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 I E S

(Company's Full Name)

3 / F M A N I L A R E A L R E S I D E N C E S
1 1 2 9 J . N A T I V I D A D L O P E Z S T .
E R M I T A , M A N I L A

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

CHRISTINE P. BASE	09178574978
Contact Person	Company Telephone Number

1 2 / 3 1	S E C F O R M 1 7 Q	August - Last Friday
Month *Day* Fiscal Year	FORM TYPE	*Month* *Day* Annual Meeting

Secondary License Type, If Applicable

C R M D	
Dept. Requiring this Doc.	Amended Articles Number/Section

Total Amount of Borrowings

5,488	Php54,556,033	
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, 2024.**

2. SEC Identification Number **AS 094-8752**

3. BIR TIN **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. **3rd Flr. Manila Real Residences Manila 1129 J. Natividad Lopez St. Ermita Manila 1000** Address of issuer's principal office and Postal Code

8. **8243- 2921**
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: 679 million

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 SUBSIDIARIES

UNAUDITED CONSOLIDATED BALANCE SHEETS
JUNE 30, 2024 & DECEMBER 31, 2023
(In Philippine Peso)

	CONSOLIDATED		PARENT COMPANY	
	JUNE 30, 2024	DEC. 31, 2023*	'JUNE 30, 2024	DEC. 31, 2023*
ASSETS				
CURRENT ASSETS				
Cash	2,796,600	8,571,356	275,357	381,595
Receivables	17,221,814	10,463,838	27,641,048	23,668,563
Creditable withholding taxes				
Other Current assets	17,921,877	1,211,341	10,989,022	509,609
	37,940,291	20,246,535	38,905,427	24,559,767
NONCURRENT ASSETS				
PPE and Investment Properties, Net	3,714,900,943	3,714,832,352	3,461,059,500	3,461,059,500
Other Noncurrent Assets		15,145,200		10,150,201
Investments In & Advances To Subsidiary			206,227,068	206,227,067
Property And Equipment, Net				-
	3,714,900,943	3,729,977,552	3,667,286,568	3,677,436,768
TOTAL ASSETS	**3,752,841,234**	**3,750,224,087**	**3,706,191,995**	**3,701,996,535**
LIABILITIES AND STOCKHOLDERS' EQUITY				
CURRENT LIABILITIES				
Bank loans	13,929,200	13,929,200	13,929,200	13,929,200
Accounts Payable and other liabilities	38,230,282	26,213,333	23,701,742	10,410,403
	52,159,482	40,142,533	37,630,942	24,339,603
NONCURRENT LIABILITIES				
Payable To Banks - Net Of Current Portion	33,662,234	40,626,834	33,662,234	40,626,833
Due to Related Parties	205,215,852	205,215,860	84,492,362	84,492,370
Other Noncurrent liabilities	54,369,000	54,369,000	54,369,000	54,369,000
Provisions	333,994,298	333,994,298	253,250,411	253,250,411
	627,241,383	634,205,992	425,774,007	432,738,614
TOTAL LIABILITIES	**679,400,865**	**674,348,525**	**463,404,949**	**457,078,217**
STOCKHOLDERS' EQUITY	3,073,440,369	3,075,875,562	3,242,787,046	3,244,918,318
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	**3,752,841,234**	**3,750,224,087**	**3,706,191,995**	**3,701,996,535**

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

EVER GOTESCO RESOURCES AND HOLDINGS, INC. AND SUBSIDIARIES
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**		
	2024	**2023**	**2022**	**2024**	**2023**	**2022**	**2024**	**2023**	**2022**	**2024**	**2023**	**2022**
REVENUES	3,016,679	3,748,450	5,933,542	5,465,037	6,893,747	15,760,026	1,947,035	2,828,823	-	3,385,904	4,987,875	-
OPERATING COSTS AND EXPENSES	4,533,509	2,673,083	3,084,007	7,914,688	6,078,965	17,119,000	3,513,621	2,134,130	757,904	5,517,176	4,688,262	956,359
INCOME FROM OPERATIONS	**(1,516,830)**	**1,075,368**	**2,849,535**	**(2,449,651)**	**814,782**	**(1,358,974)**	**(1,566,586)**	**694,693**	**(757,904)**	**(2,131,272)**	**299,613**	**(956,359)**
OTHER INCOME (EXPENSE)-NET												
Accretion of Interest due PAS 32 & 39, net	-	-	-	-	-	-	-	-	-	-	-	-
Other income(Charges)	-	-	-	-	-	-	-	-	-	-	-	-
INCOME BEFORE INCOME TAX	**(1,516,830)**	**1,075,368**	**2,849,535**	**(2,449,651)**	**814,782**	**(1,358,974)**	**(1,566,586)**	**694,693**	**(757,904)**	**(2,131,272)**	**299,613**	**(956,359)**
PROVISION FOR INCOME TAX	127,755	212,130	-	246,730	212,130	-	-	74,903	-		74,903	-
NET INCOME (LOSS)	**(1,644,584)**	**863,238**	**2,849,535**	**(2,696,380)**	**602,652**	**(1,358,974)**	**(1,566,586)**	**619,789**	**(757,904)**	**(2,131,272)**	**224,710**	**(956,359)**
RETAINED EARNINGS AT BEGINNING OF PERIOD	(1,924,915,047)	(1,987,100,242)	(2,538,177,733)	(1,923,863,251)	(1,986,839,656)	(2,533,969,223)	(1,755,646,368)	(1,831,516,849)	(2,343,700,843)	(1,755,081,683)	(1,831,121,769)	(2,343,502,388)
RETAINED EARNINGS AT END OF PERIOD	**(1,926,559,631)**	**(1,986,237,004)**	**(2,535,328,198)**	**(1,926,559,631)**	**(1,986,237,004)**	**(2,535,328,198)**	**(1,757,212,955)**	**(1,830,897,060)**	**(2,344,458,747)**	**(1,757,212,954)**	**(1,830,897,060)**	**(2,344,458,747)**
EARNINGS PER SHARE:												
BASIC EARNINGS PER SHARE (A/B)	(0.0003)	0.0002	0.0006	(0.0005)	0.0001	(0.0003)	(0.0003)	0.0001	(0.0002)	(0.0004)	0.0000	(0.0002)
Computation -												
Net Income (Loss) fort the Period (A)	(1,644,584)	863,238	2,849,535	(2,696,380)	602,652	(1,358,974)	(1,566,586)	619,789	(757,904)	(2,131,272)	224,710	(956,359)
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 SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

(In Philippine Peso)

	CONSOLIDATED			**PARENT**		
		June 30			**June 30**	
	2024	**2023**	**2022**	**2024**	**2023**	**2022**
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	(1,923,863,251)	(1,986,839,656)	(2,533,969,223)	(1,755,081,683)	(1,831,121,769)	(2,343,502,388)
Net Income (Loss) for the period	(2,696,380)	602,652	(1,358,974)	(2,131,272)	224,710	(956,359)
RETAINED EARNINGS, ENDING	(1,926,559,631)	(1,986,237,004)	(2,535,328,198)	(1,757,212,954)	(1,830,897,060)	(2,344,458,747)
REMEASUREMENT LOSSES ON RETIREMENT BENEFITS - NE	-	-	-	-	-	-
TOTAL STOCKHOLDERS' EQUITY	**3,073,440,369**	**3,013,762,996**	**2,464,671,802**	**3,242,787,046**	**3,169,102,940**	**2,655,541,253**

See accompanying notes to unaudited financial statements

EVER GOTESCO RESOURCES AND HOLDINGS, INC. AND SUBSIDIARIES

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**		
	2024	**2023**	**2022**	**2024**	**2023**	**2022**	**2024**	**2023**	**2022**	**2024**	**2023**	**2022**
CASH FLOWS FROM OPERATING ACTIVITIES												
Net Income (Loss)	(1,644,584)	863,238	2,849,535	(2,696,380)	602,652	(1,358,974)	(1,566,586)	619,789	(757,904)	(2,131,272)	224,710	(956,359)
Adjustments to reconcile net income to net				261,178								
cash provided by operating activities:												
Depreciation and amortization	-	-	-	-	-	-	-	-	-	-	-	-
Interest Expense	-	-	-	-	-	-	-	-	-	-	-	-
Accretion Income/Expense - PAS 32 & 39	-	-	-	-	-	-	-	-	-	-	-	-
Changes in operating assets and liabilities	(885,650.76)	6,079,718	(17,305,465)	(3,270,963)	5,850,927	1,538,470	1,566,671	(619,790)	759,904	2,025,034	(224,710)	958,359
Net cash provided by(used in) operating activities	**(2,530,235)**	**6,942,956**	**(14,455,930)**	**(5,706,165)**	**6,453,579**	**179,495**	**84**	**(1)**	**2,000**	**(106,238)**	**(0)**	**2,000**
CASH FLOWS FROM INVESTING ACTIVITIES												
Additions to property and equipment	(8,400)	-	18,019	(68,591)	-	18,019	-	-	-			
Net cash provided by (used in) investing activities	**(8,400)**	**-**	**18,019**	**(68,591)**	**-**	**18,019**	**-**	**-**	**-**	**-**	**-**	**-**
CASH FLOWS FROM FINANCING ACTIVITIES												
Proceeds from:												
Capital stock subscription	-	-										
Loans	10,446,900	-		6,964,600			6,964,600	6,964,600	-	6,964,600	6,964,600	-
Payments to Creditor Banks	(6,964,600)	(6,964,600)	-	(6,964,600)	(6,964,600)		(6,964,600)	(6,964,600)	-	(6,964,600)	(6,964,600)	
Net cash provided by(used in) financing activities	**3,482,300**	**(6,964,600)**	**-**	**-**	**(6,964,600)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
NET INCREASE (DECREASE) IN CASH	**943,665**	**(21,644)**	**(14,437,911)**	**(5,774,756)**	**(511,021)**	**197,514**	**84**	**(1)**	**2,000**	**(106,238)**	**(0)**	**2,000**
CASH AT BEGINNING OF PERIOD	1,852,936	3,118,346	17,556,641	8,571,356	3,607,723	2,921,216	275,273	1,012,014	1,020,014	381,595	1,012,014	1,020,014
CASH AT END OF PERIOD	**2,796,600**	**3,096,702**	**3,118,730**	**2,796,600**	**3,096,702**	**3,118,730**	**275,357**	**1,012,013**	**1,022,014**	275,357	1,012,014	1,022,014

see accompanying notes to unaudited financial statements

SCHEDULE A

EVER GOTESCO RESOURCES AND HOLDINGS, INC. AND SUBSIDIARIES
BALANCE SHEET SCHEDULES
As of June 30, 2024

	CONSOLIDATED	PARENT
CURRENT ASSETS		
Cash on Hand and in Banks	2,796,600	275,357
Accounts Receivable - Trade, net (Affiliate)	15,132,824	13,904,351
Accounts Receivable - Trade, net (Non-Affiliate)	10,650	-
Accounts Receivable - Non-Trade, net	2,078,340	13,736,697
Advances to Affiliates	-	-
Creditable withholding taxes	-	-
Other Current Assets, net	17,921,877	10,989,022
	37,940,291	38,905,427
NON- CURRENT ASSETS		
Property, Plant, Equipment and Investment Properties	3,714,900,943	3,461,059,500
Investments and Advances to Subsidiaries		206,227,068
	3,714,900,943	3,667,286,568
TOTAL ASSETS	3,752,841,234	3,706,191,995
CURRENT LIABILITIES		
Loans Payable (Pls. refer to Schedule B for details)	13,929,200	13,929,200
Advances from related parties	22,742,325	13,733,837
Operating Lease Payable	618,784	
Other Accounts Payable & Accrued Expenses	14,869,174	9,967,905
	52,159,482	37,630,942
NON- CURRENT LIABILITIES		
Loans Payable (Pls. refer to Schedule B for details)	33,662,234	33,662,234
Provisions	333,994,298	253,250,404
Advances from related parties	205,215,852	84,492,369
Other Payables	54,369,000	54,369,000
	627,241,383	425,774,007

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

STOCKHOLDERS' EQUITY		
Capital Stock	5,000,000,000	5,000,000,000
Retained Earnings		
Beginning	(1,923,863,251)	(1,755,081,683)
Net Income for the period	(2,696,380)	(2,131,272)
Total	(1,926,559,631)	(1,757,212,954)
Remeasurement loss on retirement benefits - net	-	-
	3,073,440,369	3,242,787,046
TOTAL LIABILITIES AND EQUITY	3,752,841,234	3,706,191,995

SCHEDULE B

EVER GOTESCO RESOURCES & HOLDINGS, INC. AND SUBSIDIARIES
SCHEDULE OF LOANS PAYABLE
As of June 30, 2024

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	long term	1 year		add'l. working capital		47,591,433
TOTAL							47,591,433

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 and presentation currency. All values are rounded to the nearest peso, except when otherwise indicated.

Statement of Compliance

The financial statements are prepared in accordance with Philippine Financial Reporting Standards (PFRSs). The term PFRSs includes all applicable PFRSs, Philippine Accounting Standards (PAS) and interpretations issued by the Philippine Interpretations Committee and International Financial Reporting Interpretations Committee (IFRIC) which have been approved by the Philippine Financial Reporting Standards Council (FRSC) and adopted by the Philippine SEC.

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as of June 30, 2024 and December 31, 2023 and for each of the three years in the period ended June 30, 2024, 2023 and 2022.

As of June 30, 2024, 2023 and 2022, the Parent Company's ownership over the foregoing subsidiaries and their respective nature of business are as follows:

	Country of Incorporation	Nature of Business	Percentage of ownership 2024	2023	2023
Gotesco Tyan Ming Development Inc. (GTMDI)	Philippines	Mall operations	100%	100%	100%
Everwoods Management and Development Inc. (EMDI)	Philippines	Eco-tourism	100%	100%	100%
Agriwave Inc.	Philippines	Agriculture	100%	100%	100%

Subsidiaries are all entities over which the Parent Company or its subsidiary has control. 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; and
- 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 no controlling 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 recognized in Other Comprehensive Income (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.

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. Adjustments, where necessary, are made to ensure consistency with the policies adopted by the Group.

The financial statements of the subsidiaries are prepared for the same balance sheet date as the Parent Company.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated but are considered as an impairment indicator of the assets transferred.

<u>Changes in Accounting Policies and Disclosures</u>

The accounting policies adopted are consistent with those of the previous financial year except that the Group has adopted the following new pronouncements starting January 1, 2022. The Group has not early adopted any standard, interpretation or amendment that has been issued but not yet effective. Unless otherwise indicated, the adoption of these pronouncements did not have any significant impact on the Group's financial position or performance.

- Amendment to PFRS 3, *Business Combination, Reference to the Conceptual Framework*
  The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, to avoid the issue of potential 'day 2'gains or losses arising for liabilities and contingent liabilities that would be within the scope of

Philippine Accounting Standards (PAS) 37, *Provisions, Contingent Liabilities and Contingent Assets* or Philippine-IFRS Interpretations Committee (IFRIC) 21, *Levies*, if incurred separately.

At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

- Amendments to PAS 16, *Property, Plant and Equipment: Proceeds before Intended Use*
  The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

- Amendments to PAS 37, *Onerous Contracts - Costs of Fulfilling a Contract*
  The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

- *Annual Improvements to PFRSs* 2018-2020 Cycle

  - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*
    The amendment permits a subsidiary that elects to apply paragraph D16 (a) of PFRS 1 to measure cumulative translation differences using the amounts reported in the parent's consolidated financial statements, based on the parent's date of transition to PFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16 (a) of PFRS 1.

  - Amendments to PFRS 9, *Financial Instruments, Fees in the "10 per cent" test for derecognition of financial liabilities*
    The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

  - Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*
    The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.

<u>New Accounting Standards, Interpretation and Amendments to Existing Standards</u>

Pronouncements issued but not yet effective are listed below. The Group intends to adopt the following pronouncements when they become effective. Adoption of these pronouncements is not expected to have a significant impact on the Group's consolidated financial statements unless otherwise indicated.

Effective beginning on or after January 1, 2023

- Amendments to PAS 1, *Presentation of Financial Statements* and PFRS Practice Statement 2, *Disclosure of Accounting Policies*
- Amendments to PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Accounting Estimates*
- Amendments to PAS 12, *Income Taxes, Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

Effective beginning on or after January 1, 2024

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*
- Amendments to PFRS 16, *Leases*, *Lease Liability in a Sale and Leaseback*

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

Significant Accounting Policies

The significant accounting policies that have been used in the preparation of the consolidated financial statements are summarized below. These accounting policies have been consistently applied to all the years presented, unless otherwise stated.

Financial Instruments

Initial recognition and measurement

A financial instrument is any contract that gives rise to financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets are classified, at initial recognition, and subsequently measured at amortized cost, FVTOCI and FVTPL.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at fair value plus, in the case of a financial asset not at FVTPL, transaction costs.

In order for a financial asset to be classified and measured at amortized cost or FVTOCI, it needs to give rise to cash flows that are SPPI on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at FVTOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVTOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVTPL

The Group has no financial assets at FVTOCI with recycling of cumulative gains and losses (debt instruments), financial assets designated at FVTOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments) and financial assets at FVTPL.

Financial assets at amortized cost (debt instruments)

This category is most relevant to the Group. The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

Impairment of financial assets

The Group recognizes an allowance for ECL for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade and other receivables, ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

The Group considers trade receivables in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

For cash, the Group applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis.

However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. To estimate the ECL, the Group uses the ratings published by a reputable rating agency.

Financial liabilities at amortized cost

This category pertain to financial liabilities that are not held for trading and are not designated at FVTPL upon the inception of the liability. These include liabilities arising from operating (e.g., trade and other payables, except statutory payables) and financing (e.g., short and long-term borrowings) activities.

Financial liabilities are recognized initially at fair value, net of transaction costs incurred. Financial liabilities are subsequently stated at amortized cost using the effective interest method; any difference between the initial carrying amount of the financial liabilities and the redemption value is recognized in profit or loss over the contractual terms of the borrowings using the effective interest rate method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of reporting year.

Trade and other payables are recognized in the year in which the related money, goods or services are received or when a legally enforceable claim against the Group is established. These are measured at amortized cost, which is normally equal to the nominal amount.

Derecognition of financial assets and 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. The Group assesses that it has a currently enforceable right of offset if the right is not contingent on a future event and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Group and all of the counterparties.

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 nonfinancial 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 consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level of 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 of input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level of input that is significant to the fair value measurement is unobservable

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

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 objective evidence exists that amounts are no longer recoverable and reduced to the amount the Group expects to recover.

Value-added tax (VAT)

Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable.

When VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the consolidated balance sheet. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset in the consolidated balance sheet to the extent of the recoverable amount.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and any impairment in value.

The initial cost of property and equipment consists of its purchase price, including import duties, taxes, and any costs directly attributable in bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance costs, are recognized in profit or loss in the period the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional cost of the property and equipment.

Depreciation is calculated using the straight-line method over the estimated useful lives of two years.

Depreciation commences once the assets are available for use. It ceases at the earlier of the date that it is classified as held for sale and the date the asset is derecognized.

The useful lives and depreciation method are reviewed periodically to ensure that the periods and method of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment. When assets are sold or retired, the cost and the related accumulated depreciation and any impairment in value are eliminated from the accounts. Any gain or loss resulting from the disposal is recognized in profit or loss.

Investment Properties

Investment properties, consisting of parcels of land that are held either to earn rentals or for capital appreciation or both and that are not occupied by the entities in the Group.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is stated at fair value. Gains or losses arising from changes in fair value of investment properties are included in profit or loss in the year in which these arise.

The fair value of investment property is the price at which the property could be exchanged between knowledgeable, willing parties in an arm's-length transaction. Fair value specifically excludes an estimated price inflated or deflated by special terms or circumstances such as typical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale. The fair value of investment property should reflect market conditions at the end of the reporting year.

Derecognition of an investment property will be triggered by a change in use, by sale or disposal. Gain or loss arising on disposal is calculated as the difference between any disposal proceeds and the carrying amount of the related asset and is recognized in profit or loss in the period of derecognition. Transfers are made to investment property when, and only when, there is change in use, evidenced by cessation of owner-occupation, commencement of an operating lease to another party or completion of construction or development. Transfers are made from investment property 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.

Other Comprehensive Income (OCI)

OCI comprises items of income and expense that are not recognized in profit or loss for the year in accordance with PFRSs. Other comprehensive income pertaining to remeasurements on the Group's defined benefit plans is recognized under "Remeasurement gain (loss) on retirement benefits" account in the consolidated balance sheet. Other items are closed directly to retained earnings (deficit).

Revenue Recognition

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods and services ("transaction price"). The Group has generally concluded that it is principal in its revenue arrangements because it typically controls the goods and services before transferring them to the customer.

Sale of goods

Sales of goods represent amounts received and receivable from third parties for goods supplied to the customers. Sales are recognized when control of the goods has transferred to the customer, which is mainly upon delivery and acceptance by the customer.

Management fee

Management fee is recognized as revenue when the related service is rendered.

Expenses and Other Charges

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

Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction of a qualifying asset, which necessarily takes a substantial period of time to prepare for its intended use are included in the cost of that asset. Such borrowing costs are capitalized as part of the cost of the asset when it is probable that these will result in future economic benefits to the Group and the costs can be measured reliably. Other borrowing costs are recognized as expense when incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

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.

Deferred income tax relating to items recognized directly in equity is recognized directly in equity and not in profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

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.

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 (Deficit) 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. A “deficit” is not an asset but a deduction from equity.

Basic/Diluted Earnings (Loss) Per Share

Basic earnings (loss) per share is computed by dividing net income (loss) for the year by the weighted average number of shares outstanding during the year.

Diluted earnings (loss) per share is calculated by dividing the income (loss) 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 (loss) per share, the effect of stock dividends, if any, is accounted for retroactively.

Segment Information

Until March 31, 2017, the Group was engaged in building shopping malls and leasing out to commercial tenants and considers such as its primary activity and only business segment. In the last half of December 2021, the Group started its agricultural production business. In January 2022, the Group commenced its eco-tourism business operations. Management monitors the operating results of the Group for the purpose of making decisions about resource allocation and performance assessment.

Events after the Balance Sheet Date

Events after the balance sheet date that provide additional information about the Group's financial position at the balance sheet data (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 SUBSIDIARIES COMPANY **SCHEDULE C**
Consolidated Aging Schedule of Accounts Receivable - Trade
As of June 30, 2024

			PAST DUE ACCOUNTS			
	TOTAL	**Current**	**31-60 Days**	**61-90 Days**	**91-120 Days**	**120 Days & Over**
CONSOLIDATED						
Trade Receivable -Affiliate	15,132,824	-	2,317,919	1,402,910	1,303,888	10,108,107
Trade Receivable -Non Affiliate	10,650	-	10,650	-		
TOTAL	**15,143,474**	**-**	**2,328,569**	**1,402,910**	**1,303,888**	**10,108,107**
PARENT						
Trade Receivable -Affiliate	13,904,351	-	2,353,392	1,438,821	1,375,763	8,736,375
Trade Receivable -Non Affiliate		-				-
TOTAL	**13,904,351**	**-**	**2,353,392**	**1,438,821**	**1,375,763**	**8,736,375**

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

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

Income Statement items – Six Months 2024 versus Six Months 2023

21% Decrease in Revenues

The drop in the revenues of Forest Crest Nature Hotel and Resort Inc. (FCNHRI) in the first half of 2024 resulted to a decrease of ₱1.8 million in the management fee revenues.

Agriwave's revenue increased by ₱400 thousand in the first six months of 2024, resulting to a ₱1.4 million total decrease in the consolidated revenues in the first six months of 2024.

30% Increase in Direct Cost and Expenses

The increase is still due to the professional fees paid by the group in connection with the projects of EGRHI and its subsidiaries.

Also, the ground rehabilitations for Agriwave are still ongoing as of June 30, 2024.

Balance Sheet items – June 30, 2024 versus End – 2023

The 87% increase in current assets are due to the increase in management fees receivables, advances made to suppliers for the ongoing works for Agriwave and advances made by the group to other related parties.

The 30% increase in current liabilities are the advances made by related parties to EGRHI and Subsidiaries to finance the projects and expenses of the group.

The 17% decrease in the non- current bank loans represents the payments made to the Land Bank of the Philippines (LBP) for the year. Majestic Plus Holding International Inc. is assisting EGRHI with its bank loan with LBP. Thus, a corresponding increase in payables to Majestic was recognized in 2024.

<u>Income Statement items</u> – Six Months 2023 versus Six Months 2022

56% Decrease in Revenues

EMDI operated the Forest Crest Nature Hotel and Resort in the beginning of 2022 and recognized an income of ₱15 Million in the first six- month period of 2022, but due to the permits required by the hotel's clients which are still in process for EMDI, EMDI temporarily assigned the management of the hotel to Forest Crest Nature Hotel and Resort Inc. (FCNHRI). This deed of assignment grants EMDI to bill management fee to FCNHRI which is Php 200 thousand a month plus 1% of the gross income of FCNHRI.

The Management Contract of EGRHI and EMDI was also temporarily assigned to FCNHRI. In effect, EGRHI bills a management fee to FCNHRI amounting to 10% of the gross income of FCNHRI.

In the latter part of 2022, EGRHI and EMDI simply records management income from FCNHRI to cover the lease expense being accrued by EMDI in favor of Majestic Plus Holding Int'l. Inc. and the expenses of EGRHI in research as it plans the future developments of the companies.

In the first half of 2023, a total revenue of ₱6.8 Million was recognized. ₱6.5 Million of which was management income, while ₱300 thousand was from the sale of agricultural produce of Agriwave Inc.

64% Decrease in Direct Cost and Expenses

The operational costs of the hotel are temporarily being recognized by FCNHRI. Aside from the regular expenses of the group, EGRHI hired professionals for its research and planning activities.

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

Results of Operations for Six Months of 2024

1. Financial discussion

The total consolidated revenues in the first half of 2024 amounted to ₱5.4 Million consists of the management fee revenue from the hotel operations of Forest Crest Nature Hotel and Resort and from the sales of agricultural products.

Direct costs amounting to ₱3.3 Million is attributed to the labor costs of EGRHI and Agriwave.

General and Administrative expenses of ₱3.4 million is attributed to the fees due to professionals hired by the group as well as the normal operating expenses of EGRHI and the subsidiaries.

Interest expense with the Land Bank of the Philippines is ₱1.2 million.

Net loss for the 2nd quarter of 2024 amounted to ₱2.7 million.

FINANCIAL CONDITION

There are no material commitments in capital expenditures to date other than those performed in the ordinary course of trade or business.

There are no other known trends, events, or uncertainties that have had or that are reasonably expected to have a material impact on the net sales, revenues or income from continuing operations.

The Group has no goods or services that are subject to seasonal changes, which might have a material effect on the financial condition or results of Group's operations.

PART II – OTHER INFORMATION

Item 3. 2Q 2024 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 1Q 2024 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 disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations	None.
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 2024	***End-December 2023***
Current Ratio[1]	0.73:1.00	0.50:1.00
Debt to Assets Ratio[2]	0.18:1.00	0.18:1.00
	June, 2024	***June, 2023***
Net Profit Ratio[3]	-54.52%	23.03%
Return on Equity[4]	-0.04%	0.00%
Return on Assets[5]	-0.04%	0.00%

Manner of calculating the above indicators is as follows:

Current Ratio	Current Assets / Current Liabilities
Debt to Assets Ratio	Total Liabilities / Total Assets
Net Profit Ratio	Net income for the period / Net revenues for the period
Return on equity	Net Income / Total Equity
Return on Assets	Net Income / 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.

PENDING MATERIAL LEGAL PROCEEDINGS

<u>Garnishment of Cash and Receivables - *Bangko Sental ng Pilipinas (BSP) vs. Orient Commercial Banking Corporation*</u>

The Company and its subsidiary company together with other affiliated companies were served a "Notice of Garnishment on Lease/Rental Payments" issued by the Regional Trial Court of Manila Branch 12, last January 27, 2000 in relation to a civil case complaint by the Bangko Sentral ng Pilipinas .

In summary, the BSP filed a case of sum of money against Orient Commercial Banking Corporation (OCBC) and other affiliate corporations of Gotesco. As a provisional remedy, BSP prayed for the granting of a writ of preliminary attachment against OCBC and other companies to which the Board of Directors of OCBC has substantial interest, including EGRHI and GTMDI, which the Court granted. OCBC, EGRHI, GTMDI and other companies filed a Petition for Certiorari with the Court of Appeals which ruled in favor of OCBC and other defendants. BSP filed a Petition before the Supreme Court, but before it could rule on it, the parties entered into a Compromise Agreement which was consequently, approved by the trial Court. Said Compromise Agreement has effectively lifted the writ of preliminary attachment and the whole obligation shall be settled on staggered basis.

BSP filed a motion for execution which was granted by the RTC. EGRHI et. al., filed a Motion for reconsideration but was denied.

EGRHI et. al., elevated the case to the Court of Appeals which was eventually denied with finality.

<u>National Grid Corporation of the Philippines v. Ever-Gotesco Resources and Holdings, Inc. (EGRHI), et al.</u>

<u>Special Civil Action No. R-CEB-22-0241-SC</u>

<u>For: Expropriation with Urgent Prayer for Issuance of Writ of Possession</u>

On February 9, 2023, Summons with a copy of the Amended Complaint was served on the representatives of EGRHI on the matter of expropriation filed by the NGCP against the corporation and various named individuals. The properties involve some lands owned by EGRHI in Brgys. Malubog and Babag, Cebu City beside the Kang-Irag Golf Course.

NGCP contends that there is a need to construct a transmission system through the properties of EGRHI. It stated that the undertaking is for public use and it is part of the Cebu-Magdugo 230kV Transmission Line, a component of the Cebu-Negros-Panay 230kV Backbone Stage 3.
NGCP intends to expropriate portions of six (6) parcels land owned by EGRHI, which portions amount to 48,908 square meters.

The handling counsel for EGRHI filed a Motion for Extension of Time to File Answer. The motion was granted by the lower court, giving EGRHI until April 10, 2023 to file the necessary pleading.

In the answer of EGRHI, the Company admitted that the expropriation case is proper, however, EGRHI, interposed opposition to the proposed amount of just compensation by NGCP. NGCP has alleged that the compensation for the lands is at 54,369,000 which was based on the current zonal value of the lands. This amount was already paid to and received by EGRHI.

The case is still pending with the court.

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 08/09/2024

EVELYN C. GO
Treasurer

Date 08/09/2024

ELIZA FRANCIA DE LA TORRE
Accounting and Finance Manager

Date 08/09/2024

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SERIES OF 2024

ATTY. CLIFF RICHARD E. GENESELA
Notary Public for City of Manila
Notarial Commission No. 2023-103 Issued on 2-17-23 until Dec. 31, 2024 Manila
IBP No. 394523 Issued on Jan. 3, 2024 Until Dec. 31, 2024 Pasig City / Roll No. 4906
PTR No. 1521034 Issued on Jan. 2, 2024 Until Dec. 31, 2024 Manila
MCLE No. VII-0022559 Issued on July 15, 2022 until April 14, 2025
Office Add. Mezanin San Luis Bldg. 1006 Orosa St., Ermita, Manila

AUG 09 2024