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Tel: (632) 818-0921 Fax: (632) 818-5293 Email: mis@sec.gov.ph

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Company Information

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COVER SHEET
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 SUBSIDIARIES

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

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

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

COMPANY INFORMATION

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

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

CONTACT PERSON INFORMATION

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

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

CONTACT PERSON's ADDRESS

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

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

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

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

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the consolidated financial statements of Ever Gotesco Resources and Holdings, Inc. (the Company) and its subsidiaries (collectively, the Group), which comprise the consolidated balance sheets as at December 31, 2022 and 2021, 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, 2022, 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, 2022 and 2021, and their consolidated financial performance and their consolidated cash flows for each of the three years in the period ended December 31, 2022 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the consolidated financial statements, which indicates that the Group reported deficit amounting to ₱1.99 billion and ₱2.53 billion as at December 31, 2022 and 2021, respectively. In addition, its total current liabilities exceeded its total current assets by ₱562.38 million and ₱559.41 million as of December 31, 2022 and 2021, respectively. The Group has also ceased its mall operations in 2017 and is currently in the early stage of shifting its business strategy to improve its asset composition and generate revenue. 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 escription of how our audit addressed the matter is provided in that context.

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

Valuation of Investment Properties

The Group's investment properties consist of land properties and represent 99% of the Group's total consolidated assets as at December 31, 2022. The investment properties are accounted for under the fair value model and the valuations were carried out by external appraisers.

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

Refer to Notes 2 and 3 to the consolidated financial statements for the relevant accounting policies and discussions of significant estimates and Note 7 for the disclosure about the Group's investment properties and its fair value.

Audit response

We evaluated the competence, capabilities and qualifications of the external appraisers by considering their qualifications, experience and reporting responsibilities. We assessed the methodology adopted by referencing common valuation models and reviewed the relevant information supporting the sales and listings of comparable properties. We also inquired from the external appraisers the basis of adjustments made to the sales price. We also assessed the adequacy of the fair value disclosures of these investment properties in the consolidated financial statements.

Other Information

Other information consists of the information included in the Philippine SEC Form 17-A for the year ended December 31, 2022 but does not include the consolidated financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and we expect to obtain the Philippine SEC Form 20-IS (Definitive Information Statement) and Annual Report for the year ended December 31, 2022 after the date of our auditor's report. Management is responsible for the other information.

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

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

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

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

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

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

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

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

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

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

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

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- 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.

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

SYCIP GORRES VELAYO & CO.

Shane Dave D. Tanguin
Partner
CPA Certificate No. 0115818
Tax Identification No. 242-153-393
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 115818-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-139-2021, November 10, 2021, valid until November 9, 2024
PTR No. 8854373, January 3, 2022, Makati City

May 2, 2023

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

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **EVER GOTESCO RESOURCES AND HOLDINGS, INC. and SUBSIDIARIES,** is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the year ended December 31, 2022, and 2021, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

JOEL T. GO
Chairman / President

EVELYN C. GO
Treasurer

Signed this 2nd day of May 2023

ATTY. ROSALINDA ADRIANO-MONTENEGRO
NOTARY PUBLIC
VA[illegible] 31 - 2023
PTR [illegible] 2023 QC
IBP O.R. [illegible]-01-03-2023 QC
ROLL NO 68465
MCLE COMP NO. VII-0021672-14 APRIL 2025

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Book No. 12
Series No of 202 2023

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EVER GOTESCO RESOURCES AND HOLDINGS, INC.
AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	December 31	
	2022	2021
ASSETS		
Current Assets		
Cash	**₱3,607,723**	₱2,921,216
Receivables - current (Note 4)	**3,784,326**	312,359
Other current assets (Note 5)	**1,636,074**	568,203
Total Current Assets	**9,028,123**	3,801,778
Noncurrent Assets		
Property and equipment (Note 6)	**11,612**	–
Investment properties (Note 7)	**3,630,087,000**	3,078,875,200
Total Noncurrent Assets	**3,630,098,612**	3,078,875,200
TOTAL ASSETS	**₱3,639,126,735**	₱3,082,676,978
LIABILITIES AND EQUITY		
Current Liabilities		
Bank loan (Note 8)	**₱13,929,200**	₱16,250,733
Accounts payable and other current liabilities (Notes 9 and 15)	**557,262,852**	546,966,638
Income tax payable	**218,306**	–
Total Current Liabilities	**571,410,358**	563,217,371
Noncurrent Liabilities		
Bank loans - net of current portion (Note 8)	**54,556,033**	53,395,267
Total Liabilities	**625,966,391**	616,612,638
Equity		
Capital stock - ₱1 par value (Note 17)		
Authorized and issued - 5,000,000,000 shares (held by 5,577 and 5,616 equity holders in 2022 and 2021, respectively)	**5,000,000,000**	5,000,000,000
Deficit	**(1,986,839,656)**	(2,533,935,660)
Total Equity	**3,013,160,344**	2,466,064,340
TOTAL LIABILITIES AND EQUITY	**₱3,639,126,735**	₱3,082,676,978

See accompanying Notes to Consolidated Financial Statements.

EVER GOTESCO RESOURCES AND HOLDINGS, INC.
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2022	2021	2020
REVENUE (Note 10)	**₱10,251,140**	₱138,515	₱–
COST OF SALES AND SERVICES (Note 11)	**(3,522,778)**	(262,315)	–
GROSS INCOME (LOSS)	**6,728,362**	(123,800)	–
EXPENSES AND OTHER INCOME			
General and administrative expenses (Note 12)	**(8,030,300)**	(2,734,365)	(2,199,234)
Interest expense (Note 8)	**(2,747,678)**	(7,121,968)	(12,000,000)
Other income (Note 13)	**551,592,586**	2,155,282,613	262,674,648
	540,814,608	2,145,426,280	248,475,414
INCOME BEFORE INCOME TAX	**547,542,970**	2,145,302,480	248,475,414
PROVISION FOR INCOME TAX (Note 14)			
Current	**446,966**	3,273,663	–
Deferred	**–**	–	–
	446,966	3,273,663	–
NET INCOME / TOTAL COMPREHENSIVE INCOME	**₱547,096,004**	₱2,142,028,817	₱248,475,414
Basic / Diluted Earnings Per Share (Note 16)	**₱0.109**	₱0.428	₱0.050

See accompanying Notes to Consolidated Financial Statements.

EVER GOTESCO RESOURCES AND HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020

	Capital Stock (Note 17)	Deficit (Note 18)	Total
BALANCES AT DECEMBER 31, 2019	**₱5,000,000,000**	**(₱4,924,439,891)**	**₱75,560,109**
Net income / total comprehensive income	–	248,475,414	248,475,414
BALANCES AT DECEMBER 31, 2020	**5,000,000,000**	**(4,675,964,477)**	**324,035,523**
Net income / total comprehensive income	–	2,142,028,817	2,142,028,817
BALANCES AT DECEMBER 31, 2021	**5,000,000,000**	**(2,533,935,660)**	**2,466,064,340**
Net income / total comprehensive income	–	547,096,004	547,096,004
BALANCES AT DECEMBER 31, 2022	**₱5,000,000,000**	**(₱1,986,839,656)**	**₱3,013,160,344**

See accompanying Notes to Consolidated Financial Statements.

EVER GOTESCO RESOURCES AND HOLDINGS, INC.
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2022	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱547,542,970**	₱2,145,302,480	₱248,475,414
Adjustments for:			
Gain on change in fair value of investment properties (Note 7)	**(551,211,800)**	–	–
Depreciation (Note 6)	**6,597**	–	–
Interest expense (Notes 8 and 9)	**2,747,678**	7,121,968	12,000,000
Reversal of allowance for expected credit losses (Note 4)	**–**	(1,898,112,388)	(20,938,236)
Gain on loan modification (Note 8)	**–**	(258,985,456)	–
Provision for (reversal of) probable losses	**–**	28,605,000	(242,470,830)
Gain on acquisition of property (Note 4)	**–**	(23,560,469)	–
Gain on reversal of allowance on CWT	**–**	(3,229,251)	–
Loss on write-off of various assets	**–**	–	734,418
Operating loss before working capital changes	**(914,555)**	(2,858,116)	(2,199,234)
Increase in:			
Receivables	**(3,471,967)**	(312,359)	(1,158,105)
Other current assets	**(1,067,871)**	(568,203)	(145,744)
Increase in accounts payable and other current liabilities	**6,387,769**	8,687,862	3,503,083
Cash generated from operations	**933,376**	4,949,184	–
Income taxes paid, including creditable taxes withheld and final taxes	**(228,660)**	(3,229,251)	–
Net cash from operating activities	**704,716**	1,719,933	–
CASH FLOWS FROM INVESTING ACTIVITY			
Acquisition of property and equipment (Note 6)	**(18,209)**	–	**–**
NET INCREASE IN CASH	**686,507**	1,719,933	**–**
CASH AT BEGINNING OF YEAR	**2,921,216**	1,201,283	1,201,283
CASH AT END OF YEAR	**₱3,607,723**	₱2,921,216	₱1,201,283

See accompanying Notes to Consolidated Financial Statements.

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

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

Corporate Information

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

The Philippine SEC authorized the offering/sale of the Parent Company's 5.0 billion common shares with par value of ₱1.0 each on September 16, 1996. The Parent Company's common shares were held by 5,577 and 5,616 shareholders as of December 31, 2022 and 2021, respectively.

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

The above-mentioned amendments are subject for approval of Bureau of Internal Revenue and Philippine SEC as of May 2, 2023.

Authorization for the Issuance of the Consolidated Financial Statements

The consolidated financial statements of the Group as at December 31, 2022 and 2021 and for each of the three years in the period ended December 31, 2022 were authorized for issuance in accordance with a resolution of the BOD on May 2, 2023.

Status of Operations

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

In 2021, the Parent Company launched through its new subsidiaries its venture into agri-eco-tourism business from the original mall and cinema operations which ceased in 2017. The transformation started with the acquisition of the net assets of Everwoods Management and Development Inc. (EMDI, formerly 3-J Development Corporation) and Agriwave Inc. (termed as Agriwave, formerly Agriwave Organic Inc.) on December 15, 2021. These new subsidiaries will be handling the eco-tourism and agricultural production of high-value crops and orchids, respectively.

Agriwave begun operation during the last half of December 2021. EMDI signed a lease contract with Majestic Plus Holding Int'l. Inc. in January 2022 to operate the Forest Crest Nature Hotel and Resort (FCNHR) in Nasugbu, Batangas and is intended to position the 17-hectare leisure complex into an eco-tourism hub integrated with an appreciation of agricultural processes. While EMDI is preparing its licenses and permits to operate hotels, EMDI temporarily assigned its management rights of the resort to Forest Crest Nature Hotel and Resort Inc. from January 1, 2022 to June 30, 2023. The bigger growth area that the Parent Company is eyeing on is in bamboo farming and production in its landholdings in Cebu. The project in Cebu, called Bambusay, will involve a Bamboo park and a multitude of recreational facilities which will showcase activities that are sustainable and structures that will be working with nature. Bambusay is a play between bamboo and Busay, the mountain side of Cebu where the properties of EGRHI are located. During the second half of 2022, the Parent Company has hired professionals from different fields for the master planning and the pre- feasibility studies of Project Bambusay. Bamboo products present a huge market opportunities in the Philippines and overseas. The Parent Company wants to be the engine of growth, particularly as the global economy shifts to sustainable products.

The Group's deficit amounted to ₱1.99 billion and ₱2.53 billion as of December 31, 2022 and 2021, respectively. In addition, the Group's current liabilities exceeded its current assets by ₱562.38 million and ₱559.42 million as of December 31, 2022 and 2021, respectively.

These conditions indicate uncertainties on the Group's ability to continue as a going concern.

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

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

With the volatility in the global setting, the Group shall likewise be in the lookout for other opportunities that will ride with the upswing in demand once the country goes back to the pre-pandemic economic growth trajectory.

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

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 Parent Company and its subsidiaries as of December 31, 2022 and 2021 and for each of the three years in the period ended December 31, 2022.

As of December 31, 2022, 2021 and 2020, the Parent Company's ownership over the foregoing subsidiaries and their respective nature of business are as follows:

	Country of Incorporation	Nature of Business	Percentage of ownership 2022	2021	2020
GTMDI	Philippines	Mall operations	100%	100%	100%
EMDI	Philippines	Eco-tourism	100%	100%	–
Agriwave	Philippines	Agriculture	100%	100%	–

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

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

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

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

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

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

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any 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 subsidiaries are prepared for the same balance sheet date as the Parent Company.

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

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

- Amendment to PFRS 3*, Business Combination, Reference to the Conceptual Framework*
  The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, to avoid the issue of potential 'day 2'gains or losses arising for liabilities and contingent liabilities that would be within the scope of Philippine Accounting Standards (PAS) 37, *Provisions, Contingent Liabilities and Contingent Assets* or Philippine-IFRS Interpretations Committee (IFRIC) 21, *Levies*, if incurred separately.

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

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

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

- *Annual Improvements to PFRSs* 2018-2020 Cycle

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

combination in which the parent acquired the subsidiary. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

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

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

<u>New Accounting Standards, Interpretation and Amendments to Existing Standards</u>
Pronouncements issued but not yet effective are listed below. The Group intends to adopt the following pronouncements when they become effective. Adoption of these pronouncements is not expected to have a significant impact on the Group's consolidated financial statements unless otherwise indicated.

Effective beginning on or after January 1, 2023
- Amendments to PAS 1, *Presentation of Financial Statements* and PFRS Practice Statement 2, *Disclosure of Accounting Policies*
- Amendments to PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, *Definition of Accounting Estimates*
- Amendments to PAS 12, *Income Taxes*, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

Effective beginning on or after January 1, 2024
- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*
- Amendments to PFRS 16, *Leases*, *Lease Liability in a Sale and Leaseback*

Effective beginning on or after January 1, 2025
- PFRS 17, *Insurance Contracts*

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

<u>Significant Accounting Policies</u>
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.

<u>Financial Instruments</u>
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, 2022 and 2021.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level of input that is significant to the fair value measurement as a whole:
- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level of input that is significant to the fair value measurement is directly or indirectly observable

- Level 3 - Valuation techniques for which the lowest level of input that is significant to the fair value measurement is unobservable

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

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

Creditable Withholding Tax
Creditable withholding tax represents the amount withheld from income payments and is deducted from income tax payable on the same year the revenue was recognized. Unused creditable withholding taxes can be carried forward to the ensuing years. The balance of creditable withholding tax is reviewed at each balance sheet date to determine if 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.

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

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

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

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

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

Investment Properties

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

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

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

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

Other Comprehensive Income (OCI)

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

Revenue Recognition

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

Sale of goods

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

Management fee

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

Expenses and Other Charges

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

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

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

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

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

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

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

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

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

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

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

Capital Stock

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

Retained Earnings (Deficit)

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

Basic/Diluted Earnings (Loss) Per Share

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

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

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

Segment Information

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

Events After the Balance Sheet Date

Events after the balance sheet date that provide additional information about the Group’s financial position at the balance sheet 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.

Judgements

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

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

Estimates and Assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at the 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.

Determination of fair value of investment properties
The Group accounts for its investment properties at fair value. The fair value of the investment properties were determined by professional qualified independent appraisers. Investment properties are valued using generally acceptable valuation techniques and methods and estimates based on local market conditions. The fair value was arrived at using the Market Data Approach for land using gathered available market evidence. This considers the sales of similar or substitute properties and related market data and establishes a value estimate by processes involving comparison and adjustments to sales price which pertain to factors affecting value such size, location, time and shape. Revaluations are made on a regular basis to ensure that the carrying amounts do not differ materially from those which would be determined using fair values at the end of the reporting period.

Investment properties amounted to ₱3,630.09 million and ₱3,078.88 million as of December 31, 2022 and 2021, respectively. The Group recognized a gain on change in fair value of investment properties amounting to ₱551.21 million in 2022 (nil in 2021) (see Note 7).

Estimation of allowance for ECL
The Group recognizes ECL in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognized for the amount of the receivable not covered by the value of the credit enhancement such as collateral on the receivables.

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

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

As of December 31, 2022 and 2021, the allowance for ECL on receivables amounted to ₱912.01 million (see Notes 4 and 15).

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 and NOLCO totaling ₱916.60 million and ₱913.49 million as of December 31, 2022 and 2021 (see Note 14).

Provisions and contingencies
The Group provides for present obligations (legal or constructive) where it is probable that there will be an outflow of resources embodying economic benefits that will be required to settle the said obligations. An estimate of the provision is based on known information at 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 ₱346.95 million as of December 31, 2022 and 2021 (see Note 9).

4. Receivables

	2022	2021
Trade:		
Related parties (Note 15)	**₱4,668,399**	₱4,980,758
Third parties	**3,616,456**	–
Others:		
Related parties (Note 15)	**905,069,699**	904,951,667
Third parties	**2,439,473**	2,389,635
	915,794,027	912,322,060
Less allowance for expected credit losses	**912,009,701**	912,009,701
	₱3,784,326	₱312,359

The receivables with full allowance for expected credit losses amounting to ₱912.01 million as of December 31, 2022 and 2021 are classified as noncurrent.

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

Movements in and details of the allowance for expected credit losses in 2022, 2021 and 2020 are as follows:

	Receivables from		Other receivables from		
	Related parties	Third parties	Related parties	Third parties	Total
December 31, 2019	**₱4,668,339**	**₱–**	**₱2,824,002,351**	**₱2,389,635**	**₱2,831,060,325**
Recovery (Note 13)	–	–	(20,938,236)	–	(20,938,236)
December 31, 2020	**4,668,339**	**–**	**2,803,064,115**	**2,389,635**	**2,810,122,089**
Additions (Note 13)	–	–	132,200,293	–	132,200,293
Recovery (Note 13)	–	–	(2,030,312,681)	–	(2,030,312,681)
December 31, 2021	**4,668,339**	**–**	**904,951,727**	**2,389,635**	**912,009,701**
Additions	–	–	–	–	–
Recovery	–	–	–	–	–
December 31, 2022	**₱4,668,339**	**₱–**	**₱904,951,727**	**₱2,389,635**	**₱912,009,701**

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

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

5. Other Current Assets

Other current assets pertain to the following:

	2022	2021
Prepaid taxes	**₱942,387**	₱–
Inventories	**377,025**	420,193
Input VAT	**316,662**	148,010
	₱1,636,074	₱568,203

The Group has written off in 2022 the garnished collections and other noncurrent assets totaling ₱42.88 million against the allowance for probable losses of the same amount.

6. Property and Equipment

As of December 31, 2022:

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

The Group has no property and equipment as of December 31, 2021.

7. Investment Properties

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

	2022	2021
Cost	**₱3,078,875,200**	₱3,078,875,200
Cumulative gain on fair value changes	**551,211,800**	–
	₱3,630,087,000	₱3,078,875,200

Movement in this account is as follows:

	2022	2021
Balance at beginning of period	**₱3,078,875,200**	₱3,078,875,200
Unrealized fair value gain during the period	**551,211,800**	–
Balance at end of period	**₱3,630,087,000**	₱3,078,875,200

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

As of December 31, 2022, the fair value of the investment properties is ₱3,630.09 million as determined based on the valuation performed by Philippine SEC-accredited and independent appraisers using the Market Data Approach. Under the Market Data Approach, the value of the land is based on sales and listings of comparable property registered within the vicinity. The technique of this approach requires the establishment of comparable property by reducing reasonable comparative sales and listings to a common denominator. This is done by adjusting the differences between the subject property and those actual sales and listings regarded as comparable. The properties used as basis of comparison are situated within the immediate vicinity of the subject property.

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

Asset measured at fair value (Level 3)	**Significant unobservable inputs**	**Interrelationship between key unobservable input and fair value measurement**
Investment properties		
December 31, 2022	**Price per square meter; Estimates range from about ₱3,500 per sqm to ₱5,000 per sqm**	**The estimated fair value would increase (decrease) if the price per square meter increase (decrease)**
December 31, 2021	Price per square meter; Estimates range from about ₱3,000 per sqm to ₱4,300 per sqm	The estimated fair value would increase (decrease) if the price per square meter increase (decrease)

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

8. Bank Loan

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

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

On April 8, 2022, the Parent Company and the lender bank filed a Joint Motion before the Court of Appeals for the approval of Compromise Agreement and rendering of judgment based thereon. The Court of Appeals granted the approval on November 24, 2022. Accrued interest as of December 31, 2022 and 2021 amounting to nil and ₱1.12 million, respectively, are as part of "Accrued expenses" account included in "Accounts payable and other liabilities" in the consolidated balance sheets. Interest expense recognized in profit or loss in 2022, 2021 and 2020 amounted ₱2.7 million, ₱7.1 million and ₱12.0 million, respectively. The bank loan is classified as follows:

	2022	2021
Current portion	**₱13,929,200**	₱16,250,733
Noncurrent portion	**54,556,033**	53,395,267
	₱68,485,233	₱69,646,000

9. Accounts Payable and Other Current Liabilities

	2022	2021
Trade	**₱39,485,038**	₱38,907,248
Accrued expenses (Note 8)	**1,791,733**	1,200,368
Payables to related parties (Note 15)	**125,327,250**	117,169,332
Provisions	**346,952,786**	346,952,786
Retention payable to contractors and suppliers	**40,507,222**	40,507,222
Others	**3,198,733**	2,229,682
	₱557,262,852	₱546,966,638

Trade payables are non-interest bearing and have a credit terms of 30 days.

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

Accrued expenses include accrued interest on bank loan as of December 31, 2022 and 2021 amounting to nil and ₱1.12 million, respectively (see Note 8).

The Group is currently involved in certain legal, contractual and regulatory proceedings and other possible claims that require the recognition of provisions for related probable claims against the Group. Management and its legal counsel reassess its estimates on an annual basis to consider new relevant information. The information usually required by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, is not disclosed as it may prejudice the Group's position and negotiation strategies with respect to these matters. The Group reversed provisions in 2021 amounting to ₱28.61 million (nil in 2022).

10. Revenue

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

	2022	2021	2020
By type:			
Management fee	**₱8,877,307**	₱–	₱–
Sale of goods	**1,373,833**	318,515	–
Total revenue from contracts with customers	**₱10,251,140**	₱318,515	₱–

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

11. Cost of Sales and Services

	2022	2021	2020
Cost of sales:			
Materials and supplies used	**₱334,400**	₱231,596	₱–
Direct labor	**932,729**	30,719	–
Depreciation (Note 6)	**6,597**	–	–
	1,273,726	262,315	–
Cost of services:			
Security services	**1,502,717**	–	–
Salaries, wages, and employee benefits	**746,335**	–	–
	2,249,052	–	–
	₱3,522,778	₱262,315	₱–

12. General and Administrative Expenses

	2022	2021	2020
Professional fees	**₱2,243,915**	₱1,012,000	₱695,000
Taxes and licenses	**1,827,550**	23,316	293,683
Outside services	**1,113,000**	–	–
Salaries, wages and employee benefits	**925,799**	492,402	497,559
Rent expense (Note 20)	**380,423**	–	–
Transportation and communication	**332,716**	6,456	11,920
Dues and subscription	**257,790**	–	–
Representation and entertainment	**197,433**	–	–
Independent director's per diem	**164,000**	218,000	390,000
Others	**587,674**	982,190	311,072
	₱8,030,300	₱2,734,364	₱2,199,234

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

13. **Other Income**

	2022	2021	2020
Gain on change in fair value of investment properties (Note 7)	**₱551,211,800**	₱–	₱–
Gain on lease modification (Note 20)	**380,423**	–	–
Reversal of allowance for expected credit losses (Note 4)	–	2,030,312,681	20,938,236
Gain on loan modification (Note 8)	–	258,985,456	–
Provision for expected credit losses (Note 4)	–	(132,200,293)	–
Reversal of (provision for) probable losses	–	(28,605,000)	242,470,830
Gain on acquisition of investment properties through dacion en pago (Notes 4 and 7)	–	23,560,469	–
Gain on reversal of allowance for probable losses on CWT	–	3,229,251	–
Loss on write-off of various assets	–	–	(734,418)
Others	**363**	49	–
	₱551,592,586	₱2,155,282,613	₱262,674,648

14. **Income Taxes**

a. The Group's provision for current income tax pertains to RCIT amounting to ₱0.45 million in 2022, ₱3.27 million in 2021, and nil for 2020.

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.

	2022	2021	2020
Allowance for impairment losses:			
Receivables	**₱912,009,701**	₱912,009,701	₱2,810,122,089
Accrued interest on bank loans	–	1,200,368	276,000,000
NOLCO	**4,590,886**	282,615	7,613,127

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

	2022	2021	2020
Provision for income tax at statutory income tax rate of:			
20%	**₱91,230**	₱–	₱–
25%	**136,767,778**	542,166,628	74,542,625
Adjustments resulting from:			
Nontaxable gain on change in fair value of investment properties	**(137,802,950)**	–	–
Nondeductible expenses	**313,794**	35,213,339	153,779
Movements in deductible temporary differences for which no deferred income tax assets were recognized			
20%	**301,673**	–	–
25%	**778,874**	(1,817,171)	(1,955,154)
Application of NOLCO for which no deferred income tax asset is recognized in prior years			
20%	**(3,433)**	–	–
25%	**–**	–	–
Nondeductible provision for (nontaxable gain on reversal of provision) for probable losses (Notes 4 and 11)	**–**	(506,735,445)	(72,741,250)
Nontaxable gain on loan modification (Note 8) 20%	**–**	(64,746,364)	–
Nontaxable gain on reversal of allowance on CWT 25%	**–**	(807,313)	–
Other nontaxable income	**–**	(11)	–
Provision for income tax	**₱446,966**	₱3,273,663	₱–

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

As of December 31, 2022, the Group's NOLCO pertain to the following entities:

EGHRI	₱2,717,330
GTMDI	374,285
Agriwave	1,499,271
	₱4,590,886

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

Year Incurred	Beginning Balance	Additions	Expiration	Application	Ending Balance	Available Until
2019	₱76,510	₱–	(₱76,510)	₱–	₱–	2022
2020	126,745	–	–	–	126,745	2025
2021	96,527	–	–	(17,167)	79,360	2026
2022	–	4,384,781	–	–	4,384,781	2025
	₱299,782	₱4,384,781	(₱76,510)	(₱17,167)	₱4,590,886	

15. Related Party Transactions

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

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

	2022			
	Amount/ Volume	**Outstanding Receivable (Payable)**	**Terms**	**Condition**
Stockholder				
Advances to	**₱–**	**₱250,916,294**	Payable on demand; non-interest bearing	Unsecured; partially impaired
Advances from	**(916,552)**	**(80,047,666)**	- do -	
*Associated companies**				
Rent	–	–	Payable on demand; non-interest bearing	Unsecured
Advances to	**118,032**	**654,153,405**	- do -	Unsecured; partially impaired
Payable to	**(7,709,111)**	**(45,279,584)**	- do -	Unsecured

	2021			
	Amount/ Volume	Outstanding Receivable (Payable)	Terms	Condition
Stockholder				
Advances to	(₱320,822,194)	₱250,916,294	Payable on demand; non-interest bearing	Unsecured; partially impaired
Advances from	(2,208,037)	(79,409,460)	- do -	
*Associated companies**				
Rent	(1,182,879,139)	–	Payable on demand; non-interest bearing	Unsecured
Advances to	(1,999,368,056)	654,035,373	- do -	Unsecured; partially impaired
Payable to	436,581,838	(37,759,872)	- do -	Unsecured

a. The Group granted non-interest-bearing advances to entities that are under common control and to its stockholder. As of December 31, 2022 and 2021, these advances have no payment terms and are considered payable on demand and to be settled in cash.

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

	2022	2021
Beginning balance	**₱909,620,066**	₱2,807,732,454
Addition	–	132,200,293
Reversal (Note 4)	–	(2,030,312,681)
Ending balance	**₱909,620,066**	₱909,620,066

c. 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 balance sheets amounted to ₱125.33 million and ₱117.17 million as of December 31, 2022 and 2021, respectively (see Note 8).

d. The Group's remaining related party transactions pertain to the payment of expenses of entities under common control on behalf of the Group from 2018 to 2022.

e. In October 2021, PWI, an associated company, assumed the liabilities of the related parties to the Group. In November 2021, the total related party receivable from PWI were settled through dacion en pago - transfer of land properties of PWI to the Group, resulting to recognition of gain from dacion en pago (see Notes 7 and 13). The allowance pertaining to the settled receivables from PWI through dacion en pago were reversed in 2021 (see Note 4).

The Group's key management personnel did not receive compensation from the Group in 2022, 2021 and 2020.

16. Basic/Diluted Earnings per Share

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

	2022	2021	2020
Net income	**₱547,096,004**	₱2,142,028,817	₱248,475,414
Weighted average number of shares	**5,000,000,000**	5,000,000,000	5,000,000,000
Basic/diluted earnings per share	**₱0.109**	₱0.428	₱0.050

The Group does not have potential dilutive shares as of December 31, 2022, 2021 and 2020. Therefore, the basic and diluted earnings (loss) per share are the same as of those dates.

17. Equity

The Philippine SEC authorized the offering/sale of the Parent Company's 5.0 billion common shares with par value of ₱1.0 each on September 16, 1996. The Parent Company's common shares were held by 5,577 and 5,616 shareholders as of December 31, 2022 and 2021, respectively.

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

The planned quasi reorganization has been approved both by the Board of Directors and stockholders in 2022. As of May 2, 2023, the quasi-reorganization is subject for approval by the Philippine SEC.

18. Capital Management

The primary objective of the Group's capital management is to ensure that it maintains sufficient working capital for its operations and safeguard the entity's ability to continue as a going concern, continue to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. No changes were made in the objectives, policies or processes for the years ended December 31, 2022 and 2021.

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

	2022	2021
Capital stock	**₱5,000,000,000**	₱5,000,000,000
Deficit	**(1,986,839,656)**	(2,533,935,660)
	₱3,013,160,344	₱2,466,064,340

19. Financial Instruments and Financial Risk Management Objectives and Policies

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

Long-term borrowing
The carrying value of long-term borrowing as at December 31, 2022 (nil as of December 31, 2021) approximates its fair value as it carries interest rates of comparable instruments in the market.

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

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

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

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

	2022			
	On demand	**One year or less**	**More than one year**	**Total**
Bank loans:				
Principal	**₱–**	**₱13,929,200**	**₱54,556,033**	**₱68,485,233**
Interest	**–**	**2,481,306**	**4,359,776**	**6,841,082**
Accounts payable and other current liabilities:				
Trade	**39,485,038**	**–**	**–**	**39,485,038**
Payable to related party	**125,327,250**	**–**	**–**	**125,327,250**
	₱164,812,288	**₱16,410,506**	**₱58,915,809**	**₱240,138,603**
Cash	**₱3,607,723**	**₱–**	**₱–**	**₱3,607,723**
Receivables	**–**	**–**	**3,784,326**	**3,784,326**
	₱3,607,723	**₱–**	**₱3,784,326**	**₱7,392,049**

	2021			
	On demand	**One year or less**	**More than one year**	**Total**
Bank loans:				
Principal	₱2,321,533	₱13,929,200	₱53,395,267	₱69,646,000
Interest	1,121,968	2,203,994	4,187,792	7,513,754
Accounts payable and other current liabilities:				
Trade	38,907,248	–	–	38,907,248
Accrued expenses	78,400	–	–	78,400
Payable to related party	117,169,331	–	–	117,169,331
	₱159,598,480	₱16,133,194	₱57,583,059	₱233,314,733
Cash	₱2,921,216	₱–	₱–	₱2,921,216
Receivables	–	312,359	–	312,359
	₱2,921,216	₱312,359	₱–	₱3,233,575

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

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

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

Out of the total trade receivables as of December 31, 2022 and 2021, 99%, comes from the Group's related parties. Except for receivables from some affiliates under common control, which are provided with allowances, the collectability of receivables from related parties are probable since these related parties have net income and positive cash flows. The Group manages the concentration risk by extending advances to related parties engaged in different industries such as department stores, supermarket, school, hospital, resorts and golf courses.

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

For cash in banks, the Group applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Group's policy to measure ECL on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from the external credit rating agencies to determine whether the debt instrument has significantly increased in credit risk and estimate ECL.

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

December 31, 2022

	Neither past due nor impaired					
	High grade	**Standard Grade**	**Substandard Grade**	**Past due but not impaired**	**ECL**	**Total**
Cash in banks*	**₱811,750**	**₱–**	**₱–**	**₱–**	**₱–**	**₱811,750**
Receivables	**–**	**3,784,326**	**–**	**–**	**912,009,701**	**915,794,027**
	₱811,750	**₱3,784,326**	**₱–**	**₱–**	**₱912,009,701**	**₱916,605,777**

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

December 31, 2021

	Neither past due nor impaired					
	High grade	Standard Grade	Substandard Grade	Past due but not impaired	ECL	Total
Cash in banks*	₱1,427,447	₱–	₱–	₱–	₱–	₱1,427,447
Receivables	–	312,359	–	–	912,009,701	912,322,060
	₱1,427,447	₱312,359	₱–	₱–	₱912,009,701	₱913,749,507

**Excludes cash on hand amounting to ₱1,493,769.*

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

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

The aging per class of financial assets and the expected credit losses as of December 31, 2022 and 2021 are as follows:

As of December 31, 2022:

	Financial Assets			
	12-Month ECL	**Lifetime ECL Not Credit Impaired**	**Lifetime ECL Credit Impaired**	**Total**
Amortized Cost				
Cash in banks*	**₱811,750**	**₱–**	**₱–**	**₱811,750**
Receivables	**–**	**3,784,326**	**912,009,701**	**915,794,027**
	₱811,750	**₱3,784,326**	**₱912,043,267**	**₱916,605,777**

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

As of December 31, 2021:

	Financial Assets			
	12-Month ECL	**Lifetime ECL Not Credit Impaired**	**Lifetime ECL Credit Impaired**	**Total**
Amortized Cost				
Cash in banks*	₱1,427,447	₱–	₱–	₱1,427,447
Receivables	–	312,359	912,009,701	912,322,060
	₱1,427,447	₱312,359	₱912,009,701	₱913,749,507

**Excludes cash on hand amounting to ₱1,493,769.*

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

20. **Leases**

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

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

In 2023, the lessor waived the rental fee for 2022. The Group recognized a gain on lease modification amounting to ₱380,423 presented as "Other Income" (see Note 13).

21. **Operating Segments**

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

No segment information as of and for the year ended December 31, 2022, 2021 and 2020 were presented since the Group's results of operations in 2022 only pertains to sale of agricultural products from January 1, 2022 to December 31, 2022 and there were no operations in 2021 and 2020.

EVER GOTESCO RESOURCES AND HOLDINGS, INC. AND SUBSIDIARIES
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As at and For the Year Ended December 31, 2022

SCHEDULE I-B

EVER GOTESCO RESOURCES AND HOLDINGS, INC. AND SUBSIDIARIES
AMOUNTS RECEIVABLE FROM DIRECTORS, RELATED PARTIES, OFFICERS, EMPLOYEES, AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)
DECEMBER 31, 2022
AMOUNTS IN THOUSANDS

	Balance at beginning of year	Additions	Amounts collected	Amounts written off	Current	Noncurrent	Balance at end of year
Related parties	₱909,932,425	₱–	₱194,327	₱–	₱–	₱909,738,098	₱909,738,098
Total	₱909,932,425	₱–	₱194,327	₱–	₱–	₱909,738,098	₱909,738,098

SCHEDULE I-G

EVER GOTESCO RESOURCES AND HOLDINGS, INC. AND SUBSIDIARIES

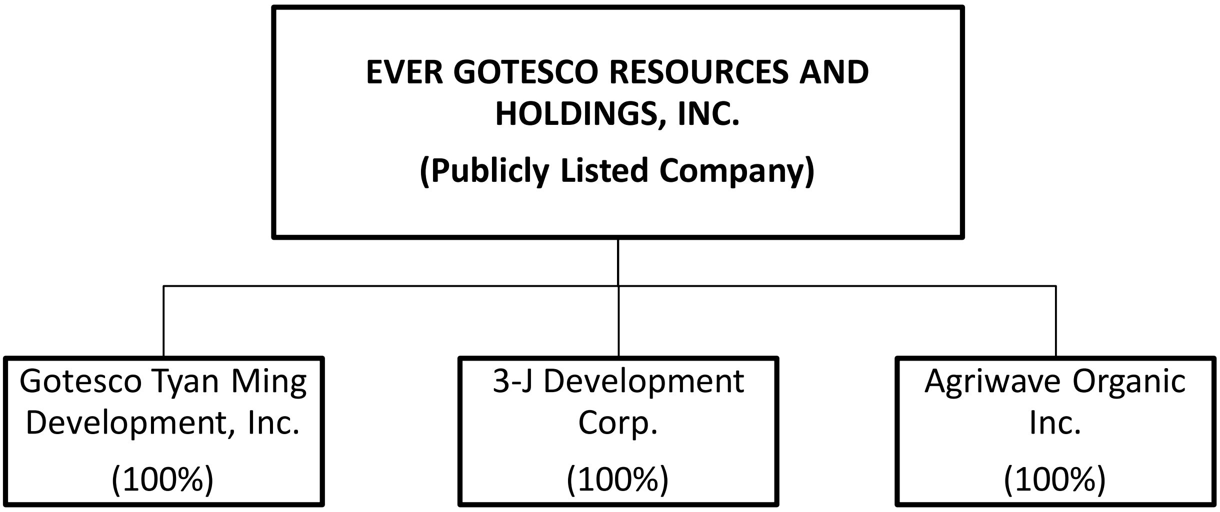
CAPITAL STOCK
DECEMBER 31, 2022
AMOUNTS IN THOUSANDS

Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related consolidated statement of financial position caption	Number of shares reserved for options, warrants, conversion, and other rights	Number of shares held by related parties	Directors and officers	Others
Common stock - "Class A" at ₱1 par value	5,000,000,000	5,000,000,000	–	1,174,235	231,046	3,594,719

SCHEDULE II
EVER GOTESCO RESOURCES AND HOLDINGS, INC. AND SUBSIDIARIES
FINANCIAL SOUNDNESS INDICATORS
DECEMBER 31, 2022

		December 31		
Ratio	**Formula**	**2022**	2021	2020
Current ratio	$\frac{\text{Total current assets}}{\text{Total current liabilities}}$	**0.0158**	0.0066	0.0009
Acid test ratio	$\frac{\text{Cash + current receivables}}{\text{Total current liabilities}}$	**0.013**	0.0055	0.0009
Solvency ratio	$\frac{\text{Net income after tax}}{\text{Total liabilities}}$	**0.874**	4.10	0.19
Debt-to-equity ratio	$\frac{\text{Accounts payable and other liabilities + bank loan}}{\text{Total equity}}$	**0.2077**	0.21	3.94
Asset-to-equity ratio	$\frac{\text{Total assets}}{\text{Total equity}}$	**1.21**	1.21	4.94
Interest rate coverage ratio	$\frac{\text{Net income + depreciation expense + Interest expense}}{\text{Interest expense}}$	**200.28**	651.38	-19.71
Return on equity	$\frac{\text{Net income after tax}}{\text{Stockholder's equity}}$	**0.18**	0.88	0.77
Basic/Diluted earnings per share	$\frac{\text{Net income after tax}}{\text{Outstanding shares}}$	**0.11**	0.46	0.05

SCHEDULE III
EVER GOTESCO RESOURCES AND HOLDINGS, INC. AND SUBSIDIARIES
CORPORATE STRUCTURE
DECEMBER 31, 2022



SCHEDULE IV
EVER-GOTESCO RESOURCES AND HOLDINGS, INC.

SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
DECEMBER 31, 2022

Deficit as at beginning of year		(₱2,533,935,660)
Add net income actually earned during the year	547,095,004	
Less gain on change in fair value of investment properties during the year	(551,211,800)	(4,116,796)
Deficit as adjusted at end of the year		(₱2,538,052,456)