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

SEC Registration Number

A S 0 9 4 - 8 7 5 2

COMPANY NAME

EVER GOTESCO RESOURCES AND HOLDINGS, INC. AND SUBSIDIARY

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

Ever Gotesco Corporate Center, 1958 Claro M. Recto Avenue, Manila

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

COMPANY INFORMATION

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

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
5,621	**08/29**	**12/31**

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
Cynthia T. Dizon	**ctdizon@evermalls.com.ph**	**8735-6901**	**N/A**

CONTACT PERSON's ADDRESS

Manila Real Residences, 1129 Natividad Almeda Lopez Street, 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.*

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Ever Gotesco Resources and Holdings, Inc.
Ever Gotesco Corporate Center
1958 Claro M. Recto Avenue, Manila

Opinion

We have audited the consolidated financial statements of Ever Gotesco Resources and Holdings, Inc. (the Company) and its subsidiary (collectively, the Group), which comprise the consolidated balance sheets as at December 31, 2019 and 2018, 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, 2019, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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, 2019 and 2018, and their consolidated financial performance and their consolidated cash flows for each of the three years in the period ended December 31, 2019 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 was impleaded to the civil case between the Bangko Sentral ng Pilipinas (BSP) for the collection of its advances to the now defunct Orient Commercial Banking Corporation, an affiliate, where a notice of garnishment of mall lease payments was issued in 2010 against the Group and certain affiliates, officers, and employees. In 2017, the Group ceased its mall operations and is currently without commercial operations. Further, the Group incurred net loss in 2019 and 2018 amounting to ₱935.69 million and ₱748.74 million, respectively, resulting to a deficit amounting to ₱4.92 billion and ₱3.99 billion as at December 31, 2019 and 2018, respectively. In addition, the current liabilities exceeded its total current assets by ₱1.50 billion as of December 31, 2019. These events or conditions 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.

In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

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.

Expected Credit Loss (ECL) on Receivable from Related Parties

As of December 31, 2019 and 2018, the carrying value of receivables from related parties amounted to ₱1.6 billion and ₱2.4 billion, net of allowance for ECL of ₱2.8 billion and ₱2.1 billion, respectively, which constitutes 99% of the consolidated total assets and is material to our audit. These related party receivables are unsecured in nature, fully matured and demandable, which are considered in default and credit-impaired. The Group's adoption of the ECL model, as it applies to receivables from related parties, is significant to our audit as it involves the exercise of significant management judgment and estimation. Key areas of judgment include determining assumptions to be used in the ECL model such as timing and amount of expected net recoveries from defaulted accounts.

Refer to Notes 2 and 3 to the consolidated financial statements for the relevant accounting policies and discussion of significant judgments and to Notes 4 and 14 for the detailed disclosures on related party receivables.

Audit response

We obtained an understanding of the Group's processes and controls in evaluating the collectability and determining the amount to be provided as allowance for ECL with respect to its related party receivables. We evaluated management's estimate of the allowance for ECL by considering the related parties' financial position and performance and cash flows based on their latest financial statements. We tested the related party accounts specifically identified to be doubtful of collection where we focused on the related parties' equity position, ability to generate cash flows and availability of assets to settle their obligations.

Audit response

We obtained an understanding of the Group's processes and controls in evaluating the collectability and determining the amount to be provided as allowance for ECL with respect to its related party receivables. We evaluated management's estimate of the allowance for ECL by considering the related parties' financial position, results of operations, and cash flows based on their latest financial statements. We tested the related party accounts specifically identified to be doubtful of collection where we focused on the related parties' equity position, ability to generate cash flows and availability of assets to settle their obligations.

Provisions and Contingencies

As discussed in Notes 1 and 8 to the consolidated financial statements, the Group is involved in certain legal, contractual and regulatory proceedings and other possible claims. This matter is significant to our audit because the estimation of the potential liability resulting from these claims involves inherent uncertainties and requires significant judgment by management. The inherent uncertainty over the outcome of these matters is brought about by the differences in the interpretation and implementation of laws and regulations. As of December 31, 2019 and 2018, total provisions recognized by the Group amounted to ₱271.6 million and ₱129.0 million, respectively.

The disclosures on management's judgment on assessment of contingent liabilities and estimation of provisions and amounts recognized are respectively included in Notes 3 and 8 to the consolidated financial statements.

Audit response

We inquired with management the status of the claims and obtained opinions of the external legal counsel. We involved our internal specialist in the evaluation of management's assessment on whether any provision for these contingencies should be recognized, and the estimation of such amount. We evaluated the position of the Group by considering the relevant laws, rulings and jurisprudence.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Philippine Securities and Exchange Commission (SEC) Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2019 are expected to be made available to us after the date of auditor's report.

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 identified above when it becomes available 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.

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, 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 Kristopher S. Catalan.

SYCIP GORRES VELAYO & CO.

Kristopher S. Catalan
Partner
CPA Certificate No. 109712
SEC Accreditation No. 1509-AR-1 (Group A),
October 18, 2018, valid until October 17, 2021
Tax Identification No. 233-299-245
BIR Accreditation No. 08-001998-109-2018,
February 14, 2018, valid until February 13, 2021
PTR No. 8125220, January 7, 2020, Makati City

June 26, 2020

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October 4, 2018, valid until August 24, 2021
SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Ever Gotesco Resources and Holdings, Inc.
Ever Gotesco Corporate Center
1958 Claro M. Recto Avenue, Manila

We have audited in accordance with Philippine Standards on Auditing the consolidated financial statements of Ever Gotesco Resources and Holdings, Inc. and its subsidiary (the Group) as at December 31, 2019 and 2018 and for each of the three years in the period ended December 31, 2019, included in this Form 17-A and have issued our report thereon dated June 26, 2020. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic financial statements. These schedules have 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.

Kristopher S. Catalan
Partner
CPA Certificate No. 109712
SEC Accreditation No. 1509-AR-1 (Group A),
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October 4, 2018, valid until August 24, 2021
SEC Accreditation No. 0012-FR-5 (Group A),
November 6, 2018, valid until November 5, 2021

**INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULE
OF FINANCIAL SOUNDNESS INDICATORS**

The Stockholders and the Board of Directors
Ever Gotesco Resources and Holdings, Inc.
Ever Gotesco Corporate Center
1958 Claro M. Recto Avenue, Manila

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Ever Gotesco Resources and Holdings, Inc. and its subsidiary (the Group) as at December 31, 2019 and 2018 and for each of the three years in the period ended December 31, 2019, and have issued our report thereon dated June 26, 2020. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2019 and 2018 and for each of the three years in the period ended December 31, 2019 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

Kristopher S. Catalan
Partner
CPA Certificate No. 109712
SEC Accreditation No. 1509-AR-1 (Group A),
October 18, 2018, valid until October 17, 2021
Tax Identification No. 233-299-245
BIR Accreditation No. 08-001998-109-2018,
February 14, 2018, valid until February 13, 2021
PTR No. 8125220, January 7, 2020, Makati City

June 26, 2020

EVER GOTESCO RESOURCES AND HOLDINGS, INC.
AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS

	December 31	
	2019	2018
ASSETS		
Current Assets		
Cash	**₱1,201,283**	₱1,201,283
Receivables - current (Notes 1, 4 and 13)	**–**	1,512,058,347
Other current assets	**–**	427,534
Total Current Assets	**1,201,283**	1,513,687,164
Noncurrent Assets		
Receivables - noncurrent (Notes 1, 4 and 13)	**1,578,244,811**	841,919,815
Creditable withholding taxes (Note 5)	**–**	–
Other noncurrent assets (Note 6)	**588,674**	–
Total Noncurrent Assets	**1,578,833,485**	841,919,815
TOTAL ASSETS	**₱1,580,034,768**	₱2,355,606,979
LIABILITIES AND EQUITY		
Current Liabilities		
Bank loan (Notes 1 and 7)	**₱50,000,000**	50,000,000
Accounts payable and other current liabilities (Notes 7, 8 and 14)	**1,454,474,659**	1,294,359,955
Total Current Liabilities	**1,504,474,659**	1,344,359,955
Equity		
Capital stock - ₱1 par value (Note 16)		
Authorized and issued - 5,000,000,000 shares (held by 5,621 and 5,629 equity holders in 2019 and 2018, respectively)	**5,000,000,000**	5,000,000,000
Deficit	**(4,924,439,891)**	(3,988,752,976)
Total Equity	**75,560,109**	1,011,247,024
TOTAL LIABILITIES AND EQUITY	**₱1,580,034,768**	₱2,355,606,979

See accompanying Notes to Consolidated Financial Statements.

EVER GOTESCO RESOURCES AND HOLDINGS, INC.
AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2019	2018	2017
REVENUES			
Mall rental income (Notes 13 and 14)	**₱–**	₱–	₱87,352,663
DIRECT COSTS AND EXPENSES (Note 9)	**–**	–	(62,271,152)
GROSS PROFIT	**–**	–	25,081,511
General and administrative expenses (Note 10)	**(782,456,622)**	(727,318,829)	(901,266,395)
Interest expense (Note 7)	**(10,588,535)**	(12,000,000)	(12,000,000)
Other charges - net (Note 11)	**(142,641,758)**	(9,423,851)	54,706,090
LOSS BEFORE INCOME TAX	**(935,686,915)**	(748,742,680)	(833,478,794)
PROVISION FOR INCOME TAX (Note 12)			
Current	**–**	–	11,722,991
Deferred	**–**	–	903,287
	–	–	12,626,278
NET LOSS / TOTAL COMPREHENSIVE LOSS	**(₱935,686,915)**	(₱748,742,680)	(₱846,105,072)
Basic / Diluted Loss Per Share (Note 15)	**(₱0.187)**	(₱0.150)	(₱0.169)

See accompanying Notes to Consolidated Financial Statements.

EVER GOTESCO RESOURCES AND HOLDINGS, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2019, 2018 AND 2017

	Capital Stock (Notes 16 and 17)	Remeasurement Gain (Loss) on Retirement Benefits - Net	Deficit (Notes 2 and 17)	Total
BALANCES AT DECEMBER 31, 2016	**₱5,000,000,000**	**₱847,751**	**(₱2,394,752,975)**	**₱2,606,094,776**
Net loss / total comprehensive loss	–	–	(846,105,072)	(846,105,072)
Transfer of remeasurement gain on retirement benefits to deficit	–	(847,751)	847,751	–
BALANCES AT DECEMBER 31, 2017	**5,000,000,000**	**–**	**(3,240,010,296)**	**1,759,989,704**
Net loss / total comprehensive loss	–	–	(748,742,680)	(748,742,680)
BALANCES AT DECEMBER 31, 2018	**5,000,000,000**	**–**	**(3,988,752,976)**	**1,011,247,024**
Net loss / total comprehensive loss	–	–	(935,686,915)	(935,686,915)
BALANCES AT DECEMBER 31, 2019	**₱5,000,000,000**	**₱–**	**(₱4,924,439,891)**	**₱75,560,109**

See accompanying Notes to Consolidated Financial Statements.

EVER GOTESCO RESOURCES AND HOLDINGS, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2019	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before income tax	**(₱935,686,915)**	(₱748,742,680)	(₱833,478,794)
Adjustments for:			
Interest expense (Notes 7 and 8)	**10,588,535**	12,000,000	12,000,000
Loss on write-off of various assets (Note 6)	**–**	11,879,253	–
Depreciation and amortization	**–**	–	51,389,617
Loss on write-off of cost of land	**–**	–	13,995,554
Loss on write-off of leasehold rights (Note 6)	**–**	–	2,806,154
Reversal of provisions	**–**	–	(68,637,835)
Movement of retirement benefits liability	**–**	–	178,800
Operating loss before working capital changes	**(925,098,380)**	(724,863,427)	(821,746,504)
Decrease (increase) in:			
Receivables	**775,733,351**	698,522,696	826,426,773
Other current assets	**427,534**	15,442,890	3,103,895
Utilities deposits, garnished collections and advances to contractors	**–**	11,961,902	53,572
Other noncurrent assets (Note 6)	**(588,674)**	–	–
Increase (decrease) in:			
Accounts payable and other current liabilities	**149,526,169**	(1,074,152)	83,541,693
Operating lease payable	**–**	–	(5,941,100)
Customers' deposits	**–**	–	(81,850,825)
Cash generated from (used in) operations	**–**	(10,091)	3,587,504
Income taxes paid, including creditable taxes withheld and final taxes	**–**	–	(3,730,662)
Net used in operating activities	**–**	(10,091)	(143,158)
NET DECREASE IN CASH	**–**	(10,091)	(143,158)
CASH AT BEGINNING OF YEAR	**1,201,283**	1,211,374	1,354,532
CASH AT END OF YEAR	**₱1,201,283**	₱1,201,283	₱1,211,374

See accompanying Notes to Consolidated Financial Statements.

EVER GOTESCO RESOURCES AND HOLDINGS, INC.
AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Corporate Information

Ever Gotesco Resources and Holdings, Inc. (the Company) and its wholly owned subsidiary, Gotesco Tyan Ming Development, Inc. (GTMDI), (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 Company and GTMDI were registered in the Philippine Securities and Exchange Commission (SEC) on September 27, 1994 and September 21, 1994, respectively.

The registered office address of the Company is Ever Gotesco Corporate Center, 1958 Claro M. Recto Avenue, Manila, while GTMDI’s registered office address is Ever Gotesco Ortigas Complex, Ortigas Avenue, Pasig City.

Authorization for Issue of the Consolidated Financial Statements

The consolidated financial statements of the Group as at December 31, 2019 and 2018 and for each of the three years in the period ended December 31, 2019 were authorized for issue in accordance with a resolution of the Board of Directors (BOD) on June 26, 2020.

Status of Operations

In 2000, the Group was impleaded to the civil case between the Bangko Sentral ng Pilipinas (BSP), as plaintiff, and the now defunct Orient Commercial Banking Corporation (Orient Bank) and some of its officers and employees, as defendants. In 2003, the parties to the civil case entered into a compromise agreement, which was approved by the Regional Trial Court of Manila (RTC-Manila). Under the terms of the compromise agreement, the rentals and all other income and revenue of the malls, which include those of the companies that are owned and operated by the defendants, shall continue to guarantee the stipulated amortizations due from the defendants. The Group along with the other defendants submitted an amortization schedule to BSP which the latter rejected. BSP sought to impose upon the defendants its own amortization schedule which the Group believes is way beyond the defendants’ financial capacity. Despite several entreaties to come up with a compromise amortization schedule, no agreement has been reached. Thus, a deadlock in the negotiation ensued. RTC-Manila issued a Writ of Garnishment on lease rental receivables to the defendants.

In July 2010, a Notice of Garnishment on lease rental receivables was issued by the RTC-Manila against the Company, its subsidiary, officers, employees and certain affiliates. The Notice of Garnishment directed the various tenants that all lease payments to the defendants or funds in the possession of various mall tenants payable to the defendants are henceforth considered in the Custody of the Court and the various mall tenants should not deliver, pay or transfer, or otherwise dispose or encumber such rental or lease payments to the defendants or to any other person except to the Ex-Officio Sheriff of Manila or his/her Deputy under penalty of the law.

The Company and its subsidiary, along with the other defendants assailed the Order of RTC-Manila granting the Writ of Execution before the Court of Appeals via a Petition for Certiorari. After the submission of the pertinent pleadings by the parties, the petition was submitted for resolution which is still pending as of June 26, 2020.

The Notice of Garnishment impaired collection effort on lease rental receivables and added to the Company's and its subsidiary's cash flow problems. The Garnishment Notice exempted the Company's and its subsidiary's collections of tenants' utility dues and other assessments.

Collections on lease receivables under the custody of the Court classified as "Other noncurrent assets" in the consolidated balance sheets amounted to ₱42.9 million which were fully provided with allowance as of December 31, 2019 and 2018, respectively (see Note 6).

The Company was the previous owner and mall operator of Ever Gotesco Commonwealth Center (EGCC), a commercial complex. On March 31, 2017, the absolute ownership of EGCC was transferred to the lessor of the land where the said commercial complex of the Company is located without the need of any further act on the part of the Company after the expiration of the lease contract. Moreover, the lease agreement between the Company and the lessor of the land where the EGCC was located expired on March 31, 2017. Because of the transfer of ownership of EGCC on expiration of the lease agreement, the Company ceased its mall operations, resulting to transfer of its administrative function and employees to another affiliate (see Note 14).

GTMDI ceased its mall and cinema operations in June 2015.

The Group incurred net loss in 2019 and 2018 amounting to ₱935.7 million and ₱748.7 million, respectively. The Group's accumulated deficit amounted to ₱4.9 billion and ₱4.0 billion as of December 31, 2019 and 2018, respectively. In addition, the Group's current liabilities exceeded its current assets by ₱1,503.3 million as of December 31, 2019.

These conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, that the Group may not be able 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 Company. Also, management plans to resolve the civil case with BSP and to explore other business opportunities outside of mall operations once the case is resolved. Management is also in search for external financing either through new creditors or investors.

The consolidated financial statements have been prepared assuming that the Group will continue as a going concern. The Group's continuing financial difficulties and the uncertainties over the ultimate outcome of the legal cases involving the Group indicate a material uncertainty on the Group's ability to continue operating 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. The outcome of these uncertainties cannot be determined at the present time. The effects of these uncertainties will be reported in the consolidated financial statements as they become known and estimable.

2. Summary of Significant Accounting and Financial Reporting Policies

Basis of Preparation

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

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

Basis of Consolidation
The consolidated financial statements comprise the financial statements of the Company and its subsidiary as of December 31, 2019 and 2018 and for each of the three years in the period ended December 31, 2019.

Subsidiaries are all entities over which the Company or its subsidiary has control. Specifically, the Group controls an investee if and only if the Group has:

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

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

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

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins from the date of acquisition, being the date on which control is transferred to the Group and continue to be consolidated until the date that such control ceases. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

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

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any noncontrolling interests
- Derecognizes the cumulative translation differences recorded in equity
- Recognizes the fair value of the consideration received
- Recognizes the fair value of any investment retained
- Recognizes any surplus or deficit in profit or loss
  Reclassifies the parent's share of components previously recognized in Other Comprehensive Income (OCI) to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

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

The financial statements of the subsidiary are prepared for the same balance sheet date as the 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 accounting pronouncements starting January 1, 2019. Adoption of these pronouncements did not have any significant impact on the Group's financial position or performance.

Effective beginning or after January 1, 2019

- PFRS 16, *Leases*
- Philippine Interpretation IFRIC-23, *Uncertainty over Income Tax Treatments*
- Amendments to PFRS 9, *Prepayment Features with Negative Compensation*
- Amendments to PAS 19, *Employee Benefits, Plan Amendment, Curtailment or Settlement*
- Amendments to PAS 28, *Long-term Interests in Associates and Joint Ventures*
- *Annual Improvements to PFRSs* 2015-2017 Cycle
    - Amendments to PFRS 3, *Business Combinations,* and PFRS 11, *Joint Arrangements, Previously Held Interest in a Joint Operation*
    - Amendments to PAS 12, *Income Tax Consequences of Payments on Financial Instruments Classified as Equity*
    - Amendments to PAS 23, *Borrowing Costs, Borrowing Costs Eligible for Capitalization*

Effective beginning on or after January 1, 2020

- Amendments to PFRS 3, *Definition of a Business*
- Amendments to PAS 1, *Presentation of Financial Statements*, and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material*

Effective beginning on or after January 1, 2021

- PFRS 17, *Insurance Contracts*

Deferred effectivity

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

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

Financial Instruments

Initial recognition and measurement

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

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

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

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

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

Subsequent measurement

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

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

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

Financial assets at amortized cost (debt instruments)

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

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

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

The Group's financial assets at amortized cost include cash, trade receivables and other receivables as of December 31, 2019 and 2018.

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.

Other financial liabilities
Other financial liabilities 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) and financing (e.g., short and long-term borrowings) activities.

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost using the effective interest method; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the term of the borrowings using the effective interest 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 nominal amount.

Other financial liabilities are recognized initially at fair value and are subsequently carried at amortized cost, taking into account the impact of applying the effective interest method of amortization (or accretion) for any related premium (or discount) and any directly attributable transaction costs. Classified as other financial liabilities are accounts payable and other current liabilities (excluding statutory payables and deferred income) and bank loans as at December 31, 2017.

Derecognition of financial assets and liabilities
Financial assets. A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

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

substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

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

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

Offsetting financial instruments
Financial assets and financial liabilities are offset and the net amount reported in the consolidated balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. The Group assesses that it has a currently enforceable right of offset if the right is not contingent on a future event and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Group and all of the counterparties.

Fair Value Measurement
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
d
- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

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

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

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

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

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

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

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

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

Creditable Withholding Tax

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

Value-added tax (VAT)

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

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

Other Comprehensive Income (OCI)

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

Revenue Recognition- Effective prior to January 1, 2018

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

Mall rental income

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

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

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

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

Borrowing Costs
Borrowing costs are expensed as incurred.

Leases - Effective prior to January 1, 2019
The determination of whether an arrangement is, or contains a lease, is based on the substance of the arrangement at inception date of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

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

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

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

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

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

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

Income Taxes

Current income tax

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

Deferred income tax

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

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

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

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

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

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

Provisions and Contingencies

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

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

Capital Stock

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

Retained Earnings (Deficit)
Retained Earnings (Deficit) represent the cumulative balance of periodic total comprehensive income or loss, dividend distributions, correction of prior year’s errors, effect of changes in accounting policy and other capital adjustments. A “deficit” is not an asset but a deduction from equity.

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

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

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

Segment Information
Until March 31, 2017, the Group was engaged in building shopping malls and leasing out to commercial tenants and considers such as its primary activity and only business segment. Management monitors the operating results of the Group for the purpose of making decisions about resource allocation and performance assessment.

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

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.

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

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, expected operations and profitability and potential sources of additional financing. 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.

Classification of leases - effective prior to January 1, 2019
The Group has entered into property leases, where it has determined that all the risks and rewards incidental and related to the underlying properties are substantially retained by the lessors since there is no transfer of ownership of the leased properties. Also, the Group has entered into property leases, where it has determined that all the risks and rewards incidental and related to its investment properties are substantially retained by the Group since there is no transfer of ownership of the leased properties. As such, these lease agreements are accounted for as operating leases.

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

Estimation of allowance for 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 required for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

The Group estimates the allowance for ECL by considering the related parties' financial position and performance and cash flows based on their latest financial statements. 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. As of December 31, 2019 and 2018, the allowance for ECL on receivables from related parties amounted to ₱2.8 billion and 2.1 billion, respectively (see Notes 4 and 14).

Recognition of deferred income tax assets
The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred income tax assets to be utilized. The Group did not recognize deferred income tax assets on future deductible temporary differences as of December 31, 2019 and 2018 (see Note 12).

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 the balance sheet date, 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 ₱271.6 million and ₱129.0 million as of December 31, 2019 and 2018 (see Note 8).

4. Receivables

	2019	2018
Receivable from related parties (Note 14)	**₱1,182,879,139**	₱1,182,879,139
Others:		
Related parties (Note 14)	**3,223,983,812**	3,223,854,875
Third parties	**2,442,185**	2,442,185
	4,409,305,136	4,409,176,199
Less allowance for expected credit losses	**2,831,060,325**	2,055,198,037
	₱1,578,244,811	₱2,353,978,162
Current	**₱–**	₱1,512,058,347
Noncurrent	**1,578,244,811**	841,919,815
	₱1,578,244,811	₱2,353,978,162

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

Movements in and details of the allowance for expected credit losses in 2019, 2018 and 2017 are as follows:

	Receivables from		Other receivables from		
	Related parties	Third parties	Related parties	Third parties	Total
December 31, 2016	**₱284,329,766**	**₱41,956,493**	**₱549,284,576**	**₱4,719,113**	**₱880,289,948**
Addition (Notes 11 and 14)	–	–	888,818,144	–	888,818,144
Reversal (Notes 11 and 14)	–	(22,296,098)	–	–	(22,296,098)
Write-off	–	(19,660,395)	–	–	(19,660,395)
December 31, 2017	**284,329,766**	–	**1,438,102,720**	**4,719,113**	**1,727,151,599**
Addition (Notes 11 and 14)	–	–	720,124,110	–	720,124,110
Reversal (Notes 11 and 14)	–	–	(19,282,132)	–	(19,282,132)
Write-off	(260,597,982)	–	(108,895,805)	(3,301,753)	(372,795,540)
December 31, 2018	**23,731,784**	**–**	**2,030,048,893**	**1,417,360**	**2,055,198,037**
Addition (Notes 11 and 14)	75,757,453	–	700,104,835	–	775,862,288
December 31, 2019	**₱99,489,237**	**₱–**	**₱2,730,153,728**	**₱1,417,360**	**₱2,831,060,325**

Provisions are made for doubtful accounts specifically identified as doubtful of collection.

In 2018, the Group reclassified portion of its receivables from current to noncurrent as the Group expects to collect the said receivables from the counterparties beyond one year. The excess of the carrying amount over the fair value based on the discounted cash flows at the end of five years of the noncurrent portion of receivables amounting to ₱341.0 million were recognized as allowance for expected credit losses. No accretion income was recognized on the difference between the carrying amount and the fair value in 2019 and 2018.

In 2019, the Group fully recognized allowance for expected credit losses on the current portion of the receivables amounting to ₱700.1 million.

5. Creditable Withholding Taxes

	2019	2018
Creditable withholding taxes (CWTs)	**₱46,391,788**	₱46,391,788
Less allowance for probable losses	**46,391,788**	46,391,788
	₱–	₱–

6. Other Noncurrent Assets

	2019	2018
Garnished collections (Note 1)	**₱42,641,386**	₱42,641,386
Others	**822,885**	234,211
	42,875,597	42,875,597
Less allowance for probable loss	**42,875,597**	42,875,597
	₱588,674	₱–

Allowance for probable loss is provided for garnished collections, receivable from local government and others. Movements in the allowance for impairment relating to other noncurrent assets follow:

	2019	2018
Beginning balance	**₱42,875,597**	₱43,013,497
Write-off	**–**	(137,900)
Ending balance	**₱42,875,597**	₱42,875,597

In 2018, the Group determined that it will no longer recover utilities deposits and advances to contractor, thus, wrote off these assets totaling ₱11.9 million (nil in 2019 and 2017) (see Note 11).

7. Bank Loan

This represents a short-term loan by the Company from a lender bank amounting to ₱50.0 million which became due in December 1997 but was extended up to March 1998. However, such loan obligation was not settled on maturity date. The Company negotiated with the lender bank for restructuring of the loan but it did not prosper. In July 1999, the lender bank filed a civil case against the Company, demanding immediate payment of the principal and the corresponding default charges. In November 1999, the 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 Company for the amicable settlement of the case. In November 2000, the RTC-Makati considered the Company's submission that it is ready to go into negotiation for the settlement of the case. The outcome of this civil case is not yet known. Pending final decision of the case, the default charges were not recognized in the consolidated financial statements since management believes that such charges are subject to negotiation and the final outcome of the case cannot be presently determined. The Company continues its negotiations for a solution that is acceptable to the lender bank.

The Group accrued the related interest expense amounting to ₱10.6 million in 2019 and ₱12.0 million in 2018 as part of "Accrued expenses" account included in "Accounts payable and other liabilities" in the consolidated balance sheets, which is based on the interest rate of 24% for both years and is part of noncash activities (see Note 8).

8. **Accounts Payable and Other Current Liabilities**

	2019	2018
Trade	**₱39,147,820**	₱39,091,820
Accrued expenses	**264,022,400**	253,481,465
Deferred output VAT	**289,168,716**	289,283,490
Payables to related parties (Note 14)	**547,747,686**	540,871,581
Provisions (Note 11)	**271,649,900**	129,008,142
Retention payable to contractors and suppliers	**40,507,222**	40,507,222
Others	**2,230,915**	2,116,235
	₱1,454,474,659	₱1,294,359,955

Accrued expenses mostly pertain to the accrued interest on bank loan amounting to ₱264.0 million and ₱250.8 million as of December 31, 2019 and 2018, respectively (see Note 7).

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.

Movements in and details of provisions follow:

	2019	2018
Balance at beginning of year	**₱129,008,142**	₱129,008,142
Provision (Note 11)	**142,641,758**	–
Balance at end of year	**₱271,649,900**	₱129,008,142

9. **Direct Costs and Expenses**

	2017
Depreciation and amortization	₱51,186,022
Others	11,085,130
	₱62,271,152

10. **General and Administrative Expenses**

	2019	2018	2017
Provision for expected credit losses (Notes 4 and 14)	**₱775,862,288**	₱700,841,978	₱866,522,046
Taxes and licenses	**975,984**	4,622,787	7,319,291
Professional fees	**662,857**	973,970	1,847,691
Salaries, wages and employee benefits	**548,429**	447,821	4,416,261
Director's per diem	**255,000**	330,000	360,000
Dues and subscription	**251,000**	256,000	–
Transportation and communication	**245,852**	240,122	230,994
(Forward)			

	2019	2018	2017
Meals	**₱78,973**	₱88,438	₱–
Advertising, promotions and marketing	–	45,000	347,370
Office supplies	–	5,078	45,053
Representation	–	3,952	12,369,592
Loss on write-off of leasehold rights	–	–	2,806,154
Insurance	–	–	2,140,094
Provision for probable loss on garnished collections	–	–	1,592,380
Rent	–	–	221,619
Depreciation and amortization	–	–	203,595
Repairs and maintenance	–	–	52,349
Others	**3,576,239**	181,551	791,906
	₱782,456,622	₱727,318,829	₱901,266,395

Others include, among others, outside services expenses.

11. **Other Income (Charges)**

	2019	2018	2017
Provisions for (reversal of allowance for) probable loss (Note 8)	**(₱142,641,758)**	(₱17,751,088)	₱68,637,835
Loss on write-off of various assets (Note 6)	–	(11,879,253)	(13,995,554)
Others	–	924,358	63,809
	(₱142,641,758)	(₱9,423,851)	₱54,706,090

12. **Income Taxes**

a. The Group’s provision for current income tax pertains to RCIT in 2017 amounting to ₱11,722,991 (nil in 2019 and 2018).

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.

	2019	2018
Allowance for impairment losses:		
Receivables	**₱2,831,060,325**	₱2,055,198,037
Garnished collections	**42,641,386**	42,641,386
Other noncurrent assets	**234,211**	234,211
Accrued interest payable on bank loans*	**264,000,000**	253,411,465
Provisions	**271,649,900**	129,008,142
NOLCO	**6,628,217**	3,739,032

**Not deducted from taxable income*

c. The reconciliation of the benefit from 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:

	2019	2018	2017
Benefit from income tax at statutory income tax rate	**(₱280,706,074)**	(₱224,622,804)	(₱250,043,638)
Adjustments resulting from:			
Nondeductible expenses	**291,531,338**	229,647,031	101,988,690
Nontaxable gain on reversal of provisions	**(11,692,019)**	–	–
Movements in deductible temporary differences for which no deferred income tax assets were recognized	**866,755**	760,413	159,777,939
Derecognition of deferred income tax asset	**–**	–	903,287
Nontaxable gain on reversal of allowance for expected credit losses	**–**	(5,784,640)	–
Provision for income tax	**₱–**	₱–	₱12,626,278

d. The Group's NOLCO which can be applied against future taxable income follow:

		NOLCO	
Year Incurred	Valid Until	Amount	Tax effect
2019	2022	₱2,889,184	₱866,755
2018	2021	2,534,709	760,413
2017	2020	1,204,323	361,297
		₱6,628,217	₱1,988,465

Following are the movements in NOLCO:

	2019	2018
Beginning of year	**₱3,739,032**	₱1,204,323
Additions	**2,889,184**	2,534,709
End of year	**₱6,628,217**	₱3,739,032

13. **Lease Commitments**

a. The Group had a lease and management agreement with a property manager as of December 31, 2016 (see Note 14). Based on the agreements, the property manager is responsible for the control and complete operations of the mall, which include lease rentals, common area dues and other fees arising from operations, in exchange of a fee amounting to 10% of the monthly lease rentals. All lease rental income were remitted to the property manager as of end of every month. The lease and management agreements were terminated on March 31, 2017.

The Group's mall rental income is based on certain percentages of tenants' and sublessor's revenue. Total rent revenue amounted to ₱87.4 million in 2017 (nil in 2019 and 2018).

There are no customer deposits relating to these leases.

b. The Company leases the land from third parties where EGCC is located. The lease term for EGCC is for a period of 25 years at a monthly rate of ₱525,000, with a 5% annual escalation rate, which expired on March 31, 2017.

14. 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:

	2019			
	Amount/ Volume	**Outstanding Receivable (Payable)**	**Terms**	**Condition**
Stockholder				
Advances to	**₱–**	**₱571,738,488**	**Payable on demand; non-interest bearing**	**Unsecured; partially impaired**
Advances from	**–**	**(76,923,077)**	**- do -**	
*Associated companies**				
Rent	**–**	**1,182,879,139**	**Payable on demand; non-interest bearing**	**Unsecured**
Advances to	**128,938**	**2,652,245,325**	**- do -**	**Unsecured; partially impaired**
Payable to	**(6,876,105)**	**(470,824,608)**	**- do -**	**Unsecured**

	2018			
	Amount/ Volume	Outstanding **Receivable (Payable)**	Terms	Condition
Stockholder				
Advances to	(₱799,743,226)	₱571,738,488	Payable on demand; non-interest bearing	Unsecured; partially impaired
Advances from	–	(76,923,077)	- do -	
*Associated companies**				
Rent	(55,115,187)	1,182,879,139	Payable on demand; non-interest bearing	Unsecured
Advances to	487,337,739	2,652,116,387	- do -	Unsecured; partially impaired
Payable to	181,600	(463,948,504)	- do -	Unsecured

a. The Company entered into a renewable two-year sublease and management agreement with an affiliate. The affiliate receives future rental income from tenants and pays for the operating expenses relating to the mall operations. The agreements were terminated and was no longer renewed as of December 31, 2017.

b. The Group granted non-interest-bearing advances to entities that are under common control and to its stockholder. These advances are originally payable in five years as approved by the BOD. As of December 31, 2019 and 2018, these advances have no payment terms and are considered payable on demand and to be settled in cash.

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

	2019	2018
Beginning balance	**₱2,053,780,677**	₱1,722,432,486
Addition (Note 11)	**775,862,288**	720,124,110
Reversal	**–**	(19,282,132)
Write-off	**–**	(369,493,787)
Ending balance	**₱2,829,642,965**	₱2,053,780,677

d. 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 balances sheets amounted to ₱547.7 million and ₱540.9 million as of December 31, 2019 and 2018, respectively (see Note 8).

e. In 2017, the Company transferred its employees and their related retirement benefit liability, property and equipment, and computer software to an affiliate which assumed the mall operations due to the cessation of its mall operations.

f. The compensation of key management personnel representing salaries and short-term employee benefits amounted to ₱0.3 million in 2019, ₱0.4 million in 2018 and ₱1.1 million in 2017. Retirement benefits for key management personnel amounted to ₱0.5 million in 2019, 2018 and 2017.

15. Basic/Diluted Earnings (Loss) per Share

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

	2019	2018	2017
Net income (loss)	**(₱935,686,915)**	(₱748,742,680)	(₱846,105,072)
Weighted average number of shares	**5,000,000,000**	5,000,000,000	5,000,000,000
Basic/Diluted earnings (loss) per share	**₱0.187**	(₱0.150)	(₱0.169)

The Group does not have potential dilutive shares as of December 31, 2019, 2018 and 2017. Therefore, the basic and diluted earnings per share are the same as of those dates.

16. Equity

The Philippine SEC authorized the offering/sale of the Company's 5.0 billion common shares with par value of ₱1.0 each on September 16, 1996. The Company's common shares were held by 5,621 and 5,629 shareholders as of December 31, 2019 and 2018, respectively.

17. 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, 2019 and 2018.

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

	2019	2018
Capital stock	**₱5,000,000,000**	₱5,000,000,000
Deficit	**(4,924,439,891)**	(3,988,752,976)
	₱75,560,109	₱1,011,247,024

18. Financial Instruments and Financial Risk Management Objectives and Policies

<u>Financial Instruments</u>

Cash in banks, receivables, bank loans and accounts payable and other liabilities

The carrying amounts of cash in banks, current portion of receivables, bank loans and accounts payable and other liabilities approximate their fair values due to the short-term maturities of these financial instruments.

Noncurrent receivables

Fair value of noncurrent receivables amounting to ₱1,344.51 million and ₱841.92 million is based on the present value of expected future cash flows using the discount rates of 4.06% and 6.89% as of December 31, 2019 and 2018, respectively, for a similar instrument.

The Company has no other assets measured at fair value or which fair value has been disclosed using the Level 1 and 2 valuation hierarchy. There were no transfers between the different hierarchy levels in 2019 and 2018.

<u>Financial Risk Management Objectives and Policies</u>

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:

	2019			
	On demand	**One year or less**	**More than one year**	**Total**
Bank loans:				
Principal	**₱50,000,000**	**₱–**	**₱–**	**₱50,000,000**
Interest	**264,000,000**	**–**	**–**	**264,000,000**
Accounts payable and other current liabilities:				
Trade	**39,147,820**	**–**	**–**	**39,147,820**
Accrued expenses*	**22,400**	**–**	**–**	**22,400**
Payable to related party	**547,747,686**	**–**	**–**	**547,747,686**
	₱900,917,906	**₱–**	**₱–**	**₱900,917,906**
Cash	**₱1,201,283**	**₱–**	**₱–**	**₱1,201,283**
Receivables**	**–**	**–**	**1,578,244,811**	**1,578,244,811**
	₱1,201,283	**₱–**	**₱1,578,244,811**	**₱1,579,446,094**

**Excludes accrued interest on bank loans amounting to ₱264.0 million.*
***The Company expects to collect these receivables beyond one year.*

	2018			
	On demand	One year or less	More than one year	Total
Bank loans:				
Principal	₱50,000,000	₱–	₱–	₱50,000,000
Interest	250,799,602	–	–	250,799,602
Accounts payable and other current liabilities:				
Trade	39,091,820	–	–	39,091,820
Accrued expenses*	2,681,863	–	–	2,681,863
Payable to related party	540,871,581	–	–	540,871,581
	₱883,444,866	₱–	₱–	₱883,444,866
Cash	₱1,201,283	₱–	₱–	₱1,201,283
Receivables**	–	–	2,353,978,162	2,353,978,162
	₱1,201,283	₱–	₱2,353,978,162	₱2,355,179,445

**Excludes accrued interest on bank loans amounting to ₱250.8 million.*
***The Company expects to collect these receivables beyond one year.*

Credit risk

The Group deals with recognized creditworthy tenants. It is the Group's policy that all tenants who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis to minimize the Group's exposure to bad debts. The Group also limits the advances granted to related parties into manageable levels and exerts effort to collect from these related parties. Creditworthiness of the tenants and 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 tenants and 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, 2019 and 2018, 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 Company 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 Company'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 Company 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, 2019					
	Neither past due nor impaired					
	High grade	**Standard Grade**	**Substandard Grade**	**Past due but not impaired**	**ECL**	**Total**
Cash in bank (?)*	**₱10,014**	**₱–**	**₱–**	**₱–**	**₱–**	**₱10,014**
Receivables	–	–	–	**1,578,244,811**	**2,831,060,325**	**4,409,305,136**
	₱10,014	**₱–**	**₱–**	**₱1,578,244,811**	**₱2,831,060,325**	**₱4,409,315,150**

**Excludes cash on hand amounting to ₱1,191,269.*

	December 31, 2018					
	Neither past due nor impaired					
	High grade	Standard Grade	Substandard Grade	Past due but not impaired	ECL	Total
Cash in bank (?) *	₱10,014	₱–	₱–	₱–	₱–	₱10,014
Receivables	–	–	–	2,353,978,162	2,055,198,037	4,409,176,199
	₱10,014	₱–	₱–	₱2,353,978,162	₱2,055,198,037	₱4,409,186,213

**Excludes cash on hand amounting to ₱1,191,269.*

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

The aging per class of financial assets and the expected credit losses as of December 31, 2019 and 2018 are as follows:

As of December 31, 2019:

	Financial Assets			
	12-Month ECL	**Lifetime ECL Not Credit Impaired**	**Lifetime ECL Credit Impaired**	**Total**
Amortized Cost				
Cash in banks	**₱1,201,283**	**₱–**	**₱–**	**₱1,201,283**
Receivables	**–**	**1,578,244,811**	**2,831,060,325**	**4,409,305,136**
	₱1,201,283	**₱1,578,244,811**	**₱2,831,060,325**	**₱4,410,506,419**

As of December 31, 2018:

	Financial Assets			
	12-Month ECL	Lifetime ECL Not Credit Impaired	Lifetime ECL Credit Impaired	Total
Amortized Cost				
Cash in banks	₱1,201,283	₱–	₱–	₱1,201,283
Receivables	–	2,353,978,162	2,055,198,037	4,409,176,199
	₱1,201,283	₱2,353,978,162	₱2,055,198,037	₱4,410,377,482

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.

19. Operating Segments

The Group is engaged in building shopping malls and leasing out to commercial tenants and considers such as its primary activity and only business segment until March 2017. The Group had only one geographical segment as all of its assets are located in the Philippines. The Group operated and derived principally all of its revenue from domestic operations. Thus, geographical business information is not required.

Revenues, total assets and total liabilities as of and for the year ended December 31, 2017 are the same as reported elsewhere in the consolidated financial statements. Segment information for this reportable business segment is shown in the following table:

Revenues	₱87,352,663
Net loss	(846,105,072)
Total assets	3,093,423,811
Total liabilities	1,333,434,107
Depreciation and amortization	51,389,617

No segment information as of and for the year ended December 31, 2019 and 2018 was presented since the Group has no operations during those years.

20. Subsequent Events

Impact of COVID-19 Outbreak

In a move to contain the COVID-19 outbreak, on March 13, 2020, the Office of the President of the Philippines issued a Memorandum directive to impose stringent social distancing measures in the National Capital Region effective March 15, 2020. On March 16, 2020, Presidential Proclamation No. 929 was issued, declaring a State of Calamity throughout the Philippines for a period of six months and imposed an enhanced community quarantine throughout the island of Luzon until April 12, 2020, which was subsequently extended to May 15, 2020. On May 13, 2020, the President of athe Philippines approved shift from enhanced community quarantine to modified enhanced community quarantine until May 30, 2020, which was subsequently shifted to general community quarantine until June 30, 2020. These measures have caused disruptions to businesses and economic activities, and its impact on businesses continue to evolve. The Group did not recognize any impact on the financial statements as of and for the year ended December 31, 2019.

The Group considers the events surrounding the outbreak as non-adjusting subsequent events, which do not impact its financial position and performance as of and for the year ended December 31, 2019. However, the outbreak could have a material impact on its 2020 financial results and even periods thereafter. Considering the evolving nature of this outbreak, the Group cannot determine at this time the impact to its financial position, performance and cash flows. The Group will continue to monitor the situation.

EVER GOTESCO RESOURCES AND HOLDINGS, INC. AND SUBSIDIARY
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As at and For the Year Ended December 31, 2019

SCHEDULE I-B

EVER GOTESCO RESOURCES AND HOLDINGS, INC. AND SUBSIDIARY

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

DECEMBER 31, 2019

AMOUNTS IN THOUSANDS

	Balance at beginning of year	Additions	Amounts collected	Amounts written off	Current	Noncurrent	Balance at end of year
Directors	₱571,738,488	₱–	₱–	₱–	₱–	₱571,738,488	₱571,738,488

SCHEDULE I-G

EVER GOTESCO RESOURCES AND HOLDINGS, INC. AND SUBSIDIARY

CAPITAL STOCK

DECEMBER 31, 2019

AMOUNTS IN THOUSANDS

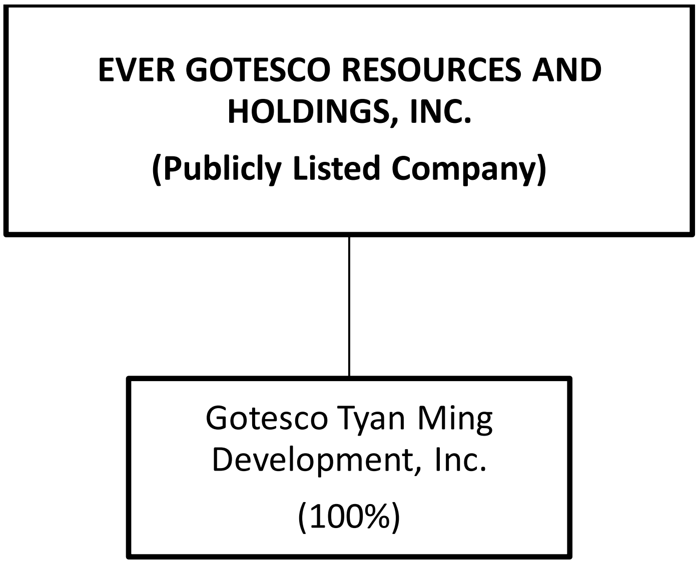
Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related consolidated statement of financial position caption	Number of shares reserved for options, warrants, conversion, and other rights	Number of shares held by related parties	Directors and officers	Others
Common stock - "Class A" at ₱1 par value	5,000,000	5,000,000	–	1,174,235	521,493	3,304,272

SCHEDULE II
EVER GOTESCO RESOURCES AND HOLDINGS, INC. AND SUBSIDIARY
FINANCIAL SOUNDNESS INDICATORS
DECEMBER 31, 2019

		December 31		
Ratio	**Formula**	**2019**	2018	2017
Current ratio	$\frac{\text{Total current assets}}{\text{Total current liabilities}}$	**0.0008**	1.1260	2.2940
Acid test ratio	$\frac{\text{Cash + current receivables}}{\text{Total current liabilities}}$	**0.0008**	1.1256	2.2901
Solvency ratio	$\frac{\text{Net income after tax}}{\text{Total liabilities}}$	**-0.62**	-0.56	-0.63
Debt-to-equity ratio	$\frac{\text{Accounts payable and other liabilities + bank loan}}{\text{Total equity}}$	**19.91**	1.33	0.76
Asset-to-equity ratio	$\frac{\text{Total assets}}{\text{Total equity}}$	**0.02**	1.50	1.74
Interest rate coverage ratio	$\frac{\text{Net income + depreciation expense + Interest expense}}{\text{Interest expense}}$	**89.37**	63.40	66.19
Return on equity		**-12.38**	-0.74	-0.48

		December 31		
Ratio	**Formula**	**2019**	2018	2017
	$\frac{\text{Net income after tax}}{\text{Stockholder's equity}}$			
Basic/Diluted earnings per share	$\frac{\text{Net income after tax}}{\text{Outstanding shares}}$	**-0.19**	-0.15	-0.17

SCHEDULE III
EVER GOTESCO RESOURCES AND HOLDINGS, INC. AND SUBSIDIARY
CORPORATE STRUCTURE
DECEMBER 31, 2019



SCHEDULE IV
EVER-GOTESCO RESOURCES AND HOLDINGS, INC.

SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
DECEMBER 31, 2019

Deficit, January 1, 2019	(₱3,988,752,976)
Add net loss actually incurred during the year	(935,686,915)
Deficit, December 31, 2019	(₱4,924,439,891)