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Company Name: EVER-GOTESCO RESOURCES & HOLDINGS INC.
Industry Classification: None
Company Type: Stock Corporation

Document Information

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C O V E R   S H E E T
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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C O M P A N Y   N A M E

EVER GOTESCO RESOURCES AND
HOLDINGS, INC. AND
SUBSIDIARIES

PRINCIPAL OFFICE *(No. / Street / Barangay / City / Town / Province)*

3/F MANILA REAL RESIDENCES
1129 J. NATIVIDAD LOPEZ ST.
ERMITA, MANILA

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS	CRMD	N/A

C O M P A N Y   I N F O R M A T I O N

Company's Email Address	Company's Telephone Number	Mobile Number
egrhi@evermalls.com.ph	(02) 8735 - 6901	N/A

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
5,577	September 2	December 31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Christine Base	pacisreyes@pacisreyes.com	(02) 8243-2921	09175262184

CONTACT PERSON's ADDRESS

3/F Manila Real Residences, 1129 J. Natividad Lopez St., Ermita, Manila

NOTE 1 : *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.*

2 : *All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.*

EVER GOTESCO RESOURCES AND HOLDINGS, INC. AND SUBSIDIARIES
1129 J. Natividad Lopez St. Ermita, Manila

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **EVER GOTESCO RESOURCES AND HOLDINGS, INC. and SUBSIDIARIES**, is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the year ended December 31, 2023, and 2022, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the financial statements, including the schedules attached therein, and submits the same to the stockholders.

Sycip Gores Velayo & Co., the independent auditor appointed by the stockholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

JOEL T. GO
Chairman/ President

EVELYN C. GO
Treasurer

MAY 13 2024

Signed this May 13, 2024

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Book No. 22
Series No. of 2024

ATTY. FELIZARDO M. IBARRA
NOTARY PUBLIC FOR QUEZON CITY
Roll No. 80835
PTR No. 5372413,D 01/02/2024
IBP No. 254793, December 26,2024
MCLE COMP. NO. VIII-0000973
UNTIL APRIL 14, 2025
ADM. MATTER NO. NP-223/(2022-2024)
LOT 27-BLOCK VI, NO. 1160 QUIRINO HIGHWAY
BRGY. KALIGAYAHAN, QUEZON CITY

SGV
Building a better working world

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

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Fax: (632) 8819 0872
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INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Ever Gotesco Resources and Holdings, Inc.
3/F Manila Real Residences
1129 J. Natividad Lopez St., Ermita, Manila

Opinion

We have audited the consolidated financial statements of Ever Gotesco Resources and Holdings, Inc. (the Company) and its subsidiaries (collectively, the Group), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2023, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and their consolidated financial performance and their consolidated cash flows for each of the three years in the period ended December 31, 2023 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the consolidated financial statements, which indicates that the Group reported deficit amounting to ₱1.92 billion and ₱1.99 billion as at December 31, 2023 and 2022, respectively. In addition, its total current liabilities exceeded its total current assets by ₱19.90 million and ₱562.38 million as at December 31, 2023 and 2022, respectively. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Valuation of Investment Properties

The Group's investment properties consist of land properties and represent 99% of the Group's total consolidated assets as at December 31, 2023. The investment properties are accounted for under the fair value model and the valuations were carried out by external appraisers.

We identified the valuation of investment properties as a key audit matter because it is material to the consolidated financial statements and the determination of the fair values of these properties involve significant judgment and estimations by management and external appraisers. These assumptions include sales and listing of comparable properties registered within the vicinity and adjustments to sales price based on internal and external factors.

The disclosures relating to investment properties are included in Note 7 of the consolidated financial statements.

Audit response

We evaluated the competence, capabilities and qualifications of the external appraisers by considering their qualifications, experience and reporting responsibilities. We evaluated the methodology and assumptions used in the valuation of investment properties. We assessed the methodology adopted by referencing common valuation models and inspected the relevant information supporting the sales and listings of comparable properties. We also inquired from the external appraisers the basis of adjustments made to the sales price.

Other Information

Other information consists of the information included in the Philippine SEC Form 17-A for the year ended December 31, 2023 but does not include the consolidated financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and we expect to obtain the Philippine SEC Form 20-IS (Definitive Information Statement) and Annual Report for the year ended December 31, 2023 after the date of our auditor's report. Management is responsible for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of the auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRSs, as modified by the application of financial reporting reliefs issued and approved by the Philippine SEC, as described in Note 1 to the consolidated financial statements, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Shane Dave D. Tanguin.

SYCIP GORRES VELAYO & CO.

Shane Dave D. Tanguin
Partner
CPA Certificate No. 0115818
Tax Identification No. 242-153-393
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
BIR Accreditation No. 08-001998-139-2021, November 10, 2021, valid until November 9, 2024
PTR No. 10082021, January 6, 2024, Makati City

May 13, 2024

EVER GOTESCO RESOURCES AND HOLDINGS, INC.
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2023	2022
ASSETS		
Current Assets		
Cash	**₱8,571,356**	₱3,607,723
Receivables - current (Note 4)	**10,463,838**	3,784,326
Other current assets (Note 5)	**1,211,341**	1,636,074
Total Current Assets	**20,246,535**	9,028,123
Noncurrent Assets		
Property and equipment (Note 6)	**144,752**	11,612
Investment properties (Note 7)	**3,714,687,600**	3,630,087,000
Other noncurrent assets (Note 5)	**15,145,200**	–
Total Noncurrent Assets	**3,729,977,552**	3,630,098,612
TOTAL ASSETS	**₱3,750,224,087**	₱3,639,126,735
LIABILITIES AND EQUITY		
Current Liabilities		
Bank loan (Note 8)	**₱13,929,200**	₱13,929,200
Accounts payable and other current liabilities (Notes 9 and 15)	**26,152,151**	557,262,852
Income tax payable	**61,182**	218,306
Total Current Liabilities	**40,142,533**	571,410,358
Noncurrent Liabilities		
Bank loans - net of current portion (Note 8)	**40,626,834**	54,556,033
Due to related parties - net of current portion (Notes 9 and 15)	**205,215,860**	–
Provisions (Note 9)	**333,994,298**	–
Other noncurrent liability (Note 7)	**54,369,000**	–
Total Noncurrent Liabilities	**634,205,992**	54,556,033
Total Liabilities	**674,348,525**	625,966,391
Equity		
Capital stock - ₱1 par value (Note 17)		
Authorized and issued - 5,000,000,000 shares (held by 5,577 equity holders in 2023 and 2022, respectively)	**5,000,000,000**	5,000,000,000
Deficit	**(1,924,124,438)**	(1,986,839,656)
Total Equity	**3,075,875,562**	3,013,160,344
TOTAL LIABILITIES AND EQUITY	**₱3,750,224,087**	₱3,639,126,735

See accompanying Notes to Consolidated Financial Statements.

EVER GOTESCO RESOURCES AND HOLDINGS, INC.
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2023	2022	2021
REVENUE (Note 10)	**₱11,593,288**	₱10,251,140	₱138,515
COST OF SALES AND SERVICES (Note 11)	**(5,204,817)**	(3,522,778)	(262,315)
GROSS INCOME (LOSS)	**6,388,471**	6,728,362	(123,800)
EXPENSES AND OTHER INCOME			
General and administrative expenses (Note 12)	**(25,694,937)**	(8,030,300)	(2,734,365)
Interest expense (Note 8)	**(2,481,306)**	(2,747,678)	(7,121,968)
Fair value changes in investment properties (Note 7)	**84,600,600**	551,211,800	–
Other income (Note 13)	**395,891**	380,786	2,155,282,613
	56,820,248	540,814,608	2,145,426,280
INCOME BEFORE INCOME TAX	**63,208,719**	547,542,970	2,145,302,480
PROVISION FOR INCOME TAX (Note 14)			
Current	**493,501**	446,966	3,273,663
Deferred	**–**	–	–
	493,501	446,966	3,273,663
NET INCOME / TOTAL COMPREHENSIVE INCOME	**₱62,715,218**	₱547,096,004	₱2,142,028,817
Basic / Diluted Earnings Per Share (Note 16)	**₱0.013**	₱0.109	₱0.428

See accompanying Notes to Consolidated Financial Statements.

EVER GOTESCO RESOURCES AND HOLDINGS, INC.
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021

	Capital Stock (Note 17)	**Deficit** (Note 18)	**Total**
BALANCES AT DECEMBER 31, 2020	**₱5,000,000,000**	**(₱4,675,964,477)**	**₱324,035,523**
Net income / total comprehensive income	–	2,142,028,817	2,142,028,817
BALANCES AT DECEMBER 31, 2021	**5,000,000,000**	**(2,533,935,660)**	**2,466,064,340**
Net income / total comprehensive income	–	547,096,004	547,096,004
BALANCES AT DECEMBER 31, 2022	**5,000,000,000**	**(1,986,839,656)**	**3,013,160,344**
Net income / total comprehensive income	–	62,715,218	62,715,218
BALANCES AT DECEMBER 31, 2023	**₱5,000,000,000**	**(₱1,924,124,438)**	**₱3,075,875,562**

See accompanying Notes to Consolidated Financial Statements.

EVER GOTESCO RESOURCES AND HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱63,208,719**	₱547,542,970	₱2,145,302,480
Adjustments for:			
Gain on change in fair value of investment properties (Note 7)	**(84,600,600)**	(551,211,800)	–
Depreciation (Note 6)	**19,354**	6,597	–
Interest expense (Notes 8 and 9)	**2,481,306**	2,747,678	7,121,968
Gain on loan modification (Note 8)	**–**	–	(258,985,456)
Provision for probable losses	**–**	–	28,605,000
Gain on acquisition of property (Note 4)	**–**	–	(23,560,469)
Gain on reversal of allowance on creditable withholding taxes	**–**	–	(3,229,251)
Operating income (loss) before working capital changes	**(18,891,221)**	(914,555)	1,895,254,272
Decrease (increase) in:			
Receivables	**(6,679,512)**	(3,471,967)	(1,898,424,747)
Other current assets	**424,733**	(1,067,871)	(568,203)
Increase in accounts payable and other current liabilities	**8,099,458**	23,064,647	15,809,830
Cash generated from (used in) operations	**(17,046,542)**	17,610,254	12,071,152
Income taxes paid, including creditable taxes withheld and final taxes	**(650,625)**	(228,660)	(3,229,251)
Net cash from (used in) operating activities	**(17,697,167)**	17,381,594	8,841,901
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property and equipment	**(152,494)**	(18,209)	–
Proceeds from deposit from expropriated land (Note 7)	**54,369,000**	–	**–**
Advances to contractors	**(5,330,200)**	–	**–**
Payments of deposit	**(9,815,000)**	–	**–**
Net cash from (used in) investing activities	**39,071,306**	(18,209)	**–**
CASH FLOW FROM FINANCING ACTIVITIES			
Payments of:			**–**
Bank loan (Note 8)	**(13,929,200)**	(13,929,200)	**–**
Interest (Note 8)	**(2,481,306)**	(2,747,678)	(7,121,968)
Net cash used in financing activities	**(16,410,506)**	(16,676,878)	(7,121,968)
NET INCREASE IN CASH	**4,963,633**	686,507	1,719,933
CASH AT BEGINNING OF YEAR	**3,607,723**	2,921,216	1,201,283
CASH AT END OF YEAR	**₱8,571,356**	₱3,607,723	₱2,921,216

See accompanying Notes to Consolidated Financial Statements.

1. **Corporate Information, Status of Operations, and Authorization for the Issuance of the Consolidated Financial Statements**

Corporate Information

Ever Gotesco Resources and Holdings, Inc. (the Parent Company or EGRHI) and its subsidiaries, (together referred to hereafter as the "Group") were incorporated in the Philippines primarily to engage in the business of building shopping malls and leasing out to commercial tenants. The Parent Company was registered in the Philippine Securities and Exchange Commission (SEC) on September 27, 1994.

The Philippine SEC authorized the offering/sale of the Parent Company's 5.0 billion common shares with par value of ₱1.0 each on September 16, 1996. The Parent Company's common shares were held by 5,577 shareholders as at December 31, 2023 and 2022.

The registered office address of the Parent Company is Ever Gotesco Corporate Center, 1958 Claro M. Recto Avenue, Manila. In September 2021, the Board of Directors (BOD) approved the amendments of the articles of incorporation to change its registered office address to 3/F Manila Real Residences 1129 J. Natividad Lopez St., Ermita, Manila. In September 2022, the stockholders of the Parent Company approved the amendments of articles of incorporation to change its name from Ever Gotesco Resources and Holdings, Inc. to Everwoods Green Resources and Holdings, Inc.

As at May 13, 2024, the above-mentioned amendments are subject for approval of Bureau of Internal Revenue and Philippine SEC.

Status of Operations

The Parent Company ceased its mall and cinema operations in 2017. Gotesco Tyan Ming Development, Inc. (GTMDI), a subsidiary, ceased its mall and cinema operations in June 2015.

In 2021, the Parent Company launched through its new subsidiaries its venture into agri-eco-tourism business. The transformation started with the acquisition of the net assets of Everwoods Management and Development Inc. (EMDI, formerly 3-J Development Corporation) and Agriwave Inc. (termed as Agriwave, formerly Agriwave Organic Inc.) on December 15, 2021. These new subsidiaries handled the eco-tourism and agricultural production of high-value crops and orchids, respectively.

In 2022, the Group disclosed to the public the plans to engage in bamboo farming and production in its landholdings in Cebu. The project in Cebu, called Bambusay, will involve a Bamboo park and a multitude of recreational facilities which will showcase activities that are sustainable and structures that will be working with nature. Bambusay is a play between bamboo and Busay, the mountain side of Cebu where the properties of the Group are located. During the second half of 2022, the Group has hired professionals from different fields for the master planning and the pre-feasibility studies of Project Bambusay. The masterplan was completed in December 2023.

In response to evolving market trends and changing consumer preferences, the Group shall spearhead a diverse array of location-based entertainment facilities and services, encompassing amusement parks, theme parks, family entertainment centers, and experiential learnings within the Philippines. Bamboo farming is still in the Masterplan of the business and will be strategically positioned in some parts of the lands in Cebu as part of its attractions and preservation of ecological balance. The Group believes that the attractions industry presents significant opportunities for revenue diversification and long-term growth which shall give funding for other future endeavors of the Group and reasonable returns to its shareholders.

The Group's deficit amounted to ₱1.92 billion and ₱1.99 billion as at December 31, 2023 and 2022, respectively. In addition, its total current liabilities exceeded its total current assets by ₱19.90 million and ₱562.38 million as of December 31, 2023 and 2022, respectively.

These conditions indicate uncertainties on the Group's ability to continue as a going concern and, therefore, the Group may be unable to realize its assets and discharge its liabilities in the normal course of business.

To address these uncertainties, the major stockholders undertake and confirm that it will continue to provide and maintain financial support and assistance as may be needed to continue the business activities of the Group. Alongside the shift in the nature of the business to agri-eco-tourism from the original mall and cinema operations would be the strengthening of its financial position. The Group will explore innovative solutions to improve its assets composition to allow it to move to other industries and generate revenues.

While the shift in the business strategy is in its early stage and the outcome is yet to be proven, the market is lucrative and expansive for a growing economy like the Philippines.

With the volatility in the global setting, the Group shall likewise be in the lookout for other opportunities that will ride with the upswing in demand.

The consolidated financial statements have been prepared assuming that the Group will continue as a going concern.

Authorization for the Issuance of the Consolidated Financial Statements
The consolidated financial statements of the Group as at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023 were authorized for issuance in accordance with a resolution of the BOD on May 13, 2024.

2. Material Accounting Policy Information

Basis of Preparation
The consolidated financial statements have been prepared on a historical cost basis except for investment properties which are carried at fair value, 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 at December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023.

As at December 31, 2023, 2022 and 2021, 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
GTMDI	Philippines	Mall operations	100%
EMDI	Philippines	Eco-tourism	100%
Agriwave	Philippines	Agriculture	100%

Subsidiaries are all entities over which the Parent Company or its subsidiary has control.

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 end of reporting period 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.

Changes in Accounting Policies and Disclosures

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, 2023. 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.

- Amendments to Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements*, and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

  The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

  - Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and
  - Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

  The amendments to the Practice Statement provide non-mandatory guidance.

- 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*
- Amendments to PAS 12, *International Tax Reform - Pillar Two Model Rules*

New Accounting Standards, Interpretation and Amendments to Existing Standards
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, 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*
- Amendments to PAS 7, *Statement of Cash Flows*, and PFRS 7, *Financial Instruments*, *Disclosures: Supplier Finance Arrangements*

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*
- Amendments to PAS 21, *The Effect of Changes in Foreign Exchange Rates*, *Lack of Exchangeability*

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*

Material 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.

The Group's financial assets at amortized cost include cash, trade receivables and other receivables as at December 31, 2023 and 2022.

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.

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.

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.

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 end of reporting period.

Deferred income tax

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

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.

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
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.

3. Significant Accounting Judgments, Estimates and Assumptions

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

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

Use of the going concern assumption
The use of the going concern assumption involves management making judgments, at a particular point in time, about the future outcome of events or conditions that are inherently uncertain. The underlying assumption in the preparation of financial statements is that the Group has neither the intention nor the need to liquidate. Management takes into account a whole range of factors which include, but are not limited to the creditors not demanding for payment of the amounts owed to them and the financial support from related parties. As discussed in Note 1, management still prepares the consolidated financial statements on a going concern basis as management has future plans regarding the Group.

Estimates and Assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at the end of reporting period that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Determination of fair value of investment properties
The Group accounts for its investment properties at fair value. The fair value of the investment properties were determined by external appraisers. The fair value was arrived at using the Market Data Approach for land using gathered available market evidence. This considers the sales of similar or substitute properties and related market data and establishes a value estimate by processes involving comparison and adjustments to sales price which pertain to factors affecting value such size, location, time and shape. Revaluations are made on a regular basis to ensure that the carrying amounts do not

differ materially from those which would be determined using fair values at the end of the reporting period.

Investment properties amounted to ₱3,714.69 million and ₱3,630.09 million as at December 31, 2023 and 2022, respectively. The Group recognized a gain on change in fair value of investment properties amounting to ₱84.60 million in 2023, ₱551.21 million in 2022 and nil in 2021 (see Note 7).

Estimation of allowance for ECL
The Group recognizes ECL 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 recognized for the amount of the receivable not covered by the value of the credit enhancement such as collateral on the receivables.

The Group estimates the allowance for ECL on receivable from related parties by considering the related parties' financial position and performance and cash flows based on their latest financial statements and credit enhancements. Related party accounts were specifically identified to be doubtful of collection based on the related parties' equity position, ability to generate cash flows and availability of assets to settle their obligations.

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to debtors and the economic environment.

As at December 31, 2023 and 2022, the allowance for ECL on receivables amounted to ₱929.21 million and ₱912.01 million, respectively (see Notes 4 and 15).

Recognition of deferred income tax assets
The carrying amount of deferred income tax assets is reviewed at each of reporting period 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. The Group did not recognize deferred income tax assets on future deductible temporary differences and NOLCO totaling ₱936.59 million and ₱916.60 million as of December 31, 2023 and 2022 (see Note 14).

Provisions and contingencies
The Group provides for present obligations (legal or constructive) where it is probable that there will be an outflow of resources embodying economic benefits that will be required to settle the said obligations. An estimate of the provision is based on known information at of reporting period, net of any estimated amount that may be reimbursed to the Group. The amount of provision is being reassessed at least on an annual basis to consider new relevant information. Provisions amounted to ₱333.99 million and ₱347.21 million as at December 31, 2023 and 2022, respectively (see Note 9).

4. **Receivables**

	2023	2022
Trade:		
Related parties (Note 15)	**₱4,668,399**	₱4,668,399
Third parties	**52,996**	3,616,456
Others:		
Related parties (Note 15)	**934,747,600**	905,069,699
Third parties	**200,527**	2,439,473
	939,669,522	915,794,027
Less allowance for expected credit losses	**929,205,683**	912,009,701
	₱10,463,839	₱3,784,326

The receivables with full allowance for expected credit losses amounting to ₱929.21 million and ₱912.01 million as at December 31, 2023 and 2022 are classified as noncurrent.

Receivables are non-interest bearing and are payable upon demand.

Movements in and details of the allowance for expected credit losses in 2023, 2022 and 2021 are as follows:

	Receivables from		Other receivables from		
	Related parties	Third parties	Related parties	Third parties	Total
December 31, 2020	**₱4,668,339**	**₱–**	**₱2,803,064,115**	**₱2,389,635**	**₱2,810,122,089**
Additions (Note 13)	–	–	132,200,293	–	132,200,293
Recovery (Note 13)	–	–	(2,030,312,681)	–	(2,030,312,681)
December 31, 2021	**4,668,339**	**–**	**904,951,727**	**2,389,635**	**912,009,701**
Additions	–	–	–	–	–
Recovery	–	–	–	–	–
December 31, 2022	**4,668,339**	**–**	**904,951,727**	**2,389,635**	**912,009,701**
Additions (Note 12)	–	–	17,195,982	–	17,195,982
Recovery	–	–	–	–	–
December 31, 2023	**₱4,668,339**	**₱–**	**₱922,147,709**	**₱2,389,635**	**₱929,205,683**

In October 2021, Pricewide, Inc. (PWI) assumed the liabilities of the related parties to the Group, totaling ₱2,153.92 million. Prior to dacion en pago, the Group offset its receivable from PMSI against its payable to PMSI amounting to ₱443.52 million. In November 2021, the total related party receivable from PWI amounting to ₱3,055.30 million were settled through dacion en pago - transfer of land properties of PWI to the Group with a total area of 846,006 square meters amounting to ₱3,078.88 million (see Notes 7 and 13). Gain from the dacion en pago amounted to ₱23.56 million in 2021 (see Note 13). The allowance pertaining to the settled receivables from PWI through dacion en pago amounting to ₱2,030.31 million were reversed in 2021.

In 2020, PWI assumed the liability of Primeworld Management Services, Inc. to the Group, amounting to ₱1,443.57 million, as of December 31, 2020. As collateral for the debt assumption, PWI executed a real estate mortgage over certain land properties in favor of the Group. The Group engaged a Philippine SEC-registered independent appraiser to estimate the value of the real estate used as the collateral using the Sales Comparison Approach. As at December 31, 2020, the appraised value of the real estate properties used as collateral amounted to ₱2.50 billion. No provision for impairment losses was recognized on the receivable from PWI as of December 31, 2020.

5. Other Assets

Other assets pertain to the following:

	2023	2022
Deposit	**₱9,815,000**	₱–
Advances to contractors	**5,330,200**	–
Input VAT	**1,153,013**	1,259,047
Inventories	**32,868**	377,027
Prepaid taxes	**25,460**	–
	16,356,541	1,636,074
Less: noncurrent assets		
Deposit	**9,815,000**	–
Advances to contractors	**5,330,200**	–
	15,145,200	–
Total other current assets	**₱1,211,341**	₱1,636,074

Deposit pertains to payments made by the Group to acquire parcels of land located in Cebu, Philippines. As at December 31, 2023, the land title has not been transferred to the Group.

Advances to contractors pertains to payments by the Group for the installation of drip irrigation in 2024.

6. Property and Equipment

As of December 31, 2023:

	Farm Equipment	**Office Equipment**	**Total**
Cost			
At January 1	**₱8,560**	**₱9,649**	**₱18,209**
Additions	**152,494**	**–**	**152,494**
At December 31	**161,054**	**9,649**	**170,703**
Accumulated Depreciation			
At January 1	**2,979**	**3,618**	**6,597**
Depreciation (Note 11)	**14,529**	**4,825**	**19,354**
At December 31	**17,508**	**8,443**	**25,951**
Net Book Value	**₱143,546**	**₱1,206**	**₱144,752**

As of December 31, 2022:

	Farm Equipment	Office Equipment	Total
Cost			
At January 1	₱–	₱–	₱–
Additions	₱8,560	₱9,649	18,209
At December 31	8,560	9,649	18,209
Accumulated Depreciation			
At January 1	–	–	–
Depreciation (Note 11)	2,979	3,618	6,597
At December 31	2,979	3,618	6,597
Net Book Value	₱5,581	₱6,031	₱11,612

7. Investment Properties

The composition of investment properties as at December 31 are as follows:

	2023	2022
Cost	**₱3,078,875,200**	₱3,078,875,200
Cumulative gain on fair value changes	**635,812,400**	551,211,800
	₱3,714,687,600	₱3,630,087,000

Movement in this account is as follows:

	2023	2022
Balance at beginning of the year	**₱3,630,087,000**	₱3,078,875,200
Unrealized fair value gain during the year	**84,600,600**	551,211,800
Balance at end of the year	**₱3,714,687,600**	₱3,630,087,000

The Group's investment properties pertain to parcels of land not currently used in operations. These land properties, with a total area of 846,006 square meters were acquired from PWI when PWI settled its payables to the Group through dacion en pago in November 2021 (see Notes 4 and 13).

As at December 31, 2023, the fair value of the investment properties is ₱3,714.69 million as determined based on the valuation performed by Philippine SEC-accredited and independent appraisers using the Market Data Approach. Under the Market Data Approach, the value of the land is based on sales and listings of comparable property registered within the vicinity. The technique of this approach requires the establishment of comparable property by reducing reasonable comparative sales and listings to a common denominator. This is done by adjusting the differences between the subject property and those actual sales and listings regarded as comparable. The properties used as basis of comparison are situated within the immediate vicinity of the subject property.

The table below summarizes the significant unobservable input valuation for investment properties held by the Group:

Asset measured at fair value (Level 3)	**Significant unobservable inputs**	**Interrelationship between key unobservable input and fair value measurement**
Investment properties		
December 31, 2023	**Price per square meter; Estimates range from about ₱3,600 per sqm to ₱5,100 per sqm**	**The estimated fair value would increase (decrease) if the price per square meter increase (decrease)**
December 31, 2022	Price per square meter; Estimates range from about ₱3,500 per sqm to ₱5,000 per sqm	The estimated fair value would increase (decrease) if the price per square meter increase (decrease)

There are no transfers to Level 1 and Level 2 fair value measurement.

On January 26, 2023, the National Grid Corporation of the Philippines (NGCP) exercised its right to expropriate portions of land approximately 48,628 square meters held by the Group to construct and maintain the planned transmission line. On June 23, 2023, the Group received the amount offered and the Group accepted under the orders of the court subject to the final determination of just compensation amounting to ₱54.37 million. The Group is currently in a civil case to interpose opposition to the proposed amount of just compensation for which the Group is claiming that the valuation per square meter of the areas affected. The matter of consequential damages and the proper valuation will be addressed by the Panel of Commissioner appointed by the court to determine the proper valuation, and ultimately arrived at the total amount of just compensation.

As at December 31, 2023, the titles of the parcels of land expropriated remain under the name of the Group and these parcels of land continue to form part of the Group's investment properties. The money received by the Company amounting to ₱54.37 million is recognized as a long-term liability as part of "Other noncurrent liability" to be settled by ultimately transferring the properties to NGCP upon determination of the amount of just compensation.

8. Bank Loan

In 1997, the Parent Company obtained a loan from a lender bank amounting to ₱50.00 million which became due in December 1997 but was extended up to March 1998. However, such loan obligation was not settled on maturity date and the Parent Company negotiated with the lender bank for a restructuring of the loan but it did not prosper. In August 1999, the lender bank filed a civil case against the Parent Company, demanding immediate payment of the principal and the corresponding default charges. In November 1999, the Parent Company's lawyers filed their reply and submitted to the Regional Trial Court of Makati (RTC-Makati) among others, the ongoing negotiations for the settlement of the obligations, and hence, countered that the lender bank be ordered to sit down with the Parent Company for the amicable settlement of the case. In September 2015, the RTC-Makati rendered its decision directing the Parent Company to pay the principal amount, interest, liquidated damages, among others. The Parent Company filed its Motion for Reconsideration in January 2016 which was denied in July 2016 by RTC-Makati. The Parent Company filed its Notice of Appeal in October 2017 and the entire cash records were transmitted to Court of Appeals in January 2019.

In September 2021, the Parent Company and the lender bank entered into a Compromise Agreement for the settlement of the loan and agreed the restructuring of the loan with a compromised amount of ₱73.00 million, consisting of principal amount of ₱50.00 million and capitalized interest of ₱23.00 million, to be amortized for a period of five years starting November 2021 to November 2026, with fixed interest rate of 4% per annum. At the date of compromise agreement, the Group recognized the restructured loan of ₱73.00 million as the new loan, and derecognized the original loan with a principal amount of ₱50.00 million and accrued interest as of June 30, 2021 amounting to ₱282.20 million, resulting to gain of modification loan amounting to ₱258.99 million (see Note 13). In addition, the Parent Company was required to pay ₱3.65 million, comprising of ₱3.35 million applied against the principal and the ₱0.30 million pertains to the payment of interest.

On April 8, 2022, the Parent Company and the lender bank filed a Joint Motion before the Court of Appeals for the approval of Compromise Agreement and rendering of judgment based thereon. The Court of Appeals granted the approval on November 24, 2022. Interest expense recognized in profit or loss in 2023, 2022 and 2021 amounted ₱2.48 million, ₱2.75 million and ₱7.12 million, respectively. The bank loan is classified as follows:

	2023	2022
Beginning balance	**₱68,485,233**	₱82,414,433
Payment	**(13,929,200)**	(13,929,200)
	₱54,556,034	₱68,485,233

	2023	2022
Current portion	**₱13,929,200**	₱13,929,200
Noncurrent portion	**40,626,834**	54,556,033
	₱54,556,034	₱68,485,233

9. **Accounts Payable, Provisions and Other Liabilities**

	2023	2022
Trade	**₱11,589,354**	₱39,485,038
Provisions	**333,994,298**	347,213,981
Due to related parties (Note 15)	**207,107,608**	125,327,250
Installment payable	**10,638,179**	–
Accrued expenses (Note 8)	**918,332**	1,791,733
Retention payable to contractors and suppliers	–	40,507,222
Others	**1,114,538**	2,937,538
	565,362,309	557,262,852
Less noncurrent portion:		
Due to related parties (Note 15)	**205,215,860**	–
Provisions	**333,994,298**	–
Current portion	**₱26,152,151**	₱557,262,852

Trade payables are non-interest bearing and have a credit terms of 30 days. Retention payable pertains to amounts withheld on payments made to contractors equivalent to certain percentage of the amount billed. Retention payables are non-interest bearing and are payable upon demand upon completion of the related projects of the Group.

Installment payable pertains to liabilities assumed by the Group on behalf of a related party.

Accrued expenses include professional fees and statutory payables.

The Group is currently involved in certain legal, contractual and regulatory proceedings and other possible claims that require the recognition of provisions for related probable claims against the Group. Management and its legal counsel reassess its estimates on an annual basis to consider new relevant information. The information usually required by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, is not disclosed as it may prejudice the Group's position and negotiation strategies with respect to these matters.

The movements in provisions are as follows:

	2023	2022
Balances at beginning of year	**₱347,213,981**	₱347,213,981
Payments	**(13,219,683)**	–
Balances at end of year	**₱333,994,298**	₱347,213,981

As at December 31, 2023, the management estimates that the outflow of the resources related to provisions amounting to ₱333.99 million is beyond 12 months after the reporting period.

10. **Revenue**

Disaggregated Revenue Information

Set out below is the disaggregation of the Group's revenue from contracts with customers for the year ended December 31:

	2023	2022	2021
By type:			
Management fee	**₱10,337,184**	₱8,877,307	₱–
Sale of goods	**1,256,104**	1,373,833	318,515
Total revenue from contracts with customers	**₱11,593,288**	₱10,251,140	₱318,515

Revenue on management fee is recognized over time and sale of goods is recognized at a point in time.

11. **Cost of Sales and Services**

	2023	2022	2021
Cost of sales:			
Materials and supplies used	**₱313,639**	₱334,400	₱231,596
Direct labor	**735,132**	932,729	30,719
Depreciation (Note 6)	**19,354**	6,597	–
	1,068,125	1,273,726	262,315
Cost of services:			
Outside services	**1,699,520**	1,502,717	–
Salaries, wages, and employee benefits	**1,450,691**	746,335	–
Professional fees	**460,000**	–	–
Repairs and maintenance	**182,000**	–	–
Others	**344,481**	–	–
	4,136,692	2,249,052	–
	₱5,204,817	₱3,522,778	₱262,315

12. **General and Administrative Expenses**

	2023	2022	2021
Provision for ECL (Note 4)	**₱17,195,982**	₱–	₱–
Outside services	**2,548,852**	1,113,000	–
Professional fees	**2,116,750**	2,243,915	1,012,000
Repairs and maintenance	**649,309**	–	–
Taxes and licenses	**485,372**	1,827,550	23,316
Rent expense (Note 20)	**439,313**	380,423	–
Loss on inventory write-off (Note 5)	**328,690**	–	–
Salaries, wages and employee benefits	**278,422**	925,799	492,402
Meals	**195,386**	–	–

(Forward)

	2023	2022	2021
Representation and entertainment	**₱138,974**	₱197,433	₱–
Transportation and communication	**113,232**	332,716	6,456
Dues and subscription	**7,790**	257,790	–
Independent director's per diem	**256,000**	164,000	218,000
Others	**940,865**	587,674	982,191
	₱25,694,937	₱8,030,300	₱2,734,364

Others include, among others, repairs and maintenance, miscellaneous expense.

13. Other Income

	2023	2022	2021
Gain on lease modification (Note 20)	**₱–**	₱380,423	₱–
Reversal of allowance for expected credit losses (Note 4)	**–**	–	2,030,312,681
Gain on loan modification (Note 8)	**–**	–	258,985,456
Provision for expected credit losses (Note 4)	**–**	–	(132,200,293)
Provision for probable losses	**–**	–	(28,605,000)
Gain on acquisition of investment properties through dacion en pago (Notes 4 and 7)	**–**	–	23,560,469
Gain on reversal of allowance for probable losses on CWT	**–**	–	3,229,251
Others	**395,891**	363	49
	₱395,891	₱380,786	₱2,155,282,613

14. Income Taxes

a. The Group's provision for current income tax pertains to RCIT amounting to ₱0.49 million in 2023, ₱0.45 million in 2022, and ₱3.27 million for 2021.

b. Deferred income tax assets have not been recognized on the following items as management believes that it is more likely that the Group will not be able to realize the deductible temporary differences in the future.

	2023	2022	2021
Allowance for expected credit losses	**₱929,205,683**	₱912,009,701	₱912,009,701
Accrued interest on bank loans	**–**	–	1,200,368
NOLCO	**7,389,191**	4,590,886	282,615

c. The reconciliation of the provision for income tax computed at the statutory income tax rate to the provision for income tax shown in the consolidated statements of comprehensive income is as follows:

	2023	2022	2021
Provision for (benefit from) income tax at statutory income tax rate of:			
20%	**(₱3,202,705)**	₱91,230	₱–
25%	**19,876,527**	136,767,778	542,166,628
Adjustments resulting from:			
Nontaxable gain on change in fair value of investment properties	**(21,150,150)**	(137,802,950)	–
Nondeductible expenses	**1,047,493**	313,794	35,213,339
Movements in deductible temporary differences for which no deferred income tax assets were recognized			
20%	**3,177,514**	301,673	–
25%	**804,007**	778,874	(1,817,171)
Application of NOLCO for which no deferred income tax asset is recognized in prior years			
20%	**–**	(3,433)	–
Nondeductible provision for (nontaxable gain on reversal of provision) for probable losses (Notes 4 and 11)	**–**	–	(506,735,445)
Nontaxable gain on loan modification (Note 8) 20%	**–**	–	(64,746,364)
Nontaxable gain on reversal of allowance on CWT 25%	**–**	–	(807,313)
Other nontaxable income	**(59,185)**	–	(11)
Provision for income tax	**₱493,501**	₱446,966	₱3,273,663

On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4 (bbbb) of "Bayanihan to Recover As One Act" which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

As of December 31, 2023, the Group's NOLCO pertain to the following entities:

EGHRI	₱3,008,711
GTMDI	464,625
Agriwave	3,915,855
	₱7,389,191

The details of the Group's NOLCO are as follows:

Year Incurred	Beginning Balance	Additions	Expiration	Application	Ending Balance	Available Until
2020	₱126,745	₱–	₱–	₱–	₱126,745	2025
2021	96,527	–	–	(17,167)	79,360	2026
2022	4,384,781	–	–	–	4,384,781	2025
2023	–	2,798,305	–	–	2,798,305	2026
	₱4,608,053	₱2,798,305	₱–	(₱17,167)	₱7,389,191	

d. On June 20, 2023, the Bureau of Internal Revenue issued Revenue Memorandum Circular (RMC) No. 69-2023 reverting the Minimum Corporate Income Tax (MCIT) rate to 2% of gross income effective July 1, 2023 pursuant to Republic Act (RA) No. 11534, otherwise known as the "Corporate Recovery and Tax Incentives for Enterprises (CREATE)" Act. MCIT rate was previously reduced from 2% to 1% effective July 1, 2020 to June 30, 2023 upon the effectivity of CREATE Act in 2021.

   Consequently, the Group recognized MCIT using the effective rate of 1.5% in 2023 in accordance with RMC 69-2023.

15. Related Party Transactions

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control or are controlled by or under common control with the Group, including holding companies, subsidiaries and fellow subsidiaries, are related parties of the Group. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Group and close members of the family of these individuals, and companies associated with these individuals also constitute related parties. In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely its legal form. In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely its legal form.

In the ordinary course of business, the Group has related party transactions and balances as follows:

		Transactions for the year		Outstanding Receivable (Payable)			
	Notes	**2023**	2022	**2023**	2022	**Terms**	**Condition**
Receivables							
Stockholder	6, 15a	**₱2,405,048**	₱–	**₱2,405,048**	₱–	Payable on demand; non-interest bearing	Unsecured; fully impaired
Trade and other payables							
Stockholders	9; 15b	**₱78,410,999**	(₱916,552)	**(₱1,636,667)**	(₱80,047,666)	Payable on demand; non-interest bearing	Unsecured
Associated company							
Receivables							
Metropolitan Medical Center		**₱–**	₱–	**₱353,591,678**	₱353,591,678	Payable on demand; non-interest bearing	Unsecured fully/ partially impaired
Gotesco Properties, Inc.		**–**	–	**250,916,294**	250,916,294	-do-	-do-
Gotesco Land, Inc.		**–**	–	**152,043,858**	152,043,858	-do-	-do-
Pricewide, Inc.		**13,485,996**	–	**143,642,674**	130,156,678	-do-	-do-
Others		**13,786,857**	118,032	**36,816,447**	23,029,590	-do-	-do-
	6, 15a	**₱27,272,853**	₱118,032	**₱937,010,951**	₱909,738,098		
Trade and other payables							
Superfriend Holdings, Inc.		**₱20,507,701**	₱–	**₱–**	(₱20,507,701)	Payable on demand; non-interest bearing	Unsecured
Pricewide, Inc.		**16,298,177**	(7,379,025)	**(500)**	(16,298,677)	-do-	-do-
Majestic Plus Holdings International, Inc.		**(9,360,606)**	–	**–**	–	-do-	-do-
GMCC United Development, Inc.		**4,000,000**	–	**–**	(4,000,000)	-do-	-do-
Others		**4,218,626**	(330,086)	**(254,581)**	(4,473,206)	-do-	-do-
	9; 15b	**₱35,663,898**	(₱7,709,111)	**(₱255,081)**	(₱45,279,584)		

(Forward)

	Notes	Transactions for the year 2023	2022	Outstanding Receivable (Payable) 2023	2022	Terms	Condition
Noncurrent liabilities							
Stockholders	15c	**(₱122,885,361)**	₱–	**(₱122,885,361)**	₱–	With fixed repayment terms; non-interest bearing	Unsecured
Consolidated Ventures, Inc.	15c	**(32,975,807)**	–	**(32,975,807)**	–	-do-	-do-
Superfriend Holdings, Inc.	15d	**(20,507,701)**	–	**(20,507,701)**	–	-do-	-do-
Pricewide, Inc.	15d	**(11,267,764)**	–	**(11,267,764)**	–	-do-	-do-
Majestic Plus Holdings International, Inc.	15d	**(9,360,606)**	–	**(9,360,606)**	–	-do-	-do-
GMCC United Development, Inc.	15d	**(4,000,000)**	–	**(4,000,000)**	–	-do-	-do-
Others	15d	**(4,218,621)**	–	**(4,218,621)**	–	-do-	-do-
		(₱205,215,860)	₱–	**(₱205,215,860)**	₱–		

a. The Group granted non-interest-bearing advances to entities that are under common control and to its stockholder. As of December 31, 2023 and 2022, these advances have no payment terms and are considered payable on demand and to be settled in cash.

Movements in and details of the allowance for expected credit losses relating to receivables from related parties follow:

	2023	2022
Beginning balance	**₱909,620,066**	₱909,620,066
Addition (Note 4)	**17,195,982**	–
Ending balance	**₱926,816,048**	₱909,620,066

b. The Group has non-interest-bearing payables to entities that are under common control and are to be settled in cash. Payables to related parties, included as part of "Accounts payable and other liabilities" in the consolidated financial positions amounted to ₱1.89 million and ₱125.33 million as of December 31, 2023 and 2022, respectively (see Note 8).

c. On December 1, 2023, the Group assigned the accounts payables to its stockholders through a Deed of Assignment whereas the liabilities of Group has been extinguished. The assignees agree not to collect the liabilities from the Group and subsequently to convert these to deposit for future subscription which shall be converted to equity once the increase in Authorized Capital Stock of the Group has been approved by Philippine SEC.

d. In 2023, the Group has secured letter of undertaking from the related parties not to collect the outstanding advances for the next 24 months, unless the Group has sufficient funds to pay them in full.

The Group's key management personnel did not receive compensation from the Group in 2023, 2022 and 2021.

16. Basic/Diluted Earnings per Share

Basic/Diluted earnings per share amounts are calculated as follows:

	2023	2022	2021
Net income	**₱62,715,218**	₱547,096,004	₱2,142,028,817
Weighted average number of shares	**5,000,000,000**	5,000,000,000	5,000,000,000
Basic/diluted earnings per share	**₱0.013**	₱0.109	₱0.428

The Group does not have potential dilutive shares as at December 31, 2023, 2022 and 2021. Therefore, the basic and diluted earnings per share are the same as of those dates.

17. Equity

The Philippine SEC authorized the offering/sale of the Parent Company's 5.0 billion common shares with par value of ₱1.0 each on September 16, 1996. The Parent Company's common shares were held by 5,577 shareholders as of December 31, 2023 and 2022, respectively.

Planned quasi reorganization
Decrease of authorized capital stock and par value of the Group from ₱5 billion divided into 5 billion shares with a par value of ₱1 per share to ₱2.5 billion divided into 25 billion shares with a par value of 10 centavos per share. Subsequently, this will be changed to ₱7.5 billion divided into 75 billion shares with a par value of 10 centavos per share. The move to lower the par is intended to reduce the capital deficit as part of the planned quasi reorganization.

The planned quasi reorganization has been approved both by the BOD and stockholders in 2022. As of May 13, 2024, the quasi-reorganization is subject for approval by the Philippine SEC.

18. Capital Management

The primary objective of the Group's capital management is to ensure that it maintains sufficient working capital for its operations and safeguard the entity's ability to continue as a going concern, continue to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. No changes were made in the objectives, policies or processes for the years ended December 31, 2023 and 2022.

The following table summarizes the total capital as of December 31 considered by the Group:

	2023	2022
Capital stock	**₱5,000,000,000**	₱5,000,000,000
Deficit	**(1,924,124,438)**	(1,986,839,656)
	₱3,075,875,562	₱3,013,160,344

19. Financial Instruments and Financial Risk Management Objectives and Policies

Financial instruments
Cash, receivables, and accounts payable and other liabilities
The carrying amounts of cash, receivables, accounts payable and other liabilities approximate their fair values due to the short-term maturities of these financial instruments.

Long-term borrowing
The carrying value of long-term borrowing as at December 31, 2023 and 2022 approximates its fair value as it carries interest rates of comparable instruments in the market.

Financial Risk Management Objectives and Policies

The Group's principal financial instruments consist of cash, receivables and bank loans. The Group has various other financial assets and financial liabilities such as accounts payable and other current liabilities and customers' deposits which arise directly from its operations.

Financial risk management by the Group is governed by policies and guidelines approved by the BOD. Group policies and guidelines cover liquidity risk and credit risk. The objective of financial risk management is to contain, where appropriate, exposures in these financial risks to limit any negative impact on the Group's results of operations and financial position.

Liquidity risk

The Group seeks to manage its liquid funds through cash planning. The Group uses historical figures and experiences as well as forecasts of its collections and disbursements in the management of its funds. The Group negotiates for extension of credit terms from its creditors for more manageable repayment terms.

The following tables summarize the maturities of the Group's financial liabilities based on contractual undiscounted payments and the estimated maturities of financial assets used to manage liquidity risk:

	2023			
	On demand	**One year or less**	**More than one year**	**Total**
Cash	**₱8,571,356**	**₱–**	**₱–**	**₱8,571,356**
Receivables	**10,463,839**	**–**	**–**	**10,463,839**
	₱19,035,195	**₱–**	**₱–**	**₱19,035,195**
Bank loans:				
Principal	**₱–**	**₱13,929,200**	**₱40,626,834**	**₱54,556,034**
Interest	**–**	**1,921,212**	**2,438,564**	**4,359,776**
Accounts payable, provisions and other liabilities:				
Trade	**11,589,354**	**–**	**–**	**11,589,354**
Provisions	**–**	**–**	**333,994,298**	**333,994,298**
Payable to related party	**1,891,748**	**–**	**205,215,860**	**207,107,608**
Installment payable	**–**	**10,638,179**	**–**	**10,638,179**
Accrued expenses	**918,332**	**–**	**–**	**918,332**
Others	**1,114,538**	**–**	**–**	**1,114,538**
	₱15,513,972	**₱26,488,591**	**₱582,275,556**	**₱624,278,119**

	2022			
	On demand	One year or less	More than one year	Total
Cash	₱3,607,723	₱–	₱–	₱3,607,723
Receivables	–	–	3,784,326	3,784,326
	₱3,607,723	₱–	₱3,784,326	₱7,392,049
Bank loans:				
Principal	₱–	₱13,929,200	₱54,556,033	₱68,485,233
Interest	–	2,481,306	4,359,776	6,841,082

(Forward)

	2022			
	On demand	One year or less	More than one year	Total
Accounts payable and other current liabilities:				
Trade	39,485,038	–	–	39,485,038
Payable to related party	125,327,250	–	–	125,327,250
Accrued expenses	1,791,773	–	–	1,791,773
Provisions	346,952,786	–	–	346,952,786
Retention payable to contractors and suppliers	40,507,222	–	–	40,507,222
Others	3,198,784	–	–	3,198,784
	₱557,262,853	₱16,410,506	₱58,915,809	₱632,589,168

To manage the liquidity gap, the Group has the support of its major stockholders in which they undertake and confirm that they will continue to provide and maintain financial support and assistance as may be needed to settle the maturing financial liabilities.

Credit risk
The Group limits the advances granted to related parties into manageable levels and exerts effort to collect from these related parties. Creditworthiness of the related parties is reassessed at least once or twice a year to determine sufficiency of any allowance for probable losses to be provided.
The maximum credit risk exposure on receivables is equivalent to the carrying amounts of receivables from related parties.

The Group's policy is to enter into transactions with a diversity of creditworthy parties to mitigate any significant concentration of credit risk.

Out of the total trade receivables as of December 31, 2023 and 2022, 99%, comes from the Group's related parties. Except for receivables from some affiliates under common control, which are provided with allowances, the collectability of receivables from related parties are probable since these related parties have net income and positive cash flows. The Group manages the concentration risk by extending advances to related parties engaged in different industries such as department stores, supermarket, school, hospital, resorts, and golf courses.

The maximum exposure to credit risk for the Group's loans and receivables, without taking into account any collateral and other credit enhancements, is equal to their carrying amounts.

For cash in banks, 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 ECL 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. The Group uses the ratings from the external credit rating agencies to determine whether the debt instrument has significantly increased in credit risk and estimate ECL.

The following tables summarize the credit quality per class of the Group's financial assets:

	December 31, 2023					
	Neither past due nor impaired					
	High grade	**Standard Grade**	**Substandard Grade**	**Past due but not impaired**	**ECL**	**Total**
Cash in banks*	**₱8,485,971**	**₱–**	**₱–**	**₱–**	**₱–**	**₱8,485,971**
Receivables	**–**	**10,463,839**	–	–	**929,205,683**	**939,669,522**
	₱8,485,971	**₱10,463,839**	**₱–**	**₱–**	**₱929,205,683**	**₱948,155,493**

**Excludes cash on hand amounting to ₱85,385.*

	December 31, 2022					
	Neither past due nor impaired					
	High grade	Standard Grade	Substandard Grade	Past due but not impaired	ECL	Total
Cash in banks*	₱811,750	₱–	₱–	₱–	₱–	₱811,750
Receivables	–	3,784,327	–	–	912,009,701	915,794,028
	₱811,750	₱3,784,327	₱–	₱–	₱912,009,701	₱916,605,778

**Excludes cash on hand amounting to ₱2,795,973.*

The Group classifies loans and receivables as high or standard grade. "High grade" receivables pertain to those receivables from tenants who consistently pay before the maturity date. "Standard grade" includes receivables that are collected on their due dates even without collection effort made by the Group. "Substandard grade" includes receivables which are collected on their due dates provided that the Group made a persistent effort to collect them. Past due but not impaired receivables include those that have not been paid during their respective due dates but are still assessed as collectible by the Group's management. Meanwhile, ECL pertains to those with the least likelihood of collection even after rigorous collection efforts made by the Group. Impaired receivables have been provided with allowance depending on the management's assessment of their collectability. In assessing collectability, management considers deposits and advances held by the Group as well as the experience from previous transactions with the tenants.

Cash in bank are classified as "High grade" since these are deposited and invested with reputable bank and can be withdrawn anytime.

The aging per class of financial assets and the expected credit losses as of December 31, 2023 and 2022 are as follows:

As of December 31, 2023:

	Financial Assets			
	12-Month ECL	**Lifetime ECL Not Credit Impaired**	**Lifetime ECL Credit Impaired**	**Total**
Amortized Cost				
Cash in banks*	**₱8,485,971**	**₱–**	**₱–**	**₱8,485,971**
Receivables	**–**	**10,463,839**	**929,205,683**	**10,463,839**
	₱8,485,971	**₱10,463,839**	**₱929,205,683**	**₱18,949,810**

**Excludes cash on hand amounting to ₱85,385.*

As of December 31, 2022:

	Financial Assets			
	12-Month ECL	Lifetime ECL Not Credit Impaired	Lifetime ECL Credit Impaired	Total
Amortized Cost				
Cash in banks*	₱811,750	₱–	₱–	₱811,750
Receivables	–	3,784,326	912,009,701	3,784,327
	₱811,750	₱3,784,326	₱912,043,267	₱4,569,078

**Excludes cash on hand amounting to ₱2,795,973.*

In assessing impairment, the Group considers the inability to collect from the counterparty based on the contractual terms of the receivables. Receivables included in the specific assessment are the non-moving accounts and receivables from related parties.

20. **Leases**

In 2022, the Group entered into a lease arrangement with a third party for the use of certain land. The lease is for a period of three years, at the amount equivalent to 10% of gross revenues of the leased premises.

Lease payments are subject to variability as it is based on the percentage of gross revenues thus not recognized as ROU asset and lease liability.

Rent expense incurred amounted to ₱439,313 in 2023 and ₱380,423 in 2022 (nil in 2021) presented as "General and Administrative Expenses" (see Note 12).

In 2022, the lessor waived the rental fee for 2022. The Group recognized a gain on lease modification amounting to ₱380,423 presented as "Other Income" (see Note 13).

21. **Operating Segments**

The Group had only one geographical segment as all of its assets are located in the Philippines. Thus, geographical business information is not required.

No segment information as of and for the year ended December 31, 2023, 2022 and 2021 were presented since the Group's results of operations in 2023 only pertains to sale of agricultural products from January 1, 2022 to December 31, 2023 and there were no operations in 2021.

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**INDEPENDENT AUDITOR'S REPORT
ON THE SCHEDULE OF RECONCILIATION
OF RETAINED EARNINGS AVAILABLE
FOR DIVIDEND DECLARATION**

The Board of Directors and the Stockholders
Ever Gotesco Resources and Holdings, Inc.
3/F Manila Real Residences
1129 J. Natividad Lopez St., Ermita, Manila

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Ever Gotesco Resources and Holdings, Inc. (the Company) and its subsidiaries (collectively, the Group), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022 and for the years then ended and have issued our report thereon dated May 13, 2024. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Schedule of Reconciliation of Retained Earnings Available for Dividend Declaration is the responsibility of the Group's management. The schedule is presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and is not part of the basic financial statements. This has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Shane Dave D. Tanguin
Partner
CPA Certificate No. 0115818
Tax Identification No. 242-153-393
BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026
BIR Accreditation No. 08-001998-139-2021, November 10, 2021, valid until November 9, 2024
PTR No. 10082021, January 6, 2024, Makati City

May 13, 2024

EVER GOTESCO RESOURCES AND HOLDINGS, INC. AND SUBSIDIARIES
Index to Consolidated Financial Statements
As at and For the Year Ended December 31, 2023

SCHEDULE I-B

EVER GOTESCO RESOURCES AND HOLDINGS, INC. AND SUBSIDIARIES

AMOUNTS RECEIVABLE FROM DIRECTORS, RELATED PARTIES, OFFICERS, EMPLOYEES, AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)

DECEMBER 31, 2023

AMOUNTS IN THOUSANDS

	Balance at beginning of year	Additions	Amounts collected	Amounts written off	Current	Noncurrent	Balance at end of year
Related parties	₱909,738,098	₱36,490,503	₱9,217,650	₱–	₱27,272,853	₱909,738,098	₱937,010,951
Total	₱909,738,098	36,490,503	₱9,217,650	₱–	₱27,272,853	₱909,738,098	₱937,010,951

SCHEDULE I-G

EVER GOTESCO RESOURCES AND HOLDINGS, INC. AND SUBSIDIARIES

CAPITAL STOCK

DECEMBER 31, 2023

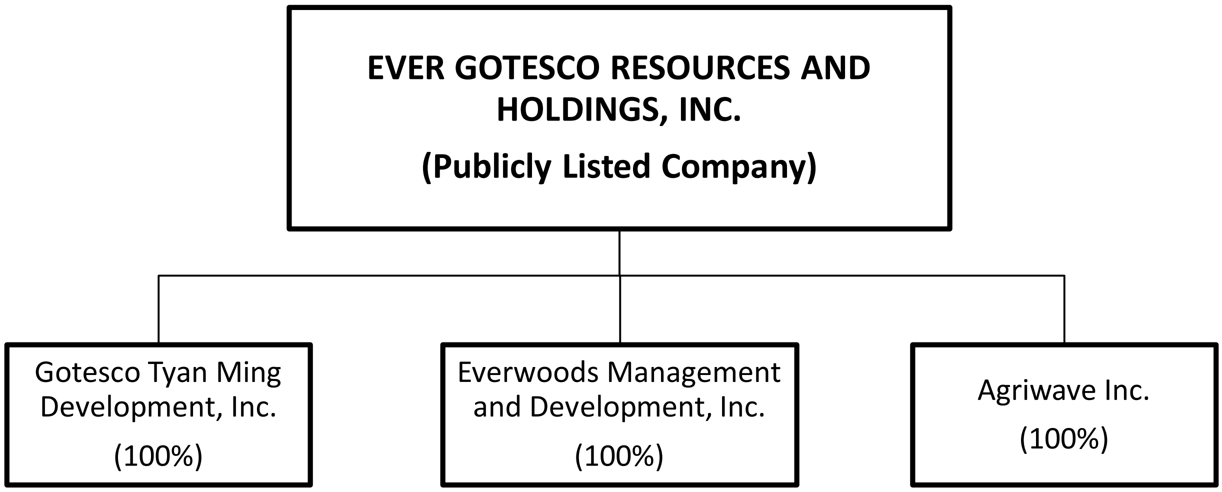
AMOUNTS IN THOUSANDS

Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related consolidated statement of financial position caption	Number of shares reserved for options, warrants, conversion, and other rights	Number of shares held by related parties	Directors and officers	Others
Common stock - “Class A” at ₱1 par value	5,000,000,000	5,000,000,000	–	1,532,055,000	241,046,995	3,226,898,005

SCHEDULE II
EVER GOTESCO RESOURCES AND HOLDINGS, INC. AND SUBSIDIARIES
FINANCIAL SOUNDNESS INDICATORS
DECEMBER 31, 2023

Ratio	Formula	December 31 2023	2022	2021
Current ratio	$\frac{\text{Total current assets}}{\text{Total current liabilities}}$	**0.5044**	0.0158	0.0066
Acid test ratio	$\frac{\text{Cash + current receivables}}{\text{Total current liabilities}}$	**0.0474**	0.013	0.0055
Solvency ratio	$\frac{\text{Net income after tax}}{\text{Total liabilities}}$	**0.0930**	0.874	4.10
Debt-to-equity ratio	$\frac{\text{Accounts payable and other liabilities + bank loan}}{\text{Total equity}}$	**0.2192**	0.2077	0.21
Asset-to-equity ratio	$\frac{\text{Total assets}}{\text{Total equity}}$	**1.22**	1.21	1.21
Interest rate coverage ratio	$\frac{\text{Net income + depreciation expense + Interest expense}}{\text{Interest expense}}$	**26.58**	200.28	651.38
Return on equity	$\frac{\text{Net income after tax}}{\text{Stockholder's equity}}$	**0.02**	0.18	0.88
Basic/Diluted earnings per share	$\frac{\text{Net income after tax}}{\text{Outstanding shares}}$	**0.01**	0.11	0.46

SCHEDULE III
EVER GOTESCO RESOURCES AND HOLDINGS, INC. AND SUBSIDIARIES
CORPORATE STRUCTURE
DECEMBER 31, 2023



SCHEDULE IV
EVER-GOTESCO RESOURCES AND HOLDINGS, INC.

SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
FOR THE PERIOD ENDED DECEMBER 31, 2023

Unappropriated Retained earnings, beginning of reporting period				**(₱1,986,839,656)**
Add:	**Category A:**	**Items that are directly credited to Unappropriated Retained Earnings**		
		Reversal of Retained Earnings Appropriation/s	₱–	
		Effect of restatements or prior-year adjustments	–	
Less:	**Category B:**	**Items that are directly debited to Unappropriated Retained Earnings**		
		Dividend declaration during the reporting period	–	
		Retained Earnings appropriated during the reporting period	–	
		Effect of restatements or prior-year adjustments	–	
		Others - deferred tax assets beginning	–	
		Others - cumulative remeasurement gain, closed to Retained Earnings	–	
		Others - unrealized foreign currency exchange gain - net (except those attributable to cash)	–	
		Sub-total		–
Unappropriated Retained Earnings, as adjusted				**(1,986,839,656)**
Add: Net Income for the current year				62,715,218
Less:	**Category C.1:**	**Unrealized income recognized in the profit or loss during the reporting period (net of tax)**		
		Equity in net income of subsidiaries, net of dividends declared	–	
		Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	–	
		Unrealized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	–	
		Unrealized fair value gain of Investment Property	84,600,600	
		Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	–	
		Sub-total		84,600,600
Add:	**Category C.2:**	**Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)**		
		Realized foreign exchange gain, except those attributable to cash and cash equivalents	–	
		Realized fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	–	
		Realized fair value gain of Investment Property	–	
		Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	–	
		Sub-total		–

(Forward)

Add:	**Category C.3:**	**Unrealized income recognized in the profit or loss in prior periods but reversed in the current reporting period (net of tax)**		
		Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	₱–	
		Reversal of previously recorded fair value adjustment (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	–	
		Reversal of previously recorded fair value gain of Investment Property	–	
		Reversal of previously recorded other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS	–	
		Sub-total		–
Adjusted Net Income				**(21,885,382)**
Add:	**Category D:**	**Non-actual losses recognized in profit or loss during the reporting period (net of tax)**		
		Depreciation on revaluation increment (after tax)	–	
		Sub-total		–
Add/ (Less)	**Category E:**	**Adjustments related to relief granted by the SEC and BSP**		
		Amortization of the effect of reporting relief	–	
		Total amount of reporting relief granted during the year	–	
		Others	–	
		Sub-total		–
Add/ (Less)	**Category F:**	**Other items that should be excluded from the determination of the amount of available for dividends distribution**		
		Net movement of treasury shares (except for reacquisition of redeemable shares)	–	
		Net movement of deferred tax asset not considered in the reconciling items under the previous categories	–	
		Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g. set up of right of use asset and lease liability, set up of asset and asset retirement obligation, and set up of service concession asset and concession payable	–	
		Adjustment due to deviation from PFRS/GAAP - gain (loss)	–	
		Others	–	
		Sub-total		–
Total Retained Earnings, end of reporting period available for dividend declaration				**(₱2,008,725,038)**