation Code, this report signed on behalf of the issuer by the undersigned, thereto duly authorized, in the City of Manila.

EVER GOTESCO RESOURCES AND HOLDINGS, INC.
Issuer

JOSE C. GO
President & Chief Executive Officer

Date 8-5-13

EVELYN C. GO
Treasurer

Date 8-5-13

CYNTHIA T. DIZON
AVP - Controller

Date 8-5-13