**EVER-GOTESCO RESOURCES HOLDINGS, INCORPORATED**

**NOTICE OF THE ANNUAL STOCKHOLDERS' MEETING OF EVER-GOTESCO RESOURCES AND HOLDINGS, INC.**
**August 29, 2014, 3:00 P.M.**
**Penthouse II, Ever Gotesco Corporate Center,**
**1958 C. M. Recto Avenue, Manila**

Notice is hereby given that the Annual Meeting of the Stockholders of Ever Gotesco Resources and Holdings, Inc., (the "Company") which will be held on 29 August 2014 at 3:00 P.M. at the Penthouse II, Ever Gotesco Corporate Center, 1958 C. M. Recto Avenue, Manila. The Agenda of the meeting is as follows :

1. Proof of Notice of the Meeting and Existence of a Quorum;
2. Reading and Approval of the Minutes of the Annual Meeting of the Stockholders
3. held on August 30, 2013;
4. Approval of the Audited Financial Statements of the Company as of 31 December 2013;
5. Approval and ratification of all acts of the Board of Directors, standing committees and Management since the last annual meeting;
6. Election of the members of the Board of Directors;
7. Appointment of External Auditors;
8. Other business matters;
9. Adjournment.

For convenience in registering your attendance, please have available some form of valid identification, such as Voter's I.D., Driver's License etc.

Pursuant to Section 7, Article II of the By-laws of the Corporation, all proxies must be in the hands of the secretary before the time set for the meeting or not later than August 28, 2014.

Registration starts at 2:00 p.m. and will close at exactly 3:00 p.m. Only stockholders of record as of August 5, 2014 shall be entitled to vote.

Manila, July 22, 2014.

**EVER-GOTESCO RESOURCES**
**& HOLDINGS INC**

by: christineplase

**CHRISTINE P. BASE**
CORPORATE SECRETARY

**SECURITIES AND EXCHANE COMMISSION**
**SEC FORM 20-IS**
**INFORMATION STATEMENT PURSUANT TO SECTION 20**
**OF THE SECURITIES REGULATION CODE**

1. Check the appropriate box :

   [ , ] Preliminary Information Statement

   [ ] Definitive Information Statement

2. Name of Registrant as specified in its charter :
   **EVER- GOTESCO RESOURCES AND HOLDINGS, INC.**

3. Province, country, or other jurisdiction of incorporation or organization
   **City of Manila, Philippines**

4. SEC Identification Number : **AS094-8752**

5. BIR Tax Identification Code : **032-004-817-595**

6. Address of principal office :
   **12/F, Ever Gotesco Corporate Center,**
   **1958 C. M. Recto Avenue, Manila**

7. Registrant's telephone number, including area code : **(02) 735-6901**

8. Date, time and place of the meeting of security holders :
   Date : **August 29, 2014**
   Place : Penthouse I I, Ever Gotesco Corporate Center
   1958 C. M. Recto Avenue, Manila
   Time : **3:00 P.M.**

9. Approximate date of which the Information Statement is to be sent or given to security holders : about **August 5, 2014**

10. Securities registered pursuant to Sections 4 and 8 of the RSA :

| Title of Each Class | Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding |
|---|---|
| **Common Stock P1.00 par value** | **5,000,000,000** |

11. Are any or all of registrant's securities listed on a Stock Exchange ?

    Yes _____X_____ No _________

    If so, disclose name of the Exchange: **Philippine Stock Exchange – Common Shares**

# EVER-GOTESCO RESOURCES AND HOLDINGS, INC.

## INFORMATION STATEMENT

**WE ARE NOT ASKING FOR A PROXY AND**
**YOU ARE REQUESTED NOT TO SEND US A PROXY**

## ITEM 1. DATE, TIME AND PLACE OF MEETING OF SECURITY HOLDERS.

| | | | |
|---|---|---|---|
| (a) | Date of Meeting | : | August 29, 2014 |
| | Time of Meeting | : | 3:00 P.M |
| | Place of Meeting | : | Penthouse I, Ever Gotesco Corporate Center,<br>1958 C. M. Recto Avenue, Manila |
| | Principal Office | : | 12th Floor, Ever Gotesco Corporate Center,<br>1958 C. M. Recto Avenue, Manila, Philippines |

(b) Approximate Date on which Copies of the Information Statement are First to be Sent or Given to Security Holders shall be on or before **August 5, 2014.**

## ITEM 2. DISSENTERS' RIGHT OF APPRAISAL

Any stockholder of Ever Gotesco Resources and Holdings, Inc. and subsidiary may exercise his appraisal right against any proposed corporate action which qualifies as an instance under Section 81 of the Corporation Code and which gives rise to the exercise of such appraisal right pursuant to and in the manner provided in Section 82 of the Corporation Code. In accordance with the agenda of the annual stockholders' meeting as stated in the Notice of Annual Stockholders' Meeting, the company does not reasonably foresee the happening of any instance which may warrant the exercise of the appraisal right by any stockholder during the Annual Stockholders' Meeting.

**There are no matters to be taken up in the meeting which will trigger appraisal rights.**

## ITEM 3. INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON.

No director or officer of the Company since the beginning of the last fiscal year, or any nominee for election as director, nor any of their associates, has any substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon in the meeting, other than election to office.

**ITEM 4. VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF.**

(a) Voting securities entitled to vote at the Annual Meeting :

As of June 30, 2014, there are 5,000,000,000 shares of the Company's common stock outstanding and entitled to vote at the Annual Meeting. One share is equivalent to one vote except in the election of directors where one share is entitled to as many votes as there are directors to be elected.

(b) Record Date

Only holders of the Company's stock of record at the close of business on August 5, 2014 (the "Record Date") acting in person or by proxy on the day of the meeting are entitled to vote at the Annual Meeting to be held on August 29, 2014.

(c) Election of directors and voting rights (Cumulative Voting)

Each stockholder may vote the number of shares of stock outstanding in his own name as of Record Date for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he my distribute them on the same principle among as many candidates as he shall see fit; provided, that the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of the Company multiplied by the whole number of directors to be elected. However, no delinquent stock shall be voted. Cumulative voting is allowed for election of members of the Board.

(d) Security Ownership of Certain Record and Beneficial Owners and Management.

The table below shows persons or groups known to the Company as of June 30, 2014 to be directly or indirectly the record or beneficial owner of more than five percent (5%) of the Company's voting securities:

| Title of Class | Name, Address of Record Owner and Relationship with Issuer | Name of Beneficial Owner and Relationship with Record Owner | Citizenship | No. of Shares Held | % of Ownership |
|---|---|---|---|---|---|
| Common | Gotesco Properties, Inc. 1958 C. M. Recto Ave., Manila | Gotesco Properties, Inc. | Filipino | 1,769,235,000 | 35.38% |
| Common | PCD Nominee Corp. G/F, Makati Stock Exchange Bldg. 6767 Ayala Ave., Makati City | PCD Nominee Corp. | Filipino | 1,324,910,997 | 26.50% |

As of June 30, 2014, EVER knows of no one who beneficially owns in excess of 5% of EVER's common stock except as set forth in the table below:

There is no individual record or beneficial owner of more than 5% of the shares of stocks under PCD Nominee Corp. as of June 30, 2014.

Mr. Joel T. Go is natural person who has voting power over shares of Gotesco Properties, Inc. as approved by the Board of Directors of Gotesco Properties, Inc..

(2) Security Ownership of Management as of June 30, 2014

The table below shows the securities beneficially owned by all directors, nominees and executive officers of the Company as of June 30, 2014:

| Title of Class | Name of Beneficial/Record Owner | Amount/Nature of Beneficial Ownership | | Citizenship | % of Ownership |
|---|---|---|---|---|---|
| common | Jose C. Go<br>Chairman/Director | 227,820,000 | Direct | Filipino | 4.56% |
| common | Evelyn C. Go<br>Treasurer/Director | 2,371,315 | Direct | Filipino | 0.05% |
| common | Jonathan T. Go<br>Director | 65,000,000 | Direct | Filipino | 1.30% |
| common | Lourdes G. Ortiga<br>Director | 81 | Direct | Filipino | 0.00% |
| common | Joel T. Go<br>Director | 82,672,601 | Direct | Filipino | 1.65% |
| common | Christian Grant Yu Tomas | 1 | Direct | Filipino | 0.00% |
| common | Antonio P. Jamon, Jr.<br>Independent Director | 10,000 | Direct | Filipino | 0.00% |
| common | Christine P. Base<br>Corporate Secretary | 1 | Direct | Filipino | 0.00% |
| | Diana T. Huang<br>AVP Corporate Planning | None | | Filipino | |
| | Cynthia T. Dizon<br>AVP Comptroller | None | | Filipino | |
| | All executive officers and directors as a group – **<u>All Filipino Citizens</u>** | ----------------<br>**377,873,998**<br>========= | | | -------------<br>**6.27%**<br>======= |

Directors and Officers as a group hold a total of 377,873,998 shares, equivalent to approximately 6.27% of the Company's issued and outstanding capital stock.

(e) Voting Trust Holders of 5% or more

No person holds 5% or more of the issued and outstanding shares of stock of the Company under a voting trust or similar agreement

(f) Changes in Control

The Company is not aware of any change in control or arrangement that may result in a change in control of the Company since the beginning of its last fiscal year.

## ITEM 5. DIRECTORS AND EXECUTIVE OFFICERS

(a) The Board of Directors

The Company's Board of Directors is responsible for the overall management and direction of the Company. The Board meets regularly every quarter, or as often as required, to review and monitor the Company's financial position and operations. Each Board member serves for a term of one year or until his successor is duly elected and qualified.

The following are the members of the Board :

| Office | Name | Age | Nationality |
|---|---|---|---|
| Chairman | Jose C. Go | 66 | Filipino |
| Director/President | Joel T. Go | 41 | Filipino |
| Director | Evelyn C. Go | 59 | Filipino |
| Director | Jonathan T. Go | 39 | Filipino |
| Director | Loudes G. Ortiga | 57 | Filipino |
| Independent Director | Christian Grant Yu Tomas | 37 | Filipino |
| Independent Director | Antonio P. Jamon, Jr. | 58 | Filipino |

The following are the brief description of the respective background of the Company Director's and nominees who have been nominated for election, their respective ages and involvement in other businesses for the past five (5) years.

**JOSE C. GO**, Filipino, was born on June 19, 1948, graduated from the University of Santo Tomas. He is presently the Chairman, President and Chief Executive Officer of the Ever Gotesco Resources and Holdings, Inc. Mr. Go received his extensive business and entrepreneurial training and experience from his early exposure to the various aspects of operations of family-owned corporations. He is also the Chairman, President and Director of Gotesco Land, Inc. (formerly Suricon Resources Corporation). He is hold the position of Chairman and Chief Executive Officer of Gotesco Tyan Ming Development, Inc.. In addition, Mr. Go is the President of Ever Emporium, Inc., Gulod Resort, Inc., GMCC United Development Corp., Ever Plaza, Inc., Ever Center, Inc., Ever Commonwealth Center, Inc., and Nasugbu Resort, Inc. Re-elected Director in December 18, 2008 and a holdover Director since his election up to the present and until his successor shall have elected and qualified.

**JOEL T. GO**, Filipino, was born on January 25, 1973, is a graduate in Bachelor of Science in Electronics & Communications Engineering from De Lasalle University. He is the first child of the three children of Mr. Jose C. Go. He's work experiences are with the family businesses and occupies the following positions in various company under the Ever Gotesco Group of Companies for the last five (5) years, viz : Chairman and President of Ever Plus Meisec Corp.; Ever Plus Superstore, Inc.; Ever Plus Convinience Stores, Inc. He is also President and Director of United Doctors Service Corp.; Majestic Plus Holdings Intl. Inc.; and Eagles Production Intl. Inc. and Director and Treasurer of Evercrest Golf Club Resort, Inc. Re-elected Director in December 18, 2008 and a holdover Director since his election up to the present and until his successor shall have elected and qualified

**EVELYN C. GO**, Filipino, was born on December 23, 1954, is a graduate from the Philippine School of Business Administration with a degree in Business Management. Ms. Go started her practical business training at an early age covering various positions and aspects of the Go Tong family business enterprises. She is affiliated with and occupies the following positions in various institution for the last five (5) years, viz : President/Chief Operating Officer of Gotesco Tyan Ming Development, Inc., Executive Vice President of Ever Emporium, Inc., Ever Plaza, Inc. Ever Center, Inc., Ever Commonwealth Center, Inc., Director and/or Treasurer of Gotesco Properties, Inc., Megaheights Realty & Development Corp., Gulod Resort, Inc., Gotesco Land, Inc., (formerly Suricon Resources Corp.),and Nasugbu Resort, Inc. Re- elected Director in December 18, 2008 and a holdover Director since his election up to the present and until his successor shall have elected and qualified.

**JONATHAN T. GO**, Filipino, was born on October 28, 1974, holds a Bachelor of Science degree in Commerce major in Business Management from De La Salle University. He is the second child of the three children of Mr. Jose C. Go and Elvy T. Go. He is affiliated and occupies the following positions for the last five (5) years, viz : Entrepreneurial executive with more than 9 years of experience in managing marketing, sales, operation, personnel and merchandising for a start up and established retailer locally. He is the youngest member of the board of Directors of ECR composed of 30 industry’s CEOs (both retail and manufacturing) and. re-elected Director in October 2011. He is a nominee for director for the forthcoming stockholders meeting.

**LOURDES G. ORTIGA**, Filipino, was born on September 28, 1957 is a Fine Arts Major in Interior Design graduate from the University of Santo Tomas. She is affiliated and occupies various position under the Ever Gotesco Group of companies for the last five (5) years, viz: Director and Corporate Secretary of Gotesco Tyan Ming Development, Inc.; Gotesco Properties, Inc.; Ever Shoppers, Inc.; Gusset Realty & Development, Corp.; and Revere Realty and Development, Corp. Director of Gotesco Holdings, Inc.; Ever Emporium, Inc.; Ever Plaza, Inc.; Ever Commonwealth Center, Inc.; Ever Center, Inc. and Primeworld Management Services, Inc. Executive Vice President for Marketing Communications Services of the Ever Gotesco Group of Companies. Re-elected Director in December
18, 2008 and a holdover Director since her election up to the present and until her successor shall have elected and qualified.

**CHRISTIAN GRANT YU TOMAS**, Filipino, 36,years old Head, Legal Department of Tyche Consulting Ltd. Phil. Regional Operating Headquarters. Previously worked as Legal Counsel of Alphaland Corporation; Executive Assistant on Commission on Elections, Office of Commissioner Larrazabal; and Associate, ZAMORA POBLADOR VASQUEZ & BRETANA LAW OFFICE. He graduated from Ateneo De Manila University of Law with a Degree of Juris Doctor in 2004. He passed the Bar Examination in 2004. He graduated from De La Salle University with a Bachelor of Science Degree in Applied Economics in 1999.

**ANTONIO “BUTCH” PANGAN JAMON, JR.,** Filipino, was born on December 24, 1955, is a Lawyer. He obtained his Bachelor of Laws from the University of the Philippines in 1981, had earned MA/PhD credits in Political Science from the same University in 1983 and Master of Laws from the San Beda Graduate School of Law in 2008. He is affiliated and occupies various position with the following institution for the last five (5) years, viz: Senior Partner of the Kintanar Jamon Parungo & Ladia Law Firm. Also, he is engaged in various capacities, either as Corporate Secretary or Legal Consultant/Counsel for several Companies and government agencies like: United Laboratories, Inc. (Unilab); Qualifirst Health, Inc.; Office of the Secretary, Department of Health (DOH); Board of

Trustees of the Specialty Hospitals, Department of Health; National Committee on Bio-Safety of the Philippines (NCBP), DOST; Institute of Strategic and Development Studies (ISDS); Veterans Memorial Hospital (VMMC) and Clint Technologies, Inc. (Affiliate of Unilab). Atty. Jamon, Jr. is also a College of Law Professorial Lecturer at the Arellano University; De La Salle University and Polytechnique University of the Philippines and a Professorial Lecturer in the College of Social Sciences and Philosophy at the University of the Philippines. His public service involvement includes as a TV Talk Show Host of the News & Public Affairs, Infomax 8 in San Fernando City; Pampanga and as the Vice Chairman & Director for Legal and Legislative Affairs of Nationwide Association of Cosumers, Inc. Previous work experiences in varied capacities of Atty. Jamon, Jr. were with United States Agency for International Development (USAID)/Nathan Associates/Carana Corp; USAID/Development Alternatives, Inc.; Civil Aviation Authority of the Philippines (CAAP); Office of the President, Office of the Chief of Staff; Commission on Elections (COMELEC); Chemphil Group of Companies; Bureau of Customs; Department of Environment & Natural Resources (DENR) and Ledesma, Saludo And Associates Law Offices. He was elected as the 2$^{nd}$ Independent Director of the Company on November 17, 2010 and a hold over independent director since his election up to the present.

**Senior Management**

**CRISTINE P. BASE,** Filino, 43, Compliance Officer of Bloomberry Resorts Corporation (formerly: Active Alliance, Inc.) and is currently a Securities, Corporate and Tax Lawyer at Pacis and Reyes, Attorneys and the Managing Director of Legisforum, She is a Director and the Corporate Secretary of various companies like Anchor Land Holdings Inc., Araneta Properties Inc. and Asiasec Equities Inc. She was an Auditor and a Tax Lawyer at Sycip, Gorres, Velayo & Co. She graduated at Ateneo de Manila University School of Law with a degree of Juris Doctor and passed the Bar Examination in 1997. Ms. Base is also a Certified Public Accountant graduated from De La Salle University with a Bachelor of Science Degree in Commerce Major in Accounting.

**CEASAR P. CERTEZA**, Assistant Corporate Secretary, graduated from Ateneo de Manila University School of Law with a degree of Juris Doctor in 1995. He also graduated as Magna Cumlaude in Bachelor of Arts – Major in Economics in University of Santo Tomas in 1991. He passed the Philippine Bar Examination in 1995. He is currently the Corporate Legal Counsel in Metropolitan Medical Center. He became lawyer of CRCerteza Law Office in 2007-2011. A partner in Halili Certeza Matibag Law Office 2000-2007. Legal Officer I of NGL Pacific, Ltd., 1998-2000. Associate Lawyer of Sebastian Liganor Galinato and TierraLaw Offices1995-1998. He is a Legal Apprentice in Bautista Picazo Buyco Tan Fider Law Office during summer of 1993-1994. Atty. Certeza is also an Instructor I in University of Santo Tomas- Faculty of Arts and Letters in school year 1991-1998. A member of The Fraternal Order of Utopia and Integrated Bar of the Philippines.

**CYNTHIA T. DIZON**, AVP-Controller, graduated from Polytechnic University of the Philippines (3- yrs curriculum). She is a Certified Public Accountant and had been connected in various local and multinational companies with diverse industries like Hooven (Comalco) Phil. Inc., Windjammer Cruises, East Asiatic Corporation, Gold Packaging Corp., Richard Hamilton Properties Inc., Century Canning Corporation. Before she joined the company she was the Accounting Head of House of Investments Inc, the holding company of Yuchengco Group of Companies.

Period & Term of Office: Appointed as AVP-Controller effective June, 2012.

**Nominations for Director including Independent Directors for 2014-2015**

The directors of the Company elected at the Annual Meeting are to hold office for one year and until their respective successors have been elected and qualified.

The following are the nominees to the Board of Directors :

1. JOSE C. GO
2. EVELYN C. GO
3. JOEL T. GO
4. LOURDES G. ORTIGA,
5. JONATHAN T. GO
6. ANTONIO P. JAMON, JR., - Independent Director
7. CHRISTIAN GRANT YU TOMAS – Independent Director

The Board has no reason to believe that any of the aforecited nominees will be unwilling or unable to serve if elected as a director.

The nomination committee, following the guidelines and procedures embodied in the Revised Manual on Corporate Governance and its By-Laws of the Corporation, came up with the following nominees as Independent Directors, namely, Atty. Antonio P. Jamon, Jr. and Atty. Christian Grant Yu Tomas and Mr. Joel T. Go, member of the nomination Committee, nominated the aforecited candidates for Independent Directors of the Company. Mr. Go is not related to either Atty. Jamon or Atty. Tomas by consanguinity or affinity, and has no professional or business dealings with any of them. Messrs. Tomas and Jamon, Jr. possessed the qualifications and none of the disqualifications of independent directors under relevant rules of the Securities Regulation Code (the "SRC") and its implementing rules and regulations (the "SRC Rules").

The members of the Nomination Committee are as follows :

| | | |
|---|---|---|
| Chairman | - | JOEL T. GO |
| Member | - | EVELYN C. GO |
| Member | - | LOURDES G. ORTIGA |

For this Annual Meeting, the Committee has screened and evaluated the candidates for nomination as Independent Directors, using the aforementioned guidelines, pertinent provisions of the Corporation's Revised Manual on Corporate Governance and its By-Laws and relevant rules under the SRC and SRC Rules.

The company has adopted the SRC Rule 38 Requirements on Nomination and Election of Independent Directors and compliance therewith has been made.

Guidelines on the Nomination and Election of Independent Directors

Independent director means a person who, apart from his fees and shareholdings, is independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director in any covered company and includes, among others, any person who:

a. Is not a director or officer of the company or of its related companies or any of its substantial shareholders except when the same shall be an independent director of any of the foregoing;
b. Does not own more than two percent (2%) of the shares of the company and/or its related companies or any its substantial shareholders;
c. Is not related to any director, officer or substantial shareholder of the company, any of its related companies or any of its substantial shareholders. For this purpose, relatives include spouse, parent, child, brother, sister, and the spouse of such child, brother or sister;
d. Is not acting as a nominee or representative of any director or substantial shareholder of the company, and/or any of its related companies and/or any of its substantial shareholders, pursuant to a Deed Trust or under any contract or arrangement;

**(B) FAMILY RELATIONSHIPS**

Three (3) Directors are siblings namely, Jose C. Go, Evelyn C. Go and Lourdes G. Ortiga and Joel T. Go and Jonathan T. Go are the sons of Jose C. Go. All other directors and officers have no family relationships in any civil degree either by consanguinity or affinity.

**(C) INDEPENDENT DIRECTORS**

Messrs. Christian Grant Yu Tomas and Antonio P. Jamon, Jr. are the Company's Independent Directors. They are neither officers nor substantial shareholders of the Company. Pursuant to SEC Memorandum Circular No. 9 dated December 5, 2011, the term limit of the Independent Directors is a maximum of five (5) consecutive years. Atty. Pacis being elected as Independent Director in 2008 is no longer qualified to be elected as independent Director.

**(D) SIGNIFICANT EMPLOYEE**

No particular individual employee who is not an executive officer can be singularly identified as making in significant contribution to the business, because the strength of the company lies in the cooperative efforts of all officers, staff and employees of the corporation.

**(E) DEATH OF A DULY ELECTED DIRECTOR.**

Not applicable

**(F) ELECTION OF A DIRECTOR**

Not applicable

**(G) WARRANTS AND OPTIONS OUTSTANDING**

There are no known outstanding warrants or options held by the companies named executive officers, and other officers and directors as a group.

## (H) INVOLVEMENT OF DIRECTORS AND OFFICERS IN LEGAL PROCEEDINGS

Except for the proceedings described in Annex "A", to the knowledge and/or information of the Company, the present members of the Board or the executive officers are not, presently, or during the last five years, involved or have been involved in criminal, bankruptcy or insolvency investigations or proceedings.

Other pending legal proceedings involving the Company is described in Annex "A" hereof.

## (I) CERTAIN RELATIONSHIP AND RELATED TRANSACTIONS.

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

| | 2013 | | | |
|---|---|---|---|---|
| | Amount/ Volume | Outstanding Asset (Liability) | Terms | Condition |
| Stockholders | | | | |
| Advances to related parties | 777,242 | 1,687,886,373 | Payable in five years; non-interest bearing | Unsecured; partially impaired |
| Affiliates under common control | | | | |
| Rental receivable | | 535,437,488 | Payable in one month; non-interest bearing | Unsecured; partially impaired |
| Advances to related parties | 18,552,465 | 855,374,240 | Payable in five years; non-interest bearing | Unsecured; partially impaired |
| Payable to related party | | (4,000,000) | Due and demandable | Unsecured |

| | 2012 | | | |
|---|---|---|---|---|
| | Amount/ Volume | Outstanding Asset (Liability) | Terms | Condition |
| Stockholders | | | | |
| Advances to related parties | 2,386,897 | 1,687,447,406 | Payable in five years; non-interest bearing | Unsecured; partially impaired |
| Affiliates under common control | | | | |
| Rental receivable | | 579,533,901 | Payable in one month; non-interest bearing | Unsecured; partially impaired |
| Advances to related parties | 86,051,784 | 837,926,859 | Payable in five years; non-interest bearing | Unsecured; partially impaired |
| Payable to related party | | (4,000,000) | Due and demandable | Unsecured |

a. Prior to 2011, the Group leases out mall spaces under one-year term commercial property leases to entities that are under common control. These leases have terms of renewal, but have no purchase options, escalation clauses and imposed restrictions such as additional debt or further leasing. Outstanding rent receivables from related parties are presented as part of "Receivables" in the balance sheets.

b. The Company has non-interest bearing advances to GTMDI amounting to ₱2.0 million in 2013 and ₱2.4 million in 2012. Non-interest bearing advances amounting to ₱154.3 million and ₱184 million as of December 31, 2013 and 2012, respectively, net of unamortized excess of nominal amounts over the present value of these receivables amounting to ₱29.65 million and ₱38.40 million as of December 31, 2013 and 2012, respectively, were fully eliminated in the consolidated financial statements. Accordingly, the related accretion recognized in profit or loss amounting to ₱8.8 million in 2013, ₱8.30 million in 2012 and P10.90 million in 2011 were also eliminated.

c. The Group grants non-interest bearing advances to entities that are under common control, to the parent and to its stockholder. These advances are payable in five years as approved by the BOD.

The long-term non-interest bearing advances were initially recorded at fair value, based on discounted cash flows, and are subsequently carried at amortized cost. The excess of the nominal amounts over the present values of the noncurrent receivables from entities under common control are recognized directly in equity on the date of grant. Accretion of the difference between nominal amount and present value is recognized in profit or loss.

The following table shows the rollforward of the unamortized portion of the excess of nominal amounts over the present values of noncurrent receivables from related parties:

| | **2013** | **2012** |
|---|---|---|
| Beginning balance | **P371,050,392** | P449,940,724 |
| Addition | **2,526,028** | - |
| Accretion | **(84,101,281)** | (78,890,332) |
| Ending balance | **P289,475,139** | P371,050,392 |

Accretion income amounted to P84.10 million in 2013, P78.89 million in 2012.

d. Movements in and details of the allowance for doubtful accounts relating to receivables from related party follow:

| | **2013** | **2012** |
|---|---|---|
| Beginning balance | **P862,628,000** | P860,128,000 |
| Provision for the year | **47,442,**050 | 2,500,000 |
| Ending balance | **P910,070,050** | P862,628,000 |

e. Receivables from related parties, net of current portion, arising from advances are as follows:

| | 2013 | 2012 |
|---|---|---|
| Receivables from related parties | **P2,543,260,613** | P2,525,374,265 |
| Less unamortized accretion income | **289,475,139** | 371,050,392 |
| | **2,253,785,474** | 2,154,323,873 |
| Less current portion | **949,195,195** | 950,280,430 |
| | **1,304,590,279** | 1,204,043,443 |
| Less allowance for doubtful accounts-noncurrent | **60,901,681** | 60,901,681 |
| Ending balance | **P1,243,688,598** | **P**1,143,141,762 |

f. The Company has non-interest bearing payables to entities that are under common control. Payables to related parties, included as part of "Accounts Payable and Other Liabilities" in the consolidated balances sheets amounted to ₱4.0 million as of December 31, 2013 and 2012.

g. The compensation of key management personnel representing short-term employee benefits amounted to P3.9 million in 2013, P3.5 million 2012 and P3.3 million in 2011. Retirement benefits for key management personnel amounted to P0.5 million in 2013, P0.3 million in 2012 and P0.2 million in 2011.

## ITEM 6. COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

In accordance with the By-laws, the officers shall receive such remuneration as the Board of Directors may determine. All other officers shall receive such remuneration as the Board of Directors may determine upon recommendation of the President. A director shall not be precluded from serving the corporation in any other capacity as an officer, agent or otherwise and receiving compensation thereof.

The following table summarizes the names and aggregate compensation paid or accrued during the last three years and to be paid in the ensuing year to the company's highly compensated officers.

| Name and Principal Position | Year | Salary (in million) | Bonus | Other Annual Compensation |
|---|---|---|---|---|
| The Five most highly compensated executive officers:<br><br>Jose C. Go – Chairman<br>Joel T. Go – President<br>Diana T. Huang – AVP Corporate Planning<br>Cynthia Dizon – AVP Comptroller | 2014* | P3.75 | None | None |
| | 2013 | 3.58 | None | None |
| | 2012 | 3.58 | None | None |
| All other executive officers and directors as a group Unnamed | 2014** | P 360,000.00 | - 0 - | None |
| | 2013** | 360,000.00 | - 0 - | None |
| | 2012** | 480,000.00 | - 0 - | None |

**Estimated compensation of executive officers for the ensuing year.*

** Honorarium of the Independent Directors

### ***Compensation of Directors***

By resolution of the Board, each director shall receive a per diem allowance of P5,000.00 for his attendance at each meeting of the Board. As compensation, the Board shall receive and allocate an amount of not more than ten percent (10%) of the net income before income tax of the company during the preceding year. Such compensation shall be determined and apportioned among the directors in such manner as the Board may deem proper, subject to the approval of stockholders representing at least a majority of the outstanding capital stock at a regular or special meeting of the stockholders. For the last three years, the directors didn't draw any salaries or bonuses from the company and there are no accruals for Director's per diem.

Since December 1, 1995 up to the present, the directors (except for the Independent Directors) and some of the Executive officers of EVER didn't receive any per diem nor compensation from the company. These executives (President, Treasurer, and Corporate Secretary) acted their positions at EVER in their concurrent capacities at Gotesco Properties, Inc.

The Independent Directors are given a monthly honorarium of P20,000.00 in 2012 and P15,000.00 in 2013 up to present each for every regular and special board meeting actual attended.

The Company and the Executive Officers are not involved in any of the following transactions :

a. standard arrangement and any other material arrangement;
b. employment contract (between the registrant and named executive officers);
c. compensatory plan or arrangement;
d. outstanding warrants or options;
e. adjustments or amendments on the price of stock warrants or options.

## ITEM 7. INDEPENDENT PUBLIC ACCOUNTANTS

The accounting firm of Sycip Gorres Velayo & Co. ("SGV") has been the Company's independent public accountant/external auditor for the year 2008, 2009, 2010, 2011, 2012 and 2013. The same accounting firm is being recommended for re-appointment by the stockholders at the Annual Meeting. Representatives of said firm are expected to be present at the Annual Meeting. They will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions. SGV has accepted the Company's invitation to stand for re-appointment this year.

Pursuant to SRC Rule 68, Paragraph 3(b)(iv) (Rotation of External Auditors) of the SRC Rules, the Company engaged Ms. Catherine E. Lopez for the examination of the Company's financial statements for the year 2012. Previously, the Company engaged Mr. Martin C. Guantes of SGV for the examination of the Company's financial statements for the years 2008 to 2009, but was replaced by Ms. Lopez as certifying partner beginning year 2010.

Audit and Audit-Related Fees

The aggregate fees billed for each of the last two (2) fiscal years for professional services rendered by SGV was P1,050,000.00 for the year 2013 and P1,000,000.00 in year 2012. These fees cover services rendered by the external auditor for audit of the financial statements of the Company and other services in connection with statutory and regulatory filings for fiscal years 2013 and 2012.

There was no event in the past five years where SGV and the Company had any disagreement with regard to any matter relating to accounting principles or practices, financial statement disclosure or auditing scope of procedure.

The audit findings are presented to its Audit Committee which reviews and makes recommendations to the Board on actions to be taken thereon. The Board passes upon and approves the Audit Committee's recommendations. The engagement of the external auditors was favorably endorsed by the Audit Committee to the Board of Directors and ultimately submitted for approval of the stockholders.

The members of the Audit Committee of the Company are as follows :

| | | |
|---|---|---|
| 1. Christian Grant Yu Tomas | - | Chairman |
| 2. Joel T. Go | - | Member |
| 3. Evelyn C. Go | - | Member |

**ITEM 8. COMPENSATION PLANS**

No action is to be taken with respect to any plan pursuant to which cash or non-cash compensation may be paid or distributed.

**ITEM 11. FINANCIAL AND OTHER INFORMATION**

The audited consolidated financial statements of the Company for the period ended December 31, 2013 and the quarterly report ending June 30, 2014 respectively is attached hereto as Annex "B." Management's Discussion and Analysis of Operations is incorporated in the Management Report.

**ITEM 15. ACTION WITH RESPECT TO REPORTS AND OTHER PROPOSED ACTION**

There is no action to be taken with respect to any report of the Company or of its directors, officers or committees, except the approval of the minutes of the previous annual meetings of its security holders.

Other proposed action include proposed approval of the Annual Report and audited financial statements of the Company for the period ended December 31, 2013, ratification of all acts, investments, proceedings and resolutions of the Board, the Executive Committee and the acts of the officers and management since the date of the last annual meeting and the amendment of Article First of the Articles of Incorporation of EGRHI.

The approval of the minutes, Annual Report and audited financial statements for the period ended December 31, 2013, and ratification of all acts, proceedings and resolutions of the Board, the Executive Committee and the acts of the officers and management since the date of the last annual meeting require the affirmative vote of a majority of the votes cast at the Annual Meeting by the stockholders entitled to vote thereon.

**ITEM 16. MATTERS NOT REQUIRED TO BE SUBMITTED**

The approval and ratification of all the Acts of the Board of Directors for the period from October 28, 2011 to August 30, 2013.

As a matter of corporate policy, Management seeks the approval and ratification by the Stockholders of all acts, contracts, investments and resolutions of the Board of Directors and Management since October 28, 2011 or the last Annual Meeting. These are reflected in the minutes of meetings of the Board of Directors, the regular reports and disclosures to the Securities and Exchange Commission and the Philippine stock Exchange.

The following is a brief summary of all acts and resolutions of the Board of Directors for the year 2013.

a. Certificate of Attendance of Board of Directors, January 4, 2013
b. Certification of Manual on Corporate Governance, January 7, 2013
c. Annual Stockholders re-scheduling of Annual Stockholders Meeting, February 28, 2013
d. Confirmation of Short-term Cash Advance to affiliates and approval of the Issuance of 2012 Audited Financial Statements, April 4, 2013.
e. Annual Stockholders Meeting, July 1, 2013
f. New Officer, August 30, 2013

## ITEM 18. OTHER PROPOSED ACTION

The following actions are also proposed to be taken up during the Annual Meeting :

1. Election of directors for 2014-2015; and
2. Appointment of external auditor;

## ITEM 19. VOTING PROCEDURE

(a) Matters for Stockholders' Approval

Items requiring the vote of stockholders will be presented for approval of the stockholders at the meeting. If stockholders or proxies of stockholders owning more than two-thirds (2/3) of the outstanding capital stock are present and identified in the meeting, voting shall be by raising of hands or viva voce; otherwise, voting shall be done in writing by secret ballot and counted thereafter. The votes will be validated by its external auditor.

(b) Election of directors

Pursuant to the Corporation Code, every stockholder entitled to vote shall have the right to vote in person or by proxy the number of shares of stock standing, as of the record date, in his own name in the stock and transfer book of the Company; and said stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit; provided, that the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of the Company multiplied by the number of directors to be elected. The formula may be stated as follows :

Number of shares held on record x Seven (7) = Total votes that may be cast.

The external auditor of the Company, Sycip Gorres Velayo & Co. is authorized to count votes on any matter properly brought to the vote of the stockholders, including the election of directors.

During the scheduled annual stockholders' meeting, the following items will be included in the agenda for the Annual Meeting:

1. Proof of Notice of the Meeting and Existence of a Quorum;
2. Reading and Approval of the Minutes of the Annual Meeting of the Stockholders held on August 30, 2013;
3. Approval of the Audited Financial Statements of the Company as of 31 December 2013;
4. Approval and ratification of all acts of the Board of Directors, standing committees and Management since the last annual meeting;
5. Election of the members of the Board of Directors;
6. Appointment of External Auditors;
7. Other business matters;
8. Adjournment.

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Manila on August 3, 2014.

By: **CHRISTINE P. BASE**
Corporate Secretary

# CERTIFICATION OF INDEPENDENT DIRECTOR

I, CHRISTIAN GRANT YU TOMAS., Filipino, of legal age, and with postal address at S-51 Virra 1 Condominium, 500 Burgos St., Barangay Bel-Air Makati City, after having been duly sworn in accordance with law, depose and state that:

1. I am the Independent Director of Ever - Gotesco Resources and Holdings, Inc. ( "EGRHI");

2. I am affiliated with the following companies or organizations:

| Company/Organization | Position/Relationship | Period of Service |
|---|---|---|
| Ever-Gotesco Resources and Holdings, Inc. | Independent Directors | August 2013 - Present |

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director for EGRHI, as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and regulations.

4. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities regulation Code.

5. I shall inform the Corporate Secretary of EGRHI of any changes in the abovementioned information within five days from its occurrence.

Done this ___ day of JUL 2 1 2014 at the City of MANILA.

CHRISTIAN GRANT YU TOMAS

Affiant

SUBSRIBED AND SWORN to before me this JUL 2 1 2014, affiant exhibiting to me his ______ issued on ______ at ______, known to me to be the same person who personally signed before me the foregoing Certification of Independent Director and acknowledged to me that same is his own free and voluntary act and deed.

Doc. No. 505
Page No. 101
Book No. VI
Series of 2014

ATTY. ELSA VERUADERO - PERLAS
NOTARY PUBLIC
UNTIL DECEMBER 31/ 2014
ROLL OF ATTY. NO. 55358
PTR NO. 09485823-1-02-14

# MANAGEMENT REPORT

1. **SEE ATTACHED CONSOLIDATED AUDITED AND INTERIM FINANCIAL STATEMENTS AND THE STATEMENT OF MANAGEMENT RESPONSIBILITY FOR THE FINANCIAL STATEMENTS.**

2. **MANAGEMENT DISCUSSION & ANALYSIS OF PLAN OF OPERATIONS**

## RESULTS OF OPERATIONS (For the period January-June 2013)

### Revenues

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

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

### Expenses

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

### General Operating Expenses

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

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

## CHANGES IN FINANCIAL CONDITION

Year 2013 vs. Year 2012

**Cause for material Changes from Period to Period of the Income Statement**

Total revenues was maintained with a slight declined compared last year with only a ₱0.27million or 00.08% decrease from ₱348.23million in 2012 to ₱347.95 in 2013 due to slight declined on average occupancy rate on mall operations, timing difference on tenants ending contacts compared with the incoming tenants, reduction on cinema operations plus the prevailing market competition on the nearby malls.

Direct cost and expenses escalated by 00.33% mainly due to increase in taxes & licenses on real property taxes by 57% and growth on cost of agencies by 87% like security, janitorial services, contractual brought about by mandatory wage board increase but offset by the declined on utilities by 5%, and reduction on other expenses by 14%

General and Administrative expenses shoot up by 97% mainly because of the material increase in the provisions for doubtful accounts of advances of inactive of some affiliates from ₱1.13 million to ₱47.44million in 2013., 4% increase on salaries & personnel related expenses, increased by 22% on entertainment, amusement and recreation expenses from ₱7.09 million in 2012 to ₱8.66 million n 2013 and 11% growth on transportation and communication expenses of ₱5.63 million in 2013 compared to ₱5.06 million in 2012.

Income before income tax in 2013 declared at P77.34 million in 2013 while P77.30 million in 2012. Net income was posted at ₱74.17 million in 2013 while ₱75.85 million in 2012 decreased by 2% mainly due to significant increase on general and administrative expense in 2013 compared in 2012.

**Cause for material Changes from Period to Period of the Balance Sheet**

**Current Assets**

Cash increased by 88% from ₱0.44 million in 2012 to ₱0.83 million in 2013, collections were maximized for payments of operating cost and expenses like utilities and agencies.

Receivable decreased by 13 % due to increase in collections of trade receivables from affiliates.

Total Current Assets declined by 10 % from ₱1.05 billion in 2012 to ₱0.94 billion in 2013 because of the increased in provision of income tax thus increased on availed creditable withholding taxes for 2013.

**Non-Current Assets**

Total Non-Current Assets decreased by 1% from ₱3.63 billion in 2012 to ₱3.59 billion in 2013 mainly because of the increase in other Noncurrent Assets by 34% and increased by 9% of Receivables from Related Parties which was offset by the decreased in investment properties by 6% and Property and Equipment by 32% due to the periodic depreciation charges and adjustment made per physical inventory count

**Current Liabilities**

Accounts payable and other liabilities decreased by 1% from P1.34 billion in 2012 to P1.32 billion in 2013 due to increase in payments of payables & adjustments on booked accruals.

Current portion of payables to bank increased by 1% due timing difference on payment of current portion.

Operating lease payable decreased by 27% due to updating of payments of this account from P30.88 million in 2012 to P22.52 million in 2013.

Customer's Deposits slightly declined P105.23 million in 2012 to P104.80 million in 2013 due to timing difference on in coming tenants and the moving out tenants due to end of contracts.

**Non-Current Liabilities**

Payables to bank- net of current portion (Long-term debt ) decreased by 42% mainly because of reclassification of loans of noncurrent to current portion of long term debt plus interest from P453.02 million in 2012 to P263.99 million in 2013.

Retirement benefits liability increased by 41 % for accrual of 2013 liability.

**Stockholder's Equity**

Total Equity increased by 3 % because of the improved in income for 2013 compared in 2012.

**Year 2012 vs. Year 2011**

**Cause for material Changes from Period to Period of the Income Statement**

Total revenues was sustained as that of last year with only a ₱2.9 million or 1% decrease from ₱351.12 million in 2011 to ₱348.23 in 2012 due to slight declined on average occupancy rate on mall operations, timing difference on tenants ending contacts compared with the incoming tenants, reduction on cinema operations plus the prevailing market competition on the nearby malls.

Direct cost and expenses fell to 6% mainly due to declined on security and janitorial expense due to reduction of security guards, janitorial posting by 67% and film rental expense by 40% because of the slowdown on cinema operations. Adjustment on 2011 taxes and licenses reflected in 2012.

General and Administrative expenses dropped by 8% mainly because of the decreased in salaries and personnel related benefits by 6%, cut on entertainment, amusement & recreation by 18%, transportation and communication declined by 23%, professional fees reduced by

20% and office supplies by 33% offset by the 14% increase on advertising & promotions.

Net income was posted at ₱75.79 million in 2012 while ₱85.28 million in 2011 decreased by 11% mainly due to reduction on interest expense because of the decreased on prevailing interest rates in 2012 compared in 2011.

**<u>Cause for material Changes from Period to Period of the Balance Sheet</u>**

**<u>Current Assets</u>**

Cash and Cash Equivalents increased by 57% although there was an increase, collections were maximized for payments of operating cost and expenses.

Accounts receivable increased by 29% due to increase on unpaid trade receivables from affiliates.

Total Current Assets increased by 27% from ₱826.52 million in 2011 to ₱1.05 billion in 2012 because of the increase in trade receivables and the timing difference on booking of creditable withholding taxes.

**<u>Non-Current Assets</u>**

Total Non-Current Assets maintained its balance, from ₱4.71 billion in 2011 to ₱4.68 billion in 2012 decreased by only 1 % mainly because of the increase in other Noncurrent Assets by 31% and decreased by 9% of Receivables from Related Parties which was offset by the decreased in property investments by 6% and Property and Equipment by 27% due to the periodic depreciation charges and adjustment made per physical inventory count.

**<u>Current Liabilities</u>**

Accounts payable and other liabilities increased by 6% from P1.26 billion in 2011 to P1.34 billion in 2012 due to increase in accruals of bank loan interest and other liabilities.

Current portion of payables to bank increased by 15% due re-classification of bank loans from non- current to current portion plus interest from P162.90 million in 2011 to P186.78 million in 2012.

Operating lease payable decreased by 41% due to updating of payments of this account and adjustment made per contract from P51.94 million in 2011 to P30.87 million in 2012.

Customer’s Deposits declined by 3% due to refund made to tenants in GTMDI Ever Ortigas who discontinue their lease contract from P 108.14 million in 2011 to P105.23 million in 2012.

**<u>Non-Current Liabilities</u>**

Payables to bank- net of current portion (Long-term debt ) decreased by 29% mainly because of reclassification of loans of noncurrent to current portion of long term debt plus interest from

P639.82 million in 2011 to P453.02 million in 2012.

Retirement benefits liability increased by 12 % for accrual of 2012 liability.

**Stockholder's Equity**

Total Equity decreased by 1% because of the improved in income for 2012 compared in 2011.

**Year 2011 vs. Year 2010**

**Cause for material Changes from Period to Period of the Income Statement**

Total revenues in 2011 slightly decreased by 3% amounted to P351.12 million from P361.37 million in 2010, primarily due to lower occupancy rate on available space and dropped on cinema sales operations.

The Mall business continues to bring shopping convenience nearer to its customers. This is particularly true to the establishment of Shopping Malls in the densely populated villages in the metropolis, in the nearby provinces and major cities by the major players in the industry. This major thrust, while expected to create new market, is expected to narrow the market radius of the shopping centers in the metropolis. Regular tenants of shopping centers in the metropolis have established their respective outlets in these new centers and, as an offshoot, requests for down-sizing of area occupied and reduction in rental rates continue to be experienced .Cinema revenues continue to experience a downtrend due to high ticket costs and the persistence of pirated DVD's.

Direct cost and expenses reduced by a minimal of 2% or P4.92 million from P243.15 million in 2010 to P238.23 million in 2011 due to the 79% declined in Security and Janitorial services, 100% cut in management fees which resulted to a 4 % decrease in gross profit from 2010 to 2011.

General and administrative expenses grew by 14% , P53.14 million in 2011 from P46.50 in 2010 mainly due to increased in professional fees by 398%, rental expense of 68%, 33% on taxes and licenses and 61% on entertainment, amusement & recreation in 2011 compared in 2010.

Other income and other charges materially increased from a negative of P21.92 million in 2010 to an income of P26.30 million in 2011.

Net income boosted by 81% in 2011 in comparison to 2010 performance from P42.23 million to P85.28 million.

**Cause for material Changes from Period to Period of the Balance Sheet**

**Current Assets**

Cash and Cash Equivalents decreased by 41% due to decrease in collections and increase in payment of operating cost and expenses.

Accounts receivable increased by 17% due to increase on unpaid trade receivables from affiliate and decrease in collections from tenants..

Total Current Assets increased by 16% from P714.43 million in 2010 to P 826.52 million in 2011 because of the increase in trade receivables and the timing difference on booking of creditable withholding taxes.

**Non-Current Assets**

Total Non-Current Assets maintained its balance, from P3.94 billion in 2010 to P3.89 billion in 2011 decreased by only 1 % mainly because of the decrease in property investments by 6% due to the periodic depreciation charges which was offset by 8% increase in receivables from related parties and 33% increase in other non-current assets.

**Current Liabilities**

Accounts payable and other liabilities increased by 9% from P1.16 billion in 2010 to P1.26 billion in 2011 due to increase in accruals of bank loan interest and other liabilities.

Current portion of payables to bank increased by 45% due re-classification of bank loans from non- current to current portion plus interest from P112.25 million in 2010 to P162.90 million in 2011.

Operating lease payable decreased by 9% or P5.20 million due to updating of payments of this account from P57.14 million in 2010 to P51.94 million in 2011.

Customer's Deposits declined by 10% due to refund made to tenants in GTMDI Ever Ortigas who discontinue their lease contract from P 119.89 million in 2010 to P108.14 million in 2011.

**Non-Current Liabilities**

Payables to bank- net of current portion (Long-term debt ) decreased by 19% mainly because of reclassification of loans of the group noncurrent to current portion of long term debt plus interest from P785.60 million in 2010 to P639.82 million in 2011.

Retirement benefits liability increased by 11 % for accrual of 2011 liability.

**Stockholder's Equity**

Total Equity increased by 3 % because of the improved in income for 2011 compared in 2010.

**MARKET PRICE OF AND DIVIDENDS ON REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS**

***Market Information***

The principal market of the Company's common equity is the Philippine Stock Exchange. Below are the quarterly stock prices for the 1ast three years and first up to second quarters of
2013:

| | 2014 | | 2013 | | 2012 | | 2011 | |
|---|---|---|---|---|---|---|---|---|
| Quarter | High | Low | High | Low | High | Low | High | Low |
| | | | | | | | | |
| First | 0.3700 | 0.1750 | 0.4450 | 0.2900 | 0.3100 | 0.1500 | 0.1200 | 0.1150 |
| Second | 0.3050 | 0.2340 | 0.3700 | 0.2300 | 0.2050 | 0.1550 | 0.1100 | 0.1020 |
| Third | | | 0.3250 | 0.2320 | 0.2180 | 0.1610 | 0.1610 | 0.1530 |
| Fourth | | | 0.2900 | 0.1750 | 0.4350 | 0.1810 | 0.1500 | 0.1030 |

The last trading date during the year 2013 was on December 27, 2013 of which price per share was at ₱0.210 high and ₱.203 low.

**Holders**

The number of stockholders of record as of June 30, 2014 was 5,735 Common shares outstanding as of the same date totalled 5 billion at ₱1 par value per share. Listed below are the top twenty (20) stockholders as of June 30, 2014:

| STOCKHOLDERS | NO. OF SHARES | % OF O/S |
|---|---|---|
| 1. GOTESCO PROPERTIES, INC. | 1,769,235,000 | 35.38 |
| 2. PCD NOMINEE CORPORATION (FILIPINO) | 1,324,910,977 | 26.49 |
| 3. CONSOLIDATED VENTURES, INC. | 892,000,000 | 17.84 |
| 4. JOSE C. GO | 227,820,000 | 4.56 |
| 5. GOTESCO INVESTMENT, INC. | 105,000,000 | 2.10 |
| 6. PCD NOMINEE CORPORATION ( FOREIGN) | 104,178,000 | 2.08 |
| 7. LI CHIH-HUI | 100,000,000 | 2.00 |
| 8. JOEL T. GO | 82,672,601 | 1.65 |
| 9. PCCI SECURITIES BROKERS CORP. | 78,125,000 | 1.56 |
| 10. JONATHAN T. GO | 65,000,000 | 1.30 |
| 11. JOHANN T. GO | 65,000,000 | 1.30 |
| 12. ERNESTO B. LIM | 12,050,000 | 0.24 |
| 13. JOSE YU GO, JR. | 10,000000 | 0.20 |
| 14. BERNADINE TAN ONG | 9,610,000 | 0.19 |
| 15. ZHENG YUAN MING | 8,000,000 | 0.16 |
| 16. ANTONIO KAW | 7,700,000 | 0.15 |
| 17. WANG BI LING | 7,000,000 | 0.14 |
| 18. QUI YI MAN | 5,300,000 | 0.11 |
| 19. GREGORIO A. KAW | 4,000,000 | 0.08 |
| 20. ALBINO A. KAW | 4,000,000 | 0.08 |

## Dividends

***Dividend Policy*** - Dividends shall be declared and paid out of the unrestricted retained earnings which shall be payable in cash, property, or stock to all stockholders on the basis of outstanding stock held by them, as often and at such times as the Board of Directors may determine and in accordance with law and applicable rules and regulations.

***Covenants*** - Under the syndicated loan agreements signed with their respective lenders, the company and its subsidiary -GTMDI, shall not declare or pay any dividend to their respective stockholders without the written consent of their respective syndicate lenders until the termination of commitments there under and the full payments of debt obligations and other amounts due them.

***Declaration of Dividend*** - The Company and its subsidiary GTMDI, have not declared any dividend since the start of its commercial operation including the current year.

## Recent Sales of Unregistered Securities

The company and its subsidiary company did not have any sale of securities which were not registered under the RSA since its operation. Likewise, there were no sales of reacquired securities, as well as new issues, securities issued in exchange for property, services, or other securities and new securities resulting from the modification of outstanding securities.

## BUSINESS AND GENERAL INFORMATION

Business Development

The Company was registered with the Securities and Exchange Commission (SEC) on September 27, 1994 primarily to purchase, subscribe for, or otherwise acquire or exchange, or otherwise dispose of real and personal property of any kind of description, including shares of stock, and to do every act and thing covered generally by the denomination “holding company”. The Company started its commercial operations on December 1, 1995.

The Company owns 100% of the outstanding capital stock of Gotesco Tyan Ming Development, Inc. (GTMDI), owner of the Ever Gotesco Ortigas Complex. GTMDI was registered with the SEC on September 21, 1994, to engage in real estate and related business. GTMDI started its commercial operations on December 1, 1995 and had contributed P121.09 million in 2013 which was 35% of the total revenue, ₱128 million in 2012 or 37%; ₱129 million or 37% in 2011; and ₱133 million or 37% in 2010. All other information related to GTMDI is integrated in the other aspects of this report.

Gotesco Tyan Ming Development, Inc. (GTMDI) took-over ownership and operations of the Mall Cinemas (Ever Gotesco Ortigas Complex) from an Affiliate on August 15, 2003. Cinema receipts contributed to GTMDI operations –P2.23 million in 2013 or 2% of total revenue, ₱2.47 million or 2% in 2012, ₱3.34 million or 3% in its total revenue in 2011 and P3.88 million or 3% in 2010. The decreasing revenue in cinema operations was due to film piracy, internet and cable television connections plus the fact that the cinemas need to be renovated and up-graded.

The Company has two operational malls namely Ever Gotesco Commonwealth Center (EGCC) and Ever Gotesco Manila Plaza (EGMP); and one named Ever Gotesco Ortigas Complex (EGOC) by its subsidiary company. Tenants Lease contracts for EGMP were not renewed in April 1, 2011. The Company did not pursue for more mall construction as she is affected by the general economic crisis. EGOC was foreclosed and sold in public auction to Philippine National Bank in July 1999. The Company failed to redeem the property within the one-year grace period but still is in possession and continues to manage the Mall by virtue of the right of preliminary injunction that was given by the Court on December 20, 2000.

In 2009, the Company and its Subsidiary (GTMDI) entered into a Compromise Agreement (CA) with the Creditor Banks (Philippine National Bank, Development Bank of the Philippines and Security Bank) of its foreclosed properties. The Compromise Agreements put on hold pending Court cases in lieu of the Company and its Subsidiary faithful compliance with the conditions set in the CA's. More details are discussed in Item # 3 and Item # 6 of this report.

EGHRI consolidated net income went down by 11% compared in 2011 partly due to the decreased in cinema income, in which the existing cinema houses not anymore competitive with the modern facilities of other malls. Rental mall income reduced also because of the decline on occupancy of mall tenants which were affected by the economic crisis. Another factor was the exorbitant cost of utilities like light & power, and water expenses which were main contributing factor of the mall expenses.With the difficult market and financial environment in 2009, it was a big challenge for the group but management is positive for next year improvement.

In 2010 total revenue for EGRHI dropped by 1%, direct cost and expenses increased by 3% while general and administrative expenses decreased by 73% interest expense exceeded the other income which resulted to a decline of net income of about 59%.

Year 2011 was a good year, net income shoot up by 81% mainly due to cost cutting measures observed by operations which maintained the direct cost and related expenses, the increase in other income/accretion income was a plus factor on the increase from ₱47.23 million in 2010 to ₱85.28 million in 2011.

During the year 2011 and the preceding years, the Company and its Subsidiary have not filed for Bankruptcy; have no transactions on Receivership or Similar Proceedings; and have no transactions on any material reclassification, merger, consolidation or purchase or sale of a significant amount or assets.

In 2012 Ever Gotesco Resources and Holdings, Inc. (EGRHI) and its wholly owned subsidiary has a consolidated revenues for the year of ₱348.23 million, declined by 1% or ₱2.89 million compared with the revenues in 2011 of ₱351.12. Revenues were primarily sourced from mall leasing activities and cinema operations. The reduction was mainly due to dropped in Cinema Sales because cinema should be modernized and up-graded to be competitive with the nearby malls.

Direct cost and expenses decreased by 6% because of the cost cutting measures imposed by management, also resulted to the decrease in entertainment, amusement, by 18%, dropped in transportation & communication by 23%, office supplies by 33% that affect the total General and Administrative expense by reduction of 8%.

Net income was posted at ₱75.79 million in 2012 while ₱85.28 million in 2011, 11% decrease due to lower accretion income and the decrease in interest expense due to the prevailing interest rates were much lower than the 2011 rate.

In year 2013, Ever Gotesco Resources Holdings Inc. & its subsidiary maintained its consolidated revenues, almost the same as that of last year P347.95 in 2013 and P348.23 in 2012. The slight reduction on leasing operations was due to timing difference on incoming tenants and the renewals of the existing leases plus the reduction on cinema rental income by 11% from P2.5 million in 2012 to P2.23 million in 2013 while direct cost and operating expenses for cinema operations increased by 14% from P4.5 million in 2012 to P5.13 million in 2013.

In 2013, there was no significant movement on total direct cost, leasing and cinema operation compared in 2012 from P223.09 million to P223.84 million in 2013 due to increase of 57% on taxes and licenses, increase on cost of labor/agency fee by 32% which was offset by the declined on rental lease by 21% and other expenses by 14%. General & administrative expense shoot up by 97% mainly due to provision of doubtful accounts for advances of inactive operations of some affiliated companies, increased also on repairs and maintenance, office supplies and other expense by 78% and 134% respectively.

Net income was recorded at P74.17 million in 2013 while P75.85 million in 2012, net effect of the increased in general and administrative expenses and interest expenses versus the accretion income was the reason for the slight declined.

**Business of Issuer**

**Description of Registrant Products**

The company builds shopping malls and leases out to commercial tenants. The company's malls are primarily leased out to Ever Department Store and Supermarket, Cinemas, banks, amusement centers, food shops, specialty stores, boutiques, drug store, service shops, gym and sporting facilities. The mall has an atrium, state-of-the-art amenities, facilities, security and safety systems.

Revenues of the company and its subsidiary (GTMDI) are generated principally from its leasing operations and other income are derived from recovery (excess) of reimbursable expenses from tenants, cinema operations, interest and penalties from late payments and service requests of tenants.

**Competition**

Despite the growing market base, there is stiff competition among the different shopping centers because of the growing sophistication of consumers and continuous construction of shopping malls causing a thinner market spread. The trend is toward a one-stop shopping mall with more modern and complete facilities, and attractions that includes mall shows and entertainment. The Shopping Mall Industry is dominated by SM Malls with other big shopping mall chains such as Robinsons, and Ayala Center. The Company's Ever Gotesco Commonwealth Center Mall is affected by Shoemart (SM Fairview); Robinsons (Big R in Fairview and Robinsons in Commonwealth Avenue); Rustan's (Shopwise in Commonwealth Avenue), Berkley Commercial Center (in Commonwealth Avenue); Royale Arcade (Don Antonio Ave. beside the Ever Commonwealth Mall); and Puregold (in Commonwealth Avenue and San Mateo, Rizal). The Subsidiary's Ever Gotesco Ortigas Complex is likewise affected by shopping centers within the vicinity especially by Super 8; Robinson's Big R; Sta. Lucia East Commercial Center and Robinson's East Metropolitan Center and Shoemart Cainta. Despite the foregoing factors, the Malls of the Company are very competitive because of their strategic locations and its own captive market and regular patrons – the neighboring subdivisions and populace living therein who are proximate to the Ever Malls.

**Description of Property.**

The Company has the following properties:

**Land holdings of EGRHI and subsidiary as of June 30, 2012 include:**

1. A 60,000 sq. m. lot (covered by TCT No. PT-97306) located along Ortigas Ave. Ext., Barangay Rosario, Pasig City, which is the present site of the Ever Gotesco Ortigas Complex is owned by GTMDI, a wholly owned subsidiary. This property including its improvement, the Ever Gotesco Commercial Complex served as collateral for the P800 million Syndicated Five Year Loan provided by the Philippine National Bank, Metropolitan Bank and Trust Company, United Coconut Planters bank, and CityTrust Banking Corporation is secured by a Mortgage Trust

Indenture (dated April 7, 1995 and appointing PNB Trust Banking Group as Trustee). GTMDI had defaulted in its loan obligations on January 1998 which led to the foreclosure and sale through public auction to PNB on July 30, 1999. GTMDI was not able to exercise the right to redeem the property within the one-year grace period as provided by law. However, title of the property has not been transferred yet because the company filed a complaint in the Court and was given the right of preliminary injunction, thus, GTMDI continues to derive rental revenues therefrom. In 2009 the Company entered into a Compromise Agreement with PNB which put on hold the pending Court case. The latest appraised value of the land and its improvements is P2.85 billion which was conducted by Valencia Appraisal Corporation in January 21, 2008 and P2.1 billion as of April 16, 2012 by Vitale Valuation Services, Inc.

2. A 112,047 sq. m. lot (covered by TCT Nos. 364590, 364591, 364592, 364593, 364594, and 364595) along Provincial Road, Barangay Real, Calamba, Laguna is the site of Ever Gotesco Laguna Plaza. The aforesaid real estate properties together with an assignment of the rentals receivable on the leaseable areas of the proposed mall served as a collateral for the P600 million (only P 500 million was drawn) Syndicated Loan Agreement with a five-year term with the Philippine National Bank, the Security Bank Corporation and the Development Bank of the Philippines on May 28, 1996 for the construction of Ever Gotesco Laguna Plaza. The company had defaulted in its debt obligations with the lender banks in March 1998 which led to the foreclosure and sale through public auction to PNB on November 3, 1998. The Company did not exercise its right to redeem the property within the one-year period. This property has been written-off in 1999 against the loan it secured, resulting in a foreclosure loss of about P 663.4 million. The company filed a complaint in the Court and was granted the right of Temporary Restraining Order, and subsequently, a Temporary Injunction. In 2009 the Company entered into Compromise Agreements with the Creditor Banks for the re-acquisition of the property and which put on hold the pending Court case. Together with the improvement (at 59.02% completed), the property was appraised at P2.5 billion on September 24, 1997 by Valencia Appraisal Corporation. As of January 6, 2014 the property was appraised at P 1.94 billion including improvements (net of depreciation) by Valencia Appraisal Corporation also.

3. A 66,390 sq. m. lot located at the district of Caranglaan and Mayombo, Dagupan City, Pangasinan in which Ever Gotesco Dagupan Center will be constructed. The latest appraised value is P29.88 million as appraised by Valencia Appraisal Corporation on February 28, 2006.

4. A 17,079 sq. m. lot located in M.H. Del Pilar St., Dagupan City, Pangasinan. This served as a collatera1 for the assumed mortgage of P126 mi11ion from Phi1ippine Nationa1 Bank. The company had defaulted in its debt obligations with the bank in November 1997 that which led to the foreclosure and sale through public auction to PNB on March 15, 1999. The Company did not exercise its right to redeem the property within the one-year period. This property has been written off in 1999, resulting in a foreclosure loss of P146 million. The company filed a complaint in Court and was granted by the Court a Writ of Preliminary Injunction. The latest appraised value is P337 million.

**Commercial Complexes and Improvements**:

1. **Ever-Gotesco Commonwealth Center** - The center is located on a 5-hectare lot being leased at the corner of Don Mariano Marcos and Commonwealth Avenues, Old Balara Quezon City. The lease term is for a period of 25 years or up to year 2015 at an initial monthly rate of P525,000, with a 5% annual escalation rate. The structure consists of 5 levels and covers a

total floor area of 91,053 sq. m. with parking and common spaces designed to accommodate 30,000 shoppers and promenades. Said property is free from any encumbrances. The building and other improvements including all machineries and equipments in the Mall has a fair market value of P2.26 billion as appraised by Valencia Appraisal Corporation on January 21,2008 and P2.05 billion in January 6, 2014 by the same appraiser.

2. **Ever-Gotesco Ortigas Complex** - The mall is 3-level commercial-cinema complex covering a total floor area of about 72,860 sq. m., built on a 6-hectare lot owned by GTMDI, a wholly owned subsidiary of EGRHI. This is the improvement on land holdings as mentioned in item # 1 above.

3. **Ever Manila Plaza** - The center is a 4-level commercial-cinema complex covering a total floor area of 16,377.2 square meters. It is strategically located along C.M. Recto Avenue, Manila fronting Morayta Street, within the University belt. The Mall was constructed over a 25- year leased parcels of land owned by an affiliate (monthly rental rate of P819,082) and from certain individuals (please refer to item # 2 under Properties under Lease Agreements below). The parcels of land of the Affiliate together with the building constructed on it were used as collaterals to secure certain financial obligations of affiliate companies taken from the United Coconut Planters Bank (“UCPB”).

The aforecited affiliate companies defaulted in the payment of its obligations with UCPB leading to the foreclosure of the mortgaged property and the foreclosure sale effected on December 31,
2001. The title of the property was already consolidated in the name of UCPB and presently subject of lease agreement between UCPB and Superfriend Holdings, Inc. (SHI).

Annex to the Mall building foreclosed by UCPB is the building constructed on the lease area from certain individuals (as mentioned in item # 2 under lease agreements) that which remain being operated and leased out to Tenants by EGRHI.

4. **Ever-Gotesco Laguna Plaza** - The mall would be a 5-level complex with a floor area of about 91,000 sq. m. It was envisioned as nucleus of the new mixed subdivision, which will integrate the planned hot spring resort, golf course, theme parks, commercial and residential developments in the area. Construction of this mall is partly financed by a P600 million (P500 million of which has been actually drawn down) syndicated loan with PNB, SBTC and DBP to which rental receivable from this mall together with the improvements and land (as described in land holdings item # 2) are assigned as collateral. Construction of the project has slowed down towards the end of the last quarter of 1997 and eventually stopped in 1998 because of the economic crisis. Please refer to land holdings under item # 2. The cost of improvements together with the land has been written off in 1999.

5. **Ever-Gotesco Dagupan Center** - The proposed mall would be a 5-level complex with a floor area of about 91,000 sq.m. Project mobilization and ground works started during the last quarter of 1996 and had formal ground breaking and back-filling activities during the first quarter of 1997. However, management had decided to defer construction of the project because of internal and external factors that could adversely affect the project. Cost of improvements had amounted to P3.5 million. Please refer to land holdings item # 3.

**Properties under lease agreements:**

EGRHI has the following lease agreements:

1. Ever Gotesco Commonwealth Center - The lease term is for a period of 25 years or up to year 2015. Absolute ownership of the Building shall automatically be transferred to the Lessor without the need of any further act on the part of EGRHI after the expiration or termination of the term of the contract of lease.

2. Ever Gotesco Manila Plaza - A lease term (covering 469 sq.m. of the land to which the Mall partly stands) for a period of 20 years or up to 2014 with advance rental payment for the first two years and a monthly rate of P140,700 on the third to fifth year and thereafter annual escalation rate of 10% every after two years. EGRHI is given the priority for lease renewal or purchase of the property should the lessor decide to sell the property. EGRHI continues to derive rental income from the Tenants occupying this part of the Mall Building.

The Company intends to pursue negotiations with Creditor Banks for the possible re-acquisition of some foreclosed properties.

**Disclosure on Garnishment of Lease Payments**

The Notice of Garnishment on lease rental receivables issued on January 27, 2000 by the RTC of Manila against the parent company, its subsidiary and certain affiliates in relation to a civil complaint by the Banko Sentral ng Pilipinas was served to various tenants. This has substantially impaired collection effort on lease rental receivables and added to the company's cash flow problems. The Garnishment Notice limited the company's collections to tenants' utility dues and other assessments, which were exempted from the Garnishment. Cash Flows from these collections, however, allow the continuity of the mall operations and sustain the company's going concern. The company's counsels filed a Motion to Dismiss on the grounds, among others, that (a) summons were improperly served such that the Court did not acquire jurisdiction over the Company and certain affiliates, and (b) the complaint states no cause of action or if it does so state, it is founded on illegality. The said Motion to Dismiss was consolidated with a Motion to Dissolve the Writ of Preliminary Attachment. In 2003, the Group together with their co-defendants, on the garnishment case, entered into an extra- judicial settlement with the plaintiff. As a result, the RTC lifted the garnishment of lease payments on January 14, 2004 which the RTC returned to the Company. However, as the parties have agreed on the amortization schedule, the BSP filed a motion of execution anchored on the compromise agreement. While the RTC- Manila initially denied such motion, it eventually granted the same via a motion for execution. As a result thereof, Writ of Garnishment was issued.

**Foreclosure of Mortgaged Properties**

The property of GTMDI in Pasig City (land and mall), which secure certain loans from a syndicated lender banks led by PNB. Due to GTMDI's default in its debt obligations, the Pasig land and mall were foreclosed in 1999 (also please refer to part 1 item 3 – Legal Proceedings). GTMDI is in possession and in complete control of the properties. It continues to operate the mall and draws rental income there from.

On June 17, 2009, GTMDI and PNB entered into a compromise agreement which was approved by the Court on August 14, 2009. GTMDI shall pay PNB an amount of P565 million, of which P80 million shall be paid upon the execution of the agreement. The remaining amount payable to PNB shall be settled within seven years at 8% interest per annum. The compromise agreement provides that upon GTMDI's full payment of the compromise amount and all advances, taxes, fees and expenses, and both parties' compliance with all their respective obligations under the agreement, each party therefore releases and discharges the other party, their directors, officers, agents and employees from any and all claims arising from PNB's foreclosure and consolidation of the property subject of MTI.

Meanwhile, the other creditor banks continue to hold their respective proportionate undivided interest over the subject parcels of land and mall.

The company's liquidity position has remained to be in weak position. It will continue to focus its effort in negotiation with the remaining lender banks for the redemption of the foreclosed properties, (GTMDI land and mall) and the restructuring of debt obligations into serviceable terms. In July 2010, the Regional Trial Court, Manila issued notice of garnishment on lease payments and levy made upon receivables or sum of money arising from rentals and other revenues of the company and certain related parties. This has substantially impaired the collection effort on lease rental receivables (see note 1 to the Financial Statements). Due to the continued tight liquidity position, the company has not nor does it intend to enter into any material commitment for capital expenditures within the next twelve (12) months.

**Disclosure on the pull out of Anchor Tenant (Cinema)**

The adverse impact of movie piracy has taken its toll on the movie industry. Gotesco Investments, Inc. (GII), a major player in the cinema business and an anchor tenant of the Company, was no exception. GII originally occupied and operated ten (10) cinemas at GTMDI, a wholly owned subsidiary of EGRHI, and nine (9) cinemas at EGRHI, the parent company. Towards the end of 2002, GII closed five (5) out of ten (10) cinemas at GTMDI and expected to consolidate patrons in its five (5) remaining cinemas. However, GII continued to experience a deteriorating traffic of movie- goers and the consequential drop of its ticket revenues. As a result, GII management decided to totally close the five (5) remaining cinemas and three (3) cinemas in 2003 and turned over the same to GTMDI and EGRHI, respectively.

In 2004, GII turned over nine (9) remaining cinemas to EGHRI, the parent company. EGRHI generates an average monthly rental revenue of P1.227 million or P14.727 million annually for the said remaining cinemas. The closure translates to an annual rental revenue loss for EGRHI by P14.7 million or 9% of its total annual revenue generation, and

4.6% to the consolidated rental revenue.Moreover, the Cinemas are considered as one of the major amenities of, and basic to, mall operations. Minus the Cinemas, low customers' traffic may be experienced.To preserve the contributions of the Cinemas to the mall's customers' traffic and to lessen the impact of rental revenue loss, GTMDI management, with the corresponding approval of its Board of Directors, decided to retain and takeover the operation of the five (5) cinemas. Operation of the cinemas generated revenue of ₱2.47 million in 2012; ₱3.34 million in 2011; and ₱3.88 million in 2010. In EGRHI, the parent company, the four (4) cinemas retained and presently being operated by Eagle Production Int'l Films Inc. while the remaining five (5) cinemas were converted to leasable spaces such as amusement, foods and other retail stalls.

## FIVE (5) KEY PERFORMANCE INDICATORS

The key operating performance indicators which remain to be the profit and loss determinants, earnings/losses per share and liquidity position of the Company and its wholly owned subsidiary are discussed hereunder.

1. Revenue – The decrease in rental income was due to lower occupancy rate on rentable spaces.

| | FOR THE YEAR (In Million Pesos) | | |
|---|---|---|---|
| | 2013 | 2012 | 2011 |
| Rental Income | 345.72 | 345.76 | 347.78 |
| Cinema Ticket Sales | 2.23 | 2.47 | 3.34 |
| Total | 347.95 | 348.23 | 351.12 |

2. Cost Effective Measures - During the year ended 2012, the Company has been able to control and manage costs to minimum effective levels despite of relative increases in the major costs particularly the labor and energy based items.

| | FOR THE YEAR (In Million Pesos) | | |
|---|---|---|---|
| | 2013 | 2012 | 2011 |
| Mall Operations | 314.71 | 267.29 | 285.50 |
| Cinema Operations | 5.13 | 4.47 | 5.87 |
| | 319.84 | 271.76 | 291.37 |

3. Net Operating Profit – The Company's income for the actual mall and cinema operations, computed as Total revenue less the direct cost & expenses and General & Administrative expenses.

| | FOR THE YEAR (In Million Pesos) | | |
|---|---|---|---|
| | 2013 | 2012 | 2011 |
| Revenue | 347.72 | 348.23 | 351.10 |
| Income (Loss) from Operation | 77.34 | 76.47 | 86.55 |
| Percentage | 22% | 22% | 25% |

4. Earnings Per Share – Earnings per share for the year 2013 was P0.015 same as in 2012 and P0.017 earning per share in 2011. The earnings per share were calculated by dividing the Net Income before tax by the weighted number of shares outstanding. There were no factors that would have dilutive effects on the Earnings per share.

5. Liquidity Position – Current ratio as of December 31, 2013, is 45.93%, 50.41% for December 31 2012, and 41.31% as of 2011 December 31, also.

## Other relevant discussions

**Discussion and analysis of material event/s and uncertainties known to management that would address the past and would have impact on future operations of the company.**

Except as discussed in the foregoing results of operations and financial conditions and the disclosure on the pull-out of Anchor tenant of a wholly owned subsidiary under this item, there is/are no known:

a. event/s that will trigger direct or contingent financial obligations that is/are material to the Company nor is/are there any other obligations in which the company may incur default or the acceleration thereof during the year;
b. material off-balance sheet transaction, arrangements, obligations real or contingent, nor was there any relationship/s of the company with unconsolidated
c. entities, or other persons entered into or created during the year under review.

**Discussion on Compliance with Leading Practice on Corporate Governance**

Compliance with SEC Memorandum Circular No. 6 dated June 22, 2009 as well as all relevant Philippine Stock Exchange Circulars on Corporate Governance has been monitored.

The Company has already submitted its revised Corporate Governance Manual and complied with the leading practices and principles on good corporate governance.

The Company also complied with the appropriate self-rating assessment and performance evaluation to determine and measure the compliance with the Manual.

Any deviation, if any with the manual on Corporate Governance were properly explained and reasons thereof were properly indicated.

In, addition, the company continuously monitors all relevant PSE and SEC Circulars on Corporate Governance that may be used to improve its Manual for Corporate Governance.

In 2008, the Directors and key officers of the Corporation attended a seminar on Corporate Governance as required under its Manual on Corporate Governance.

**UNDERTAKING**

**The Annual Report on SEC Form 17-A will be available upon written request of the stockholders, the Corporation undertakes to furnish said stockholders with a copy of the report free of charge. Any written request for a copy of the report shall be addressed to the following :**

**EVER- GOTESCO RESOURCES AND HOLDINGS, INC.**
**12/F, Ever Gotesco Corporate Center,**
**1958 C. M. Recto Avenue, Manila**

Attention : ATTY. CHRISTINE P. BASE
Corporate Secretary

## STATEMENT OF MANAGEMENT'SRESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of Ever- Gotesco Resources and Holdings, Inc. is responsible for the preparation and fair presentation of the financial statements for the year ended December 31, 2013 and 2012, in accordance with the prescribed financial reporting framework indicated therein. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Board of Directors reviews and approves the financial statements and submits the same to the stockholders or members.

Sycip Gorres Velayo & Co., the independent auditors, appointed by the stockholders has examined the financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such examination.

JOSE C. GO
Chairman of the Board

JOEL T. GO
President

EVELYN C. GO
Treasurer

Signed this 14th day of April, 2014

APR 15 2014

SUBSCRIBED AND SWORN
BEFORE ME ON THIS ___ DAY OF
20__ AT PASIG CITY EXHIBITING
HIS/HER ID CARD ______
NO. ______

ATTY. CESAR G. VIOLA
NOTARY PUBLIC
UNTIL DEC. 31, 2014
PTR NO. 2532586, /01-02-2014
IBP NO. 905607, 11-09-12
ROLL NO. 15654
MCLE COMPLIANCE NO.IV
0004741-03-05-12
MANILA

Doc No. 420
Page No. 85
Book No. XXV
Series of 2014

**ANNEX "A"**

## PENDING MATERIAL LEGAL PROCEEDINGS

**Land Bank of the Philippines vs. Ever Gotesco Resources and Holdings, Inc.**

This short-term loan by the Parent Company from LBP which was due for settlement in December 1997 was rolled over for another ninety days or up to March 1998. The loan was not allowed by the lender bank to be renewed thereafter. Initial proposal for its restructuring was not approved by the bank. As a result, the lender bank filed a civil complaint (Civil case No. 99-1454, RTC Makati, Br.56) against the company.

On November 22, 1999, the company lawyers filed their reply and submitted to the Court among others, the ongoing negotiations for the settlement of the obligations such that the complaint is premature, hence, counter-claimed that the plaintiff (Land Bank) be ordered to sit down with the company for the amicable settlement of the case. At the pre-trial set by the Court on November 12, 2000, the Court considered the company's submission that consistent with what the lawyers averred in their answer to the complaint, the company is ready to go into negotiation for the settlement of the case. The case was archived via an order dated February 9, 2009. Be as it may the Company continues its negotiations and is optimistic that it can work out a solution that is acceptable to Land Bank of the Philippines.

Plaintiff has already completed the presentation of the evidence. It is now defendant's turn to present evidence which was set on September 4, 2013 at 8:30a.m. The previous counsel, Fernandez, Pacheco & Dizon Law Offices is no longer handling the case, hence, defendant shall be represented by new counsel.

**Garnishment of *Bangko Sental ng Pilipinas (BSP) vs. Orient Commercial Banking Corporation***

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

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

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

EGRHI et. al., elevated the case to the Court of Appeals. An urgent Motion for Inhibition of Justice Villamor was filed by petitioners.

**Gotesco Tyan Ming Development, Inc. vs. PNB et al.**

GTMDI, a wholly owned subsidiary of EGRHI, had obtained a loan from a syndicate of four local banks led by the Philippine National Bank on April 7, 1995. A 60,000 sq. m. lot with its improvement – the Ever Gotesco Ortigas Complex was used as collateral for the loan. The Company had defaulted in its loan obligations in January 1998 which led to the foreclosure and sale through public auction to PNB on July 30, 1999. The company was not able to exercise the right to redeem the property within the one-year grace period as provided by law.

The company filed a complaint (Civil Case no. 68139) with RTC Branch 168 in Pasig City seeking the Annulment of Foreclosure Proceedings with prayer for the issuance of Temporary Restraining Order and/or Injunction. Insofar as the provisional remedy is concerned, the Court granted the injunctive relief. The defendants filed a Petition for Review on Certiorari, thus, suspending the proceedings in the lower Court.

On December 21, 2000, the Regional Trial Court of Pasig, Branch 168 issued a Temporary Restraining Order, effectively restraining PNB from consolidating the ownership and taking possession of the said property. Therefore, a Writ of Preliminary Injunction was issued by the Court. Upon denial of PNB's Motion for Reconsideration, PNB elevated the matter to the Court of Appeals via a Petition for Review on Certiorari, which was unfortunately granted by the Court of Appeals whose decision was subsequently upheld by the Supreme Court. Considering the decision of the Supreme Court rendering the issue moot and academic, the proceeding before the Regional Trial Court of Pasig is now in the presentation of plaintiff's evidence. During the course of the trials, GTMDI and PNB agreed to settle and entered into a Compromise Agreement which causes the dismissal of the case against PNB. In June 17, 2009, GTMDI and PNB executed a compromise agreement where the parties hereto agreed to settle and to avoid further litigation between them. PNB agreed to sell, transfer, and convey in favor of GTMDI the former's rights, title, interests and participation over its fifty percent (50%) of the property in the amount fixed at 656,000,000.00 payable in 7 years.

**EGRHI vs. PNB and Efren Marcelino Bascos**

The company assumed a loan of P126 million from Philippine National Bank for the construction of its Ever Gotesco Commonwealth Mall on a parcel of lot located in M.H. Del Pilar St., in Dagupan City, Pangasinan that was used as collateral. The company had defaulted in its loan obligations with the Bank on November 1997 which led to the foreclosure and sale through public auction of the collateral property to PNB on March 15, 1999. The company was not able to exercise the right to redeem the property within the one-year grace period as provided by law. The property has been written off in 1999, resulting in a foreclosure loss of P146 million.

The company filed a complaint (Civil Case no. 2000-0355-D) with the Regional Trial Court Branch 40 in Dagupan City seeking the Annulment of Foreclosure Proceedings/Sale of the property. The Court granted the company's application for a temporary restraining order on the said foreclosure, and subsequently, a temporary injunction on January 10, 2001. PNB and other creditors filed a Notice of Appeal and until the present. The Court of Appeals ruled in favor of the Bank. The Company thereafter filed a Petition for Review under rule 45 of the Rules of Court with the Supreme Court. Unfortunately, the Supreme Court denied the Petition for Certiorari. The case is, therefore, remanded to the RTC of Dagupan City. The case was set for hearing and EGRHI presented its evidence.

**EGRHI vs. PNB, Security Bank, DBP, et. al.**

In May 1996, the Parent Company obtained loans from a syndicate of three local banks let by PNB, to partly finance the construction of the Ever Laguna Plaza. The parcel of land that was the site of construction, the improvements thereon and the future rental receivables of the commercial complex when completed serve as the collateral of the loan.

However, the onset of the Asian economic crisis and the downturn of real estate industry took its toll on the Parent Company as it incurred substantial losses that placed severe pressure on the cash flow thereby resulting in the Parent company defaulting on its scheduled payments in 1997 and led to the foreclosure of the aforesaid assets. The Parent Company was given redemption period until November 1999 but this was not exercised by the Parent Company. Accordingly, assets totalling about P1.365 billion, consisting of the land and its related improvements, were offset against the loan of P500 million with accrued interest resulting in a loss of P663.4 million which was recorded in 1999. During the course of the trials, EGRHI and PNB agreed to settle and entered into a Compromise Agreement which causes the dismissal of the case against PNB. In October 19, 2009, EGRHI and PNB executed a compromise agreement where the parties hereto agreed to settle and to avoid further litigation between them. PNB agreed to sell, transfer, and convey in favor of EGRHI the former's rights, title, interests and participation over its fifty percent (50%) of the property in the amount fixed at 310,000,000.00 payable in 7 years.

**Morrisson and Foerster v. EGRHI**

The former overseas lawyer of EGRHI filed a case for the recovery of attorney's fees. Morrisson and Foerster's services was engaged by EGRHI to represent the interests of the Company in a case against the former franchise owner of Pricesmart membership club.

The RTC, however, decided the case in their favor and EGRHI filed a timely notice of appeal which was granted in an Order dated November 10, 2011.

The Court of Appeals ruled in favor of Morisson and Foerster. EGRHI filed a motion for reconsideration.

**Toll Regulatory Board v. PNB, et al.**

This is a case filed by the Toll Regulatory Board against the defendants for the expropriation of the parcels of land subject matter of in the case of EGRHI v. PNB as mentioned above and this case was referred to the Board of Commissioners. A writ of possession was issued by the trial court. A petition for certiorari was filed by DBP before the court of appeals. The Court of Appeals reversed and set aside the order granting the writ of possession. The trial court ordered the counsel for DBP to furnish all parties copies of the decision and resolution of the Court of Appeals. In the meantime, the trial court does not set a case for hearing.