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 R . E V E 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)

CYNTHIA T. DIZON

Contact Person

735-69-01 LOCAL 366

Company Telephone Number

1 2 | 3 1

Month *Day*

Fiscal Year

S E C F O R M 1 7 Q

FORM TYPE

August - Last Friday

Month *Day*

Annual Meeting

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, 2014.**

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: 2.16 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, 2014 & DECEMBER 31, 2013
(In Philippine Peso)

	CONSOLIDATED		PARENT COMPANY	
	JUNE 30, 2014	DEC. 31, 2013 *	JUNE 30, 2014	DEC. 31, 2013 *
ASSETS				
CURRENT ASSETS				
Cash	1,820,988	833,857	1,168,021	168,021
Receivables	687,622,066	780,532,693	407,547,670	391,661,381
Creditable withholding taxes	163,715,922	155,845,361	97,435,060	92,137,168
Other Current Assets, net	5,357,818	5,090,328	4,576,442	3,285,642
	858,516,794	942,302,239	510,727,194	487,252,212
NONCURRENT ASSETS				
Property And Equipment, Net	1,064,385	1,120,188	204,314	294,558
Investments In & Advances To Subsidiary			1,260,819,493	1,256,424,592
Investment Properties, Net	2,208,110,230	2,284,327,157	1,031,173,533	1,088,501,870
Receivables From Related Parties	1,285,835,145	1,243,688,598	933,884,711	905,745,826
Other Noncurrent Assets	71,261,782	64,578,186	37,945,302	34,673,050
	3,566,271,542	3,593,714,129	3,264,027,354	3,285,639,896
TOTAL ASSETS	**4,424,788,336**	**4,536,016,368**	**3,774,754,547**	**3,772,892,108**
LIABILITIES AND STOCKHOLDERS' EQUITY				
CURRENT LIABILITIES				
Bank loans	280,769,232	357,692,309	50,000,000	50,000,000
Accounts Payable and other liabilities	1,331,607,422	1,317,495,116	463,402,805	439,272,036
Current portion of Payables to Bank	172,382,622	189,035,113	65,358,894	86,194,195
Operating lease payable	22,515,711	22,515,711	22,515,711	22,515,711
Customers Deposits	104,802,464	104,802,464	59,475,628	59,475,628
Provisions	60,084,369	60,084,369	-	-
	1,972,161,820	2,051,625,082	660,753,038	657,457,570
NONCURRENT LIABILITIES				
Payable To Banks - Net Of Current Portion	183,906,645	263,985,053	68,000,000	93,500,000
Deferred Tax Liability	1,912,792	1,912,792	-	-
Retirement Benefits Liability	3,337,400	3,337,400	2,778,134	2,778,134
	189,156,837	269,235,245	70,778,134	96,278,134
TOTAL LIABILITIES	**2,161,318,657**	**2,320,860,327**	**731,531,172**	**753,735,704**
STOCKHOLDERS' EQUITY	2,263,469,680	2,215,156,041	3,043,223,375	3,019,156,404
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	**4,424,788,336**	**4,536,016,368**	**3,774,754,547**	**3,772,892,108**

* Based on Audited Financial Statements
See accompanying notes to Unaudited Financial Statements

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**		
	2014	**2013**	**2012**	**2014**	**2013**	**2012**	**2014**	**2013**	**2012**	**2014**	**2013**	**2012**
REVENUES	93,537,258	87,643,347	87,029,611	181,582,329	175,340,293	174,242,372	64,323,716	56,702,280	54,836,726	122,695,396	113,204,589	109,383,164
OPERATING COSTS AND EXPENSES	102,999,020	81,316,651	72,810,656	174,841,305	148,666,896	153,340,721	71,315,073	60,761,713	51,304,657	118,911,285	105,254,666	105,468,383
INCOME FROM OPERATIONS	**(9,461,762)**	**6,326,696**	**14,218,955**	**6,741,024**	**26,673,397**	**20,901,651**	**(6,991,357)**	**(4,059,433)**	**3,532,069**	**3,784,111**	**7,949,923**	**3,914,781**
OTHER INCOME (EXPENSE)-NET												
Accretion of Interest due PAS 32 & 39, net	20,975,035	23,210,207	31,950,974	41,950,069	46,420,413	63,860,259	16,165,111	16,171,092	23,857,984	32,330,223	32,342,184	47,484,799
Interest and other income, net	253,998	(29,735,888)	(24,347,990)	(377,455)	(40,738,284)	(49,428,389)	(5,808,910)	(10,744,109)	(9,859,050)	(12,047,363)	(14,565,103)	(20,262,612)
INCOME BEFORE INCOME TAX	**11,767,270**	**(198,985)**	**21,821,939**	**48,313,639**	**32,355,526**	**35,333,521**	**3,364,844**	**1,367,550**	**17,531,003**	**24,066,971**	**25,727,004**	**31,136,968**
PROVISION FOR INCOME TAX	-	-	-	-	-	-	-	-	-	-	-	-
NET INCOME (LOSS)	**11,767,270**	**(198,985)**	**21,821,939**	**48,313,639**	**32,355,526**	**35,333,521**	**3,364,844**	**1,367,550**	**17,531,003**	**24,066,971**	**25,727,004**	**31,136,968**
RETAINED EARNINGS AT BEGINNING OF PERIOD	(2,747,378,437)	(2,823,911,865)	(2,918,748,933)	(2,783,924,806)	(2,856,466,377)	(2,932,260,515)	(1,959,501,282)	(2,016,162,897)	(2,094,788,822)	(1,980,203,409)	(2,040,522,351)	(2,108,394,787)
RETAINED EARNINGS AT END OF PERIOD	**(2,735,611,167)**	**(2,824,110,850)**	**(2,896,926,994)**	**(2,735,611,167)**	**(2,824,110,851)**	**(2,896,926,994)**	**(1,956,136,438)**	**(2,014,795,347)**	**(2,077,257,819)**	**(1,956,136,438)**	**(2,014,795,347)**	**(2,077,257,819)**
EARNINGS PER SHARE:												
BASIC EARNINGS PER SHARE (A/B)	0.0024	(0.0000)	0.0044	0.0097	0.0065	0.0071	0.0007	0.0003	0.0035	0.0048	0.0051	0.0062
Computation -												
Net Income (Loss) fort the Period (A)	11,767,270	(198,985)	21,821,939	48,313,639	32,355,526	35,333,521	3,364,844	1,367,550	17,531,003	24,066,971	25,727,004	31,136,968
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		
	2014	**2013**	**2012**	**2014**	**2013**	**2012**
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	(2,783,924,806)	(2,856,466,377)	(2,932,260,515)	(1,980,203,409)	(2,040,522,351)	(2,108,394,787)
Net Income (Loss) for the period	48,313,639	32,355,526	35,333,521	24,066,971	25,727,004	31,136,968
RETAINED EARNINGS, ENDING	(2,735,611,167)	(2,824,110,851)	(2,896,926,994)	(1,956,136,438)	(2,014,795,347)	(2,077,257,819)
REMEASUREMENT LOSSES ON RETIREMENT BENEFITS - N	(919,153)	-	-	(640,187)	-	-
TOTAL STOCKHOLDERS' EQUITY	**2,263,469,680**	**2,175,889,149**	**2,103,073,006**	**3,043,223,375**	**2,985,204,653**	**2,922,742,181**

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**		
	2014	**2013**	**2012**	**2014**	**2013**	**2012**	**2014**	**2013**	**2012**	**2014**	**2013**	**2012**
CASH FLOWS FROM OPERATING ACTIVITIES												
Net Income (Loss)	11,767,270	(198,986)	21,821,939	48,313,639	32,355,526	35,333,521	3,364,844	1,367,550	17,531,003	24,066,971	25,727,004	31,136,968
Adjustments to reconcile net income to net												
cash provided by operating activities:												
Depreciation and amortization	38,777,189	38,786,841	40,797,718	77,583,500	77,587,500	81,641,594	29,281,900	29,299,298	31,372,288	58,569,911	58,595,045	62,790,733
Accretion Income/Expense - PAS 32 & 39												
Deferred income tax expense												
Changes in operating assets and												
liabilities	(4,298,304)	8,620,377	(29,802,114)	(43,520,829)	(14,155,325)	(51,982,979)	(21,995,415)	(7,002,590)	(22,433,889)	(54,985,552)	(34,997,848)	(41,153,363)
Net cash provided by(used in) operating activities	**46,246,155**	**47,208,232**	**32,817,543**	**82,376,310**	**95,787,701**	**64,992,136**	**10,651,329**	**23,664,258**	**26,469,402**	**27,651,331**	**49,324,201**	**52,774,338**
CASH FLOWS FROM INVESTING ACTIVITIES												
Correction of previous quarter double entry												
Additions to property and equipment	(1,241,798)	(24,910)	(347,321)	(1,310,770)	(44,554)	(374,420)	(1,151,330)	(24,911)	-	(1,151,330)	(39,911)	(27,098)
Net cash provided by (used in) investing activities	**(1,241,798)**	**(24,910)**	**(347,321)**	**(1,310,770)**	**(44,554)**	**(374,420)**	**(1,151,330)**	**(24,911)**	**-**	**(1,151,330)**	**(39,911)**	**(27,098)**
CASH FLOWS FROM FINANCING ACTIVITIES												
Proceeds from:												
Capital stock subscription												
Loans		-	-	-			-	-	-	-	-	-
Payments to Creditor Banks	(44,017,227)	(45,963,690)	(32,469,402)	(80,078,408)	(92,849,970)	(64,747,241)	(8,500,000)	(22,465,127)	(26,469,402)	(25,500,000)	(46,316,617)	(52,747,240)
Net cash provided by(used in) financing activities	**(44,017,227)**	**(45,963,690)**	**(32,469,402)**	**(80,078,408)**	**(92,849,970)**	**(64,747,241)**	**(8,500,000)**	**(22,465,127)**	**(26,469,402)**	**(25,500,000)**	**(46,316,617)**	**(52,747,240)**
NET INCREASE (DECREASE) IN CASH	**987,130**	**1,219,632**	**820**	**987,131**	**2,893,177**	**(129,525)**	**999,999**	**1,174,220**	**-**	**1,000,000**	**2,967,673**	**-**
CASH AT BEGINNING OF PERIOD	833,857	2,116,319	151,147	833,857	442,773	281,492	168,021	1,961,472	-	168,021	168,021	
CASH AT END OF PERIOD	1,820,988	3,335,951	151,967	1,820,988	3,335,950	151,967	1,168,021	3,135,692	-	1,168,021	3,135,694	-

see accompanying notes to unaudited financial statements

SCHEDULE A

EVER GOTESCO RESOURCES AND HOLDINGS, INC. AND SUBSIDIARY
BALANCE SHEET SCHEDULES
As of June 30, 2014

	CONSOLIDATED	PARENT
CURRENT ASSETS		
Cash on Hand and in Banks	1,820,988	1,168,021
Accounts Receivable - Trade, net (Affiliate)	134,019,514	76,329,482
Accounts Receivable - Trade, net (Non-Affiliate)	109,086,862	91,125,160
Advances to Affiliates	429,840,973	234,634,968
Creditable withholding taxes	163,715,922	97,435,060
Accounts Receivable - Non-Trade, net	14,674,717	5,458,059
Other Current Assets, net	5,357,818	4,576,442
	858,516,794	510,727,194

	CONSOLIDATED	PARENT
CURRENT LIABILITIES		
Loans Payable (Pls. refer to Schedule B for details)	280,769,231	50,000,000
Payable to Banks - current portion	172,382,622	65,358,894
Accrued Interest & financing charges	986,942,374	234,563,689
Accounts Payable - Trade (Contractors)	51,448,240	29,887,051
Output Tax	4,326,988	2,826,168
Customers Deposit	104,802,464	59,475,628
Operating Lease Payable	22,515,711	22,515,711
Provision for Losses	60,084,369	-
Retentions Payable	41,381,223	40,874,751
Other Accounts Payable & Accrued Expenses	247,508,597	155,251,146
	1,972,161,820	660,753,038

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	(2,783,924,806)	(1,980,203,409)
Net Income for the period	48,313,639	24,066,971
Total	(2,735,611,167)	(1,956,136,438)
Remeasurement loss on retirement benefits - net	(919,153)	(640,187)
	2,263,469,680	3,043,223,375

SCHEDULE B

EVER GOTESCO RESOURCES & HOLDINGS, INC. AND SUBSIDIARY
SCHEDULE OF LOANS PAYABLE
As of June 30, 2014

Date of Loan/ Credit Line Granted	Name of Bank	Type of Loan	Terms	Collateral/ Security	Loan Purpose	Interest Rate	Outstanding Balance
EVER GOTESCO RESOURCES & HOLDINGS, INC. (PARENT CO.)							
December 24, 1998	Land Bank	short term	1 year		add'l. working capital		50,000,000
TOTAL							50,000,000
GOTESCO TYAN MING DEVELOPMENT, INC. (SUBSIDIARY)							
April 7, 1995	MBTC	Syndicated Loan	3 years inclusive of	land, bldg., chattel	Partly finance		153,846,154
	CITYTRUST/BPI			Assignment of rec'ble	Ortigas Complex		76,923,077
TOTAL							230,769,231
EGRHI & GTMDI TOTAL							280,769,231

EVER GOTESCO RESOURCES & HOLDINGS, INC. AND SUBSIDIARY **SCHEDULE B.1**
SCHEDULE OF PAYABLE TO BANKS
As of June 30, 2014

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	68,000,000
September 3, 2009	Security Bank		5 years w/ scheduled monthly amortizations	yearly issuance of 12 monthly PDC's	Purchase of property	8%	14,358,894	-
							65,358,894	68,000,000
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%	107,023,728	115,906,645
							107,023,728	115,906,645
TOTAL							172,382,622	183,906,645

Summary of Significant Accounting and Financial Reporting 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 Group'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).

The financial statements provide comparative information in respect of the previous periods. In addition, the Company presents an additional balance sheet at the beginning of the earliest period presented when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in financial statements. An additional balance sheet as at January 1, 2012 is presented in these financial statements due to retrospective application of an accounting policy.

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary as of December 31, 2013 and 2012.

Subsidiaries are all entities over which the Company or its subsidiary has control. Control is achieved when the Group is exposed, or has 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 Group controls an investee if and only if the Group 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 power over an investee, including:

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

The Group re-assesses 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 from the date of acquisition, being the date on which control is transferred to the Group and continue to be consolidated until the date that such control ceases. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the parent company loses control over its subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any noncontrolling interests
- Derecognizes the cumulative translation differences recorded in equity
- 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's share of components previously recognised 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.

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the following amended PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations based on International Financial Reporting Interpretations Committee (IFRIC) interpretations effective January 1, 2013. Unless otherwise indicated, the adoption of these changes did not significantly affect the Group's consolidated financial statements.

- Amendments to PFRS 7, *Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities*, 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 Instruments: 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 affect disclosures only and have no impact on the Group's financial position or performance.

- PFRS 10, *Consolidated Financial Statements*, establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. This standard defines control when an investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. PFRS 10 replaces the consolidation requirements in SIC-12, *Consolidation - Special Purpose Entities* and PAS 27, *Consolidated and Separate Financial Statements.* 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 in PAS 27. This new standard has no impact on the Group's financial position or performance. A reassessment of control was made and the Group determined that no additional entities need to be consolidated nor does GTMDI need to be deconsolidated.

- PAS 27, *Separate Financial Statements* (as revised in 2011), as a consequence of the new PFRS 10, *Consolidated Financial Statements* and PFRS 12, *Disclosure of Interests in Other Entities*, what remains of PAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate financial statements.

- PFRS 11, *Joint Arrangements*, supersedes PAS 31, *Interests in Joint Ventures* and SIC-13, *Jointly Controlled Entities - Non-Monetary Contributions by Venturers.* This standard describes the accounting for joint arrangements with joint control. Further, proportionate consolidation is not permitted for joint ventures under the new definition of a joint venture.

- PAS 28, *Investment in Associates and Joint Ventures* (as revised in 2011), as a consequence of the new PFRS 11 and PFRS 12, PAS 28 has been renamed PAS 28, *Investments in Associates and Joint Ventures*, and describes the application of the equity method to investments in joint ventures in addition to associates.

- PFRS 12, *Disclosures of Involvement with Other Entities*, is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities. The adoption of PFRS 12 affects disclosures only and has no impact on the Group's financial position or performance.

- PFRS 13, *Fair Value Measurement*, establishes new guidance on fair value measurement and disclosures. 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. PFRS 13 also required additional disclosures. The adoption of PFRS 13 affects disclosures only and has no impact on the Group's financial position or performance. Refer to Note 21 for the fair value hierarchy.

- Amendments to PAS 1, *Financial Statement Presentation*, 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 will be presented separately from items that will never be recycled. The amendments affect disclosures only and have no impact on the Group's financial position or performance.

- Amendments to PAS 19, *Employee Benefits*, requires all actuarial gains and losses to be recognized in OCI and unvested past service costs previously recognized over the average vesting period to be recognized immediately in profit or loss when incurred.

  Prior to adoption of the revised standard, the Group recognized actuarial gains and losses as income or expense when the net cumulative unrecognized actuarial gains and losses for each individual plan at the end of the previous reporting period exceeded 10% of the higher of the defined benefit obligation and the fair value of the plan assets. These gains and losses are recognized over the average vesting period. Unvested past service costs are recognized as an expense on a straight-line basis over the average vesting period until the benefits become vested. Upon adoption of the revised standard, the Group changed its accounting policy to recognize all actuarial gains and losses in OCI and all past service costs in profit in the period they occur.

  The revised PAS 19 replaced the interest cost and expected return on plan assets with the concept of net interest on defined benefit liability or asset, which is calculated by multiplying the net defined benefit liability or asset at the beginning of the year by the discount rate used to measure the defined benefit obligation, each at the beginning of the annual period.

  The Group retained the presentation of net interest on retirement benefits in the statement of comprehensive income.

  The revised standard also amended the definition of short-term employee benefits and requires employee benefits to be classified as short-term based on expected timing of settlement rather than the employee's entitlement to the benefits. It also modifies the timing of recognition for termination benefits, where termination benefits are recognized at the earlier of when the offer cannot be withdrawn or when the related restructuring costs are recognized. The changes in the definition of short-term employee benefits and timing of recognition of termination benefits do not have any impact on the Group's financial position and financial performance
  Remeasurement gain on retirement benefits was closed to retained earnings at transition date. Subsequent to January 1, 2012, remeasurement loss on retirement benefits is separately presented in equity. Net interest cost is still presented under "Salaries, wages and employee benefits" under general and administrative expenses.

  The revised PAS 19 also requires more extensive disclosures which are presented in Note 14 to the financial statements.

- 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. This new interpretation is not relevant to the Group as the Group is not involved in any mining activities.

- Amendment to PFRS 1, *First-time Adoption of International Financial Reporting Standards – Government Loans*, requires first-time adopters to apply the requirements of PAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*, prospectively to government loans existing at the date of transition to PFRS. However, entities may choose to apply the requirements of PAS 39, *Financial Instruments: Recognition and Measurement*, and PAS 20 to government loans retrospectively if the information needed to do so had been obtained at the time of initially accounting for those loans. These amendments are not relevant to the Group as the Group is not a first-time adopter of PFRS.

Annual Improvements to PFRS (2009-2011 cycle)
The *Annual Improvements to PFRS* contain non-urgent but necessary amendments to PFRS. The Group adopted these amendments for the current year.

- 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 Group 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, *Income Taxes*.

- 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.

New Accounting Standards, Interpretations and Amendments to
<u>Existing Standards Effective Subsequent to December 31, 2013</u>
The Group will adopt the standards and interpretations enumerated in the subsequent pages when these become effective. Except as otherwise indicated, the Group does not expect the adoption of these new and amended standards and interpretations to have a significant impact on the financial statements. The relevant disclosures will be included in the notes to the consolidated financial statements when these become effective.

Effective in 2014

- Amendments to PFRS 10, PFRS 12 and PAS 27, provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under PFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments are effective for annual periods beginning on or after January 1, 2014. It is not expected that this amendment would be relevant to the Group since the Group does not have an investment that would qualify to be an investment entity under PFRS 10.

- 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 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 to PAS 32 are to be retrospectively applied for annual periods beginning on or after January 1, 2014.

- Amendments to PAS 36, *Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets*, remove the unintended consequences of PFRS 13 on the disclosures required under PAS 36. In addition, these amendments require disclosure of the recoverable amounts for the assets or cash-generating units (CGUs) for which impairment loss has been recognized or reversed during the period. These amendments are effective retrospectively for annual periods beginning on or after January 1, 2014 with earlier application permitted, provided PFRS 13 is also applied.

- Amendments to PAS 39, *Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting,* provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. These amendments are effective for annual periods beginning on or after January 1, 2014.

- Philippine Interpretation IFRIC 21, *Levies*, clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. This interpretation is effective for annual periods beginning on or after January 1, 2014.

Annual Improvements to PFRS (2010-2012 cycle)

- PFRS 2, *Share-based Payment - Definition of Vesting Condition*, revises the definitions of vesting condition and market condition and adds the definitions of performance condition and service condition to clarify various issues. These amendments shall be prospectively applied to share-based payment transactions for which the grant date is on or after July 1, 2014.

- PFRS 3, *Business Combinations - Accounting for Contingent Consideration in a Business Combination*, clarifies that a contingent consideration that meets the definition of a financial instrument should be classified as a financial liability or as equity in accordance with PAS 32. Contingent consideration that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of PAS 39. The amendment shall be prospectively applied to business combinations for which the acquisition date is on or after July 1, 2014.

Effective in 2015

- Amendments to PAS 19, *Employee Benefits - Defined Benefit Plans: Employee Contributions,* apply to contributions from employees or third parties to defined benefit plans. Contributions that are set out in the formal terms of the plan shall be accounted for as reductions to current service costs if they are linked to service or as part of the remeasurements of the net defined benefit asset or liability if they are not linked to service. Contributions that are discretionary shall be accounted for as reductions of current service cost upon payment of these contributions to the plans. The amendments to PAS 19 are to be retrospectively applied for annual periods beginning on or after July 1, 2014.

Annual Improvements to PFRS (2010-2012 cycle)

- PFRS 8, *Operating Segments - Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets*, requires entities to disclose the judgment made by management in aggregating two or more operating segments. This disclosure should include a brief description of the operating segments that have been aggregated in this way and the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics. The amendments also clarify that an entity shall provide reconciliations of the total of the reportable segments' assets to the entity's assets if such amounts are regularly provided to the chief operating decision maker. These amendments are effective for annual periods beginning on or after July 1, 2014 and are applied retrospectively.

- PFRS 13, *Fair Value Measurement - Short-term Receivables and Payables*, clarifies that short-term receivables and payables with no stated interest rates can be held at invoice amounts when the effect of discounting is immaterial.

- PAS 16, *Property, Plant and Equipment - Revaluation Method - Proportionate Restatement of Accumulated Depreciation*, clarifies that, upon revaluation of an item of property, plant and equipment, the carrying amount of the asset shall be adjusted to the revalued amount, and the asset shall be treated in one of the following ways:

  a. The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. The accumulated depreciation at the date of revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account any accumulated impairment losses.
  b. The accumulated depreciation is eliminated against the gross carrying amount of the asset.

  The amendments are effective for annual periods beginning on or after July 1, 2014. The amendments shall apply to all revaluations recognized in annual periods beginning on or after the date of initial application of this amendment and in the immediately preceding annual period.

- PAS 24, *Related Party Disclosures - Key Management Personnel*, clarifies that an entity is a related party of the reporting entity if the said entity, or any member of a group for which it is a part of, provides key management personnel services to the reporting entity or to the parent company of the reporting entity. The amendments also clarify that a reporting entity that obtains management personnel services from another entity (also referred to as management entity) is not required to disclose the compensation paid or payable by the management entity to its employees or directors. The reporting entity is required to disclose the amounts incurred for the key management personnel services provided by a separate management entity. The amendments are effective for annual periods beginning on or after July 1, 2014 and are applied retrospectively.

- PAS 38, *Intangible Assets - Revaluation Method - Proportionate Restatement of Accumulated Amortization*, clarifies that, upon revaluation of an intangible asset, the carrying amount of the asset shall be adjusted to the revalued amount, and the asset shall be treated in one of the following ways:

  a. The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. The accumulated amortization at the date of revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account any accumulated impairment losses.
  b. The accumulated amortization is eliminated against the gross carrying amount of the asset.
     The amendments also clarify that the amount of the adjustment of the accumulated amortization should form part of the increase or decrease in the carrying amount accounted for in accordance with the standard.

  The amendments are effective for annual periods beginning on or after July 1, 2014. The amendments shall apply to all revaluations recognized in annual periods beginning on or after the date of initial application of this amendment and in the immediately preceding annual period.

Annual Improvements to PFRS (2011-2013 cycle)

- PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards - Meaning of 'Effective PFRS'*, clarifies that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but that permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first PFRS financial statements.

- PFRS 3, *Business Combinations - Scope Exceptions for Joint Arrangement*, clarifies that PFRS 3 does not apply to the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself. The amendment is effective for annual periods beginning on or after July 1 2014 and is applied prospectively.

- PFRS 13, *Fair Value Measurement - Portfolio* Exception, clarifies that the portfolio exception in PFRS 13 can be applied to financial assets, financial liabilities and other contracts. The amendment is effective for annual periods beginning on or after July 1, 2014 and is applied prospectively.

- PAS 40, *Investment Property*, clarifies the interrelationship between PFRS 3 and PAS 40 when classifying property as investment property or owner-occupied property. The amendment stated that judgment is needed when determining whether the acquisition of investment property is the acquisition of an asset or a group of assets or a business combination within the scope of PFRS 3. This judgment is based on the guidance of PFRS 3. This amendment is effective for annual periods beginning on or after July 1, 2014 and is applied prospectively.

Effectivity date to be determined

- PFRS 9, *Financial Instruments*, as issued, reflects the first and third phases of the project to replace PAS 39 and applies to the classification and measurement of financial assets and liabilities and hedge accounting, respectively. Work on the second phase, which relate to impairment of financial instruments, and the limited amendments to the classification and measurement model is still ongoing, with a view to replace 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 liabilities designated as at FVPL using the fair value option, 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 relating to the entity's own 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 to PFRS 9, including the embedded derivative bifurcation rules and the criteria for using the FVO. The adoption of the first phase of PFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will potentially have no impact on the classification and measurement of financial liabilities.

  On hedge accounting, PFRS 9 replaces the rules-based hedge accounting model of PAS 39 with a more principles-based approach. Changes include replacing the rules-based hedge effectiveness test with an objectives-based test that focuses on the economic relationship between the hedged item and the hedging instrument, and the effect of credit risk on that economic relationship; allowing risk components to be designated as the hedged item, not only for financial items, but also for non-financial items, provided that the risk component is separately identifiable and reliably measurable; and allowing the time value of an option, the forward element of a forward contract and any foreign currency basis spread to be excluded from the designation of a financial instrument as the hedging instrument and accounted for as costs of hedging. PFRS 9 also requires more extensive disclosures for hedge accounting.

  PFRS 9 currently has no mandatory effective date. PFRS 9 may be applied before the completion of the limited amendments to the classification and measurement model and impairment methodology. The Group will not adopt the standard before the completion of the limited amendments and the second phase of the project.

- 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 Philippine 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. Adoption of the interpretation when it becomes effective will not have any impact on the financial statements of the Group.

Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability. The

principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at each reporting date.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

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.

As of December 31, 2013 and 2012, the Group has no financial assets and financial liabilities at FVPL, HTM investments and AFS financial assets.

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.

As of June 30, 2014 and 2013, the Group's loans and receivables include cash in bank and receivables.

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.

As of June 30, 2014 and 2013, the Group's other financial liabilities include bank loans, payables to banks and accounts payable and other liabilities.

<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. These assigned values were deemed costs of the investment properties acquired. 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 benefit 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 in profit or loss in the period they occur. Actuarial gain and losses are recognized in OCI.

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.

4. Receivables

EVER GOTESCO RESOURCES & HOLDINGS, INC. AND SUBSIDIARY COMPANY **SCHEDULE C**
Consolidated Aging Schedule of Accounts Receivable - Trade
As of June 30, 2014

			PAST DUE ACCOUNTS			
	TOTAL	Current	31-60 Days	61-90 Days	91-120 Days	120 Days & Over
CONSOLIDATED						
Trade Receivable -Affiliate	134,019,514					134,019,514
Trade Receivable -Non Affiliate	109,086,862	48,586,288	48,497,011	12,003,564		-
TOTAL	**243,106,376**	**48,586,288**	**48,497,011**	**12,003,564**	**-**	**134,019,514**
PARENT						
Trade Receivable -Affiliate	76,329,482					76,329,482
Trade Receivable -Non Affiliate	91,125,160	34,301,551	33,468,552	23,355,056	-	-
TOTAL	**167,454,642**	**34,301,551**	**33,468,552**	**23,355,056**	**-**	**76,329,482**

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

<u>Income Statement items</u> – Six Months 2014 versus Six Months 2013

38% decrease in cinema tickets sales
The decline was due to increase on senior citizens availed free cinema admissions from P0.89 million in 2013 to P0.55 million in 2014 plus the fact that our cinemas need some renovations to be competitive to nearby cinema.

6% decrease in taxes and licenses
The decrease in taxes & licenses from P15.39 million in 2013 to P14.55 million in 2014 was due to prompt payment discount received on business and real property taxes unlike in 2013 there were back taxes.

22% increase in direct cost and expenses
Increase of this expense was mainly due to the declined on the reimbursement of expenses by 30% compared last year, increased in cost of electricity and labor or agency charges from P133.83 million in 2013 to P 163.05 million in 2014.

8% decrease in salaries and wages & benefits
Timing difference on replacement of resigned employees which caused the declined in the head counts as of this quarter from of P7.09 million in 2013 to P 6.51 million this year.

34% decrease in entertainment, amusement and recreation
The reduction of this expense from P2.88 million in 2013 to P1.90 million this year was due to late booking of some expenses and re-classification of this account.

44% decrease on insurance
The decline was due to reduction on insurance coverage, timing difference on booking and payments from P2.48 million in 2013 to P1. 32 million this 2014.

34% increase in management and professional fee
The increase pertains to the replacement of some resigned employees is thru consultancy with minimal increase on rate of consultants and additional retainer fees for legal services.

20% increase in advertising, promotions and marketing
The increase in advertising and marketing expense was due to payment on personnel/job placement advertisement and more marketing activities done for this period from P0.53 million in 2013 to P0.64 in 2014.

30% increase in office supplies
The build up of office supplies expense was due to printing of new accountable forms as required by BIR from P0.23 million in 2013 to P 0.29 million in 2014.

25% decrease on interest expense
The declined was due to lower interest rate in 2014 and adjustment on accrual of interest expense due settlement of some loans from P42.33 million in 2013 to P 31.75 in 2014.

49% increase on net income
Net Income increased by 49% from P32.36 million in 2013 to P48.31 million in June, 2014 mainly due to decline on interest expense due to reversal of accrued interest expense because of settlement of some loans.

Balance Sheet items – June 30, 2014 versus End – 2013

118% increase in cash and cash equivalents
Increase in cash was due increase in collections and timing difference in payments of utilities like light & power and water etc. payables from P0.83 million in 2013 to P1.82 million in 2014 ending June.

12% decrease in receivables
The decline in receivables was due to increase in collections and timing difference on payments from P780.53 in 2013 to P687.62 in 2014.

5% increase in creditable withholding tax.
Increase in payments resulted on increase on creditable withholding tax from P155.84 million in 2014

5% increase in other current asset
The increase in other asset from P5.09 million in 2013 to P5.6 million in 2014 was attributed to the increase in input taxes

10% increase in other asset - non current
The increase pertains to the increase on miscellaneous deposits on utilities & projects from P64.58 million in 2013 to P71.26 million in 2014.

22% decrease in bank loans
Material payment on bank existing bank loans from P357.69 million in 2013 to P280.77 million in 2014.

30% 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 2014

1. **Financial discussion**

Ever Gotesco Resources and Holdings, Inc. (EGRHI) and its wholly owned subsidiary has a consolidated revenues for six months ending June 30, 2014 amounted to P181.58 million. Revenues were sourced primarily from mall and cinema operations. Total growth on revenues was 4% from P175.34 million in 2013 to P181.58 million in 2014 for six months operations.

Income from cinema tickets and cinema rentals declined by 32% from P1.28 million in YTD June, 2013 to P0.87 million in YTD June, 2014, the dropped in cinema income was mainly due to the need to refurbish and up-grade our existing cinema to become parallel with the cinema of other malls.

Direct cost and expenses increased by 22% from P133.83 million in 2013 to P163.05 million in 2014 for the same period. The increase pertains to the increase in cost of utilities like water and electricity rate, cost of labor/agency fees and declined on reimbursements of expenses from the existing tenants.

General and administrative expenses was down by 21 % due to decrease on entertainment, amusement & recreation expenses by 20%, reduction on repairs & maintenance expense by 70%, decreased by 32% on miscellaneous expense which was offset by the shoot up on office supplies due to printing of various accountable forms as required by BIR.

Net income for Six Months operations ending June 30, 2014 posted at P48.31 million, compared with last year 2013 Six Months performance also was 49% or P15.96 million higher due to interest expense adjustment on loans previously accrued on higher interest rate which was paid on these period of 2014.

PART II – OTHER INFORMATION

Item 3. 2Q 2014 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 2014 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 business combinations, acquisition, or**	None.

	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 2014	***End-December 2013***
Current Ratio[1]	0.44:1.00	0.46:1.00
Debt to Assets Ratio[2]	0.49:1.00	0.51:1.00
	June, 2014	***June, 2013***
Net Profit Ratio[3]	26.61%	18.45%
Return on Equity[4]	2.13%	1.46%
Return on Assets[5]	1.09%	.71%

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 release 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 Bangko 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

JOEL T. GO
President

Date 7/17/14

EVELYN C. GO
Treasurer

Date 7/17/14

CYNTHIA T. DIZON
AVP - Controller

Date 7/17/14