COVER SHEET

SEC Registration Number

AS092–00589

COMPANY NAME

GREENERGY HOLDINGS INCORPORATED AND SUBSIDIARIES

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

54 NATIONAL ROAD DAMPOL II-A, PULILAN, BULACAN

Form Type	Department requiring the report	Secondary License Type, If Applicable
17-A	CRMD	NA

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
www.ghi.com.ph	**(02) 997-5184**	**N/A**

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
1,038	**Second Friday of June**	**DECEMBER 31**

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Mr. Kenneth S. Tan	**kenneth.tan@ani.com.ph**	**(02) 997-5184**	**N/A**

CONTACT PERSON'S ADDRESS

No. 7 St. Jose Maria Escriva Drive, Unit 112, Cedar Mansion 2, Ortigas Center, Pasig City

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

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

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A, AS AMENDED

ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended **31 December 2017**

2. SEC Identification Number **AS092-00589** 3. BIR Tax Identification No. **001-817-292**

4. Exact name of Issuer as specified in its charter **Greenergy Holdings Incorporated**

ppines
Province, country, or other jurisdiction of incorporation or organization

6. **(SEC Use Only)**
Industrial Classification Code:

7. **54 National Road, Dampol II-A, Pulilan, Bulacan** **3005**
Address of principal office Postal Code

8. **(02) 997-5184**
Issuer's telephone number, including area code

9. **Not Applicable**
Former name, former address, and former fiscal year, if changed since last report.

10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding[1]
Common	**1,800,778,572**
Preferred	**1,000,000,000**
Amount of Debt Outstanding:	**₱243,609,501.00**

11. Are any or all of these securities listed on a stock exchange

Yes [**x**] No [ ]

If yes, state the name of such stock exchange and the classes of securities listed therein:

The Philippines Stock Exchange ("PSE") **Common Shares**

12. Check whether the Issuer:

a. has filed all reports required to be filed by Section 17 of the Securities Regulation Code ("SRC") and SRC Rule 17.1 thereunder or Section 11 of the Revised Securities Act ("RSA") and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines (the "Code") during the preceding twelve (12) months (or for such shorter period that the Issuer was required to file such reports); and

Yes [**x**] No [ ]

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[1] The Company is still in the process of implementing the change in par value of its common shares as approved by the Securities and Exchange Commission ("SEC"). For the purpose of this report, the number of shares issued and subscribed was rounded off. However, the same is still subject to change/adjustment upon completion of the implementation of the change in par value of common shares of the Company.

b. has been subject to such filing requirements for the past ninety (90) days.

Yes [**x**] No [ ]

13. The aggregate market value of the voting stock held by non-affiliates of the Issuer as of 13 May 2015 is ₱461,450,229.71 (number of shares owned by the public multiplied by the PSE trading price as of 13 May 2015).

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PART I - BUSINESS AND GENERAL INFORMATION

Item 1. Business

The Company was registered and incorporated with the SEC on 29 January 1992 as MUSX Corporation to primarily engage in the manufacturing and sale of semiconductor products. In 2011, the SEC approved the amendment of its Articles of Incorporation to change the Company's registered name to Greenergy Holdings Incorporated. The Company was listed in the PSE on 26 September 1996.

The Company's primary purpose is to invest in, purchase, or otherwise acquire and own, hold, use, sell, assign, transfer, mortgage, pledge, or otherwise dispose of real or personal property of every kind and description, including shares of stocks, bonds, debentures, notes, evidence of indebtedness, marketable securities, deposit substitutes in any valid currency, and other securities or obligations of any corporation or corporations, association or associations, domestic or foreign, for whatever lawful purpose or purposes the same may have been organized and to pay therefor in money or by exchanging therefor stocks, bonds, or other evidence of indebtedness or securities of this or any other corporation, stocks, bonds, debentures, contracts, or obligations, to receive, collect, and dispose of the interest, dividends, proceeds, and income arising from such property, and to possess and exercise in respect therefor all voting powers of any stock so owned, provided that the Company shall not engage as stock broker or dealer in securities.

<u>Status of Operations</u>

AgriNurture, Inc. ("ANI")

On 2 July 2014, the Company, upon acquisition of additional shares in ANI, reclassified its AFS investment in the latter corporation to "investment in associate" amounting to P705.73 million.

On 7 July 2014, the Company acquired an additional 27,000,000 common shares of ANI through the open market for an aggregate consideration of P113.74 million, inclusive of taxes, fees, and commissions, at P4.21 per share. The acquisition was equivalent to 4.34% of the total issued and outstanding shares of ANI.

After the foregoing transactions, the Company currently holds a total of 30.26% of the total issued and outstanding shares of ANI.

Sunchamp Real Estate Development Corp. ("SREDC")

SREDC is a real estate company that focuses on the development of self-sustaining agri-tourism areas.

On 2 July 2014, the Company subscribed for additional primary shares of SREDC, increasing its equity stake to 62.39%.

SREDC started its commercial operations in the last quarter of 2017.

Total Waste Management Recovery System, Inc. ("TWMRSI")

TWMRSI is a domestic corporation engaged in the business of building, operating, and managing waste recovery facilities and waste management systems within the Philippines. The operation of its facilities is geared toward efficient, hygienic, and economical collection, segregation, recycling, composting, filling, disposing, treating, and managing of household, office, commercial, and industrial garbage. The Company has 51% equity interest in TWMRSI.

As of reporting date, TWMRSI has not yet started its commercial operations.

Winsun Green Ventures, Inc. ("WGVI")

WGVI is a wholly-owned subsidiary of the Company engaged in renewable energy projects. It was incorporated on 22 June 2012.

As of reporting date, WGVI has not yet started its commercial operations.

AgriNurture Development Holdings Inc. ("ADHI")

ADHI, a wholly-owned subsidiary of the Company, was incorporated on 17 June 2014. The Company intends to use ADHI as the holding company of its agricultural portfolio.

As of reporting date, ADHI has not yet started its commercial operations.

Lite Speed Technologies, Inc. ("LSTI")

On 14 August 2014, the SEC approved the incorporation of LSTI with the primary purpose of engaging in the business of information and communications technology. The Company has 51% equity interest in LSTI.

As of reporting date, LSTI has not yet started its commercial operations.

Agricultural Bank of the Philippines, Inc. ("Agribank")

On 28 February 1997, Agribank (formerly Central Equity Rural Bank) was granted a rural banking authority to enable the institution to provide financial services catering to farmers, farm owners and tenants, agribusiness entrepreneurs, bankable countryside enterprises, and all other businesses that can be legally transacted under the Rural Banks Act of 1992, as amended. Agribank was established with the intent of catering to business and household customers in the countryside to promote food sufficiency and contribute to increasing income, employment, and production in the agricultural sector and the Philippine economy as a whole. In line with this mission, Agribank's products and services are currently geared towards providing credit finance to the farm sector under the government's Agri-Agra Lending Program; granting loans for farm equipment and land acquisition; extending credit facilities for agri-producers, farmers, and micro-businesses (including barangay micro-enterprises); and providing housing, transport facilities such as motorcycles, and small business loans to eligible borrowers in rural areas. In pursuit of its mission, Agribank has established backward and forward financing linkages with other sectors related to agriculture, including domestic trading and distribution, domestic manufacturing (canning and tetra-packing), processing, and export of fresh and processed agricultural products.

On 22 November 2013, the Company entered into a subscription agreement with Agribank wherein the Company subscribed for 40 million new shares representing 26.67% of the total issued and outstanding capital stock of Agribank. Said subscription agreement is subject to the approval of the SEC and the Bangko Sentral ng Pilipinas.

<u>Potential Risks Involved</u>

The Industry

The Company, through its subsidiaries, associates, investments, or acquisitions, will engage in the fields of renewable energy and waste management, among others. Both fields are capital intensive and subject to high standards of government regulation. As expected, the Company may experience a lull in operations or negative operating results prior to take-off until stabilization of operations given the capital requirements, regulatory compliance, and other economic conditions and factors.

Dependence on Key Personnel

The Company's success depends to a significant extent upon the continued service of its executive and other key management and technical personnel. These people are currently challenged by the Company's market, business, and product development strategies. The Company believes that keeping a manageable number of competent personnel is one of the keys to a successful business.

Dependence on Future Capital Needs

The renewable energy and waste management systems businesses will require a considerable amount of capital requirements. While the timing and initial amount of funding requirements can be determined at the outset, future requirements in relation to expansion will depend on a number of factors, including demand for the Company's facilities, product mix, and competitive factors. Further, there can be no assurances that such additional funding will be available when needed, or if available, will be on satisfactory terms. To remain competitive, the Company must also invest in research and development.

Procedures in Place to Identify, Assess, and Manage Risks

The Company's risk assessment is based on a "what if" analysis, judged against the method used to include the particular item in the projection. The analysis can support the projection or require it to be modified.

Risks that are manageable, i.e. within the scope of control of the Company, must be managed as a natural course of running the business. When making decisions, Management considers first the effect of those risks that are in any way related to the decision.

<u>Corporate Matters</u>

Government Approval

There is no need for government approval of the primary activities of the Company, being essentially a holding company. Any necessary approval from government agencies, including from the Department of Energy and specific local government units, would have to be obtained by its subsidiaries, associates, or other entities acquired by or invested in by the Company, engaged in renewable energy and waste management systems, among others.

Government Regulations

The existing government regulations on renewable energy companies may affect the general direction of the Company in terms of the type of business opportunities to explore. As a holding company, however, the Company is not aware of any probable governmental regulations that will have an effect on the primary business of the Company.

Environmental Laws

The Company and its subsidiaries are compliant and will endeavor to continue to strictly comply with environmental laws.

<u>Employees</u>

The Company currently employs one (1) employee. No labor union exists within the Company and no collective bargaining agreement has been entered into. The employees have never been on strike nor are threatening to strike.

Item 2. Properties

The Company does not own any real estate property.

Item 3. Legal Proceedings

<u>*Republic of the Philippines, represented by AMLC v. Binay, et. al.*, CA-G.R. AMLA No. 00134</u>

On 11 May 2015, the Court of Appeals issued a six-month *Freeze Order* (the "*Freeze Order*") effective immediately on specified bank accounts of the Company and one of its subsidiaries in connection with the anti-money laundering case filed by the Anti-Money Laundering Council ("AMLC")

against former Vice President Jejomar C. Binay ("Vice President Binay") and persons and corporations alleged to be involved in the money laundering scheme subject of the case.

The freezing of the bank accounts was predicated solely on the allegations made by the AMLC that the multiple transactions involving receipt of inward remittances and inter-branch fund transfers between the Company, Earthright Holdings, Inc. ("EHI") (a stockholder of the Company), and SREDC (a subsidiary), as well as the alleged purchase of $20.46 million in foreign exchange from RCBC Forex Brokers Corporation ("RCBC Forex") were allegedly without any underlying legal or trade obligation, purpose, or economic justification and/or that they were allegedly not commensurate to the business or financial capacity of the parties involved.

Although the rules on confidentiality bar the Company from going into the details of the proceedings before the Court of Appeals, the Company is of the position that the AMLC's allegation is without basis. The Company's disclosures with the SEC and the PSE, which were timely filed and readily accessible to the general public, show that the receipts and transmittals involving the foregoing corporations had economic justifications and involved legitimate business transactions.

Moreover, RCBC Forex admitted and in fact issued a certification that Mr. Antonio L. Tiu ("Mr. Tiu") did not make the $20.46 million purchase of foreign currency as erroneously claimed by the AMLC.

On 6 November 2015, the Company and Mr. Tiu, among others, filed a *Motion to Lift Freeze Order* (the "*Motion to Lift*") on even date with the Court of Appeals where it was argued, among others, that the alleged unjustified bank transactions of the foregoing were above-board, legal, and duly reported to the appropriate regulatory bodies of the government even prior to any investigation conducted by any government agency.

Without resolving the *Motion to Lift*, the *Freeze Order* was *motu proprio* lifted upon the expiration of the maximum six-month period to freeze bank accounts allowed under the law.

<u>*Republic of the Philippines v. Binay, et. al.*, AMLA Case No. 15-007-53</u>

Upon the lifting of the *Freeze Order*, the Republic of the Philippines, through the AMLC (the "Petitioner"), filed a *Verified Ex Parte Petition for Civil Forfeiture (With Urgent Prayer for Issuance of a Provisional Asset Preservation Order and/or Asset Preservation Order)* dated 29 October 2015 (the "*Ex Parte Petition*") with the Regional Trial Court of Manila (the "Regional Trial Court"). In the *Ex Parte Petition*, the Petitioner prayed that (i) a *Provisional Asset Preservation Order* ("*PAPO*") be issued over specified bank accounts of the Company, among others, (ii) the *PAPO* be converted into an *Asset Preservation Order* ("*APO*") after summary hearing, and (iii) the Company's bank accounts specified in the *Ex Parte Petition* be forfeited in favor of the government after due proceedings (the "Case"). On 13 November 2015, the Regional Trial Court issued the *PAPO* over specific bank accounts of the Company.

On 9 December 2015, the Company filed an *Omnibus Motion* of even date in response to Petitioner's *Ex Parte Petition* where it was prayed that the Case be dismissed on the following grounds:

1. The Regional Trial Court has no jurisdiction to hear the Case because it was instituted within the one-year ban provided for under Republic Act No. 1379; and

2. The report of the AMLC, upon which the *Ex Parte Petition* and the issuance of the *PAPO* were predicated, was prepared in a manner that was violative of the Company's right to due process; hence, it cannot be used, relied upon, nor be taken cognizance of by the Regional Trial Court in determining the existence of probable cause that would justify the issuance of the *PAPO*.

In the *Omnibus Motion*, the Company also prayed for a bill of particulars or a more definite statement of facts so that it could intelligently confront the baseless imputation that the foregoing bank accounts are somehow connected with any illegal activity. A mere perusal of the *Ex Parte Petition* filed in the Case will readily show that while the foregoing accounts were mentioned, not a single allegation was made connecting any of the funds therein to any specific alleged illegal transaction or unlawful activity involving former Vice President Binay.

On 14 December 2015, the Regional Trial Court, without ruling on the Company's *Omnibus Motion* issued the *Order* dated 15 December 2015 converting the *PAPO* into an *APO*.

On 25 May 2016, RCBC Forex issued a written *Certification* of even date categorically refuting the findings made in the *AMLC Report* that Mr. Tiu allegedly purchased in cash the amount of $20.46 million in foreign currency. In the *Certification*, RCBC Forex unequivocally admitted its mistake in relaying false information to the AMLC as regards Mr. Tiu's supposed covered transactions.
Thus, a *Supplemental Motion* to the *Omnibus Motion* was filed by the Company where it prayed that the *Ex Parte Petition* against it be stricken from the records of the Regional Trial Court in view of (i) the *Certification* by RCBC Forex that the information it relayed to the AMLC regarding the involvement of Mr. Tiu in the $20.46 million purchase of foreign currency was erroneous; (ii) the indubitable legitimate and *bona fide* business transactions that supported the inward bank remittance transactions involving the Company, Earthright, Sunchamp, and Mr. Tiu; (iii) the false and erroneous information contained in the *AMLC Report*; and (iv) the violation of the Company's constitutional rights in connection with the *AMLC Report* and the proceedings instituted as a result thereof.

The Company believes that the arguments and defenses raised in the *Omnibus Motion* and *Supplemental Motion* are based on strong legal grounds. Thus, the Company fully intends to exhaust all legal remedies available to it in order to protect its interests and vindicate its rights. To date, the *Omnibus Motion* and *Supplemental Motion* are still pending resolution by the Regional Trial Court.

Item 4. Submission of Matters to a Vote of Security Holders

The 2017 Annual Stockholders' Meeting of the Company was held on 20 December 2017. In attendance were the following:

Total issued and outstanding shares	2,800,778,572
Total no. of shares represented in the meeting	1,960,773,817

The following matters, which were on the agenda, were approved/ratified by the stockholders present or represented in the said Annual Stockholders' Meeting:

1. Minutes of the Annual Meeting of Stockholders held last 15 December 2016;

2. Annual Report and Financial Statements for the fiscal year ended 31 December 2016;

3. Confirmation of the amendment of the Company's Articles of Incorporation and By-Laws to effect the increase of authorized capital stock from ₱2 Billion up to an amount not exceeding ₱10 Billion and delegation of the determination thereof to the Board of Directors as previously approved by the stockholders at the Annual Stockholders' Meeting held on 11 December 2012;

4. Delegation of the appointment of the external auditor for the fiscal year ending 31 December 2017 to the Board of Directors upon recommendation of the Audit Committee; and

5. Ratification of all acts, resolutions, and decisions of the incumbent Board of Directors and Management since the Annual Stockholders' Meeting held on 15 December 2016.

At the same meeting, the following were elected Directors of the Company:

1. Antonio L. Tiu
2. Kenneth S. Tan
3. Martin C. Subido
4. Paula Katrina L. Nora
5. James L. Tiu
6. Antonio Peter R. Galvez
7. Yang Chung Ming
8. Lisette M. Arboleda

9. Ma. Pamela Grace C. Muhi
10. Honorio T. Tan (Independent Director)
11. Maylyn Z. Dy (Independent Director)

PART II - OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Issuer's Common Equity and Related Stockholder Matters

Securities

As of 31 December 2017, the Company has an authorized capital stock of ₱2,000,000,000.00 divided into the following:

a. Common shares, consisting of 1,900,000,000 shares with a par value of ₱1.00 per share for a total par value of ₱1,900,000,000.00; and

b. Preferred shares, consisting of 1,000,000,000 shares with a par value of ₱0.10 per share for a total par value of ₱100,000,000.00.

The total issued and subscribed capital of the Company is ₱1,900,778,572.00 divided into (i) 1,800,778,572 common shares with a par value of ₱1.00 per share or a total par value of ₱1,800,778,572.00, and (ii) 1,000,000,000 preferred shares with a par value of ₱0.10 per shares or a total par value of ₱100,000,000.00.[2]

Except for those exempt from registration requirements, no sales of unregistered securities were made in the past three (3) years.

No debt securities are registered or contemplated to be registered.

No securities subject to redemption or call exists or are planned to be issued.

On 14 April 2012, the Board of Directors approved the issuance of 7.5 billion warrants to Mr. George Uy at the issue price of ₱0.001 per warrant under such terms and conditions as may be agreed upon and in accordance with the rules and regulations of the SEC and the PSE.

Market Information

As of the date of this report, the trading of the Company's securities remains suspended. To recall, the trading of the Company's securities was temporarily suspended by the PSE on 13 May 2015 upon the Company's request. This was done to prevent any unusual volatility in the trading of the Company's securities that may cause investor panic as a result of a news article on the inclusion of certain bank accounts of the Company in a *Freeze Order* issued by the Court of Appeals. The Company's securities were trading at ₱0.37 per share at the time of the suspension.

The following is a summary of the trading prices at the PSE for each of the quarterly periods of 2017 and 2016:

Ave. Price	**2017**		**2016**	
Quarter	Low	High	Low	High
1st	N.A.	N.A.	N.A.	N.A.
2nd	N.A.	N.A.	N.A.	N.A.
3rd*	N.A.	N.A.	N.A.	N.A.
4th*	N.A.	N.A.	N.A.	N.A.

[2] The Company is still in the process of implementing the change in par value of its common shares as approved by the SEC. For the purpose of this report, the number of shares issued and subscribed was rounded off. However, the same is still subject to change/adjustment upon completion of the implementation of the change in par value of common shares of the Company.

**The trading of the Company's securities was suspended starting the 3rd quarter of 2015. The stock was last traded on 13 May 2015.*

Holders[3]

The Company has a total of 1,038 stockholders of record as of 31 December 2017. The Company issues both common and preferred shares. The top twenty (20) shareholders as of 31 December 2017 are as follows:

Stockholder's Name	No. of Shares	% of Ownership
PCD Nominee Corporation	447,514,280	24.85%
ThomasLloyd Cleantech Infrastructure Fund GmbH	207,768,560	11.54%
Earthright Holdings, Inc.	187,500,000	10.41%
Jian Cheng Cai	160,000,000	8.89%
Three Star Capital Limited (BVI)	110,000,000	6.11%
PPAR Management & Holdings Corporation	58,000,000	3.22%
Southern Field Limited (BVI)	55,000,000	3.05%
Jerry G. Yu	52,000,000	2.89%
Ann Loraine B. Tiu	51,500,000	2.86%
A.R.C. Estate & Project Corporation	50,000,000	2.78%
Mark Kenrich Duca	50,000,000	2.78%
Hung Kamtin	40,000,000	2.22%
Paul Vincent Lee	36,000,000	2.00%
Fab People, Inc.	31,000,000	1.72%
Jaime L. Tiu	30,000,000	1.67%
James L. Tiu	30,000,000	1.67%
Prestejenchrisdan (PSJCD) Inc.	30,000,000	1.67%
Sure Anthony T. Ching	30,000,000	1.67%
Jose Marie E. Fabella	30,000,000	1.67%
Leonardo S. Gayao	28,000,000	1.55%
Total	**1,714,282,840**	**95.22%**

Stockholder's Name	No. of Preferred Shares	% of Ownership
Earthright Holdings, Inc.	1,000,000,000	100.00%

The public float of the Company as of 31 December 2017 is 69.26%.

Background of Major Shareholders
(Shareholders Owning At Least 10% of the Total Outstanding Capital)

1. PCD Nominee Corporation

PCD Nominee Corporation ("PC") is a wholly-owned subsidiary of the Philippine Central Depository, Inc. ("PCD"), a corporation established to improve operations in securities transactions and to provide a fast, safe, and highly efficient system for securities settlement in the Philippines. PC acts as trustee-nominee for all shares lodged in the PCD system, where trades effected on the PSE are finally settled with the PCD.

[3] The Company is still in the process of implementing the change in par value of its common shares as approved by the SEC. For the purpose of this report, the number of shares issued and subscribed was rounded off. However, the same is still subject to change/adjustment upon completion of the implementation of the change in par value of common shares of the Company.

PCD, now known as Philippine Depository and Trust Corporation, is a private institution established in March 1995 to improve operations in securities transactions. Regulated by the SEC, PCD is owned by major capital market players in the Philippines, namely the PSE, Bankers Association of the Philippines, Financial Executives Institute of the Philippines, Development Bank of the Philippines, Investment House Association of the Philippines, Social Security System, and Citibank N.A.

All PSE-member brokers are participants of the PCD. Other participants include custodian banks, institutional investors, and other corporations or institutions that are active players in the Philippine equities market.

2. ThomasLloyd Cleantech Infrastructure Fund GmbH

ThomasLloyd Cleantech Infrastructure Fund GmbH ("Cleantech," formerly Cleantech Projektgesellschaft GmbH) was established in 2011 and duly organized under the laws of Germany, with registered address at Hanauer Landstraße 291B, 60314 Frankfurt a. M., Deutschland (Germany). It was established to launch a platform of retail and high net worth investor funds, specifically to invest in clean technologies and renewable energy. The company is owned by ThomasLloyd Holdings Ltd. and its sole director is T.U. Michael Sieg. To date, Cleantech has invested in a US-based hybrid car designer and manufacturer, as well as a series of biomass projects in the Philippines.

3. Earthright Holdings, Inc.

Earthright Holdings, Inc. ("EHI") is a domestic company incorporated on 14 November 2011 with the purpose of acquiring, holding, selling, exchanging, dealing, and investing in the shares of stock, bonds, or any kind of securities of any government or any subdivision thereof or any public or private corporation in the Philippines and abroad, and in real or personal property of any kind in the Philippines and abroad, in the same manner and to the same extent as a natural person might, could, or would do, to exercise all rights, powers, and privileges or ownership, including the right to vote therein, or consent in respect thereof, for any and all purposes without managing securities portfolio or similar securities or acting as broker of securities.

Dividends

No dividends were distributed in 2017 and 2016. Except for the required presence of unrestricted retained earnings, there are no restrictions that limit the Company's ability to pay dividends on equity or that are likely to do so in the future.

Exempt Transactions

Date of Sale	Title of Securities Sold	No. of Securities sold	Underwriters and Other Purchasers	Consideration and Issue Price	Exemption from Registration Claimed
Notice of Exempt Transaction dated 25 September 2014					
2 July 2014 2 May 2013 22 May 2013	Common and preferred shares	i. 375,000,000 preferred shares ii. 4,000,000,000 common shares iii. 17,600,000,000 common shares	**i. Earthright Holdings, Inc.** - 375,000,000 preferred shares **ii. Hung Kamtin** - 4,000,000,000 common shares **iii. Sunchamp Real Estate Development Corp.** - 17,600,000,000 common shares	i. ₱0.10 per share or an aggregate value of ₱37,500,000.00 ii. ₱0.01 per share or an aggregate value of ₱40,000,000.00 iii. ₱0.01 per share or an aggregate value of ₱176,000,000.00	SRC 10.1(k) The sale of securities by an issuer to fewer than twenty (20) persons in the Philippines during any twelve-month period.
Notice of Exempt Transaction dated 14 February 2014					
5 February 2014	Common	375,000,000	**IT Group, Inc.** -	₱0.01 per share or	SRC 10.1(k) The

	shares		375,000,000 common shares	an aggregate value of P3,750,000.00	sale of securities by an issuer to fewer than twenty (20) persons in the Philippines during any twelve-month period.

Item 6. Management's Discussion and Analysis or Plan of Operation

Management's Discussion and Analysis or Plan of Operation

Income Statement for the Fiscal Years 2017 and 2016

The Group's revenues for 2017 amounted to ₱44.00 million, an increase from the revenue generated in 2016 which totaled ₱23.81 million due to the increase of equity in net income as a result of positive income of its associate, additional gain on sale of an investment property sold during the year, increase in fair value of biological assets, and agri-tourism revenue and rental income from the nine (9)-hectare property situated in Rosario, Batangas. The inclusion of China's operations as part of a subsidiary contributed to the increase in net income of the Group's associate during the year.

In 2017, the Group's gross income was at ₱21.51 million, equivalent to 51.89% of revenues. In 2016, the Company's gross loss was at ₱43.52 million or -182.86% of revenues. The Company estimates that its gross profit margins will improve more in the coming years when returns on the Company's investments become visible, especially on the increase in service income from agri-tourism and sale of harvests from greenhouse projects of one of its subsidiaries.

Administrative expenses in 2017 totaled ₱21.76 million, an increase of 4.97% compared to that in 2016 which amounted to ₱20.73 million due to the increase in contracted services, materials, supplies, and transportation expenses. Total accounts written off in 2016 amounted to ₱0.05 million, while ₱1.80 million was the total amount of accounts written off in 2015. Accounts written off include receivables, investments, advances, pre-payments, and other assets. Provision for impairment in 2017 totaled ₱0.74 million, an increase of 59.91% compared to that in 2016 which amounted to ₱0.46 million due to the impairment of investment properties during the year.

Other than the Group's investment in Rosario, Batangas, new business opportunities are being explored by the Company, including those in the field of information technology and renewable energy.

As a result of the above, the Company had a consolidated operating income in 2017 of ₱21.28 million.

Balance Sheet Trends – Fiscal Years 2017 and 2016

Cash on hand and in banks increased by ₱1.04 million as of 31 December 2017 from ₱1.66 million in 2016 to ₱2.70 million as of 31 December 2017 due to the collection of agri-tourism revenues which started in the last quarter of 2017 including interest income earned from deposits during the year.

Net receivables increased by ₱302,199 as of 31 December 2017 from ₱251.13 million in 2016 to ₱251.44 million in 2017 due to the increase in rental receivables during the year.

In 2017, due from related parties increased by ₱35.59 million, ₱821.84 million, and ₱786.25 million in 2017 and 2016. The increase is due to additional advances given to a stockholder for project acquisitions and related project expenses in relation to the Park and other expenses of the Group.

Other assets include pre-payments, materials and supplies, deferred taxes, and input VAT.

AFS investment remains the same at ₱0.04 million in 2017 and 2016 due to trading suspension since 2015.

The investment in associate account in 2017 amounted to ₱319.15 million, 10.31% higher than that in 2016 which amounted to ₱297.93 million. The increase is due to the result of net income of an associate during 2017 which increased the carrying amount of investments.

"Property and equipment" decreased due to the depreciation expense during the year.

"Investment properties" pertain to parcels of land and all improvements located in Quezon City, which is for capital appreciation. The subsequent sale of two (2) lots transacted in the beginning of the year 2016 amounted to ₱14.54 million while one (1) lot was sold in 2017 amounting to ₱17.23 million. Total amount as of 31 December 2017 and 2016 amounted to ₱6.32 million and ₱13.05 million, respectively. The decrease is due to sale of one (1) lot in 2017.

Total current liabilities increased by ₱40.66 million in 2017 from ₱243.61 million in 2016 to ₱243.61 million in 2017. The increase in 2017 is the result of the additional advances given by one of its related parties during the year.

Loans payable decreased by ₱5.15 million in 2017 from ₱5.15 million in 2016 to nil in 2017 due to full payment of the principal.

Total equity increased by ₱20.63 million in 2017 from ₱1.17 billion in 2016 to ₱1.17 billion in 2017 due to the positive results of the Group's operations during the year.

Changes and Disagreements with Accounts on Accounting and Financial Disclosures

None.

Discussion and Analysis of Material Events and/or Uncertainties Known to Management

Issuance of Freeze Order and Asset Preservation Order ("APO")

The *Freeze Order* issued against the specified bank accounts (the "Subject Bank Accounts") of the Company in relation to the case "*Republic of the Philippines, represented by the Anti-Money Laundering Council v. Jejomar C. Binay, et al.*" (CA-G.R. AMLA No. 00134) and the *APO* issued in the case "*Republic of the Philippines, represented by the Anti-Money Laundering Council v. Jejomar C. Binay, et al.*" (AMLA Case No. 15-007-53) did not and will not materially affect the business of the Company.

First, the *Freeze Order* had been lifted *motu proprio* upon the expiration of the maximum six (6)-month period to freeze bank accounts allowed under the law, and therefore poses no effect on the operations of the Company.

Second, the Subject Bank Accounts only involve ₱80,261.00, which constitutes 0.0070% of the Company's total assets as of 31 December 2017.

Other than the Subject Bank Accounts, no other property of the Company was included in the *Freeze Order* and the *APO*.

Imposition of Penalties

On 3 May 2017, the PSE imposed on the Company a basic fine of ₱50,000.00 and a daily fine of ₱5,000.00 for each day of non-compliance for its failure to submit the *Annual Report* for the year ended 31 December 2016 within the prescribed period.

Further, on 23 May 2017, the PSE imposed on the Company a basic fine of ₱50,000.00 and a daily fine of ₱5,000.00 for each day of non-compliance for its failure to submit the *Quarterly Report* for the period ended 31 March 2017 within the prescribed period.

Finally, on 23 August 2017, the PSE imposed on the Company a basic fine of ₱50,000.00 and a daily fine of ₱5,000.00 for each day of non-compliance for its failure to submit the *Quarterly Report* for the period ended 30 June 2017 within the prescribed period.

The Company previously disclosed that it received a final demand letter from the PSE requiring the settlement of outstanding obligations in the total amount of ₱553,360.00 (the "Outstanding Obligations"). The Outstanding Obligations include penalties imposed by the PSE due to the Company's failure to file (i) the *Annual Reports* for the years ended 31 December 2014 and 2015, and (ii) the *Quarterly* Reports for the periods ended 31 March 2015, 30 June 2015, and 31 March 2016.

The Company likewise previously disclosed to the public that the Securities and Exchange Commission ("SEC") imposed upon it a partial aggregate penalty amounting to ₱922,000.00 due to its failure to file the (i) *Annual Reports* for the years ended 31 December 2014 and 2015, and (ii) *Quarterly Reports* for the periods ended 31 March 2015, 30 June 2015, 30 September 2015, and 31 March 2016.

The Company has submitted the (i) *Annual Reports* for the years ended 31 December 2014 to 2016 and (ii) *Quarterly Reports* for the periods ended 31 March 2015, 30 June 2015, 30 September 2015, 31 March 2016, 31 March 2017, and 30 June 2017, and will settle the monetary penalties accordingly.

Given the above and the report under item 7 hereof, there are no other:

1. Known trends or any known demands, commitments, events, or uncertainties that will result in or that are reasonably likely to result in the Issuer's liquidity increasing or decreasing in any material way;

2. Events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation;

3. Material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons created during the reporting period;

4. Material commitments for capital expenditures;

5. Known trends, events, or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations;

6. Significant elements of income or loss that did not arise from the Issuer's continuing operations; and

7. Seasonal aspects that had a material effect on the financial condition or results of operations.

The causes for the material changes are included in the discussion under item 6 (Management's Discussion and Analysis or Plan of Operation and Balance Sheet Trends) above.

Key Performance Indicators

The top five (5) key performance indicators are shown below for the years 2017 and 2016:

Indicator	2017	2016
Current ratio	4.42:1	5.12:1
Debt to equity ratio	0.21:1	0.17:1
Bank debt to equity ratio	-	0.004:1
Income (Loss) per share	0.02	(0.03)
Return on Equity	0.02:1	(0.04:1)

The above indicators, taken together, indicate the health and dynamics of the business.

Definition of "Liquidity Ratios"

A class of financial metrics that is used to determine a company's ability to pay off its short-terms debt obligations. Generally, the higher the value of the ratio, the larger the margin of safety that the company possesses to cover short-term debts.

Common liquidity ratios include the current ratio, the quick ratio, and the operating cash flow ratio. Different analysts consider different assets to be relevant in calculating liquidity. Some analysts will calculate only the sum of cash and equivalents divided by current liabilities because they feel that they are the most liquid assets, and would be the most likely to be used to cover short-term debts in an emergency.

A company's ability to turn short-term assets into cash to cover debts is of the utmost importance when creditors are seeking payment. Bankruptcy analysts and mortgage originators frequently use the liquidity ratios to determine whether a company will be able to continue as a going concern.

Definition of "Solvency Ratio"

One of many ratios used to measure a company's ability to meet long-term obligations. The solvency ratio measures the size of a company's after-tax income, excluding non-cash depreciation expenses, as compared to the company's total debt obligations. It provides a measurement of how likely a company will be able to continue meeting its debt obligations.

The measure is usually calculated as follows:

$$\text{Solvency Ratio} = \frac{\text{After Tax Net Profit} + \text{Depreciation}}{\text{Long Term Liabilities} + \text{Short Term Liabilities}}$$

Definition of "Debt/Equity Ratio"

A measure of a company's financial leverage calculated by dividing its total liabilities by stockholders' equity. It indicates what proportion of equity and debt the company is using to finance its assets.

$$= \frac{\text{Total Liabilities}}{\text{Shareholders Equity}}$$

Note: Sometimes only interest-bearing, long-term debt is used instead of total liabilities in the calculation.

Also known as the Personal Debt/Equity Ratio, this ratio can be applied to personal financial statements as well as corporate ones.

A high debt/equity ratio generally means that a company has been aggressive in financing its growth with debt. This can result in volatile earnings as a result of the additional interest expense.

If a lot of debt is used to finance increased operations (high debt-to-equity), the company could potentially generate more earnings than it would have without this outside financing. If this were to increase earnings by a greater amount than the debt cost (interest), then the shareholders benefit as more earnings are being spread among the same amount of shareholders. However, the cost of this debt financing may outweigh the return that the company generates on the debt through investment and business activities and become too much for the company to handle. This can lead to bankruptcy, which would leave shareholders with nothing.

The debt/equity ratio also depends on the industry in which the company operates. For example, capital-intensive industries such as auto manufacturing tend to have a debt/equity ratio above 2, while personal computer companies have a debt/equity of under 0.5.

Definition of "Interest Coverage Ratio"

A ratio used to determine how easily a company can pay interest on outstanding debt. The interest coverage ratio is calculated by dividing a company's earnings before interest and taxes ("EBIT") of one period by the company's interest expenses of the same period:

$$\text{Interest Coverage Ratio} = \frac{\text{EBIT}}{\text{Interest Expense}}$$

The lower the ratio, the more the company is burdened by debt expense. When a company's interest coverage ratio is 1.5 or lower, its ability to meet interest expenses may be questionable. An interest coverage ratio below 1 indicates the company is not generating sufficient revenues to satisfy interest expenses.

Definition of "Return on Equity – ROE"

The amount of net income returned as a percentage of shareholders' equity. Return on equity ("ROE") measures a company's profitability by revealing how much profit a company generates with the money shareholders have invested. ROE is expressed as a percentage and calculated as:

Return on Equity = Net Income/Shareholders' Equity

Net income is for the full fiscal year (before dividends paid to common stockholders but after dividends to preferred stock.) Shareholders' equity does not include preferred shares.

Also known as "return on net worth" ("RONW").

The ROE is useful for comparing the profitability of a company to that of other firms in the same industry.

There are several variations on the formula that investors may use:

1. Investors wishing to see the return on common equity may modify the formula above by subtracting preferred dividends from net income and subtracting preferred equity from shareholders' equity, giving the following: return on common equity ("ROCE") = net income - preferred dividends/common equity.

2. Return on equity may also be calculated by dividing net income by average shareholders' equity. Average shareholders' equity is calculated by adding the shareholders' equity at the beginning of a period to the shareholders' equity at period's end and dividing the result by two (2).

3. Investors may also calculate the change in ROE for a period by first using the shareholders' equity figure from the beginning of a period as a denominator to determine the beginning ROE. Then, the end-of-period shareholders' equity can be used as the denominator to determine the ending ROE. Calculating both beginning and ending ROE's allows an investor to determine the change in profitability over the period.

Definition of "Gross Margin"

A company's total sales revenue minus its cost of goods sold, divided by the total sales revenue, expressed as a percentage. The gross margin represents the percent of total sales revenue that the company retains after incurring the direct costs associated with producing the goods and services sold by a company. The higher the percentage, the more the company retains on each dollar of sales to service its other costs and obligations.

$$\text{Gross Margin (\%)} = \frac{\text{Revenue - Cost of Goods Sold}}{\text{Revenue}}$$

This number represents the proportion of each dollar of revenue that the company retains as gross profit. For example, if a company's gross margin for the most recent quarter was 35%, it would retain

$0.35 from each dollar of revenue generated, to be put towards paying off selling, general and administrative expenses, interest expenses, and distributions to shareholders. The levels of gross margin can vary drastically from one industry to another depending on the business. For example, software companies will generally have a much higher gross margin than a manufacturing firm.

Definition of "Net Margin"

The ratio of net profits to revenues for a company or business segment—typically expressed as a percentage—that shows how much of each dollar earned by the company is translated into profits. Net margins can generally be calculated as:

$$\textbf{Net Margins} = \frac{\textbf{Net Profit}}{\textbf{Revenue}}$$

, where Net Profit = Revenue - COGS - Operating Expenses - Interest and Taxes

Net margins will vary from company to company, and certain ranges can be expected from industry to industry, as similar business constraints exist in each distinct industry. A company like Wal-Mart has made fortunes for its shareholders while operating on net margins less than 5% annually, while at the other end of the spectrum some technology companies can run on net margins of 15-20% or greater.

Most publicly traded companies will report their net margins both quarterly (during earnings releases) and in their annual reports. Companies that are able to expand their net margins over time will generally be rewarded with share price growth, as it leads directly to higher levels of profitability.

Audit and Audit-Related Fees – 2017

The audit fees for the services rendered by the Company's external auditor, Constantino Guadalquiver & Co., for its services in connection with the statutory and regulatory filings of the Company's financial statements for the fiscal year ended 31 December 2017 amounted to ₱350,000.00.

Tax Fees – 2017

For the year 2017, there were no fees paid for professional services rendered by the external auditor for tax accounting compliance, advice, planning, and any other form of tax services.

All Other Fees – 2017

For the year 2017, there were no fees paid for products and services provided by the external auditor other than the fees paid as indicated in "Audit and Audit-Related Fees – 2017" above.

Audit Committee's Approval Policies and Procedures for the Above Services

The Audit Committee approved the above fees paid to the external auditor for the fiscal year 2017.

Item 7. Financial Statements

The report of the Company's independent public accountant is incorporated and attached to this report in its entirety.

Attached as **Annex "A"** are the Audited Consolidated Financial Statements of the Company for the fiscal year 2017.

Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

PART III - CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Issuer

The Board of Directors is made up of eleven (11) members, with Mr. Tiu at the helm as Chairman. Board committees have been formed to focus on nomination, audit, and corporate governance.

As of 31 December 2017, the following were the eleven (11) individuals comprising the Board of Directors:

Name	Position	Nationality	Age	Term of Office	Period Served
Antonio L. Tiu	Chairman	Filipino	42	7 years	2010 to 2017
Kenneth S. Tan*	Director	Filipino	45	3 years, 6 months	2014 to 2017
Martin C. Subido	Director	Filipino	41	7 years	2010 to 2017
Ma. Pamela Grace C. Muhi***	Director	Filipino	43	1 year, 2 weeks	2016 to 2017
Paula Katrina L. Nora*	Director	Filipino	35	3 years, 6 months	2014 to 2017
Antonio Peter R. Galvez**	Director	Filipino	57	2 years, 3 weeks	2015 to 2017
Lisette M. Arboleda**	Director	Filipino	37	2 years, 3 weeks	2015 to 2017
Yang Chung Ming***	Director	Chinese	43	1 year, 2 weeks	2016 to 2017
James L. Tiu***	Director	Filipino	34	1 year, 2 weeks	2016 to 2017
Maylyn Z. Dy***	Independent Director	Filipino	53	1 year, 2 weeks	2016 to 2017
Honorio T. Tan***	Independent Director	Filipino	80	1 year, 2 weeks	2016 to 2017

**Elected to the Board of Directors on 16 June 2014*
***Elected to the Board of Directors on 9 December 2015*
****Elected to the Board of Directors on 15 December 2016*

ANTONIO L. TIU. Mr. Tiu is the President/CEO and Chairman of Earthright Holdings, Inc., Chairman of the Big Chill, Inc., President/CEO of Beidahuang Philippines Inc., and President/CEO and Chairman of Greenergy Holdings Incorporated. Mr. Tiu also serves as director and Chairman of Agrinurture, Inc., Sunchamp Real Estate Development Corp., First Class Agriculture Corporation, Fresh & Green Harvest Agricultural Company Inc., Best Choice Harvest Agricultural Corp., Lucky Fruits & Vegetable Products Inc., M2000 IMEX Company Inc., Fruitilicious Company Inc., Ocean Biochemistry Technology Research, Inc., and Fresh and Green Palawan Agri Ventures, Inc. He is an active member of the Integrated Food Manufacturer Association of the Philippines, PHILEXPORT, PHILFOODEX, Chinese Filipino Business Club, and Philippine Chamber of Agriculture and Food Industries. He was a part-time lecturer in International Finance at DLSU Graduate School from 1999 to 2001 and currently the board adviser of DLSU School of Management. He was awarded the Ernst and Young Emerging Entrepreneur of the Year in 2009.

Mr. Tiu has a Master's Degree in Commerce, specializing in International Finance, from the University of New South Wales, Sydney, Australia, and a Bachelor's Degree in Commerce, major in Management, from the De La Salle University, Manila.

KENNETH S. TAN. Mr. Tan serves as the Chief Financial Officer of Greenergy Holdings Incorporated and has been its Treasurer since June 2013. Mr. Tan also concurrently serves as the Treasurer and Chief Financial Officer of AgriNurture Inc. Previously, Mr. Tan served as Alternate Corporate Information and Compliance Officer of Greenergy Holdings Incorporated. Mr. Tan also served as the Vice President for Administration/Information Officer and Compliance Officer of AgriNurture, Inc. Further, he served as an officer of Citibank N.A. and Manulife Financial and was a part-time lecturer in Economics at an international school in Manila.

Mr. Tan has a Bachelor's Degree in Developmental Studies from the Ateneo de Manila University.

MA. PAMELA GRACE C. MUHI. Ms. Muhi joined the Philippine Department of Energy in 1997 where she held various positions from Science Research Specialist I to Senior Science Research Specialist of the Energy Policy and Planning Bureau until May 2013. Ms. Muhi served as Business Development Manager of Greenergy Holdings Incorporated from 2013 to 2015. She is currently the Marketing Manager of The Big Chill, Inc.

Ms. Muhi obtained her Bachelor's Degree in Mass Communication, major in Broadcast Communication, and Master's Degree in Public Administration from the Polytechnic University of the Philippines. She is currently taking her Doctorate Degree in Public Administration from the University of the Philippines.

MARTIN C. SUBIDO*.* Atty. Subido currently serves as director and Corporate Secretary/Corporate Information and Compliance Officer of Greenergy Holdings Incorporated. He is likewise a director and Corporate Secretary of Sunchamp Real Estate Development Corp., Total Waste Management Recovery System, Inc., Winsun Green Ventures, Inc., Lite Speed Technologies, Inc., and AgriNurture Development Holdings Inc., among others.

Atty. Subido is a Certified Public Accountant and a member of the Integrated Bar of the Philippines. He graduated with a Bachelor's Degree in Accountancy from De La Salle University, Manila and obtained his Juris Doctor Degree, with honors, from the School of Law of the Ateneo de Manila University. He was a Senior Associate at the Villaraza & Angangco Law Offices before founding SPCMB Law Offices. Atty. Subido is currently a Senior Partner at SPCMB Law Offices.

PAULA KATRINA L. NORA. Atty. Nora currently serves as director and Assistant Corporate Secretary/Assistant Corporate Information and Compliance Officer of Greenergy Holdings Incorporated. She is likewise a director and Assistant Corporate Secretary of Sunchamp Real Estate Development Corp. and AgriNurture Development Holdings Inc. Finally, she currently acts as the Assistant Corporate Secretary of Winsun Green Ventures, Inc. and Lite Speed Technologies, Inc.

Atty. Nora is a member of the Integrated Bar of the Philippines. She graduated with a Bachelor's Degree in Political Science, with a minor in Economics, from the Ateneo de Manila University and obtained her Juris Doctor Degree from the School of Law of the Ateneo de Manila University. Atty. Nora was an Associate at SPCMB Law Offices from January 2008 to July 2010. From August 2010 to May 2011, she was an Associate at the Del Rosario & Del Rosario Law Office and subsequently a Senior Associate at Nava & Associates from June 2011 to June 2013. Atty. Nora rejoined SPCMB Law Offices in 2013 as a Senior Associate of the Corporate Department.

ANTONIO PETER R. GALVEZ. Mr. Galvez is an Executive and Leadership Coach and Business Coach with the University of Asia and the Pacific. He is also a licensed facilitator of Get Clients Now, licensed instructor of GRID International, and a director at Pastra.Net. His previous employments include various stints with the Securities Transfer Services, Inc., First Philippine Holdings Corporation and its subsidiaries, Department of Trade and Industry, and the Board of Investments.

Mr. Galvez is a holder of an Executive Master's Degree in Business Administration from the Asian Institute of Management. He graduated from the Ateneo de Manila University with a Bachelor's Degree in Economics.

JAMES L. TIU. Mr. Tiu first worked as a Chinese Interpreter for Philippine Airlines. He previously served as Treasurer of Greenergy Holdings Incorporated and General Manager of Fresh & Green Harvest Agricultural Company Inc. He is currently a director of Farmville Farming Co. and Lifedata Systems Inc.

He earned his Bachelor's Degree in Commerce, major in Marketing, from Chiang Kai Shek College.

LISETTE M. ARBOLEDA. Atty. Arboleda worked as a Political Affairs Officer in the House of Representatives from 2007 to 2010. From 2011 to 2012, Atty. Arboleda worked as a Senior Legal Officer at Rapu-Rapu Processing, Inc. Before joining AgriNurture, Inc., she was a Senior Associate at Navarro Law Offices. Currently, Atty. Arboleda is a director and the Corporate Secretary and AVP, Head of Corporate and Legal Affairs of AgriNurture, Inc. She joined Greenergy Holdings Incorporated as director in 2015.

Atty. Arboleda graduated from the University of the Philippines in 2002 with a Bachelor's Degree in Political Science and obtained her Bachelor of Laws Degree from San Beda College of Law in 2008. She was admitted to the Philippine Bar in 2009.

YANG CHUNG MING. Mr. Yang is the General Manager of Good Chance AgriNurture Marketing Co., Ltd. and Tong Shen Enterprises, which are both Taiwan-based firms.

He has a Bachelor's Degree in Computer Science from Chiang Kai Shek College, Philippines and has a Master's Degree in Business Administration from the National Chengchi University in Taiwan.

HONORIO T. TAN (Independent Director)**.*** Mr. Tan is the Chairman, President, and owner of Beam Marketing Enterprise, Inc., a health food and herbal medicine manufacturing company. Mr. Tan is also the inventor of a number of herbal and naturopathic medicines. He served as President of Manila Downtown YMCA from 2005 to 2010 and then from 2015 to 2016. He also served as President of Moringaling Philippines Foundation, Inc. in 2011. He was with the Bank of Asia for more than nine (9) years before the bank was sold and merged with the Bank of America.

Mr. Tan holds a Master's Degree in Business Administration from De La Salle University, Manila and a Bachelor's Degree in Economics from University of the East.

MAYLYN Z. DY (Independent Director)**.*** Ms. Dy is currently the Corporate Secretary of Woodside Properties & Land Corp., a director at VitaMaxx Realty, and an independent consultant at First Vita Plus Marketing Corporation. She was an Assistant General Manager at R. Zalamea Pawnshop from 1986 to 1998.

Ms. Dy graduated from Maryknoll College Foundation Inc. with a Bachelor's Degree in Communication Arts.

*The independent directors were never engaged as consultants of the Company.

As of 31 December 2017, the following are the executive officers of the Company:

Name	Position	Age	Citizenship	Business Experience
Antonio L. Tiu	Chairman and President/Chief Executive Officer ("CEO")	42	Filipino	Mr. Tiu is the President/CEO and Chairman of Earthright Holdings, Inc., Chairman of the Big Chill, Inc., President/CEO of Beidahuang Philippines Inc., and President/CEO and Chairman of Greenergy Holdings Incorporated. Mr. Tiu also serves as director and Chairman of AgriNurture, Inc., Sunchamp Real Estate Development Corp., First Class Agriculture Corporation, Fresh & Green Harvest Agricultural

				Company Inc., Best Choice Harvest Agricultural Corp., Lucky Fruits & Vegetable Products Inc., M2000 IMEX Company Inc., Fruitilicious Company Inc., Ocean Biochemistry Technology Research, Inc., and Fresh and Green Palawan Agri Ventures, Inc. He is an active member of the Integrated Food Manufacturer Association of the Philippines, PHILEXPORT, PHILFOODEX, Chinese Filipino Business Club, and Philippine Chamber of Agriculture and Food Industries. He was a part-time lecturer in International Finance at DLSU Graduate School from 1999 to 2001 and currently the board adviser of DLSU School of Management. He was awarded the Ernst and Young Emerging Entrepreneur of the Year in 2009.
Kenneth S. Tan	Treasurer/Chief Financial Officer ("CFO")	45	Filipino	Mr. Tan serves as the Chief Financial Officer of Greenergy Holdings Incorporated and has been its Treasurer since June 2013. Mr. Tan also concurrently serves as the Treasurer and Chief Financial Officer of AgriNurture Inc. Previously, Mr. Tan served as Alternate Corporate Information and Compliance Officer of Greenergy Holdings Incorporated. Mr. Tan also served as the Vice President for Administration/Information Officer and Compliance Officer of AgriNurture, Inc. Further, he served as an officer of Citibank N.A. and Manulife Financial and was a part-time lecturer in Economics at an international school in Manila.
Martin C. Subido	Corporate Secretary/Corporate Information and Compliance Officer	41	Filipino	Atty. Subido currently serves as director and Corporate Secretary/Corporate Information and Compliance Officer of Greenergy Holdings Incorporated. He is likewise a director and Corporate Secretary of Sunchamp Real Estate Development Corp., Total Waste Management Recovery System, Inc., Winsun Green Ventures, Inc., Lite Speed Technologies, Inc., and AgriNurture Development Holdings Inc., among others.
Paula Katrina L. Nora	Assistant Corporate Secretary/Assistant Corporate Information and Compliance Officer	35	Filipino	Atty. Nora currently serves as director and Assistant Corporate Secretary/Assistant Corporate Information and Compliance Officer of Greenergy Holdings Incorporated. She is likewise a director and Assistant Corporate Secretary of Sunchamp Real Estate Development Corp. and AgriNurture Development Holdings Inc. Finally, she currently acts as the Assistant Corporate Secretary of Winsun Green Ventures, Inc. and Lite Speed Technologies, Inc.

Significant Employees

No single person is expected to make a significant contribution to the business since the Company considers the collective efforts of all of its employees as instrumental to the overall success of the Company's performance.

Family Relationships

Mr. James L. Tiu is the brother of Mr. Tiu.

There are no other existing family relationships within the fourth civil degree either by consanguinity or affinity among the directors, executive officers, or persons nominated or chosen by the Company to become directors or executive officers.

Involvement in Legal Proceedings

To the best of the Company's knowledge, in the last five (5) years up to 31 December 2017, only Mr. Tiu, the Chairman and President/CEO of the Company, has been involved in an event material in evaluating the ability or integrity of any director, any nominee for election as director, or executive officer of the Company, to wit:

Republic of the Philippines, represented by AMLC v. Binay, et. al., CA-G.R. AMLA No. 00134

On 11 May 2015, the Court of Appeals issued a six (6)-month *Freeze Order* effective immediately on specified bank accounts of Mr. Tiu in connection with the anti-money laundering case filed by the AMLC against former Vice President and persons and corporations alleged to be involved in the money laundering scheme subject of the instant case.

The freezing of the bank accounts was predicated solely on the allegations made by the AMLC that the multiple transactions involving receipt of inward remittances and inter-branch fund transfers between the Company, EHI (a stockholder of the Company), and SREDC (a subsidiary), as well as the alleged purchase of $20.46 million in foreign exchange from RCBC Forex were allegedly without any underlying legal or trade obligation, purpose or economic justification, and/or that they were allegedly not commensurate to the business or financial capacity of the parties involved.
Although the rules on confidentiality bar Mr. Tiu from going into the details of the proceedings before the Court of Appeals, he is of the position that the AMLC's allegation is without basis. The Company's disclosures with the SEC and the PSE, which were timely filed and readily accessible to the general public, show that the receipts and transmittals involving the foregoing corporations had economic justifications and involved legitimate business transactions.

Moreover, RCBC Forex admitted and in fact issued a certification that Mr. Tiu did not make the $20.46 million purchase of foreign currency as erroneously claimed by the AMLC.

Hence, on 6 November 2015, Mr. Tiu filed a *Motion to Lift Freeze Order* (the "*Motion to Lift*") of even date with the Court of Appeals where he argued, among others, that the alleged unjustified bank transactions of the foregoing corporations were above-board, legal, and duly reported to the appropriate regulatory bodies of the government even prior to any investigation conducted by any government agency.

Without resolving the *Motion to Lift*, the *Freeze Order* on the above bank accounts were *motu proprio* lifted upon the expiration of the maximum six (6)-month period to freeze bank accounts allowed under the law.

Republic of the Philippines v. Binay, et. al., AMLA Case No. 15-007-53

Upon the lifting of the *Freeze Order*, the Republic of the Philippines, through the AMLC (the "Petitioner"), filed the *Ex Parte Petition* with the Regional Trial Court. In the *Ex Parte Petition*, Petitioner prayed that (i) a *PAPO* be issued over specified bank accounts of the Company, among others, (ii) the *PAPO* be converted into an *APO* after summary hearing, and (iii) the Company's bank accounts specified in the *Ex Parte Petition* be forfeited in favor of the government after due proceedings (the "Case"). On 13 November 2015, the Regional Trial Court issued the *PAPO* over specific bank accounts of the Company.

On 9 December 2015, the Mr. Tiu filed an *Omnibus Motion* of even date in response to Petitioner's *Ex Parte Petition* where he prayed for the dismissal of the Case on the following grounds:

1. The Regional Trial Court has no jurisdiction to hear the Case because it was instituted within the one (1)-year ban provided for under Republic Act No. 1379; and

2. The report of the AMLC, upon which the *Ex Parte Petition* and the issuance of the *PAPO* were predicated, was prepared in a manner that is violative of the Company's right to due process; hence, it cannot be used, relied upon, nor be taken cognizance of by the Regional Trial Court in determining the existence of probable cause that would justify the issuance of the *PAPO*.

In the *Omnibus Motion*, Mr. Tiu also prayed for a bill of particulars or a more definite statement of facts so that he could intelligently confront the baseless imputation that the foregoing bank accounts are somehow connected with any illegal activity. A mere perusal of the *Ex Parte Petition* filed in the Case will readily show that while the foregoing accounts were mentioned, not a single allegation was made connecting any of the funds therein to any specific alleged illegal transaction or unlawful activity involving former Vice President Binay.

On 14 December 2015, the Regional Trial Court, without ruling on the Company's *Omnibus Motion* issued the *Order* dated 15 December 2015 converting the *PAPO* into an *APO*.

On 25 May 2016, or a few days after the May 2016 Elections, RCBC Forex issued a written *Certification* of even date categorically refuting the findings made in the *AMLC Report* that Mr. Tiu allegedly purchased in cash the amount of $20.46 million in foreign currency. It is worthy to note that in the *Certification*, RCBC Forex unequivocally admitted its mistake in relaying false information to the AMLC as regards Mr. Tiu's supposed covered transactions.

Thus, a *Supplemental Motion* to the *Omnibus Motion* was filed by the Company where it prayed that the *Ex Parte Petition* against it be stricken from the records of the Regional Trial Court in view of (i) the *Certification* by RCBC Forex that the information it relayed to the AMLC regarding the involvement of Mr. Tiu in the $20.46 million purchase of foreign currency was erroneous; (ii) the indubitable legitimate and *bona fide* business transactions that supported the inward bank remittance transactions involving the Company, Earthright, Sunchamp, and Mr. Tiu; (iii) the false and erroneous information contained in the *AMLC Report*; and (iv) the violation of the Company's constitutional rights in connection with the *AMLC Report* and the proceedings instituted as a result thereof.

The Company believes that the arguments and defenses raised in the *Omnibus Motion* and *Supplemental Motion* are based on strong legal grounds. Thus, the Company fully intends to exhaust all legal remedies available to it in order to protect its interests and vindicate its rights. To date, the *Omnibus Motion* and *Supplemental Motion* are still pending resolution by the Regional Trial Court.

Item 10. Executive Compensation

The following summarizes the aggregate compensation of the executive officers and directors and the amounts paid to the Chief Executive Officer and four (4) most highly compensated executive officers of the Company:

(A) Name and Position	(B) Year	(C) Salary (in ₱)	(D) Bonus	(E) Other Annual Compensation
Antonio L. Tiu, as President/CEO	2018 (estimated)	500,000.00	None	None
	2017	0.00	None	None
	2016	0.00	None	None
All other officers and directors as a group, unnamed	2018 (estimated)	1,000,000.00	None	None
	2017	0.00	None	None
	2016	372,666.60	None	None

**The President/CEO, Treasurer/CFO, Corporate Secretary/Corporate Information and Compliance Officer, and Assistant Corporate Secretary/Assistant Corporate Information and Compliance Officer did not receive compensation in the year 2016.*

Compensation of Directors

The Board of Directors, committee chairmen, and members do not receive compensation or director's fees.

However, effective January 2012, the members of the Board of Directors are entitled to reimbursement of actual transportation expenses for attendance to any regular or special meeting.

Employment Contracts

None.

Warrants and Options Outstanding

On 14 April 2012, the Board of Directors approved the issuance of 7.5 billion warrants to Mr. George Uy at the issue price of ₱0.001 per warrant under such terms and conditions as may be agreed upon and in accordance with the rules and regulations of the SEC and the PSE.

Securities Subject to Redemption or Call

None.

Item 11. Security Ownership of Certain Beneficial Owners and Management[4]

Security Ownership of Certain Record and Beneficial Owners

As of 31 December 2017, the following persons or groups owned more than five percent (5%) of the Company's voting securities, equivalent to a total of 1,800,778,572 issued and outstanding common shares:

Title of Class	Name and Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent
Common	*PCD Nominee Corporation* 37/F The Enterprise Center, Ayala Avenue, Makati City *No relationship with the Issuer*	PCD Nominee Corporation, a wholly-owned subsidiary of the Philippine Depository and Trust Corporation, Inc. (PDTC), is the registered owner of the shares in the books of the Company's stock transfer agent. The beneficial owner of such shares entitled to vote the same are PDTC's participants, who hold the shares either in their own behalf or on behalf of their clients. No stockholder owns more than 5% of the outstanding capital stock under the PCD Nominee Corp.	Filipino	369,170,358	20.5006%

[4] The Company is still in the process of implementing the change in par value of its common shares as approved by the SEC. For the purpose of this report, the number of shares issued and subscribed was rounded off. However, the same is still subject to change/adjustment upon completion of the implementation of the change in par value of common shares of the Company.

Common	*ThomasLloyd Cleantech Infrastructure Fund GmbH (formerly, Cleantech Projektgesellschaft mbH)* Hanauer Landstraße 291B, 60314 Frankfurt a. M., Deutschland *Private placement investor*	ThomasLloyd Cleantech Infrastructure Fund GmbH (formerly, Cleantech Projektgesellschaft mbH)	German	207,768,560	11.5377%
Common	*Earthright Holdings, Inc.** Unit 3C Value Point Executive Bldg., 227 Salcedo St. Legaspi Village Makati City *Private placement investor*	Earthright Holdings, Inc.	Filipino	187,500,000	10.4122%
Common	*Jian Cheng Cai* 18 Dadiangas Street, Damar Village, Quezon City *Private placement investor*	Jian Cheng Cai	Chinese	160,000,000	8.8850%
Common	*Three Star Capital Limited (BVI)* P.O. Box 2234, IFS Chambers, Road Town, Tortola, British Virgin Islands *Private placement investor*	Three Star Capital Limited (BVI)	British Virgin Islands	110,000,000	6.1085%

**EHI also owns 1,000,000,000 preferred shares of the Company at ₱0.10 per share*

<u>Security Ownership of Directors and Management</u>

The following table shows the ownership of the following directors and executive officers in the Company's common shares as of 31 December 2017:

Title of Class	Name of Beneficial Owner	Citizenship	Amount and Nature of Beneficial Ownership		Percent of Class
Common	Antonio L. Tiu*	Filipino	10,000	Direct	16.52%
			297,500,000	Indirect	
Common	Martin C. Subido	Filipino	1,000	Direct	0.00%
			1,000	Indirect	
Common	Kenneth S. Tan	Filipino	0	Direct	0.00%
			10,000	Indirect	
Common	Yang Chung Ming	Chinese	1	Direct	0.00%
			0	Indirect	
Common	Paula Katrina L. Nora	Filipino	1	Direct	0.00%
			0	Indirect	
Common	Lisette M. Arboleda	Filipino	1	Direct	0.00%
			0	Indirect	
Common	Antonio Peter R. Galvez	Filipino	1	Direct	0.00%
			0	Indirect	
Common	James L. Tiu	Filipino	30,000,000	Direct	1.67%

			0	Indirect	
Common	Ma. Pamela Grace C. Muhi	Filipino	1	Direct	0.00%
			0	Indirect	
Common	Honorio T. Tan	Filipino	1	Direct	0.33%
			6,000,000	Indirect	
Common	Maylyn Z. Dy	Filipino	1	Direct	0.00%
			0	Indirect	
Total			**333,522,007**	**-**	**18.52%**

**Indirectly holds 1,000,000,000 preferred shares of the Company through EHI*

<u>Voting Trust Holders of 5% or More</u>

To the knowledge of the Company, no such voting trust exists.

<u>Changes in Control</u>

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 the last fiscal year.

Item 12. Certain Relationships and Related Transactions

Please refer to Note 13 of the Audited Financial Statements for the year ended 31 December 2017 for details on related party transactions.

PART IV – CORPORATE GOVERNANCE

Item 13. Corporate Governance

This portion has been deleted pursuant to SEC Memorandum Circular No. 5, series of 2013.

In compliance with SEC Memorandum Circular No. 15, series of 2017, and PSE Circular No. 2017-0079 on the Integrated Annual Corporate Governance Report ("i-ACGR"), the Company's i-ACGR will be submitted to the SEC separately on or before the deadline of 30 May 2018 using SEC Form i-ACGR. The i-ACGR will replace this section of the Annual Report and the previous SEC Form ACGR.

PART V - EXHIBITS AND SCHEDULES

Item 14. Exhibits and Reports on SEC Form 17-C

The following are the reports on SEC Form 17-C, as amended, which were filed during the last six (6)-month period covered by this Report**:**

Disclosures	
24 July 2017	Matters approved, adopted, and/or ratified during the meeting of Board of Directors of the Company held on 24 July 2017: Postponement of the Annual Stockholders' Meeting from 31 August 2017 to 16 November 2017, with a record date of 16 October 2017, to give the Company sufficient time to prepare for the additional matters and materials which may have to be presented to the stockholders.

8 September 2017	Matters approved, adopted, and/or ratified during the meeting of Board of Directors of the Company held on 8 September 2017: Appointment of Ms. Ciara Mae O. Lim as Data Protection Officer of the Company in compliance with the requirements of Republic Act No. 10173, otherwise known as the "Data Privacy Act of 2012," the Implementing Rules and Regulations of the Data Privacy Act of 2012, and related issuances of the National Privacy Commission.
29 September 2017	Matters approved, adopted, and/or ratified during the meeting of Board of Directors of the Company held on 29 September 2017: Postponement of the Annual Stockholders' Meeting from 16 November 2017 to 14 December 2017, with a record date of 16 November 2017, to give the Company sufficient time to prepare for the additional matters and materials which may have to be presented to the stockholders.
3 November 2017	Matters approved, adopted and/or ratified during the meeting of Board of Directors of the Company held on 3 November 2017: Postponement of the Annual Stockholders' Meeting from 14 December 2017 to 20 December 2017, with a record date of 22 November 2017, to give the Company sufficient time to prepare for the additional matters and materials which may have to be presented to the stockholders.
20 December 2017	Matters approved, adopted, and/or ratified during the Annual Stockholders' Meeting of the Company held on 20 December 2017: The following were elected as the members of the Board of Directors of the Company during the Annual Meeting of the Stockholders: 1. Antonio L. Tiu 2. Kenneth S. Tan 3. Martin C. Subido 4. Paula Katrina L. Nora 5. Ma. Pamela Grace C. Muhi 6. Lisette M. Arboleda 7. Yang Chung Ming 8. James L. Tiu 9. Antonio Peter R. Galvez 10. Maylyn Z. Dy (Independent Director) 11. Honorio T. Tan (Independent Director) The following, among others, have been approved, ratified, and/or confirmed by the stockholders: 1. Minutes of the Annual Meeting of Stockholders held last 15 December 2016; 2. Annual Report and Financial Statements for the fiscal year ended 31 December 2016; 3. Confirmation of the amendment of the Company's Articles of Incorporation and By-Laws to effect the increase of authorized capital stock from ₱2 Billion up to an amount not exceeding ₱10 Billion and delegation of the determination thereof to the Board of Directors as previously approved by the stockholders at the Annual Stockholders' Meeting held on 11 December 2012; 4. Delegation of the appointment of the external auditor for the fiscal year ending 31 December 2017 to the Board of Directors upon recommendation of the Audit Committee; and 5. Ratification of all acts, resolutions, and decisions of the incumbent Board of Directors and Management since the Annual Stockholders' Meeting held on 15 December 2016. The following were elected as officers of the Company during the Organizational Meeting of the Board of Directors of the Company held on 20 December 2017:

Chairman/President/Chief Executive Officer	Antonio L. Tiu
Treasurer/Chief Financial Officer	Kenneth S. Tan
Corporate Secretary/Corporate Information and Compliance Officer	Martin C. Subido
Assistant Corporate Secretary/Assistant Corporate Information and Compliance Officer	Paula Katrina L. Nora

The following were elected as members of the various committees of the Board of Directors during the Organizational Meeting of the Board of Directors of the Company held on 20 December 2017:

1. Nomination Committee

Chairman	-	Antonio Peter R. Galvez
Member	-	Honorio T. Tan
Member	-	Kenneth S. Tan

2. Audit Committee

Chairman	-	Maylyn Z. Dy
Member	-	Antonio L. Tiu
Member	-	Martin C. Subido

3. Corporate Governance Committee

Chairman	-	Honorio T. Tan
Member	-	Maylyn Z. Dy
Member	-	Lisette M. Arboleda

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Makati on MAY 1 1 2018.

By:

ANTONIO L. TIU Chairman of the Board and President	**KENNETH S. TAN** Chief Financial Officer
MARTIN C. SUBIDO Corporate Secretary	**CIARA MAE ONG-LIM** Comptroller

SUBSCRIBED AND SWORN to before me this MAY 1 1 2018, affiants appeared and exhibited to me their competent evidence of identity, bearing their respective photographs and signatures, to wit:

Names	Competent Evidence of Identity	Expiration Date & Place of Issue
Antonio L. Tiu	Passport No. EC1832[illegible]	valid until 30 Jan. 2019/ DFA Manila
Kenneth S. Tan	Passport No. EB8463839	valid until 23 June 2018/ DFA Manila
Martin C. Subido	Passport No. EC1674951	valid until 20 July 2019/ DFA Manila
Ciara Mae Ong-Lim	DL No. 60C-03-679582	valid until 29 July 2022/ LTO East Ave. QC.

Doc. No.: 421;
Page No.: 86;
Book No.: I;
Series of 2018.

ATTY. JOSE ANTONIO A. CERTEZA
NOTARY PUBLIC
ROLL NO. 70182
MAKATI CITY, PHILIPPINES

ATTY. JOSE ANTONIO A. CERTEZA
Notary Public
Until December 31, 2018
Roll of Attorneys No. 70182
IBP No. 001085/05-15-17/Makati Chapter
PTR No. 6279107/06-06-17/Makati City
Notarial Commission No.M-512(2017-2018)
TIN 237-871-628
5th Floor, Prince Building, 117 Rada Street
Legaspi Village, Makati City

CG&Co

an independent member of
BAKER TILLY
INTERNATIONAL

Constantino Guadalquiver & Co.
Certified Public Accountants

22nd Floor Citibank Tower
8741 Paseo de Roxas Street
Salcedo Village, Makati City, Philippines
Telephone (+632) 848-1051
Fax (+632) 728-1014
E-mail address:mail@cgco.com.ph

INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Greenergy Holdings Incorporated and Subsidiaries
No. 54 National Road, Dampol II-A
Pulilan, Bulacan

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Greenergy Holdings Incorporated and Subsidiaries as at and for the year ended December 31, 2017, included in this Form 17-A and have issued our report thereon dated April 27, 2018. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Company's management. These schedules are presented for purpose of complying with the Securities Regulation Code Rule 68 As Amended (2011), and are not part of the consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, fairly state in all material respect the information required to be set forth therein in relation to the consolidated financial statements taken as a whole.

CONSTANTINO GUADALQUIVER & CO.
BOA Registration No. 0213, valid until December 31, 2019
SEC Accreditation No. (A.N.) 004-FR-4, valid until December 7, 2020 (Group A)
BIR A.N. 08-001507-0-2017, valid until December 22, 2020

By:

ROGELIO M. GUADALQUIVER
Partner
CPA Certificate No. 13608
SEC A.N. 0017-AR-3, valid until April 30, 2018 (Group A)
TIN 123-305-015-000
BIR A.N. 08-001507-1-2017, valid until December 21, 2020
PTR No. 6678749, issued on January 31, 2018, Makati City

Makati City, Philippines
April 27, 2018

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

A	S	O	9	2	–	0	0	5	8	9

COMPANY NAME

GREENERGY HOLDINGS INCORPORATED AND SUBSIDIARIES

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

NO. 54 NATIONAL ROAD, DAMPOL II-A, PULILAN, BULACAN

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS	CRMD	NA

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
greenergy@ghi.com.ph	(02) 997-5184	N/A

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
1,038	Second Friday of June	DECEMBER 31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Mr. Kenneth S. Tan	kenneth.tan@ani.com.ph	(02) 997-5184	N/A

CONTACT PERSON'S ADDRESS

No. 7 St. Jose Maria Escriva Drive, Unit 112, Cedar Mansion 2, Ortigas Center, Pasig City

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

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

GREENERGY Holdings

GREENERGY HOLDINGS INCORPORATED
(formerly Music Semiconductors Corp.)
54 National Road, Dampol II
Pulilan, Bulacan

April 27, 2018

The Securities and Exchange Commission
SEC Building, EDSA, Greenhills
Mandaluyong City

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **GREENERGY HOLDINGS, INC. AND ITS SUBSIDIARIES** is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, as of and for the years ended December 31, 2017 and 2016, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Constantino Guadalquiver & Co., and Uy Singson Abella & Co. the independent auditors appointed by the stockholders or members in 2017 and 2016, have audited the consolidated financial statements of the Company in accordance with Philippine Standards on Auditing, and in their report s to the members, have expressed their opinion on the fairness of presentation upon completion of such audit.

ANTONIO L. TIU
Chairman of the Board of Directors

ANTONIO L. TIU
President

KENNETH S. TAN
Chief Financial Officer

01 MAY 2018

SUBSCRIBED AND SWORN to before me this _____ day of ______, affiant exhibiting to me his Community Tax Certificate No. _______________, issued at ___________on __________, _____.

NAME	ID	DATE OF ISSUE	PLACE OF ISSUE
Antonio L. Tiu	DL:N04-93-265667	07 September 2017	MANILA
Kenneth S. Tan	Passport No:P5292731A	09 December 2017	DFA NCR EAST

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Book No. XLII-N
Series of 18

ATTY. LUIS M. DE VERA
Notary Public, Until Dec. 31, 2019
PTR No. 5520351 / 1 / 03/2018
IBP No. 019124 / 12 / 20 / 2017
Roll No. 20761
5th MCLE No. 0009542 / 04/14/2016
TIN No. 218-145-247

CG&Co

an independent member of
BAKER TILLY
INTERNATIONAL

Constantino Guadalquiver & Co.
Certified Public Accountants
22nd Floor Citibank Tower
8741 Paseo de Roxas Street
Salcedo Village, Makati City, Philippines
Telephone (+632) 848-1051
Fax (+632) 728-1014
E-mail address:mail@cgco.com.ph

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Greenergy Holdings Incorporated and Subsidiaries
No. 54 National Road, Dampol II-A
Pulilan, Bulacan

Report on the Financial Statements

Opinion

We have audited the consolidated financial statements of Greenergy Holdings Incorporated and Subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2017 and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2017 and its consolidated financial performance and its consolidated cash flows for year ended December 31, 2017 in accordance with Philippine Financial Reporting Standards.

Basis for Opinion

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

Other Matter

The consolidated financial statements of Greenergy Holdings Incorporated and Subsidiaries as at and for year ended December 31, 2016 were audited by another auditor who expressed an unmodified opinion on those statements on November 8, 2017. We were not engaged to audit, review, or apply any procedures to the 2016 financial statements of the Group and accordingly, we do not express an opinion or any other form of assurance on the 2016 financial statements taken as a whole.

Key Audit Matters

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

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

Consolidation Process
The Group's consolidated financial statements comprise the financial statements of Greenergy Holdings Incorporated and its Subsidiaries. The Group's consolidation process is a key audit matter because of the complexity of the process which involves identifying and combining of like items in the financial statements of the Parent Company and subsidiaries, and identifying and eliminating intercompany transactions and balances to properly reflect the consolidated financial position and its consolidated financial performance and consolidated cash flows in accordance with PFRS.

Audit response
Our audit procedure involves obtaining an understanding of the Group's corporate structure and its consolidation process and policy, such as identifying intercompany transactions and reconciliation of intercompany balances. We checked the Group's combination of like items of assets, liabilities, equity, income, costs and expenses, and cash flows of the Parent Company with those of the subsidiaries. We checked the appropriateness of the intercompany elimination entries of the carrying amount of the Parent Company's investments in each subsidiary and the Parent Company's portion of equity of each subsidiary, and the recognition of the noncontrolling interest. We further checked the elimination in full of intercompany assets and liabilities including income, costs and expenses, and cash flows relating to transactions involving companies within the Group. We also evaluated whether uniform accounting policies for like transactions and events are adopted by all entities within the Group in preparing the consolidated financial statements. We further evaluated the sufficiency of the disclosures in the Group consolidated financial statements.

Recoverability of Due from a Stockholder
As at December 31, 2017, the Group has outstanding Due from a stockholder amounting to ₱795.4 million. This is significant to our audit because the balance of the Due from a Stockholder represents 55.7% of the Group's total assets. In addition, the assessment of recoverability of the advances requires a high level of management judgment and the estimation of future cash repayments. The Group's disclosure about the transaction and recoverability of the amounts are included in Note 18 of the consolidated financial statements.

Audit response
Our audit procedures focused on the evaluation of management's assessment on the recoverability of the advances to a stockholder. We obtained confirmation from the stockholder for the acknowledgement of the liability to the Group and repayment agreement that covers the timing of future cash flows and manner of payment.

Other Information

Management is responsible for the other information. The other information comprises the information included in Securities and Exchange Commission (SEC) Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2017, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS, SEC Form 17-A and Annual Report are expected to be made available to us after the auditor's report date.

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

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Rogelio M. Guadalquiver.

CONSTANTINO GUADALQUIVER & CO.
BOA Registration No. 0213, valid until December 31, 2019
SEC Accreditation No. (A.N.) 004-FR-4, valid until December 7, 2020 (Group A)
BIR A.N. 08-001507-0-2017, valid until December 22, 2020

By:

ROGELIO M. GUADALQUIVER
Partner
CPA Certificate No. 13608
SEC A.N. 0017-AR-3, valid until April 30, 2018 (Group A)
TIN 123-305-015-000
BIR A.N. 08-001507-1-2017, valid until December 21, 2020
PTR No. 6678749, issued on January 31, 2018, Makati City

Makati City, Philippines
April 27, 2018

GREENERGY HOLDINGS INCORPORATED AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2017

WITH COMPARATIVE FIGURES AS AT DECEMBER 31, 2016
(Amounts in Philippine Pesos)

	Note	**2017**	2016
ASSETS			
Current Assets			
Cash	6	**₱2,700,296**	₱1,655,902
Receivables – net	7	**251,436,182**	251,133,983
Due from related parties	18	**821,835,699**	786,249,841
Other current assets – net	9	**569,945**	617,837
Total Current Assets		**1,076,542,122**	1,039,657,563
Noncurrent Assets			
Deposit for land acquisition	8	**11,000,000**	11,000,000
Available-for-sale (AFS) investment	10	**370,000**	370,000
Investment in an associate	11	**319,154,639**	297,927,710
Property and equipment – net	13	**1,246,730**	1,378,210
Biological assets	14	**3,232,807**	2,679,692
Investment properties – net	15	**6,320,465**	13,045,276
Total Noncurrent Assets		**341,324,641**	326,400,888
		₱1,417,866,763	₱1,366,058,451

	Note	**2017**	2016
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	16	**19,626,005**	20,328,135
Due to related parties	18	**46,752,073**	–
Deposit for future stock subscription	18	**177,000,000**	177,000,000
Current portion of loan payable	17	**–**	5,153,846
Income tax payable		**231,423**	472,380
Total Current Liabilities		**243,609,501**	202,954,361

(Forward)

(Carryforward)

	Note	2017	2016
Equity	19		
Equity attributable to equity holders of Parent Company			
Capital stock			
Common shares – ₱1.00 par value			
Authorized – 1,900,000,000 shares			
Subscribed and paid – 1,703,278,572 shares in 2017 and 2016		**₱1,703,278,572**	₱1,703,278,572
Preferred – ₱0.01 par value			
Authorized and subscribed – 100,000,000 shares		**100,000,000**	100,000,000
Additional paid-in capital		**268,090,531**	268,090,531
Unrealized loss on fair value of AFS investments		**(390,600)**	(390,600)
Share in other comprehensive income (loss) of an associate		**1,687,040**	11,809,295
Accumulated losses		**(1,037,637,525)**	(1,061,478,111)
		1,035,028,018	1,021,309,687
Non-controlling interests		**139,229,244**	141,794,403
Total Equity		**1,174,257,262**	1,163,104,090
		₱1,417,866,763	₱1,366,058,451

See accompanying Notes to Financial Statements

GREENERGY HOLDINGS INCORPORATED AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2017

WITH COMPARATIVE FIGURES FOR THE YEAR ENDED DECEMBER 31, 2016 AND 2015

(Amounts in Philippine Pesos)

	Notes	**2017**	2016	2015
INCOME				
Equity in net income of associate	11	**P31,349,184**	P–	P–
Gain on sale of investment property	15	**11,244,427**	23,499,135	–
Increase in fair value of biological assets	14	**553,115**	–	–
Agri-tourism revenue		**519,503**	–	–
Rental income		**326,700**	297,000	270,000
Interest income – net of final tax	6	**9,274**	5,484	8,086
Realized foreign exchange gain	6	**128**	4,345	9,070
Miscellaneous income		**–**	–	2,527
		44,002,331	23,805,964	289,683
EXPENSES				
General and administrative expenses	20	**(21,758,383)**	(20,728,139)	(19,503,084)
Provision for impairment	15	**(737,095)**	(460,951)	(21,826)
Equity in net loss of associate	11	**–**	(45,274,728)	(132,485,607)
Interest expense	17	**–**	(865,174)	(1,837,172)
		(22,495,478)	(67,328,992)	(153,847,689)
INCOME (LOSS) BEFORE INCOME TAX		**21,506,853**	(43,523,028)	(153,558,006)
INCOME TAX EXPENSE		**231,426**	476,010	5,633
NET INCOME (LOSS)		**21,275,427**	(43,999,038)	(153,563,639)
OTHER COMPREHENSIVE INCOME				
Item that may be reclassified subsequently to profit or loss				
Share on equity in other comprehensive income (loss) on exchange differences on translation of foreign operations		**(10,189,109)**	27,209,455	(24,776,192)
Net change in unrealized loss on AFS investments	10	**–**	–	(120,000)
Item that will not be reclassified subsequently to profit or loss				
Share on equity in other comprehensive income (loss) on remeasurement on pension liability net of tax		**66,854**	86,949	1,557,839
		(10,122,255)	27,296,404	(23,338,353)

(Forward)

(Carryforward)

	Note	**2017**	2016	2015
NET INCOME (LOSS) ATTRIBUTABLE TO:				
Equity holders of the Parent Company		**P23,840,586**	(₱46,000,060)	(₱148,735,965)
Non-controlling interests	23	**(2,565,159)**	2,001,022	(4,827,672)
		21,275,427	(43,999,038)	(153,563,637)
NET COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Equity holders of the Parent Company		**13,718,331**	(18,703,656)	(172,028,719)
Non-controlling interests	23	**(2,565,159)**	2,001,022	(4,827,672)
		11,153,172	(16,702,634)	(176,901,991)
INCOME (LOSS) PER SHARE		**₱0.01**	(₱0.03)	(₱0.09)

See accompanying Notes to Financial Statements

GREENERGY HOLDINGS INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2017
WITH COMPARATIVE FIGURES FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(Amounts in Philippine Pesos)

	Note	**2017**	2016	2015
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT COMPANY				
CAPITAL STOCK	19			
Common shares				
Authorized – 1,900,000,000 common shares at ₱1.00 par value				
Issued and paid:				
Balance at beginning of year		**₱1,598,289,455**	₱1,598,289,451	P1,598,298,448
Issuance during the year		**–**	4	3
Balance at end of year		**1,598,289,455**	1,598,289,455	1,598,298,451
Subscribed:				
Balance at beginning and end of the year		**202,489,117**	202,489,117	202,489,117
Subscription receivable				
Balance at beginning and end of year		**97,500,000**	97,500,000	97,500,000
		1,703,278,572	1,703,278,572	1,703,278,568
Preferred shares				
Authorized – 1,000,000,000 preferred shares at ₱0.10 par value		**100,000,000**	100,000,000	100,000,000
ADDITIONAL PAID-IN CAPITAL		**268,090,531**	268,090,531	268,090,531
UNREALIZED LOSS ON FAIR VALUE OF INVESTMENTS	10			
Balance at beginning of year		**(390,600)**	(390,600)	(316,200)
Unrealized loss during the year		**–**	–	(74,400)
Balance at end of year		**(390,600)**	(390,600)	(390,600)

(Forward)

(Carryforward)

	Note	**2017**	2016	2015
SHARE IN OTHER COMPREHENSIVE INCOME (LOSS) OF AN ASSOCIATE				
Balance at beginning of year		**₱11,809,295**	(₱15,487,109)	₱7,731,244
Share in other comprehensive income of an associate				
Exchange differences on translation of foreign operations		**(10,189,109)**	27,209,455	(24,776,192)
Remeasurement on pension liability net of tax		**66,854**	86,949	1,557,839
Balance at end of year		**1,687,040**	11,809,295	(15,487,109)
ACCUMULATED LOSSES				
Balance at beginning of year		**(1,061,478,111)**	(1,015,478,051)	(866,742,086)
Net income (loss) for the year		**23,840,586**	(46,000,060)	(148,735,965)
Balance at end of year		**(1,037,637,525)**	(1,061,478,111)	(1,015,478,051)
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT COMPANY		**1,035,028,018**	1,021,309,687	1,040,013,339
NON-CONTROLLING INTERESTS	23			
Balance at beginning of year		**141,794,403**	139,793,381	144,666,653
Net profit (loss) during the year		**(2,565,159)**	2,001,022	(4,827,672)
Share in fair value loss on AFS investments		**–**	–	(45,600)
		139,229,244	141,794,403	139,793,381
		₱1,174,257,262	₱1,163,104,090	₱1,179,806,720

GREENERGY HOLDINGS INCORPORATED AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2017

WITH COMPARATIVE FIGURES FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

(Amounts in Philippine Pesos)

	Notes	2017	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES				
Income (loss) before income tax		**P21,506,853**	(₱43,523,028)	(₱153,558,006)
Adjustments for:				
Share in net loss (income) of associates	11	**(31,349,184)**	45,274,728	132,485,607
Gain on sale of investment properties	15	**(11,244,427)**	(23,499,135)	–
Provision for impairment loss	15	**737,095**	460,951	21,826
Increase in fair value of biological assets	14	**(553,115)**	–	–
Depreciation amortization	13	**131,480**	230,336	587,426
Accounts written off	7, 9, 18	**56,889**	52,680	1,798,525
Interest income – net of final tax	6	**(9,274)**	(5,484)	(8,086)
Unrealized foreign exchange gain	6	**(128)**	(4,345)	(9,070)
Interest expense	17	**–**	865,174	1,837,172
Operating loss before working capital changes		**(20,723,811)**	(20,148,123)	(16,844,606)
Decrease (increase) in:				
Receivables – net	7	**(302,199)**	(330,495)	(552,641)
Other current assets	9	**(7,681)**	(118,868)	(92,344)
Increase (decrease) in trade and other payables	16	**(702,130)**	(13,757,835)	2,638,850
Net cash used in operations		**(21,735,821)**	(34,355,321)	(14,850,741)
Interest received – net of final tax	6	**9,274**	5,484	8,086
Income taxes paid		**(473,699)**	(3,630)	(5,633)
Net cash used in operating activities		**(22,200,246)**	(34,353,467)	(14,848,288)
CASH FLOWS FROM AN INVESTING ACTIVITIES				
Advances made to related parties	18	**(37,886,408)**	(1,205,141)	(483,520)
Proceeds from sale of investment properties	15	**17,232,143**	47,450,000	–
Payments received from related parties	18	**2,300,550**	3,486,584	33,563,191
Additions to property and equipment	14	**–**	–	(109,520)
Deposit for land acquisition	8	**–**	–	14,544,000
Acquisitions of biological assets	14	**–**	(2,679,692)	–
Net cash provided by (used in) investing activities		**(18,353,715)**	47,051,751	47,514,151
CASH FLOWS FROM A FINANCING ACTIVITIES				
Advances received from related parties	18	**46,752,073**	–	–
Payments of loan payable	17	**(5,153,846)**	(11,646,154)	(33,200,000)
Interest paid		**–**	(865,174)	(1,837,172)
Payments made to related party	18	**–**	(185,581)	185,581
Proceeds from issuance of capital stock	19	**–**	4	3
Net cash provided by (used in) financing activities		**41,598,227**	(12,696,905)	(34,851,588)

(Forward)

(Carryforward)

	Note	**2017**	2016	2015
EFFECT OF EXCHANGE RATE CHANGES IN CASH	6	**₱128**	₱4,345	₱9,070
NET INCREASE (DECREASE) IN CASH		**1,044,394**	5,724	(2,176,655)
CASH AT BEGINNING OF YEAR		**1,655,902**	1,650,178	3,826,833
CASH AT END OF YEAR	6	**₱2,700,296**	₱1,655,902	₱1,650,178

See accompanying Notes to Financial Statements.

1. Corporate Information

Greenergy Holdings Incorporated ("GHI" or the Parent Company) was registered and incorporated with the Philippine Securities and Exchange Commission (SEC) on January 29, 1992 as MUSX Corporation to primarily engage in the manufacture and sale of semiconductor products. In 2011, the SEC approved the amendment of its Articles of Incorporation to change the registered name to Greenergy Holdings Incorporated. The Parent Company's shares are publicly-listed in the Philippine Stock Exchange (PSE).

The Parent Company's primary purpose is to invest in, purchase, or otherwise acquire and own, hold, use, sell, assign, transfer, mortgage, pledge or otherwise dispose of real or personal property of every kind and description, including shares of stocks, bonds, debentures, notes, evidence of indebtedness, marketable securities, deposit substitutes in any valid currency, and other securities or obligations of any corporation or corporations, association and associations, domestic or foreign, for whatever lawful purpose or purposes the same may have been organized and to pay therefore in money or by exchanging therefore stocks, bonds, or other evidence of indebtedness or securities of this or any other corporation, stocks, bonds, debentures, contracts, or obligations, to receive, collect, and dispose of the interest, dividends, proceeds and income arising from such property , and to possess and exercise in respect therefore all voting powers of any stock so owned, provided that the corporation shall not engage as stock brokers or dealers in securities.

The Parent Company and its subsidiaries (collectively referred to as the "Group") are involved in diversified industries such as renewable energy system, agriculture and real estate, information technology and waste management.

The Group's registered address and principal place of business is at 54 National Road, Dampol II-A, Pulilan Bulacan. The Group's business address is at Unit 112 Cedar Mansion II, #7 Street Jose Maria Escriva Drive, Ortigas Center Pasig City.

The consolidated financial statements include the accounts of the Parent Company and the following subsidiaries:

Investee	Nature of Business	Principal Place of Business	Percentage of Ownership	
			2017	2016
Subsidiaries				
Winsun Green Ventures, Inc. (WGVI)	Renewable energy system	Pulilan, Bulacan	**100%**	100%
Agrinurture Development Holdings Inc. (ADHI)	Investment holding	Pasig City	**100%**	100%
Sunchamp Real Estate Development Corp. (SREDC)	Agri-tourism and real estate	Rosario, Batangas	**62.39%**	62.39%
Lite Speed Technologies, Inc. (LSTI)	Information technology	Makati City	**51%**	51%
Total Waste Management Recovery System, Inc. (TWMRSI)	Waste management	Pulilan, Bulacan	**51%**	51%

(Forward)

(Carryforward)

Investee	Nature of Business	Principal Place of Business	Percentage of Ownership **2017**	2016
Associate				
Agrinurture, Inc. (ANI)	Trading	Pulilan, Bulacan	**30.26%**	30.26%

Going Concern

The Group's consolidated financial statement have been prepared on a going concern basis, which assumes that the Group will be able to continue to increase its revenues and improve operations despite heavy losses from operations. Although the Group has accumulated losses of ₱1.04 billion and ₱1.06 billion as at December 31, 2017 and 2016, respectively, the fair value of the Group's investment in ANI increased from ₱865.4 million as at December 31, 2016 to ₱2.3 billion as at December 31, 2017 (see Note 11).

At present, the Group shall continue to expand its core business and increase coverage in various investments in diversified industries such as, but not limited to, renewable energy, real estate, agriculture, waste management facility and information technology. The Group's associate is fully operational with its respective cash flows and key subsidiaries are in the pre-operating stages with various projects in the pipeline under modest spending guidelines. Also, the Group has started an active campaign to gain new clients, as well as to revive previous relationships through marketing and selling activities in the Philippines and overseas. With these investments, the Management of the Group assessed that the going concern assumption remains to be appropriate as the Group continues to generate sufficient cash flows to sustain operations and complete its current and future plans.

Trading Suspension

On May 13, 2015, the Parent Company requested for a voluntary suspension of the trading of its securities in the PSE. The request was filed to prevent any unusual volatility in the trading of the Parent Company's securities that may cause investor panic as a result of a news article on the inclusion of certain bank accounts of the Parent Company in a freeze order issued by the Court of Appeals (CA).

On said date, the PSE suspended the trading of the Parent Company's securities until further notice. As at reporting period, the trading of the Parent Company's securities is still suspended (see Note 28).

The principal activities of the subsidiaries are as follows:

WGVI

WGVI was incorporated in 2012 with the primary purpose of engaging in renewable energy projects. In 2014, WGVI's AFS investment amounting to ₱22.5 million was fully provided with an allowance for impairment loss. In addition, WGVI has a capital deficiency amounting to ₱66.4 million as at December 31, 2017 and 2016. Accordingly, a full allowance for impairment loss was provided by the Parent Company in 2014 since management believed that its investment in WGVI was impaired.

WGVI has not yet started its commercial operations as at reporting date.

ADHI

On June 17, 2014, the SEC approved the incorporation of ADHI. ADHI was incorporated to serve as the Group's holding company for its agricultural portfolio.

As at reporting date, ADHI has not yet started its commercial operations.

SREDC
On January 17, 2013, SREDC entered into an agreement with a third party for the transfer of all the rights, titles and interest over a 150-hectare land in Rosario, Batangas, where a planned project for a self-sustaining agri-tourism park (the Park) will be located (see Note 8). The Park, which will be called "Sunchamp Agri-Tourism Park," is intended to re-shape people's perception of agriculture and will showcase the farm-to-plate business model that promotes agriculture as a commercially viable and growing business activity. The Park will also use the latest techniques for organic and natural farming.

To encourage Filipinos to become "agri-entrepreneurs" or professionals in the agriculture industry, the Park will offer agri-tourism and lifestyle center activities where families will have a hands-on agriculture and culinary experience. The commercial operations of the tourism aspect of the Park, which will showcase the Filipino farmer's creativity and hospitality as well as educate children about the future of and in agriculture, began in the last quarter of 2017.

LSTI
LSTI was registered with the SEC on August 14, 2014 to engage in the business of information and communications technology.

LSTI has not yet started commercial operations as at reporting date.

TWMRSI
TMWRSI is a domestic corporation engaged in the business of building, operating and managing waste recovery facilities, and waste management systems within the Philippines. The operation of its facilities is geared towards efficient, hygienic and economical collection, segregation, recycling, composting, filling, disposing, treating and managing of household, office, commercial and industrial garbage.

In 2013, the Parent Company advanced ₱235.0 million to TWMRSI, which was used to acquire machineries and equipment and steel structure for the latter's waste recycling project located at Santiago Street, Barangay Lingunon, Valenzuela City and which was initially expected to be in full operation in 2014. However, TWMRSI has not started the assembly and installation of the parts as it is still finalizing the arrangement for the site where the project will be located.

In addition, TWMRSI has a capital deficiency amounting to ₱233.6 million and ₱233.5 million as at December 31, 2017 and 2016, respectively. Due to these circumstances, the Parent Company's investment and advances to TWMRSI were provided with full allowance for impairment loss because management believed that these were already impaired.

TWMRSI has not yet started its commercial operations as at reporting date.

Approval of Financial Statements
The consolidated financial statements as at and for the year ended December 31, 2017 (with comparative figures for 2016 and 2015) were authorized for issue by the BOD on April 27, 2018.

2. Basis of Preparation

Presentation of Financial Statements
The consolidated financial statements of the Group have been prepared on a historical cost basis except for available-for-sale investment which is measured at fair value and biological assets which are measured at fair value less cost to sell. The Group presents all items of income and expenses in a single statement of comprehensive income. These consolidated financial statements and these notes are presented in Philippine pesos, which is the Group's functional and presentation currency under the Philippine Financial Reporting Standards (PFRS). All values are rounded to the nearest peso, unless otherwise indicated.

Statement of Compliance
The consolidated financial statements of the Group have been prepared in compliance with PFRS. PFRS includes the statements named PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations Committee (PIC), Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) which have been approved by the Financial Reporting Standards Council (FRSC) and adopted by SEC.

Principles of Consolidation
The consolidated financial statements of the Group comprise the accounts of the Parent Company and its subsidiaries where the Parent Company has control.

Specifically, the Group controls an investee if the Group has:
- power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

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

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

The Group re-assesses or not it controls an investee if cats and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. Intercompany balances and transactions, including intercompany profits and unrealized profits and losses are eliminated.

When the Group loses control over a subsidiary, at the date when control is lost, it: (a) derecognizes the assets (including any goodwill) and liabilities of the subsidiary at their carrying amount; (b) derecognizes the carrying amount of any noncontrolling interests including any components of other comprehensive income attributable to them; (c) recognizes the fair value of the consideration received; (d) recognizes the fair value of any investment retained in the former subsidiary at its fair value; (e) account for all amounts recognized in other comprehensive income in relation to the subsidiary on the same basis as would be required if the parent had directly disposed of the related assets and liabilities, and (f) recognizes any resulting difference as gain or loss in profit or loss attributable to the parent.

The financial statements of the subsidiaries are prepared for the same reporting year as the Group using consistent accounting policies. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

Noncontrolling interests represent interests in certain subsidiaries not held by the Parent Company and are presented separately in the consolidated statements of comprehensive income and consolidated statements of changes in equity and within equity in the consolidated statements of financial position, separately from equity attributable to the equity holders of Parent Company.

Noncontrolling interest represents the portion of profit or loss and the net assets not held by the Group. Transactions with noncontrolling interest are accounted for using the entity concept method, whereby the difference between the consideration and the book value of the share of the net assets acquired is recognized as an equity transaction.

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction

3. **Changes in Accounting and Financial Reporting Policies**

<u>Changes in Accounting Policies</u>
The accounting policies adopted by the Company are consistent with those of the previous financial years except for the following amended and improved PFRS and PAS which became effective in 2017:

- PAS 7, *Cash Flow Statements: Disclosure Initiative*
  The amendments require the entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. The specific disclosure that may be necessary in order to satisfy the above requirement includes:

  - changes in liabilities arising from financing activities caused by changes in financing cash flows, foreign exchange rates or fair values, or obtaining or losing control of subsidiaries or other businesses; and

  - a reconciliation of the opening and closing balances of liabilities arising from financing activities in the Statements of financial position including those changes identified immediately above.

  The amendments affect disclosures only and have no significant impact on the Group's financial statements.

- PAS 12, *Income Taxes: Recognition of Deferred Tax Assets for Unrealized Losses*
  The amendments in recognition of deferred tax assets for unrealized losses clarify the requirements on recognition of deferred tax assets for unrealized losses related to debt instruments measured at fair value.

These amendments are effective for annual periods beginning on or after January 1, 2017, with earlier application permitted. As transition relief, an entity may recognize the change in the opening equity of the earliest comparative period in opening retained earnings on initial application without allocating the change between opening retained earnings and other components of equity.

The amendments have no significant impact on the Group's financial statements.

Annual Improvements to PFRS (2014-2016 Cycle)
The Annual Improvements to PFRSs (2014-2016 cycle) contain non-urgent but necessary amendments to the following standards:

- PFRS 12, *Disclosure of Interest in Other Entities: Clarification of the Scope of the Standard*
  The amendments clarify that the disclosure requirements in PFRS 12, other than those relating to summarized financial information, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale.

  This improvement has no significant impact on the Group's financial statements as this affects disclosures only.

- Amendments to PFRS 1, *Deletion of Short-term Exemptions for First-time Adopters* (Part of *Annual Improvements to PFRSs* 2014 - 2016 Cycle)

  These amendments are not applicable to the Group as it is not a first-time adopter.

New Accounting Standards, Amendments to Existing Standards Annual Improvements and Interpretations Effective Subsequent to December 31, 2017
The standards, amendments, annual improvements and interpretations which have issued but are not yet effective are discussed below and in the subsequent pages. The Group will adopt these standards, amendments and annual improvements and interpretations when these become effective and applicable to the Group. Except as otherwise indicated, the Group does not expect the adoption of these new and amended standards, annual improvements and interpretations to have a significant impact on its financial statements.

Effective in 2018
- Amendments to PFRS 2, *Share-based Payment*, *Classification and Measurement of Share-based Payment Transactions*
  The amendments to PFRS 2 address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and the accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

  On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and if other criteria are met. Early application of the amendments is permitted.

  These amendments are currently not applicable to the Group as it has no share-based payment transactions.

- Amendments to PFRS 4, *Insurance Contracts*, *Applying PFRS 9, Financial Instruments, with PFRS 4*
  The amendments address concerns arising from implementing PFRS 9, the new financial instruments standard before implementing the forthcoming insurance contracts standard. They allow entities to choose between the overlay approach and the deferral approach to deal with the transitional challenges. The overlay approach gives all entities that issue insurance contracts the option to recognize in other comprehensive income, rather than profit or loss, the volatility that could arise when PFRS 9 is applied before the new insurance contracts standard is issued. On the other hand, the deferral approach gives entities whose activities are predominantly connected with insurance an optional temporary exemption from applying PFRS 9 until the earlier of application of the forthcoming insurance contracts standard or January 1, 2021.

  The overlay approach and the deferral approach will only be available to an entity if it has not previously applied PFRS 9.

  The amendments are currently not applicable to the Group since it has no activities that are predominantly connected with insurance or issue insurance contracts.

- PFRS 9, *Financial Instruments: Classification and Measurement*
  PFRS 9 requires all financial assets to be measured at fair value at initial recognition. A debt financial asset may, if the fair value option (FVO) is not invoked, be subsequently measured at amortized cost if it is held within a business model that has the objective to hold the assets to collect the contractual cash flows and its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding. All other debt instruments are subsequently measured at fair value through profit or loss. All equity financial assets are measured at fair value either through OCI or profit or loss. Equity financial assets held for trading must be measured at FVPL. For liabilities designated as at FVPL using the FVO, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in OCI.

  The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change relating to the entity's own credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. All other PAS 39 classification and measurement requirements for financial liabilities have been carried forward to PFRS 9, including the embedded derivative bifurcation rules and the criteria for using the FVO. The adoption of the first phase of PFRS 9 will have an effect on the classification and measurement of the Group's financial assets but will potentially have no impact on the classification and measurement of financial liabilities.

  On hedge accounting, PFRS 9 replaces the rules-based hedge accounting model of PAS 39 with a more principles-based approach. Changes include replacing the rules-based hedge effectiveness test with an objectives-based test that focuses on the economic relationship between the hedged item and the hedging instrument, and the effect of credit risk on that economic relationship; allowing risk components to be designated as the hedged item, not only for financial items, but also for nonfinancial items, provided that the risk component is separately identifiable and reliably measurable; and allowing the time value of an option, the forward element of a forward contract and any foreign currency basis spread to be excluded from the designation of a financial instrument as the hedging instrument and accounted for as costs of hedging. PFRS 9 also requires more extensive disclosures for hedge accounting. The Company is currently assessing the impact of this new standard to its financial statements.

  This is not expected to have a significant impact on the Group’s financial statements.

- PFRS 15, *Revenue from Contracts with Customers*
  PFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under PFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in PFRS 15 provide a more structured approach to measuring and recognizing revenue.

  The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under PFRSs. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2018.

  The Group is currently assessing the impact of PFRS 15 and plans to adopt the new standard on the required effective date.

- PFRS 15, *Clarifications to PFRS 15, Revenue from Contracts with Customers*
  These amendments, which are effective from January 1, 2018, clarify how companies:

  - identify a performance obligation, the promise to transfer a good or a service to a customer, in a contract;

  - determine whether a company is a principal (the provider of a good or service) or an agent responsible for arranging for the good or service to be provided;
  - determine whether the revenue from granting a license should be recognized at a point in time of over time.

  The Group is currently assessing the impact of PFRS 15 and plans to adopt the new standard on the required effective date.

- Amendments to PAS 40, *Investment Property*, *Transfers of Investment Property*
  The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments should be applied prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. Retrospective application is only permitted if this is possible without the use of hindsight.

  These amendments are currently not applicable to the Group as it has no investment property.

- Philippine Interpretation IFRIC 22, *Foreign Currency Transactions and Advance Considerations*
  The interpretation addresses foreign currency transactions or parts of transactions where:
  - there is consideration that is denominated or priced in a foreign currency;
  - the entity recognizes a prepayment asset or a deferred income liability in respect of that consideration, in advance of the recognition of the related asset, expense or income; and
  - the prepayment asset or deferred income liability is non-monetary.

  IFRIC 22 is effective for annual reporting periods beginning on or after January 1, 2018. Earlier application is permitted.

  This is not expected to have significant impact on the Group's financial statements.

Annual Improvements to PFRS and PAS (2014 - 2016 Cycles)
Amendment to PAS 28, *Measuring an Associate of Joint Venture at Fair Value*
The amendment clarified that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organization, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.

This amendment is not expected to have significant impact on the Group's financial statements.

Effective in 2019

- PFRS 16, *Leases*
  On January 13, 2016, the IASB issued its new standard, PFRS 16, Leases, which replaces PAS 17, the current leases standard, and the related Interpretations. Under the new standard (renamed as PFRS 16), lessees will no longer classify their leases as either operating or finance leases in accordance with PAS 17. Rather, lessees will apply the single-asset model. Under this model, lessees will recognize the assets and related liabilities for most leases on their Statements of financial position, and subsequently, will depreciate the lease assets and recognize interest on the lease liabilities in their profit or loss. Leases with a term of 12 months or less or for which the underlying asset is of low value are exempted from these requirements. The accounting by lessors is substantially unchanged as the new standard carries forward the principles of lessor accounting under PAS 17. Lessors, however, will be required to disclose more information in their financial statements, particularly on the risk exposure to residual value. The new standard is effective for annual periods beginning on or after January 1, 2019. Earlier application is not permitted until the FRSC has adopted the new revenue recognition standard. When adopting PFRS 16, an entity is permitted to use either a full retrospective or a modified retrospective approach, with options to use certain transition reliefs.

  Entities may early adopt PFRS 16 but only if they have also adopted PFRS 15. When adopting PFRS 16, an entity is permitted to use either a full retrospective or a modified retrospective approach, with options to use certain transition reliefs.

  The Group is currently assessing the impact of the new standard.

Deferred

- Philippine Interpretation IFRIC 15, *"Agreements for the Construction of Real Estate"*
  This interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The Philippine SEC and the Financial Reporting Standards Council (FRSC) have deferred the effectivity of this interpretation until the final Revenue standard is issued by the International Accounting Standards Board (IASB) and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed. Management will continuously assess the impact of this interpretation. Currently, management believes that the adoption of the interpretation will have no a significant impact on the Group's financial statements.

- Amendments to PFRS 10, *"Consolidated Financial Statements" and PAS 28, "Investments in Associates and Joint Ventures": Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
  These amendments address an acknowledged inconsistency between the requirements in PFRS 10 and those in PAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require that full gain or loss is recognized when a transaction involves a business (whether it is a housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The amendments are currently not expected to have significant impact on the Group's financial statements.

  On January 13, 2016, the FRSC postponed the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board has completed in broader view of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

New and Amended Standards adopted by the Philippine Financial Reporting Standards Council (FRSC) but not yet been approved by the Board of Accountancy (BOA)
New and amended standards not yet effective in 2017 issued by the FRSC but are still subject to approval by the Board of Accountancy are listed below:

Effective beginning on or after January 1, 2019
- Amendments to PFRs 9, *Prepayments Features with Negative Compensation*
- Amendments to PAS 19, *Plan Amendment, Curtailment or Settlement*
- Amendments to PAS 28, *Long – term Interests in Associates and Joint Ventures*
- *Annual improvements to PFRSs 2015-2017 cycle*
  - Amendments to PFRS 3 and PFRS 11, *Previously Held Interest in a Joint Operation*
  - *Amendments to PAS 12, Income Tax Consequences of Payments on Financial Instruments Classified as Equity*
- Philippine Interpretation IFRIC 23, *Uncertainty over Income Tax Treatments*

Effective beginning on or after January 1, 2019
- PFRS 17, *Insurance Contracts*

The Group will continue to assess the relevance and impact of the above standards, amendments to standards and interpretations. The revised disclosures on the financial statements required by the above standards and interpretations will be included in the Group's financial statements when these are adopted.

4. **Summary of Significant Accounting and Financial Reporting Policies**

The principal accounting policies adopted in preparing the consolidated financial statements of the Group are summarized below and in the succeeding pages. The policies have been consistently applied to all years presented unless otherwise stated:

Current versus Noncurrent Classification
The Group presents assets and liabilities in the consolidated statements of financial position based on current or noncurrent classification.

An asset is current when it is:

- expected to be realized or intended to be sold or consumed in normal operating cycle,
- held primarily for the purpose of trading,
- expected to be realized within twelve months after the reporting period, or

- cash and cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:

- it is expected to be settled in normal operating cycle,
- it is held primarily for the purpose of trading,
- it is due to be settled within twelve months after the reporting period, or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as noncurrent.

Deferred tax assets and liabilities are classified as noncurrent assets and liabilities.

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

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

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

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

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

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

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

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

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

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

Cash

Cash includes cash on hand and in banks are stated at its face value.

Financial Assets and Liabilities

Date of recognition

The Group recognizes a financial asset or liability in the statement of financial position when it becomes a party to the contractual provisions of the instrument. All the regular way purchases and sales of financial assets are recognized on the trade date, i.e., the date the Group commits to purchase or sell the assets. Regular way purchases or sales are purchases or sales of financial assets that require delivery within the period generally established by regulation or convention in the market place.

Initial recognition and measurement

Financial assets and financial liabilities are recognized initially at fair value, which is the fair value of the consideration given (in case of an asset) or received (in case of a liability). The fair value of the consideration given or received is determined by preference to the transaction price or other market prices. If such market prices are not reliably determinable, the fair value of the consideration is estimated as the sum of all future cash payments or receipts, discounted using the prevailing market rate of interest for similar instruments with similar maturities. The initial measurement of financial instruments, except for those designated at fair value through profit and loss (FVPL), includes transaction costs.

Determination of fair value

Fair value is determined by preference to the transaction price or other market prices. If such market prices are not reliably determinable, the fair value is determined by using appropriate valuation techniques. Valuation techniques include net present value model where the fair value of the consideration is estimated as the sum of all future cash payments or receipts, discounted using the prevailing market rates of interest for similar instruments with similar maturities. Other valuation techniques include comparing to similar instruments for which market observable prices exist; recent arm's length market transaction; option pricing model and other relevant valuation models.

Subsequent measurement and classification

Financial Assets

The Group determines the classification at initial recognition and, where allowance is appropriate, re-evaluates this designation every reporting date. The classification depends on the purpose for which the investments are acquired and whether they are quoted in an active market. Subsequent to initial recognition, the Group classifies its financial assets in the following categories:

- *Financial asset at fair value through profit or loss (FVPL)*

  A financial asset is classified in this category if acquired principally for the purpose of selling or repurchasing in the near term or upon initial recognition, it is designated by the management at FVPL. Derivatives are also categorized as held at fair value through profit or loss, except those derivatives designated as effective hedging instruments. Assets classified in this category are carried at fair value in the statements of financial position. Changes in the fair value of such assets are accounted for in statements of comprehensive income. Financial instruments held at fair value though profit or loss are classified as current if they are expected to be realized within 12 months from the end of financial reporting period.

  As at December 31, 2017 and 2016, the Group has no financial asset at FVPL.

- *Loans and receivables*
  Loans and receivables are non-derivative financial assets with fixed or determinable payments and are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivables.

  Such assets are carried initially at cost and at amortized cost subsequent to initial recognition in the statements of financial position. Amortization is determined using the effective interest method. Loans and receivables are included in current assets if maturity is within 12 months from the end of financial reporting period. Otherwise, these are classified as non-current assets.

  The Group's cash, receivables (excluding advances to officers and employees, deposit to suppliers, and other advances) and due from related parties are under this category (see Notes 6, 7 and 18).

- *Held-to-maturity (HTM) Investments*
  HTM investments are quoted non-derivative financial assets with fixed or determinable payments and fixed maturities for which the Group's management has the positive intention and ability to hold to maturity. Where the Group sells other than an insignificant amount of HTM investments, the entire category would be tainted and classified as AFS investments. After initial measurement, these investments are measured at amortized cost using the effective interest method, less impairment in value. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that is an integral part of the effective interest rate.

  The Group has no HTM investment as at December 31, 2017 and 2016.

- *Available-for-sale (AFS) Financial Assets*
  AFS investments are those non-derivative financial assets that are designated as AFS or are not classified in any of the above mentioned categories. After initial recognition. AFS financial assets are measured at fair value with gains or losses being recognized as separate component of equity until the investment is derecognized or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the Group's consolidated statement of comprehensive income.

  The fair value of investments that are actively traded in organized financial market is determined by reference to quoted market bid prices at the close of business on the end of financial reporting period. For investment where there is no active market, fair value is determined using valuation techniques. Such techniques include recent arm's length market transaction, reference to the current market value of another instrument which is substantially the same as discounted cash flows analysis and option pricing models.

  The Group has AFS investment as at December 31, 2017 and 2016 (Note 10).

Financial Liabilities

- *Financial liability at FVPL*
  Financial liabilities are classified in this category if these result from trading activities or derivatives transaction that are not accounted for as accounting hedges, or when the Group elects to designate a financial liability under this category.

  As at December 31, 2017 and 2016, the Group has no financial liabilities classified at FVPL.

- *Other financial liabilities*
  This category pertains to financial liabilities that are not held for trading or not designated as at FVPL upon the inception of the liability. These include liabilities arising from operations (e.g. payables excluding statutory regulated payables, accruals) or borrowing (e.g., long-term debt).

  The financial liabilities are recognized initially at fair value and are subsequently carried at amortized cost, taking into account the impact of applying the effective interest rate method of amortization (or accretion) for any related premium, discount and any directly attributable transaction costs.

  Other financial liabilities include trade and other payables, loans payable and due to related parties (see Notes 16, 17 and 18).

Impairment of Financial Assets
The Group assesses at each end of financial reporting period whether a financial asset or group of financial assets is impaired.

- *Assets carried at amortized cost.* If there is objective evidence that an impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through use of an allowance account. The amount of the loss shall be recognized in the Group's as part of profit or loss in the statements of comprehensive income.

  The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets are collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

  If, in a subsequent period, the amount of the impairment loss decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized as part of profit or loss in the statements of comprehensive income to the extent that the carrying value of the asset does not exceed its amortized cost at the reversal date.

- *Assets carried at cost.* If there is objective evidence that an impairment loss has been incurred in an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

- *AFS Financial Asset.* If an AFS financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortization) and its current fair value, less any impairment loss previously recognized in the Group's statements of comprehensive income, is transferred from the Group's statements of changes in equity to the statements of comprehensive income. Reversals in respect of equity instruments classified as AFS financial assets are not recognized in the Group's statements of comprehensive income. For AFS financial assets, the Group's assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired. In the case of equity investments classified as AFS financial assets, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost.

  Where there is evidence of impairment, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment is removed from the Group's statements of changes in equity and recognized in the Group's statements of comprehensive income. Impairment losses on equity investments are not reversed through the Group's statements of comprehensive income; increases in their fair value after impairment are recognized directly in the Group statements of changes in equity.

<u>Derecognition of Financial Assets and Financial Liabilities</u>
Financial Assets
A financial asset is derecognized when (1) the rights to receive cash flows from the financial instruments expire, (2) the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement, or (3) the Group has transferred its rights to receive cash flows from the asset and either has transferred substantially all the risks and rewards of the asset, or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

Financial Liabilities
A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. Where the existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statements of comprehensive income.

<u>Classification of Financial Instrument between Debt and Equity</u>
Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest relating to a financial instrument or a component that is a financial liability is reported as expenses.

A financial instrument is classified as debt if it provides for a contractual obligation to: (a) deliver cash or another financial asset to another entity; or (b) exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or (c) satisfy the obligation other than by exchange of a fixed amount of cash or other financial asset for a fixed number of own equity shares.

If the Group does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

Offsetting Financial Instruments
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the consolidated statements of financial position.

Investment in Associate
Investment in associate (Investee Company) is accounted for under the equity method of accounting. An associate is an entity in which the Group holds 20% or more ownership or, has the ability to significantly influence the Investee Company's operating activities.

An investment is accounted for using the equity method from the day it becomes an associate. On acquisition of investment, the excess of the cost of investment over the investor's share in the net fair value of the Investee Company's identifiable assets, liabilities and contingent liabilities is accounted for as goodwill and included in the carrying amount of the investment and not amortized. Any excess of the investor's share of the net fair value of the Investee Company's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment, and is included as income in the determination of the share in the earnings of the Investee Company.

Under the equity method, the investments in the Investee Company are carried in the consolidated statements of financial position at cost plus post-acquisition changes in the Group's share in the net assets of the Investee Company, less any impairment in values. The consolidated statements of comprehensive income reflects the share of the results of the operations of the Investee Company. The Group's share of post-acquisition movements in the Investee Company's equity reserves is recognized directly in equity. Profits and losses resulting from transactions between the Group and the Investee Company are eliminated to the extent of the interest in the investee company and for unrealized losses to the extent that there is no evidence of impairment of the asset transferred. Dividends received are treated as a reduction of the carrying value of the investment.

The Group discontinues applying the equity method when their investments in the Investee Company are reduced to zero. Accordingly, additional losses are not recognized unless the Group has guaranteed certain obligations of the Investee Company. When the Investee Company subsequently report net income, the Group will resume applying the equity method but only after its share of that net income equals the share of net losses not recognized during the period the equity method was suspended.

The reporting dates of the Investee Company and the Group are identical and the Investee Company's accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

Upon loss of significant influence over the associate, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in the consolidated statements of comprehensive income.

Deposit for Land Acquisition
Deposit for land acquisition mainly represents usufruct rights over a property and its stated cost less impairment losses, if any.

Advances for Waste Recycling Project
Advances for waste recycling project are stated at cost less accumulated impairment. This includes cost of construction, equipment and other direct costs. Advances for waste recycling project are not depreciated until such time as the relevant assets are completed and put into operational use. It represents mainly machineries and equipment and steel structures for the construction of a waste recycling machinery and equipment.

Deposit to Suppliers
Deposit to suppliers represents amounts paid in advance for goods or services that are yet to be delivered and from which future economic benefits are expected to flow to the Group within the normal operating cycle or within 12 months from the financial reporting date. These are initially recorded at actual cash advanced and are subsequently applied against subsequent asset purchases, cost or expenses incurred. Advances to suppliers are stated at realizable value.

Advances to Officers and Employees
Advances to officers and employees represent unsecured and non-interest bearing advances made for various business related expenses which are subject to liquidation on demand. These are initially recorded at actual cash advanced to officers and employees and are subsequently applied against expenses incurred.

Prepayments and other Current Assets

- Prepayments are apportioned over the period covered by the payment and charged to the appropriate account in the consolidated statements of comprehensive income when incurred.
- Input VAT represents VAT imposed on the Group by its suppliers for the acquisition of goods and services as required by the Philippine taxation laws and regulations. Input VAT is presented as current asset and will be used to offset against the Group's current output VAT liabilities, if any. Input VAT is initially recognized at actual amount paid for and subsequently stated at its recoverable amount (cost less impairment).
- Other current assets include unused tax credits which will be offset when there is a legally enforceable right to offset amounts against income tax due.

Other current assets that are expected to be realized for no more than 12 months after the reporting period are classified as current assets. Otherwise, these are classified as other noncurrent assets.

Property and Equipment
Property and equipment are initially recorded at cost. Subsequent to initial recognition, property and equipment are stated at cost less accumulated depreciation and any impairment in value.

The initial cost of property and equipment comprises its purchase price, including legal and brokerage fees, import duties and non-refundable purchases taxes, after deducting trade discounts and rebates, and any directly attributable costs of bringing the asset to its location and condition necessary for it to be capable of operating in the manner intended by management. Expenditures incurred after the property and equipment have been put into operation, such as repairs and maintenance including the cost of day-to-day servicing of an item of property and equipment, are normally charged to operations in the period in which the costs are incurred. In situation where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.

Depreciation is computed on the straight-line method over the following estimated useful lives of the assets as follows:

	Years
Land improvements	15
Building and improvements	10
Transportation and equipment and others	5
Furniture, fixtures and equipment	5

The useful lives, residual value and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is charged or credited to operations.

Fully depreciated assets that are still being used in the operations continue to be carried in the accounts.

Investment Properties

Investment properties mainly pertains to land held for capital appreciation. These are initially recorded at cost, including transaction cost. The carrying amount includes the cost of replacing part of an existing property at the time the cost are incurred if the recognition criteria are met, and excludes the cost of day-to-day servicing of investment property. Subsequent to initial recognition, investment properties are carried at cost less any impairment in value.

Investment properties are derecognized when disposed of or when the investment properties are permanently withdrawn from use and there is no future economic benefit expected to arise from the continued use of the properties. Any gain or losses on the retirement or disposal of said properties are recognized in the consolidated statements of comprehensive income in the year of retirement or disposal. Transfer to, or from, investment property shall be made when, and only when, there is a change in use, evidenced by: (a) commencement of owner-occupation, for a transfer from investment property to owner-occupied property; (b) commencement if development with a view to sale for a transfer from investment property to inventories; (c) end of owner occupation, for a transfer from owner-occupied property to investment property; or (d) commencement of an operating lease to another party, for a transfer from inventories to investment property. Transfers to or from investment property are measured ate carrying value of the assets transferred.

Biological Assets
Biological assets comprise of breeding stocks. Breeding stocks are initially recognized at cost subsequently carried at cost less amortization and impairment loss. The cost and expenses incurred up to the start of the productive stage are accumulated and amortized over the estimated productive stage are accumulated and amortized over the estimated productive lives of the breeding stocks. The Group uses this method of valuation since fair value cannot be measured reliably. The Group's biological assets or any similar assets prior to point of harvest have no active market available. Further, the existing sector benchmarks are determined to be irrelevant and the estimates (i.e., revenues due to highly volatile prices, input costs and efficiency values) necessary to compute for the present value of expected net cash flows comprise a wide range of data which will not result in a reliable basis for determining the fair value. The Group's biological asset is measured at fair value less cost to sell when fair market value is reliably measurable.

Impairment of Non-financial Assets
The carrying values of nonfinancial assets such as nonfinancial assets included in receivables, other current assets, investment in associates, deposit for land acquisition, investment properties, and property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. If any such indication exists, and if the carrying value exceeds the estimated recoverable amount, the assets or cash generating units are written down to their recoverable amounts. The recoverable amount of the asset is the greater of net selling price or value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's-length transaction less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. An impairment loss is charged to operations in the period in which it arises unless the asset is carried at a revalued amount in which case the impairment is charged to the revaluation increment of the said asset.

An assessment is made at each end of financial reporting period to determine whether there is any indication that an impairment loss previously recognized for an asset in prior years may no longer exist or may have decreased. If any such indication exists, the asset's recoverable amount is estimated.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset, however, not to an amount higher than the carrying amount that would have been determined (net of any depreciation), had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Related Party Transactions and Relationships
Related party transactions are transfers of resources, services or obligations between the Group and its related parties, regardless whether a price is charged. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. These parties include: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Group; (b) associates; (c) individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the Group and close members of the family of any such individual; and (d) other related parties such as directors, officers and stockholders.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on the legal form.

Equity

Capital stock is determined using the nominal value of shares that have been issued.

Additional paid-in capital includes any premiums received on the initial issuance of capital stocks. Any transaction costs associated with the issuance of shares are deducted from additional paid-in capital, net of any related income tax benefits.

Net unrealized loss on fair value of available-for-sale investment accounts for the excess of the carrying amounts over the fair market value of these investments. When fluctuation is deemed permanent, the gain or loss resulting from such fluctuation will be reversed and charged to Group consolidated statements of income in the year that the permanent fluctuation is determined.

Retained earnings (accumulated losses) include all current and prior period results of operations as disclosed in the Group consolidated statements of comprehensive income.

Deposit for Future Stocks Subscription

Deposit for future stocks subscription represents funds received by the Group from existing and potential stockholders to be applied as payment for subscriptions of unissued shares or shares from an increase in authorized capital stock.

Proceeds are recognized as equity when all of the requirements set forth by the SEC have been met, otherwise, it is recognized as a liability.

An entity shall classify deposit for future stock subscription as part of equity if and only if, all of the following elements are present as at the end of the period:

- The unissued authorized capital stock of the entity is insufficient to cover the amount of shares indicated in the contract;
- There is BOD approval on the proposed increase in authorized capital stock;
- There is stockholders' approval of said proposed increase; and
- The application for the approval of the proposed increase has been filed with the SEC.

Earnings (Loss) per share

Earnings (loss) per share (EPS) is determined by dividing net income (loss) by the weighted average number of common shares outstanding during the year, with retroactive adjustments for any stock dividends declared.

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits associated with the transactions will flow to the Group and the amount of revenue, related cost incurred or to be incurred/cost to complete the transactions can be measured reliably. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as a principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. Revenue is measured at the fair value of the consideration received or receivable taking into account any trade discounts, prompt settlement of discounts and volume rebates allowed by the Group, if any. Revenue recognized excludes any value added taxes. The following specific recognition criteria must also be met before revenue is recognized:

- *Agri-tourism revenue* is recognized when the related service is rendered.
- *Rental income* is recognized on a straight-line basis over the term of the lease.
- *Gain on sale of investment property* is recognized when the sale transactions occurs.
- *Interest income* is recognized as the interest accrues, taking into account the effective yield on the asset. Interest income from bank deposits is recognized on a time proportion basis on the principal outstanding and at the rate applicable.
- *Realized gains and losses* are recognized when the sale transaction occurs.
- *Other income* is recognized when earned or realized.

Cost and Expense Recognition
Expenses are recognized in the Group's consolidated statements of comprehensive income upon utilization of the service or at the date they are incurred.

Expenses are recognized in the Group consolidated statements of comprehensive income upon utilization of the assets or services or at the date they are incurred.

VAT
Revenues, expenses and assets are recognized, net of the amount of VAT, except when VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

The net amount of VAT recoverable from or payable to the taxation authority is presented separately as asset in the consolidated statements of financial position.

Short-term benefits
Short-term employee benefits are recognized as expense in the period when the economic benefits are given. Unpaid benefits at the end of the financial reporting period are recognized as accrued expense while benefits paid in advance are recognized as prepayment to the extent that it will lead to a reduction in future payments. Short-term benefits given by the Group to its employees include salaries and wages, social security contributions, short-term compensated absences, bonuses and non-monetary benefits.

Foreign Currency Transactions and Translation
The Group consolidated financial statements are presented in Philippine Pesos, which is the Group's functional and presentation currency. Items included in the Group consolidated financial statements are measured using the functional currency. Transactions in foreign currencies are initially recorded in the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are restated at the functional currency rate of exchange as at the financial reporting date.

Gains or losses arising from these transactions and translations are recognized in the Group statements of comprehensive income. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Income Taxes
Income taxes represent the sum of the tax currently due and deferred tax.

Current tax
The tax currently due is based on taxable income for the year. Taxable income differs from income as reported in the statements of comprehensive income because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current income tax is calculated using tax rate that have been enacted or substantively enacted at the end of each financial reporting period.

Deferred tax
Deferred tax is provided, using the liability method, on all temporary differences at the end of each financial reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes and carryforward benefits of minimum corporate income tax (MCIT).

Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized. Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets and liabilities are measured using the tax rate that is expected to apply to the period when the asset is realized or the liability is settled.

The carrying amount of deferred tax asset is reviewed at the end of each financial reporting period and reduced to the extent that it is not probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized.

Income tax relating to items recognized directly in equity is recognized in equity and not in the statements of comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities.

<u>Leases</u>
The Group determines whether an arrangement is, or contains a lease based on the substance of the arrangement. It makes an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Leases are classified as finance leases whenever the term of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Group as a Lessor
Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the lease asset and recognized on a straight-line basis over the term of the lease.

<u>Borrowing Costs</u>
Borrowing costs are generally expensed as incurred. Borrowing costs incurred during the construction period on loans and advances used to finance construction and property development are capitalized as part of Construction in progress included under "Property and Equipment" account in the consolidated Statements of financial position. Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Capitalization of borrowing costs ceases when substantially all the activities necessary to prepare the asset for its intended use are complete. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded. Capitalized borrowing cost is based on applicable weighted average borrowing rate.

All other borrowing costs are charged to operations in the period in which they are incurred.

<u>Provisions</u>
Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to passage of time is recognized as a financial expense.

Contingencies
Contingent liabilities are not recognized in the consolidated financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the consolidated financial statements but disclosed when an inflow of economic benefit is probable.

Events After End of Financial Reporting Period
Post year-end events that provide additional information about the Group's position at the end of financial reporting period, if any, are reflected in the financial statements. However, post year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

5. Significant Accounting Judgments and Estimates

The preparation of the Group's consolidated financial statements in conformity with PFRS requires management to make judgments, estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The judgments, estimates and assumptions used in the accompanying consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as at date of the consolidated financial statements. Actual results could differ from such estimates, and such estimates will be adjusted accordingly.

The following is a summary of these significant estimates and judgments and the related impact and associated risks on the consolidated financial statements.

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

- *Assessment of Going Concern*
  Management has made an assessment of the Group's ability to continue as going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, management of the Group assessed that the going concern assumption remains to be appropriate as the Group continues to generate sufficient cash flows to sustain operations and complete its current and future plans. Therefore, the financial statements continue to be prepared on a going concern basis. (see Note 1)

- *Determination of Control*
  The Group determines control when it is exposed, or has rights, to variable returns from its involvement with an entity and has the ability to affect those returns through its power over the equity.

  The Group regularly reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control as discussed in Note 2. The Group determined that it exercises control on all of its subsidiaries as it has all the elements of control listed above.

- *Determination of Functional Currency*
  Based on the economic substance of the underlying circumstances relevant to the Group, the functional currency of the Group has been determined to be the Philippine Peso. The Philippine Peso is the currency of the primary economic environment in which the Group operates. It is the currency that mainly influences the sale of real properties, services, and investments and the costs of providing the services and of the sold investments.

- *Classification of Financial Instruments*
  The Group classifies a financial instrument, or its component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual agreement and the definitions of a financial asset, a financial liability or an equity instrument. The substance of the financial instrument, rather than its legal form, governs its classification in the Group consolidated statements of financial position.

- *Determination of Fair Value of Financial Instruments*
  The Group carries certain instruments at fair value and discloses also the fair values of financial instruments, which requires extensive use of accounting estimates and judgment. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group utilized different valuation methodologies and assumptions. Any changes in fair value of these financial assets and liabilities would affect profit or loss and equity.

  The summary of the carrying values and fair values of the Group's financial instruments as at December 31, 2017 and 2016 is shown in Note 24.

<u>*Estimates*</u>
The key assumptions concerning the future and other key sources of estimation at the reporting date that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below:

- *Estimation of Allowance for Impairment on Financial Assets*
  The Company provides an allowance for impairment losses on financial assets included receivables and due from related parties at a level considered adequate for potential uncollectible amounts or are doubtful of collection. The level of allowance is evaluated by management on the basis of factors that affect the collectibility of the accounts such as the length of relationship with the customer/debtor, credit status of customer/debtor, customer/debtor payment's behavior, historical experience and other known market factors. An increase in the allowance for impairment losses on receivables and refundable deposits would increase recorded operating expenses and decrease the related assets.

  The Group's allowance for impairment amounted to ₱39.7 million as at December 31, 2017 and 2016 (see Note 18). Accounts written off amounted to ₱10.2 million in 2016 (see Note 7).

  The carrying value of financial assets as at December 31, 2017 and 2016 are as follows:

	Note	**2017**	2016
Nontrade receivables and other receivables	7	**₱251,177,220**	₱250,850,520
Due from related parties	18	**821,835,699**	786,249,841

- *Estimation of Impairment of AFS Investments*
  The computation for the impairment of AFS investments requires an estimation of the present value of the expected future cash flows and the selection of an appropriate discount rate. An impairment issue arises when there is an objective evidence of impairment, which involves significant judgment. In making this judgment, the Group evaluates the financial health of the issuer, among others. In the case of available-for-sale equity investments, the Group expands its analysis to consider changes in the issuer's industry and sector performance, legal and regulatory framework, changes in technology, and other factors that affect the recoverability of the Group's investment.

  The carrying values of AFS investments amounted ₱370,000 as at December 31, 2017 and 2016 (see Note 10).

- *Estimation of Useful Lives of Certain Assets*
  The useful life of each of the Group's property and equipment and investment property is estimated based on the period over which the asset is expected to be available for use. Such estimation is based on a collective assessment of industry practice, internal technical evaluation and experience with similar assets.

  The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the asset. It is possible, however, that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above. A reduction on the estimated useful life of any property and equipment and investment property would increase the recorded operating expenses and decrease noncurrent assets. Any reduction in the estimated useful lives of property and equipment would increase the Group's recorded operating expenses and decrease on the related asset accounts.

  There are no changes in the estimated useful life of the property and equipment in 2017 and 2016.

  As at December 31, 2017 and 2016, the carrying value of the Group's depreciable property and equipment amounted to ₱1.2 million and ₱1.4 million, respectively (see Note 13).

- *Estimation of Impairment of Nonfinancial Assets*
  The Group reviews nonfinancial assets included in receivables, deposit to suppliers, other current assets, deposits for land acquisition, biological assets, investment in associates, property and equipment and investment properties for impairment of value. This includes considering certain indications of impairment such as significant changes in asset usage, significant decline in assets' market value, obsolescence or physical damage of an asset, plans in the real estate projects, significant underperformance relative to expected historical or projected future operating results and significant negative industry or economic trends.

  As described in the accounting policy, the Group estimates the recoverable amount as the higher of the net selling price and value in use. In determining the present value of estimated future cash flows expected to be generated from the continued use of the assets, the Group is required to make estimates and assumptions that may affect deposit for land acquisition, biological assets, other assets, investment in associates, property and equipment and investment property.

  The Group's allowance for impairment loss for nonfinancial assets amounted to ₱236.1 million and ₱236.4 million as at December 31, 2017 and 2016, respectively (see Notes 7, 9, 12, 15 and 18).

  Accounts written off amounted to ₱1.1 million in 2017 and ₱0.1 million in 2016 (see Note 9).

- *Estimation of Deferred Tax Assets and Deferred Tax Liabilities*
  Significant judgment is required in determining provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

  No deferred tax asset was recognized for allowance for impairment and for NOLCO and MCIT as management believes that these could not be utilized prior to its expiration.

- *Estimation of Provisions for Contingencies*
  The Group is a party to certain lawsuits involving recoveries of sum of money arising from the ordinary course of business.

  The estimate of the probable costs for the resolution of possible claims has been developed in consultation with outside counsel handling the Group's defense in these matters and is based upon an analysis of potential results. These are recognized in the books only when the claims are finally settled or when judgment is rendered.

  The Group has no provisions as at December 31, 2017 and 2016.

6. Cash

This account consists of:

	2017	2016
Cash in banks	**₱2,321,823**	₱1,277,429
Cash on hand	**378,473**	378,473
	₱2,700,296	₱1,655,902

Cash in banks pertain to savings and current accounts that generally earn interest based on prevailing respective bank deposit rates of less than 1% annually. Interest income on cash in banks recognized in the Group statements of comprehensive income amounted to ₱9,274 in 2017, ₱5,484 in 2016, and ₱8,086 in 2015.

Cash in bank denominated in foreign currency as at December 31, 2017 and 2016 amounted to ₱53,881 and ₱53,730, respectively. This balance has been restated at a rate of ₱49.923/US$1 and ₱49.813/US$1 as at December 31, 2017 and 2016, respectively. Foreign exchange gain amounted to ₱128 in 2017, ₱4,345 in 2016, and ₱9,070 in 2015.

In May 2015, the Court of Appeals has ordered the freezing of three (3) bank accounts of the Group. As at reporting date, the freeze order of these accounts has been lifted. However, the 3 bank accounts with a total deposit of ₱634,993 were subsequently included in the civil forfeiture case docketed as AMLC Case No. 15-007-53 pending with the Regional Trial Court of Manila, Branch 53 (see Note 28).

7. **Receivables** – net

This account consists of:

	2017	2016
Nontrade receivables	**₱251,177,220**	₱250,283,520
Advances to officers and employees	**324,490**	348,991
Deposit to suppliers	**99,168**	99,168
Accounts receivable – others	**–**	567,000
Other advances	**182,931**	182,931
	251,783,809	251,481,610
Allowance for impairment loss	**(347,627)**	(347,627)
	₱251,436,182	₱251,133,983

Nontrade receivables include an unsecured, noninterest-bearing receivable from ThomasLloyd Cleantech Infrastructure Fund GMHB (TLCIF) amounting to ₱250,142,630, which was subsequently assigned by TLCIF to Zongshan Fucang Trade Co. Ltd. (ZFTCL) on December 29, 2014, subject to the consent of the Parent Company. The Parent Company agreed to the assignment of receivables to ZFTCL under the following conditions:

a. ZFTCL shall pay the nontrade receivables on or before December 31, 2016 in cash and non-cash assets acceptable to the Parent Company; and
b. If the nontrade receivables will be paid with non-cash assets, the appraised value thereof shall be determined by an independent appraiser mutually acceptable to ZFTCL and the Parent Company.

As at December 31, 2017, nontrade receivables from ZFTCL have not yet been collected. However, management assessed that these are still fully collectible

Nontrade receivables also include advances to Lodestar Investment Holdings, Inc. (LIHC) amounting to ₱10.2 million as at December 31, 2015. An allowance for impairment loss was fully provided on the receivable as at December 31, 2015, which was subsequently written off in 2016.

Advances to officers and employees are unsecured and noninterest-bearing made for various business-related expenses which are subject to liquidation on demand. As at December 31, 2016, the Group had provided a provision for impairment loss on the advances amounting to ₱315,627 as it believed that these were are no longer recoverable.

Other advances represent unsecured, noninterest-bearing funds advanced to the Group's lawyer, which will be charged to expense upon utilization. As at December 31, 2017 and 2016, the Group provided a partial allowance for impairment as it believed that certain receivables amounting to ₱32,000 were no longer recoverable. Other advances amounting to ₱3,070 were written off in 2016.

The movement of provision for impairment losses in 2017 and 2016 is shown below:

	Note	**2017**	2016
Balance at beginning of year		**₱347,627**	₱10,194,828
Accounts written off		**–**	(10,194,828)
Provision for impairment loss	20	**–**	347,627
		₱347,627	₱347,627

None of the Group's receivables were used as pledged in the Group's loan payables.

8. Deposit for Land Acquisition

On January 18, 2013, the Group, through SREDC, entered into an agreement (the "Agreement") with Mr. Laureano R. Gregorio Jr. ("Mr. Gregorio"), a third party, for the transfer of all the rights, titles and interest over a 150-hectare land in Rosario, Batangas, which is currently the site of the Park. The initial total consideration was ₱400.0 million to be settled based on the deliverables of Mr. Gregorio. The consideration shall be adjusted depending on the fair market value of the Park as may be determined by a mutually acceptable appraisal company.

A partial payment consisting of ₱6.0 million paid on January 28, 2013 and ₱5.0 million on July 2, 2014, recognized as deposit for land acquisition, was made. Pending the delivery of the documents and titles evidencing the real and enforceable rights over the Park which shall be delivered within two (2) years from the date of agreement, SREDC was granted usufructuary rights over the property. The parties may, however, agree to extend the period as the circumstances may warrant.

The fair value of the Park as at February 8, 2013 is ₱446.1 million which is based on the appraised value made by an independent appraiser as stated in its appraisal report dated February 20, 2013. On March 19, 2013, SREDC and Mr. Gregorio agreed to change the total consideration from its initial consideration of ₱400.0 million to ₱446.1 million based on the appraised value. The details of the appraised value are as follows:

Land (150 hectares at ₱1.8 million per hectare or ₱180 per square meter)	₱270,000,000
Buildings	75,823,000
Other land improvements	100,250,000
	₱446,073,000

On February 16, 2013, the Board of SREDC approved the proposed budget for the development of the Park, which included the construction and operation of at most sixty (60) greenhouses for high value crops and a twenty (20) - hectare asparagus farm. In connection with this, the BOD approved to advance ₱200.0 million to one of its stockholders to be adjusted as may be deemed appropriate.

The advances made by SREDC to its stockholder totaling ₱446.1 million in 2014 were made subject to liquidation for the following purposes (see Note 18):

a. To cover the post-dated checks issued by the stockholder as payment to Mr. Gregorio for the Park pursuant to the Agreement.
b. To pay for the improvements that will be acquired and introduced on the Park.
c. To pay for the day-to-day operations of the Park.

On December 10, 2014, the Agreement between Mr. Gregorio and the Company was extended for another three (3) years or until January 17, 2018 to allow Mr. Gregorio more time to meet the conditions of the Agreement. Moreover, the parties agreed to defer the encashment of the post–dated checks issued as payment for the Park since the payments are dependent on the fulfillment of the conditions of contract.

In 2015, the stockholder paid for the improvements made in the Park, including the construction of thirty (30) greenhouses with an estimated cost of ₱10.5 million.

In 2017, SREDC started its operation in the last quarter of 2017 which offers agri-tourism and lifestyle center activities. The Group recognized agri-tourism revenue amounting to ₱519,503 which includes income from field trips and other recreational events, room services and other sale of agricultural products.

9. Other Current Assets – net

This account consists of:

	2017	2016
Input VAT	**₱568,169**	₱1,694,546
Prepaid tax	**1,316**	1,319
Miscellaneous deposits	**460**	460
	569,945	1,696,325
Allowance for impairment loss – input VAT	**–**	(1,078,488)
	₱569,945	₱617,837

The movement of provision for impairment losses in 2017 and 2016 were shown below:

	Note	2017	2016
Balance at beginning of year		**₱1,078,488**	₱965,164
Write-off during the year		**(1,078,488)**	–
Provision for the year	20	**–**	113,324
		₱–	₱1,078,488

Input VAT amounting to 56,889 and materials and supplies amounting to ₱101,930 which the management assessed as no longer recoverable were directly written off as at December 31, 2017 and 2015 respectively (Note 20).

10. Available-for-Sale (AFS) Investments

AFS investments represent quoted equity investments of a subsidiary. The Group has designated the above equity investments as AFS investments because these are held for long-term investment rather than trading.

The fair values of AFS investments have been determined based on the latest published stock exchange-quoted market price. As at December 31, 2017 and 2016, the Group's outstanding AFS investment amounted to ₱370,000 representing 1.0 million shares with a quoted market price of ₱0.37 per share.

Unrealized loss on fair value of AFS investment amounted to ₱390,600 in 2015.

11. Investment in an Associate

The Group holds a total of 188,125,379 shares or 30.26% of the total issued and outstanding shares of ANI, a publicly listed company. In 2015, an allowance for impairment of ₱498,123,737 was provided since management assessed that the investment in ANI was partially impaired due to recurring losses incurred by ANI.

The investment in ANI amounted to ₱2.3 billion and ₱865.4 million as at December 31, 2017 and 2016, respectively, based on its price per share amounting to ₱12.2 and ₱4.6, respectively. As at reporting date, the market value of the investment in ANI amounted to ₱2.7 billion at a price per share of ₱14.4.

Rollforward analysis of the carrying value of the investment in associate follows:

	2017	2016
Beginning balance	**₱297,927,710**	₱315,906,034
Equity in net income (loss) of an associate	**31,349,184**	(45,274,728)
Equity in other comprehensive income (loss) of an associate	**(10,122,255)**	27,296,404
	₱319,154,639	₱297,927,710

Summarized financial information of the associate follows:

	2017	2016 *(as restated)*
Current assets	**2,399,288,984**	₱1,000,914,458
Noncurrent assets	**1,577,463,675**	1,339,736,335
Current liabilities	**1,892,447,334**	1,415,385,942
Noncurrent liabilities	**625,838,628**	177,411,273
Net assets	**1,458,466,697**	747,853,578
Revenue	**2,096,962,338**	570,843,248
Net income (loss) – attributable to parent	**103,599,418**	(155,148,215)
Other comprehensive loss – attributable to parent	**33,892,805**	86,469,893

12. **Advances for Waste Recycling Project**

Advances for waste recycling project amounting to ₱235.0 million as at December 31, 2013 represents TWMRSI's machineries, equipment and steel structures for the construction of a wet process recovery system for solid waste (the "Facility"). These are currently stored for free in a warehouse owned by a director of the Company located in Santiago Street, Barangay Lingunon, Valenzuela City. TWMRSI has not started the assembly and installation of the parts as it is still finalizing the arrangement for the site where the project site will be located.

On April 20, 2015, TWMRSI engaged the services of a third party to appraise the market value of the facility. The facility was appraised at ₱113,759,000.

Management believed that the appraised market value of the Facility may no longer be recoverable. Consequently, a full provision for impairment loss was made in 2014.

13. **Property and Equipment** – Net

The rollforward analysis of this account is shown below:

	2017				
	Land improvements	Building improvements	Transportation equipment and others	Furniture, fixtures and equipment	Total
Cost					
Balance at beginning and end of year	₱1,463,013	₱43,685	₱2,293,176	₱227,078	₱4,026,952
Accumulated depreciation and amortization					
Balance at beginning of year	195,068	3,204	2,293,176	157,294	2,648,742
Depreciation and amortization	97,534	1,747	–	32,199	131,480
Balance at end of year	292,602	4,951	2,293,176	189,493	2,780,222
Net book value	₱1,170,411	₱38,734	₱–	₱37,585	₱1,246,730

	2016				
	Land improvements	Building improvements	Transportation equipment and others	Furniture, fixtures and equipment	Total
Cost					
Balance at beginning and end of year	₱1,463,013	₱43,685	₱2,293,176	₱227,078	₱4,026,952
Accumulated depreciation and amortization					
Balance at beginning of year	97,534	–	2,215,424	105,448	2,418,406
Depreciation and amortization	97,534	3,204	77,752	51,846	230,336
Balance at end of year	195,068	3,204	2,293,176	157,294	2,648,742
Net book value	₱1,267,945	₱40,481	₱–	₱69,784	₱1,378,210

Transportation equipment with an original cost of ₱2,293,176 are fully depreciated but are still in used as at December 31, 2017.

Depreciation and amortization expense for the years ended December 31, 2017 and 2016 are shown as part of general and administrative expenses in the Group statements of comprehensive income (see Note 20).

The Group's management had reviewed the carrying values of the property and equipment as at December 31, 2017 and 2016 for any impairment. Based on the evaluation, there are no indications that the property and equipment might be impaired.

There are no contractual commitments to purchase property and equipment. There are also no property and equipment that are pledged as securities for liabilities. Further, there is no property whose title is restricted from use of the Group in both periods.

14. **Biological Assets**

The Company's biological assets includes livestock and poultry, which are valued at cost less amortization and impairment loss amounted to ₱3,232,807 and ₱2,679,692 as at December 31, 2017 and 2016, respectively.

The results of gain on fair market value of the biological assets as at December 31, 2017 amounting to ₱553,115 is a result of best estimates on the most recent price in an active market. As at December 31, 2017, there has not been a significant change in economic circumstances between the date of last transaction and the balance sheet date.

Management believes that there is no indication of impairment on the Group's biological assets account and that its net carrying amount can be recovered through use in operations. There are no biological assets that are pledged as security for liabilities and whose title is restricted as at December 31, 2017.

15. **Investment Properties – net**

This account consists of the following:

		2017		2016	
Property	Location	Area	Cost	Area	Cost
Land	Batangas	35,084 sq. m	₱3,157,560	35,084 sq. m	₱3,157,560
	Laguna	335 sq. m	2,400,000	335 sq. m	2,400,000
	Olongapo	467 sq. m	1,500,000	467 sq. m	1,500,000
	Quezon City	–	–	448 sq. m	5,687,716
			7,057,560		13,045,276
Allowance for impairment loss			(737,095)		–
			₱6,320,465		₱13,045,276

The land located in Quezon City, which was acquired in 2013, with a total land area of 2,240 square meters is subdivided into five (5) lots intended to be held for capital appreciation. Two (2) lots were subsequently sold in January 2016. Proceeds of the sale amounting to ₱14.5 million, inclusive of VAT, was actually received in 2015 as deposit and presented under trade and other payables. Another two (2) lots were sold in 2016 with a total price of ₱38.6 million, inclusive of VAT, the proceeds of which were received in August and October 2016. The total gain on sale of investment properties for the sale of four (4) lots amounted to ₱23.5 million.

In 2017, the remaining lot in Quezon City was sold for ₱17.2 million, the proceeds of which were received on August 2017. The gain on sale of investment properties amounted to ₱11.2 million.

Parcel of land in Quezon City was mortgaged to the Group's loans payable. In 2016, such loan was settled and the mortgaged land was released by the bank (see Note 17).

The land located in Rosario, Batangas which was acquired in 2013, Cabuyao, Laguna and Olongapo City which were acquired in 2008, with a total land area of 35,886 square meters are intended to be held also as capital appreciation. The estimated fair value of December 31, 2017 and 2016 amounted to ₱6.32 million using the Market Data Approach based on available market information. The approach was used for the land as it is commonly used in the property market since inputs and data for this approach are available. A provision for allowance on impairment was recognized in the statement of comprehensive income in 2017 amounting to ₱737,095.

The Group's management had reviewed the carrying values of the investment property for any impairment as at December 31, 2017 and 2016.

16. Trade and Other Payables

This account consists of:

	Note	**2017**	2016
Trade		**₱16,844,281**	₱16,885,422
Accrued expenses		**2,459,114**	2,148,713
Government payables		**52,610**	1,024,000
Refundable deposit	19	**270,000**	270,000
		₱19,626,005	₱20,328,135

Trade payables are unsecured and noninterest-bearing which arise from purchases of materials, supplies and services in the ordinary course of business.

Accrued expenses include accruals for professional fees, interest expense, permits and penalties.

Government payables are dues and remittances which represents contributions of employees that will be remitted to various government agencies. It also includes taxes withheld from salaries of employees and income payment to suppliers, which will be remitted in the subsequent month.

Other payables include accrual of travel, communication, and other expenses payable upon demand.

All nontrade payables are noninterest-bearing.

17. Loans Payable

Loans payable pertain to the loan obtained in 2014 from a local bank amounting to ₱50.0 million with an interest rate of 6% per annum. ₱31.6 million of such loan is secured by a parcel of land, located in Quezon City, while the remaining ₱18.7 million is unsecured. Loan matured on July 28, 2017.

The balance of the loan as at December 31, 2016 amounted to ₱5.2 million was settled in full in 2017. The mortgaged land was released by the bank.

Interest expense was recognized amounting to ₱0.9 million in 2016 and ₱1.8 million in 2015. No interest expense in the statements of comprehensive income was recognized in 2017 as agreed by the Group and the bank.

18. Related Party Transactions

The Group enters into transactions with related parties. For financial statements disclosure purposes, an affiliate is an entity under common control of the Group's stockholders.

The following are the details of related party transactions.

a. The Group availed an extended unsecured noninterest–bearing cash advances from and to its related parties with no definite repayment dates for working capital requirements.

b. The Group extended noninterest-bearing and unsecured cash advances to one of its stockholders for the acquisition and development of the Park amounting to ₱446.1 million in 2014 (see Notes 1 and 8).

c. As at December 31, 2017 and 2016 details and outstanding balances of due to and from related parties follow:

	2017	2016
Due from:		
Stockholders	**₱795,352,728**	₱757,475,780
Associate	**51,230,958**	53,523,548
Affiliates	**14,969,935**	14,968,435
	861,553,621	825,967,763
Allowance for impairment – associates	**(39,717,922)**	(39,717,922)
	₱821,835,699	₱786,249,841
Due to:		
Associate	**₱43,692,923**	₱–
Affiliates	**3,059,150**	–
	₱46,752,073	₱–

In 2015, advances to affiliate amounting to ₱1,696,596 were written off.

The rollforward analysis of related party accounts follow:

	2017	2016
Due from:		
Balance at beginning of year	**₱786,249,841**	₱788,580,894
Advances made during the year	**37,886,408**	1,205,141
Collections during the year	**(2,300,550)**	(3,486,584)
Accounts written off	**–**	(49,610)
Balance at end of year	**₱821,835,699**	₱786,249,841
Due to:		
Balance at beginning of year	**₱–**	₱185,581
Advances received during the year	**46,752,073**	–
Payments made during the year	**–**	(185,581)
Balance at end of year	**₱46,752,073**	₱–

d. On July 2, 2014, the Parent Company executed a subscription agreement with Earthright Holdings, Inc. (EHI). Subject to the application and approval by the SEC of the Parent Company's increase of its authorized capital stock (the "Increase"), EHI subscribed ₱250.0 million worth of common shares at ₱1.00 per share and ₱37.5 million worth preferred shares at ₱0.01 per share. Of the total subscription, ₱214.5 million shall be paid in cash upon execution of the subscription agreement, with the balance due upon approval by the SEC of the Increase.

The deposit will be converted into equity once proper documentation and approval from the SEC have been obtained. As at reporting date, the Parent Company has not filed its application for the Increase with the SEC.

e. The summary of the Group's related party transactions follows:

Category	Amount/ Volume	Outstanding Balance - Asset (Liability)	Terms and Condition/ Settlement	Guaranty/ Provision
	2017			
Stockholders				
Receivables		₱795,352,728	Noninterest-bearing; no definite repayment dates; to be settled in cash on demand	Unsecured; no significant warranties and covenants; no impairment
• Advances made	₱37,876,948			
Deposit for future stocks subscription	–	177,000,000	Noninterest-bearing; to be converted to equity upon approval of SEC.	Unsecured; no significant warranties and covenants; no impairment
Associate				
Receivable		51,230,958	Noninterest-bearing; no definite repayment dates; to be settled in cash on demand	Unsecured; no significant warranties and covenants;
• Advances made	7,960			
• Payments received	(2,300,550)			
• Allowance for impairment		(39,717,922)		
Payable		(43,692,923)	Noninterest-bearing; no definite repayment dates; to be settled in cash on demand	Unsecured; no significant warranties and covenants
• Advances received	43,692,923			
Affiliates				
Receivable		14,969,935	Noninterest-bearing; no definite repayment dates; to be settled in cash on demand	No significant warranties and covenants; impaired
• Advances made	1,500			
Payable		(3,059,150)	Noninterest-bearing; no definite repayment dates; to be settled in cash on demand	Unsecured; no significant warranties and covenants
• Advances received	3,059,150			

Category	Amount/ Volume	Outstanding Balance - Asset (Liability)	Terms and Condition/ Settlement	Guaranty/ /Provision
	2016			
Stockholders				
Receivable		₱757,475,780	Noninterest-bearing; no definite repayment dates; to be settled in cash on demand	No significant warranties and covenants; no impairment
• Advances made	₱1,205,141			
Payable		–	Noninterest-bearing; no definite repayment dates; to be settled in cash on demand	Unsecured; no significant warranties and covenants
• Payments made	185,581			

(Forward)

(Carryforward)

Category	2016 Amount/ Volume	Outstanding Balance - Asset (Liability)	Terms and Condition/ Settlement	Guaranty/ Settlement /Provision
Deposit for future stocks subscription	₱177,000,000	₱177,000,000	Noninterest-bearing; no definite repayment dates; to be settled in cash on demand	Unsecured; no significant warranties and covenants
Associates				
Receivable		53,523,548	Noninterest-bearing; no definite repayment dates; to be settled in cash on demand	No significant warranties and covenants;
• Payments received	(3,486,584)			
• Allowance for impairment		(39,717,922)		
Affiliates				
Receivable		14,968,435	Noninterest-bearing; no definite repayment dates; to be settled in cash on demand	No significant warranties and covenants; no impairment
• Accounts written off	(49,610)			

f. Compensation paid to key management personnel for the year then ended December 31, 2017 and 2016 amounted to ₱678,958 and ₱372,667, respectively.

There are no other related party transactions in 2017 and 2016.

Below are the account balances as of December 31, 2017 and 2016 on the separate financial statements of the companies within the Group which were eliminated upon consolidation:

- Receivables/Payables

	2017					
	Payable					
	TWMRSI	WGVI	SREDC	ADHI	LTSI	Total
Receivable:						
GHI	₱233,393,618	₱65,324,073	₱9,756,532	₱104,230	₱111,250	₱308,689,703
WGVI	120,870	–	182,213	–	–	303,083
	233,514,488	₱65,324,073	9,938,745	₱104,230	₱111,250	308,992,786

	2016					
	Payables					
	TWMRSI	WGVI	SREDC	ADHI	LTSI	Total
Receivables:						
GHI	₱233,393,118	₱65,323,573	₱9,756,532	₱103,730	₱110,750	₱308,687,703
WGVI	120,870	–	182,213	–	–	303,803
	₱233,513,988	₱65,323,573	₱9,938,745	₱103,730	₱110,750	₱308,991,506

19. **Equity**

Capital Stock

On June 22, 2011, the SEC approved the amendment of the Parent Company's Articles of Incorporation, which included, among others the decrease in par value from ₱0.10 per share to ₱0.01 per share and the increase in authorized capital stock from ₱500.0 million divided into 5.0 billion shares at a par value of ₱0.01 per share to ₱1.0 billion divided into 100 billion shares at a par value of ₱0.01 per share.

On March 8, 2012, the SEC approved the increase in authorized capital stock from ₱1.0 billion divided into 100 billion shares with a ₱0.01 par value per share to ₱2.0 billion divided into 200.0 billion shares with a ₱0.01 par value per share.

On June 27, 2013, the BOD approved the restructuring of the authorized capital stock from 200.0 billion shares at ₱0.01 per share to 2.9 billion divided into 1.9 billion common shares at ₱1.0 par value per share and 1.0 billion preferred shares at ₱0.10 par value per share. The BOD likewise approved the conversion of ₱62.5 million worth of issued common shares to EHI into 625.0 million preferred shares with a par value of ₱0.10. This was approved by SEC on September 11, 2014. Further on July 2, 2014, the Parent Company issued additional 375.0 million preferred shares to EHI for ₱37.5 million at ₱0.10 par value per share.

Based on the Amended Articles of Incorporation dated September 11, 2014, the Parent Company's preferred shares have, among others, the following features: (a) voting, (b) right to receive dividends at the rate as may deemed by the BOD under the prevailing market conditions, and (c) in liquidation, dissolution, and winding up of the Parent Company, whether voluntary or otherwise, the right to be paid in full or ratably insofar as the assets of the Parent Company will permit, the par value or face value of each preferred shares as the BOD may determine, upon issue, plus unpaid and accrued dividends up to the current dividend period, before any assets of the Parent Company shall be paid or distributed to the holders of the common shares.

The stockholders of the Group shall have no pre-emptive rights to subscribe to or purchase any or all issues or disposition of shares of any class of the Group.

Details of the capital stock as at December 31, 2017 and 2016 follow:

	Preferred		Common	
	Number of Shares	Peso equivalent	Number of Shares	Peso equivalent
Authorized – ₱0.01 par value per preferred share/ ₱1.0 par value per common share	1,000,000,000	₱100,000,000	1,900,000,000	₱1,900,000,000
Subscribed and issued	1,000,000,000	₱100,000,000	1,703,278,572	₱1,703,278,572

The movement in the Group's common shares is shown below

	2017	2016
Issued and paid		
Balance at beginning of year	**₱1,598,289,455**	₱1,598,289,451
Issuance of shares	**–**	4
Balance at end of year	**₱1,598,289,455**	₱1,598,289,455
Subscribed – net of subscription receivable of ₱97,500,000		
Balance at beginning and end of year	**₱104,989,117**	₱104,989,117

The following summarizes the information on the Group's registration of securities under the Securities Regulation Code:

Date of SEC Approval	Authorized Shares
September 11, 2014	2,000,000,000
March 8, 2012	200,000,000,000
June 22, 2011	100,000,000,000
October 15, 2009	5,000,000,000
June 24, 2008	2,450,000,000
December 28, 2007	1,120,000,000
September 7, 2007	160,000,000

The total number of shareholders of the Group is 1,038 and 1,035 as at December 31, 2017 and 2016, respectively.

The principal market for the Group's capital stock is the PSE. The high and low trading prices of the Group's shares as at December 31, 2017 and 2016 are as follows:

	High	Low
First	₱0.37	₱0.37
Second	0.37	0.37
Third	0.37	0.37
Fourth	0.37	0.37

On November 15, 2012, the stockholders approved the issuance and listing of warrants in favor of the Group's officers and directors under such terms and conditions to be determined by the BOD.

On May 13, 2015, the Parent Company requested for a voluntary suspension in the trading of its securities in the PSE (see Note 28).

20. General and Administrative Expenses

This account consists of:

		2017	2016	2015
Contractual services		**₱8,478,631**	₱8,697,679	₱3,895,854
Materials and supplies		**2,630,961**	3,423,123	2,679,717
Utilities		**2,583,472**	2,687,261	1,453,197
Legal and professional expense		**1,794,557**	1,282,583	1,562,785
Representation and entertainment		**1,391,723**	477,016	113,346
Taxes and licenses		**1,353,739**	1,374,541	1,420,004
Salaries and wages		**852,791**	1,136,071	2,429,286
Penalties and fines		**778,710**	155,000	2,003,244
Repairs and maintenance		**772,239**	94,025	525,350
Transportation expense		**694,808**	1,033,524	456,502
Depreciation and amortization	13	**131,480**	230,336	587,426
Accounts written off	7, 9, 18	**56,889**	52,680	1,798,526
Listing fees		**18,750**	–	528,000
Miscellaneous		**219,633**	84,300	49,847
		₱21,758,383	₱20,728,139	₱19,503,084

As at December 31, 2017, 2016, and 2015, the Group is not covered by the provisions of the Republic Act No. 7641, Retirement Pay Law, because the total number of regular employees is not more than 10, which is the number of mandated to comply with the said law. Accordingly, the Group has not made a provision for retirement benefits.

21. Income Taxes

a. The current income tax expense in 2017, 2016, and 2015 pertains to MCIT.

b. The reconciliation between the income tax expense computed at the statutory tax rate and the income tax shown in statements of comprehensive income follows:

	Note	**2017**	2016	2015
Income tax expense computed at statutory tax rate		**₱6,452,056**	(₱13,056,908)	(₱46,067,402)
Income tax effects of:				
Equity in loss (income) of associate	11	**(9,404,755)**	13,582,419	39,745,682
Unrecognized NOLCO		**2,252,059**	1,141,482	5,677,329
Nondeductible expenses		**648,228**	267,618	1,164,643
Unrecognized MCIT		**231,426**	–	–
Provision for impairment		**221,128**	–	–
Increase in fair market value of biological assets		**(165,934)**	–	–
Unrecognized deferred tax asset		**–**	(667,370)	(529,662)
Expired MCIT		**–**	1,897	17,468
Utilization of NOLCO		**–**	(791,483)	–
Interest income subjected to final tax		**(2,782)**	(1,645)	(2,426)
		₱231,426	₱476,010	₱5,633

c. The Group has NOLCO which can be claimed as deduction against future taxable income for the next three years as follows:

Year	Amount	Expired	Ending Balance	Year of Expiry
2017	₱7,506,866	₱–	₱7,506,866	2020
2015	17,198,344	–	17,198,344	2018
2014	15,057,115	15,057,115	–	2017
	₱39,762,325	₱15,057,115	₱24,705,210	

d. The carryforward benefits of excess MCIT can be claimed as deduction from regular corporate income tax for the next three (3) years as follows:

Year	Amount	Expired	Ending Balance	Year of Expiry
2016	₱231,426	₱–	₱231,426	2019
2015	5,633	–	5,633	2018
2014	266	266	–	2017
	₱237,325	₱266	₱237,059	

e. RA No. 9504 that was enacted in 2008 amended various provisions in the existing 1997 National Internal Revenue Code among the forms introduced by the said RA was the option granted to corporation to avail of the optional standard deduction at 40% of gross income in lien of the itemized deduction scheme.

The Group opted for the itemized deduction scheme for its income tax reporting in 2017 and 2016.

22. **Basic Income (Loss) per Share**

The following table presents the information necessary to compute the basic loss per share attributable to equity holders of the Group.

	2017	2016	2015
Net income (loss) attributable to the equity holders of the Parent Company	**₱23,840,586**	(₱46,000,060)	(₱148,735,965)
Divided by: Weighted average number of common shares	**1,703,278,570**	1,703,278,570	1,703,278,570
Basic income (loss) per share	**₱0.01**	(₱0.03)	(₱0.09)

The Group has no diluted loss per share for the year ended December 31, 2017, 2016 and 2015.

23. **Non-controlling Interest**

Noncontrolling interests represents the equity in subsidiaries not attributable directly or indirectly to the Parent Company. The details of the account are as follows:

	2017			
	Balance at beginning of year	Net loss	Other comprehensive loss	Balance at end of year
SREDC	₱257,102,556	(₱2,490,057)	₱–	₱254,612,499
LSTI	39,034	(27,477)	–	11,557
TWMRSI	(115,347,187)	(47,625)	–	(115,394,812)
	₱141,794,403	(₱2,565,159)	₱–	₱139,229,244

	2016			
	Balance at beginning of year	Net income (loss)	Other comprehensive loss	Balance at end of year
SREDC	₱255,047,042	₱2,055,514	₱–	₱257,102,556
LSTI	71,587	(32,553)	–	39,034
TWMRSI	(115,325,248)	(21,939)	–	(115,347,187)
	₱139,793,381	₱2,001,022	₱–	₱141,794,403

	2015			
	Balance at beginning of year	Net loss	Other comprehensive loss	Balance at end of year
SREDC	₱259,830,812	(₱4,738,170)	(₱45,600)	₱255,047,042
LSTI	102,791	(31,204)	–	71,587
TWMRSI	(115,266,950)	(58,298)	–	(115,325,248)
	₱144,666,653	₱4,827,672	(₱45,600)	₱139,793,381

Other comprehensive loss pertains to fair value loss on AFS investment for the year attributable to non–controlling interest.

24. **Financial Instruments**

The following tables set forth the carrying values and estimated fair values of the Company's financial asset and liabilities recognized as at December 31, 2017 and 2016:

		2017			
	Note	Carrying value	Fair value	Quoted prices in active market (Level 1)	Significant Observable Inputs (Level 2)
Financial assets:					
Cash	6	₱2,700,296	₱2,700,296	₱–	₱2,700,296
Nontrade receivables	7	251,177,220	251,177,220	–	251,177,220
Due from related parties – net	18	821,835,699	821,835,699	–	821,835,699
AFS investments	9	370,000	370,000	370,000	–
		₱1,076,083,215	₱1,076,083,215	₱370,000	₱1,075,713,215
Financial liabilities:					
Trade and other payables*	16	₱19,573,395	₱19,573,395	₱–	₱19,573,395
Due to related parties	18	46,752,073	46,752,073	–	46,752,073
		₱66,325,468	₱66,325,468	₱–	₱66,325,468

		2016			
	Note	Carrying value	Fair value	Quoted prices in active market (Level 1)	Significant Observable Inputs (Level 2)
Financial assets:					
Cash	6	₱1,655,902	₱1,655,902	₱–	₱1,655,902
Nontrade receivables	7	250,283,520	250,283,520	–	250,283,520
Due from related parties – net	18	786,249,841	786,249,841	–	786,249,841
AFS investments	9	370,000	370,000	370,000	–
		₱1,038,559,263	₱1,038,559,263	₱370,000	₱1,038,189,263
Financial liabilities:					
Trade and other payables*	16	₱19,304,134	₱19,304,134	₱–	₱19,304,134
Loans payable	17	5,153,846	5,153,846	–	5,153,846
		₱24,457,980	₱24,457,980	₱–	₱24,457,980

**Excludes government payables amounting to ₱52,610 and ₱1,024,000 as at December 31, 2017 and 2016 respectively.*

Methods and assumption used to estimate fair value

The carrying value of cash, receivables, trade and other payables and due to and from related parties approximate the fair value due to the short-term nature of the transactions.

AFS investment in a listed company included in Level 1 is valued based on published prices. The fair value of financial assets and liabilities included in Level 2 which are not traded in an active market are determined based on the expected cash flows of the underlying asset and liability based on the instrument where the significant inputs required to determine the fair value of such instrument are directly or indirectly observable.

The Group has no financial instruments that are carried at FVPL.

25. **Financial Risk Management Objectives and Policies**

The Group is exposed to a variety of financial risks, which resulted from its operating, investing and financing activities. The Group's principal financial instruments comprise of cash, receivables, AFS investment, trade and other payables, loans payable and due to and from related parties. The main purpose of investing these financial instrument (assets) is to maximize interest yield and for capital appreciation. The main purpose of loan is to finance the Group's operations.

The Group's policies and guidelines cover credit risk, liquidity risk, interest rate risk and foreign currency risk. The objective of financial risk management is to contain, where appropriate, exposures in these financial risks to limit any negative impact on the Group's results and financial position. The Group actively measures, monitors and manages its financial risk exposures by various functions pursuant to the segregation of duties principles.

- Credit Risk
  Credit risk refers to the risk that counterparty will default and/or fail to honor its financial or contractual obligations, resulting in financial loss to the Group. The Group only transacts with recognized and creditworthy counterparties, like investing in creditworthy equities.

  a. Credit Quality

  Below is the credit quality per class of the Group's financial assets as at December 31, 2017 and 2016

	2017			
	Neither past due nor impaired		Past due but not	
	High Grade	Standard Grade	Impaired	Total
Cash*	₱1,527,177	₱794,646	₱–	₱2,321,823
Nontrade receivables	–	–	251,177,220	251,177,220
Due from related parties	–	–	821,835,699	821,835,699
AFS investment	370,000	–	–	370,000
	₱1,897,177	₱794,646	₱1,073,012,919	₱1,075,704,742

	2016			
	Neither past due nor impaired		Past due but not	
	High Grade	Standard Grade	Impaired	Total
Cash*	₱826,795	₱450,634	₱–	₱1,277,429
Nontrade receivables	–	–	250,283,520	250,283,520
Due from related parties	–	–	786,249,841	786,249,841
AFS investment	370,000	–	–	370,000
	₱1,196,795	₱450,634	₱1,036,533,361	₱1,038,180,790

**Excludes cash on hand.*

High grade cash are placed, invested, or deposited in local banks belonging to the top 25 banks in the Philippines in terms of resources and profitability, otherwise cash in banks are considered standard.

Other high grade accounts are considered of high value.

Standard grade accounts consist of advances from its debtors with good financial condition and with relatively low defaults. Substandard grade accounts on the other hand, are receivables from other counterparties with history of defaulted payments.

These counterparties include banks, customers and related parties who pay on or before due date.

b. Credit risk exposure
With respect to credit risk arising from other financial assets of the Group, which comprise of cash, receivables and due from related parties, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

The table below summarizes the maximum exposure to credit risk for the components of the Group's financial assets as at December 31, 2017 and 2016.

	2017	2016
Cash in banks	**₱2,321,823**	₱1,277,429
Nontrade receivables	**251,177,220**	250,283,520
Due from a related parties–net	**821,835,699**	786,249,841
AFS investments	**370,000**	370,000
	₱1,075,704,742	₱1,038,180,790

c. Risk concentrations of the maximum exposure to credit risk
Concentrations arise when a number of counterparties are engaged in similar business activities or activities in the same geographic region or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographical location. Such credit risk concentrations, if not properly managed, may cause significant losses that could threaten the Group's financial strength and undermine public confidence.

d. Impairment assessment
The Group recognizes impairment losses based on the results of the specific/individual assessment of its credit exposures. Impairment has taken place when there is a presence of known difficulties in the servicing of cash flows by counterparties, infringement of the original terms of the contract has happened, or when there is inability to pay principal or interest overdue, if any, beyond a certain threshold. These and other factors constitute observable events and/or data that meet the definition of an objective evidence of impairment.

The Group applies specific/individual assessment methodology in assessing and measuring impairment.

Under specific/individual assessment, the Group assesses each individual significant credit exposure for any objective evidence of impairment, and where such evidence exists, accordingly calculates the required impairment. Among the items and factors considered by the Company when assessing and measuring specific impairment allowances are: (a) the timing of the expected cash flows; (b) the projected receipts or expected cash flows; (c) the going concern of the counterparty's business; (d) the ability of the counterparty to repay its obligations during financial crises; (e) the availability of other sources of financial support; and, (f) the existing realizable value of collateral, if any. The impairment allowances, if any, are evaluated as the need arises, in view of favorable or unfavorable developments.

- Liquidity Risk
  The Group seeks to manage its liquidity profile to be able to finance its capital expenditures and cover its operating costs. The Group's objective is to maintain a balance between continuity of funding and flexibility through valuation of projected and actual cash flow information. Additional short-term funding is obtained from related party advances.

  Maturity Profile
  The maturity profile of the Group's financial assets and liabilities are presented below:

	2017			
	On demand	Due within one (1) year	Due beyond one year but not more than five years	Total
Financial assets				
Cash	₱2,700,296	–	₱–	₱2,700,296
Nontrade receivables	251,177,220	–	–	251,177,220
Due from related parties – net	821,835,699	–	–	821,835,699
AFS investments	–	–	370,000	370,000
	₱1,075,680,550	₱–	₱370,000	₱1,076,083,215
Financial Liabilities				
Trade and other payables*	₱–	₱18,464,355	₱–	₱18,464,355
Due to related parties	46,750,573	–	–	46,750,573
	₱46,750,573	₱18,464,355	₱–	₱65,214,928

	2016			
	On demand	Due within one (1) year	Due beyond one year but not more than five years	Total
Financial assets				
Cash	₱1,655,902	₱–	₱–	₱1,655,902
Nontrade receivables	250,283,520	–	–	250,283,520
Due from related parties – net	786,249,841	–	–	786,249,841
AFS investments	–	–	370,000	370,000
	₱1,038,189,263	₱–	₱370,000	₱1,038,559,263
Financial Liabilities				
Trade and other payables*	₱–	₱19,304,134	₱–	₱19,304,134
Deposit for future stock subscription	–	–	177,000,000	177,000,000
Loans payable	–	5,153,846	–	5,153,846
	₱–	₱24,457,980	₱177,000,000	₱201,457,980

**Excludes government payables amounting to ₱52,610 in 2017 and ₱1,024,000 in 2016.*

- Interest rate risk
  The Group is exposed to interest rate fluctuations on their cash in banks and loan payable. Other financial assets and liabilities which principally arise in the ordinary course of its operations are generally short-term and non-interest bearing.

  Historically, the rate fluctuations relative to its cash in banks are minimal. Interest rates in 2017 and 2016 is less than 1%.

- Foreign Currency risk
  Currency risk arises when transactions are denominated in foreign currency. The company is not exposed to significant foreign currency risk given that the company's foreign currency denominated financial assets which pertains to cash in bank is not significant in amount.

26. **Capital Management**

The primary objective of the Group's capital management is to ensure its ability to continue as a going concern and maintains healthy ratios in order to support its business and maximize shareholders' value.

The Group considers the following accounts as its capital:

	2017	2016
Capital stocks	**₱1,803,278,572**	₱1,803,278,572
Additional paid-in capital	**268,090,531**	268,090,531
Accumulated losses	**(1,037,637,525)**	(1,061,478,111)
	₱1,033,731,578	₱1,009,890,992

The Group manages capital on the basis of the debt-to-equity ratio which is calculated as total debt divided by total equity.

The debt-to-equity ratios as at December 31, 2017 and 2016 follow:

	2017	2016
Total debt	**₱243,609,501**	₱202,954,361
Total equity	**1,174,257,262**	1,163,104,090
	21%	17%

The Group had not been subjected to externally imposed capital requirements in 2017 and 2016. No changes were made pin the objectives, policies, and processes during the years ended December 31, 2017 and 2016.

27. Segment Reporting

Business Segments

For management purposes, the Group is organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The industry segments where the Group operates are as follows:

a. The holding segment is engaged in investment holding;
b. The renewal energy segment is engaged in the business and/or operation of renewable energy system and/or harnessing renewable energy resources;
c. The waste management segment is engaged in the business of building, operating and managing waste recovery facilities;
d. The real estate segment is engaged in the business of real estate development and improvement for agri-tourism; and
e. The information technology segment is engaged in the business of software and other communication technology solutions and value-added services arising from or connected to telecommunications.

Segment Assets and Liabilities

Segment assets include all operating assets used by a segment and consists principally of operating cash, receivables, property and equipment and investment properties. Segment liabilities include all operating liabilities and consist principally of trade and other payables and loans payable.

Segment Transactions
Segment income, expenses and performance include income and expenses from operations. Intercompany transactions are eliminated in consolidation.

Segment Financial Information

The segment financial information is presented as follows:

	2017						
	Holding	Renewable Energy	Waste Management	Real Estate	Information technology	Eliminations	Total
Income							
Revenue	₱–	₱–	₱–	₱12,090,630	₱–	₱–	₱12,090,630
Equity in net income of associate	31,349,184	–	–	–	–	–	31,349,184
Increase in FV of biological asset	–	–	–	553,115	–	–	553,115
Interest income	434	252	–	8,588	–	–	9,274
Unrealized forex gain	128	–	–	–	–	–	128
	31,349,746	252	–	12,652,333	–	–	44,002,331
Expense							
General and administrative expenses	(3,228,320)	(72,247)	(97,192)	(18,304,548)	(56,076)	–	(21,758,383)
Impairment loss	–	–	–	(737,095)	–	–	(737,095)
Provision for income tax	(3)	–	–	(231,423)	–	–	(231,426)
Net loss	₱28,121,423	(₱71,995)	(₱97,192)	(₱6,620,733)	(₱56,076)	₱–	₱21,275,427
Net income (loss) attributable to:							
Equity holders of the Parent Company	₱28,121,423	(₱71,995)	(₱49,567)	(₱4,130,676)	(₱28,599)	₱–	₱23,840,586
Noncontrolling interest	–	–	(47,625)	(2,490,057)	(27,477)	–	(2,565,159)
	₱28,121,423	(₱71,995)	(₱97,192)	(₱6,620,733)	(₱56,076)	₱–	₱21,275,427
Assets and Liabilities							
Segment assets	₱1,142,978,356	₱816,210	₱–	₱651,977,675	₱316,170	(₱368,746,174)	₱1,427,342,237
Segment liabilities	₱231,650,973	₱67,254,696	₱233,626,187	₱21,093,478	₱293,567	(₱310,309,400)	₱243,609,501

	2016						
	Holding	Renewable Energy	Waste Management	Real Estate	Information technology	Eliminations	Total
Income							
Revenue	₱–	₱–	₱–	₱23,796,135	₱–	₱–	₱23,796,135
Inter-segment revenues	–	–	–	–	–	–	–
Total revenues	–	–	–	23,796,135	–	–	23,796,135
Expense							
Share in net loss of an associate	(45,274,728)	–	–	–	–	–	(45,274,728)
General and administrative expenses	(3,522,239)	(44,542)	(44,773)	(17,049,954)	(66,632)	–	(20,728,140)
Finance cost	–	–	–	(865,174)	–	–	(865,174)
Other expense – net	(455,961)	480	–	4,162	197	–	(451,122)
Provision for income tax	(87)	–	–	(475,923)	–	–	(476,010)
Net loss	(₱49,253,015)	(₱44,062)	(₱44,773)	₱5,409,246	(₱66,435)	₱–	(₱43,999,038)
Net income (loss) attributable to:							
Equity holders of the Parent Company	(₱49,253,015)	(₱44,062)	(₱22,834)	₱3,353,732	(₱33,882)	₱–	(₱46,000,060)
Noncontrolling interest	–	–	(21,939)	2,055,514	(32,553)	–	2,001,022
	(₱49,253,015)	(₱44,062)	(₱44,773)	(₱5,409,246)	(₱66,435)	₱–	(₱43,999,038)
Assets and Liabilities							
Segment assets	₱1,110,437,948	₱832,129	₱41,118	₱658,824,412	₱316,170	(₱404,393,327)	₱1,366,058,451
Segment liabilities	₱195,660,931	₱67,198,620	₱233,570,111	₱21,319,482	₱237,492	(₱315,032,275)	₱202,954,361

	2015						
	Holding	Renewable Energy	Waste Management	Real Estate	Information technology	Eliminations	Total
Income							
Revenue	₱–	₱–	₱–	₱272,367	₱–	₱–	₱272,367
Inter-segment revenues	–	–	–	–	–	–	–
Total revenues				272,367	–	–	272,367
Expense							
Share in net loss of an associate	(132,485,607)	–	–	–	–	–	(132,485,607)
General and administrative expenses	(8,358,158)	(59,165)	(118,999)	(10,903,080)	(63,680)	–	(19,503,082)
Finance cost	–	–	–	(1,837,172)	–	–	(1,837,172)
Other expense – net	(10,847)	1,848	23	4,466	!	–	(4,510)
Provision for income tax	(185)	–	–	(5,448)	–	–	(5,633)
Net loss	(₱140,854,797)	(₱57,317)	(₱118,976)	(₱12,468,867)	(₱63,680)	₱–	(₱153,563,637)
Net income (loss) attributable to:							
Equity holders of the Parent Company	(₱140,854,797)	(₱57,317)	(₱60,677)	(₱7,730,697)	(₱32,477)	₱–	(₱148,735,965)
Noncontrolling interest	–	–	(58,299)	(4,738,170)	(31,203)	–	(4,827,672)
	(₱140,854,797)	(₱57,317)	(₱118,976)	(₱12,468,867)	(₱63,680)	₱–	(₱153,563,637)
Assets and Liabilities							
Segment assets	₱1,114,362,657	₱763,321	₱41,118	₱678,116,976	₱315,973	(₱385,721,776)	₱1,407,878,269
Segment liabilities	₱195,607,358	₱67,085,750	₱233,570,111	₱46,021,292	₱170,860	(₱314,339,049)	₱228,116,322

28. **Other Matters**

On Voluntary Trading Suspension

On May 13, 2015, the Parent Company requested for a voluntary suspension in the trading of its securities in the PSE. The request was filed in order to prevent any unusual volatility in the trading of the Parent Company's securities that may cause investor panic as a result of a news article on the inclusion of certain bank accounts of the Parent Company being included in a Freeze Order issued by the Court of Appeals.

On said date, the PSE suspended the trading of the Parent Company's securities until further notice (see Note 1).

On Civil Forfeiture

On December 14 and 15, 2015 the Regional Trial Court of the City of Manila, Branch 53, (the "Court") placed under asset preservation specified bank accounts of (i) Parent Company and (ii) SREDC, a subsidiary of the Parent Company (the "Order"). The Order was predicated solely on the allegation made by the Anti-Money Laundering Council ("AMLC") that multiple transactions involving receipt of inward remittances and inter-branch fund transfers between Parent Company, SREDC, and related corporations were allegedly without any underlying legal or trade obligation, purpose, or economic justification and/or that they were allegedly not commensurate to the business or financial capacity of the parties involved.

The rules on confidentiality and *sub judice* bar the Parent Company from publicly going into the details of the ongoing proceedings with the Court; however, the Parent Company wishes to draw attention to the disclosures dated June 30, 2014 and July 1, 2, 3, 7 and 10, 2014 (Material Disclosures") lodged by the Parent Company with the PSE (hence, already public and readily accessible) that would show that the receipts and transmittals involving the corporations had economic justifications and involved business transactions, which were timely made public.

CG&Co

An independent member of
BAKER TILLY
INTERNATIONAL

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SUPPLEMENTAL STATEMENT OF INDEPENDENT AUDITORS

The Stockholders and the Board of Directors
Greenergy Holdings Incorporated and Subsidiaries
No. 54 National Road, Dampol II-A
Pulilan, Bulacan

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Greenergy Holdings Incorporated and Subsidiaries (the Group), as at and for the year ended December 31, 2017 and have issued our report thereon dated April 27, 2018. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Summary of PAS, PFRS and Interpretations, Schedule of Reconciliation of Retained Earnings Available for Dividend Declaration, and Financial Soundness Indicators is the responsibility of the Group's management. These schedules are presented for the purpose of complying with Securities Regulation Code Rule 68, as Amended (2011) and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole.

CONSTANTINO GUADALQUIVER & CO.
BOA Registration No. 0213, valid until December 31, 2019
SEC Accreditation No. (A.N.) 004-FR-4, valid until December 7, 2020 (Group A)
BIR A.N. 08-001507-0-2017, valid until December 21, 2020

By:

ROGELIO M. GUADALQUIVER
Partner
CPA Certificate No. 13608
SEC A.N. 0017-AR-3, valid until April 30, 2018 (Group A)
TIN 123-305-015-000
BIR A.N. 08-001507-1-2017, valid until December 21, 2020
PTR No. 6678749, issued on January 31, 2018, Makati City

Makati City, Philippines
April 27, 2018

GREENERGY HOLDINGS INCORPORATED

SUMMARY OF EFFECTIVE STANDARDS AND INTERPRETATIONS UNDER PHILIPPINE FINANCIAL REPORTING STANDARDS

DECEMBER 31, 2017

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics		✓		
PFRS Practice Statement Management Commentary				
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards			✓
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate			✓
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✓
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✓
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✓
	Amendments to PFRS 1: Government Loans			✓
	Annual Improvements (2009-2011 Cycle): Repeated Application of PFRS 1			✓
	Annual Improvements (2009-2011 Cycle): First-time Adoption of PFRS – Borrowing Cost			✓
	Annual Improvements (2011-2013 Cycle): First-time Adoption of PFRS – Meaning of Effective PFRS			✓
	Annual Improvements (2014-2016 Cycle) Deletion of Short-term Exemptions for Firsttime adopters*		✓	
PFRS 2	Share-based Payment			✓**
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓**
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓**
	Annual Improvements (2010-2012 Cycle): Definition of Vesting Condition			✓**
	Amendments to PFRS 2: Classification and Measurement of Share-based Payment Transactions*		✓	
PFRS 3 (Revised)	Business Combinations	✓		
	Annual Improvements (2010-2012 Cycle): Accounting			✓

*****These are effective subsequent to December 31, 2017.
******Adopted but no significant impact.

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
	for Contingent Consideration in a Business Combination			
	Annual Improvements (2011-2013 Cycle): Scope Exceptions for joining Arrangements			✓
PFRS 4	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PFRS 4: Applying PFRS 9, Financial Instruments with PFRS 4, Insurance Contracts*		✓	
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓**
	Annual Improvements (2012-2014 Cycle): Noncurrent Assets Held for Sale and Discontinued Operations – Changes in Methods of Disposal			✓**
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets			✓**
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition			✓**
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets			✓**
	Amendments to PFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities			✓**
	Annual Improvements (2012-2014 Cycle): Financial Instruments: Disclosure – Servicing Contracts			✓**
	Annual Improvements (2012-2014 Cycle): Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements			✓**
PFRS 8	Operating Segments	✓		
	Annual Improvements (2010-2012 Cycle): Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets	✓		
PFRS 9	Financial Instruments	✓		
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures			✓**
	Amendments to PFRS 9: Financial Instruments – Classification and Measurement*		✓	
	Amendments to PFRS 9. Prepayment Features with Negative Compensation*		✓	

*****These are effective subsequent to December 31, 2017.
******Adopted but no significant impact.

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
PFRS 10	Consolidated Financial Statements	✓		
	Amendments for Investment Entities			✓
	Amendments to PFRS 10, PFRS 12 and PAS 28: Investment Entities - Applying the Consolidation Exception			✓**
	Amendments to PFRS 10: Consolidated Financial Statements and PAS 28: Investment in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate and Joint Venture			✓**
PFRS 11	Joint Arrangements			✓
	Amendments to PFRS 11: Accounting for Acquisitions of Interest in Joint Operations			✓
PFRS 12	Disclosure of Interests in Other Entities	✓		
	Amendments for Investment Entities			✓
	Amendments to PFRS 10, PFRS 12 and PAS 28: Investment Entities - Applying the Consolidation Exception			✓**
	Annual Improvements to PFRSs (2014 to 2016 Cycle): Amendments to PFRS 12 – Clarification of the Scope of the Standard*		✓	
PFRS 13	Fair Value Measurement	✓		
	Annual Improvements (2010-2012 Cycle): Short-term Receivables and Payables	✓		
	Annual Improvements (2011-2013 Cycle): Portfolio Exception	✓		
PFRS 14	Regulatory Deferral Accounts			✓**
PFRS 15	Revenue from Contracts with Customers*		✓	
	Amendments to PFRS 15: Clarifications to PFRS 15*		✓	
PFRS 16	Leases*		✓	
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendment to PAS 1: Capital Disclosures	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓**
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
	Annual Improvements (2009-2011 Cycle): Clarification of the Requirements for Comparative Information	✓		

*****These are effective subsequent to December 31, 2017.
******Adopted but no significant impact.

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
	Amendment to PAS 1: Presentation of Financial Statements – Disclosure Initiative	✓		
PAS 2	Inventories	✓		
PAS 7	Statement of Cash Flows	✓		
	Amendments to PAS 7: Disclosure Initiative*		✓	
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Reporting Period	✓		
PAS 11	Construction Contracts	✓		
PAS 12	Income Taxes	✓		
	Amendment to PAS 12: Deferred Tax - Recovery of Underlying Assets			✓**
	Amendment to PAS 12: Recognition of Deferred Tax Assets for Unrealized Losses*		✓	✓**
PAS 16	Property, Plant and Equipment	✓		
	Annual Improvements (2009-2011 Cycle): Classification of Servicing Equipment			✓**
	Annual Improvements (2010-2012 Cycle): Revaluation Method – Proportionate Restatement of Accumulated Depreciation			✓**
	Amendment to PAS 16: Property, Plant and Equipment and PAS 38: Intangible Assets – Classification of Acceptable Methods of Depreciation and Amortization			✓**
	Amendment to PAS 16: Property, Plant and Equipment and PAS 41: Agriculture – Bearer Plants	✓		
PAS 17	Leases	✓		
PAS 18	Revenue	✓		
PAS 19	Employee Benefits	✓		
	Amendments to PAS 19: Actuarial Gains and Losses, Group Plans and Disclosures			✓
PAS 19 (Amended)	Employee Benefits	✓		
	Amendments to PAS 19 – Defined Benefit Plans: Employee Contributions			✓**
	Annual Improvements (2012-2014 Cycle): Employee Benefits – Regional Market Issue Regarding Discount Rate			✓**
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		

*****These are effective subsequent to December 31, 2017.
******Adopted but no significant impact.

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
	Amendment: Net Investment in a Foreign Operation			✓**
PAS 23 (Revised)	Borrowing Costs	✓		
PAS 24 (Revised)	Related Party Disclosures	✓		
	Annual Improvements (2010-2012 Cycle): Key Management Personnel	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27	Consolidated and Separate Financial Statements	✓		
PAS 27 (Amended)	Separate Financial Statements	✓		
	Amendments in Investment Entities			✓
	Amendments to PAS 27: Separate Financial Statements – Equity Method in Separate Financial Statements			✓**
PAS 28	Investments in Associates	✓		
PAS 28 (Amended)	Investments in Associates and Joint Ventures	✓		
	Amendments to PFRS 10, PFRS 12 and PAS 28: Investment Entities - Applying the Consolidation Exception			✓**
	Annual Improvements to PFRSs (2014 to 2016 Cycle): Amendments to PAS 28 – Measuring an Associate or Joint Venture at Fair Value*		✓	
	Amendments to PFRS 10 and PAS 28: Sale or Contribution of Assets between an Investor and its Associate and Joint Venture*		✓	
	Amendments to PAS 28, Long Term Interests in Associates and Joint Ventures*		✓	
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 31	Interests in Joint Ventures			✓
PAS 32	Financial Instruments: Disclosure and Presentation	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓**
	Amendment to PAS 32: Classification of Rights Issues			✓**
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities			✓**
	Annual Improvements (2009-2011 Cycle): Presentation – Tax effect of Distribution to Holders of Equity Instruments			✓**
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting	✓		

*****These are effective subsequent to December 31, 2017.
******Adopted but no significant impact.

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
	Annual Improvements (2009-2011 Cycle): Interim Financial Reporting and Segment Information for Total Assets and Liabilities	✓		
	Annual Improvements (2012-2014 Cycle): Interim Financial Reporting – Disclosure of information 'elsewhere in the Interim Financial Report'*		✓	
PAS 36	Impairment of Assets	✓		
	Amendments arising from Recoverable Amount Disclosures for Non-Financial Assets			✓**
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets	✓		
	Annual Improvements (2010-2012 Cycle): Revaluation Method – Proportionate Restatement of Accumulated Amortization			✓**
	Amendment to PAS 16: Property, Plant and Equipment and PAS 38: Intangible Assets – Classification of Acceptable Methods of Depreciation and Amortization			✓**
PAS 39	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities			✓**
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			✓**
	Amendments to PAS 39: The Fair Value Option			✓**
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓**
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets			✓**
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets – Effective Date and Transition			✓**
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: Embedded Derivatives			✓**
	Amendment to PAS 39: Eligible Hedged Items			✓**
	Amendment to PAS 39: Novations of Derivatives and Continuation of Hedge Accounting			✓**
PAS 40	Investment Property	✓		
	Annual Improvements (2011-2013 Cycle): Investment Property	✓		
	Amendments to PAS 40: Transfers of Investment Property*		✓	

*****These are effective subsequent to December 31, 2017.
******Adopted but no significant impact.

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
PAS 41	Agriculture	✓		
	Amendment to PAS 16: Property, Plant and Equipment and PAS 41: Agriculture – Bearer Plants	✓		
Philippine Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	Determining Whether an Arrangement Contains a Lease	✓		
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
IFRIC 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			✓
IFRIC 8	Scope of PFRS 2			✓
IFRIC 9	Reassessment of Embedded Derivatives			✓**
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: Embedded Derivatives			✓**
IFRIC 10	Interim Financial Reporting and Impairment			✓**
IFRIC 11	PFRS 2- Group and Treasury Share Transactions			✓**
IFRIC 12	Service Concession Arrangements			✓**
IFRIC 13	Customer Loyalty Programmes			✓
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			✓**
	Amendments to Philippine Interpretations IFRIC- 14, Prepayments of a Minimum Funding Requirement			✓**
IFRIC 15	Amendments to Philippine Interpretations IFRIC- 15, Agreements for Construction of Real Estate*		✓	
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓**
IFRIC 17	Distributions of Non-cash Assets to Owners			✓**
IFRIC 18	Transfers of Assets from Customers			✓**
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✓**
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓
IFRIC 21	Levies			✓**
IFRIC 22	Foreign Currency Transactions and Advance Consideration*		✓	

*****These are effective subsequent to December 31, 2017.
******Adopted but no significant impact.

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
IFRIC 23	Uncertainty over Income Tax Treatments*		✓	
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-12	Consolidation - Special Purpose Entities			✓
	Amendment to SIC - 12: Scope of SIC 12			✓
SIC-13	Jointly Controlled Entities - Non-Monetary Contributions by Venturers			✓
SIC-15	Operating Leases - Incentives			✓**
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✓**
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease			✓**
SIC-29	Service Concession Arrangements: Disclosures.			✓
SIC-31	Revenue - Barter Transactions Involving Advertising Services			✓
SIC-32	Intangible Assets - Web Site Costs			✓**

*These are effective subsequent to December 31, 2017.
**Adopted but no significant impact.

GREENERGY HOLDINGS INCORPORATED AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULES REQUIRED BY THE SECURITIES AND EXCHANGE COMMISSION
DECEMBER 31, 2017

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GREENERGY HOLDINGS INCORPORATED AND SUBSIDIARIES
SCHEDULE A - FINANCIAL ASSETS

		Carrying Value		Fair Value
Cash on hand	₱	378,473	₱	378,473
Loans and receivables				
Cash in bank		2,321,823		2,321,823
Nontrade receivables		251,177,220		251,177,220
Due from a related parties		821,835,699		821,835,699
AFS investments		370,000		370,000
	₱	1,076,083,215	₱	1,076,083,215

GREENERGY HOLDINGS INCORPORATED AND SUBSIDIARIES
SCHEDULE C – AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING CONSOLIDATION OF FINANCIAL STATEMENTS

Intercompany Receivable and Payables

2017

	Payables					
	TWMRSI	**WGVI**	**SREDC**	**ADHI**	**LTSI**	**Total**
Receivables:						
GHI	233,393,618	65,324,073	9,756,532	104,230	111,250	308,689,703
WGVI	120,870	–	182,213	–	–	303,083
	233,514,488	65,324,073	9,938,745	104,230	111,250	308,992,786

2016

	Payables					
	TWMRSI	**WGVI**	**SREDC**	**ADHI**	**LTSI**	**Total**
Receivables:						
GHI	233,393,118	65,323,573	9,756,532	103,730	110,750	308,687,703
WGVI	120,870	–	182,213	–	–	303,803
	233,513,988	65,323,573	9,938,745	103,730	110,750	308,991,506

GREENERGY HOLDINGS INCORPORATED AND SUBSIDIARIES
SCHEDULE E – LONG-TERM DEBTS

Title of Issue and Type of Obligation	Amount Authorized by Indenture	Availed	Outstanding balance	Short-term Debt	Long-term Debt: Current Portion of Long-term Debt	Noncurrent Portion of Long-term Debt: Maturity Date	Noncurrent Portion of Long-term Debt: Amount
In the books of the Subsidiaries							
Philtrust Bank (SREDC)	50,000,000	50,000,000	–	–	–	2017	–
	50,000,000	50,000,000	–	–	–		–

GREENERGY HOLDINGS INCORPORATED AND SUBSIDIARIES
SCHEDULE H – CAPITAL STOCK

	Number of Shares			Number of Shares Held by		
Title of Issue	Authorized	Issued and Outstanding	No. of Shares Reserved for Options, etc.	Affiliates	Directors, Officers, and Employees	Others
Common share at P1 par value	1,900,000,000	1,703,278,572	–	541,290,567	333,522,007	828,465,998
Preferred share at P0.10 par value	1,000,000,000	1,000,000,000	–	1,000,000,000	–	–
	2,900,000,000	2,703,278,572	–	1,541,290,567	333,522,007	828,465,998

GREENERGY HOLDINGS INCORPORATED AND SUBSIDIARIES
SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

FINANCIAL KEY PERFORMACE INDICATOR	DEFINITION	FOR THE YEAR ENDED 2017	2016
Current/Liquidity Ratio			
Current ratio	Current Assets / Current Liabilities	**4.42:1**	5.12:1
Quick ratio	Current Assets - Inventory - Prepayments / Current Liabilities	**4.42:1**	5.12:1
Solvency ratio / Debt to equity ratio	Total Liabilities / Equity	**0.21:1**	0.17:1
Asset to equity ratio	Total Assets / Equity	**1.21:1**	1.17:1
Interest rate coverage ratio	Income Before Tax / Finance Cost	**N/A**	(50.31:1)
Profitability Ratio			
Return on assets	Net Income / Average Total Assets	**2.0%**	-3.0%
Return on equity	Net Income / Average Total Equity	**2.0%**	-4.0%

GREENERGY HOLDINGS INCORPORATED AND SUBSIDIARIES
LIST OF TOP 20 STOCKHOLDERS OF RECORD

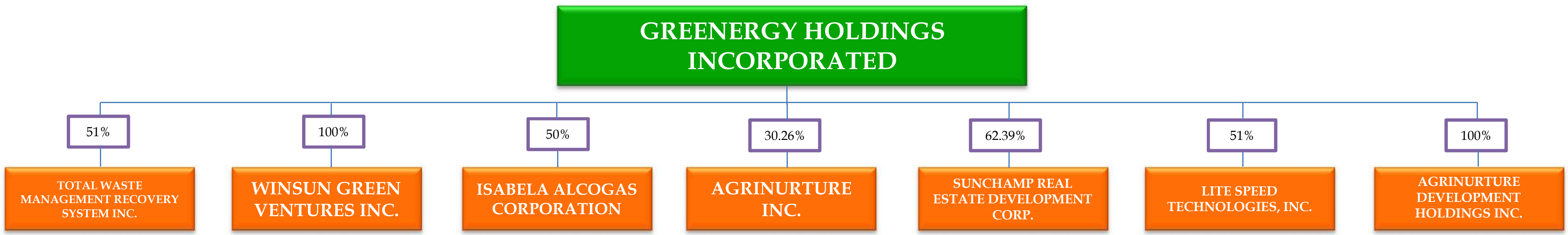
Name of Stockholder	Subscribed	Outstanding
Common		
PCD Nominee Corp. (Filipino)	369,170,358	20.50%
ThomasLloyd Cleantech Infrastucture Fund GmbH	207,768,560	11.54%
Earthright Holdings, Inc.	187,500,000	10.41%
Jian-Cheng Cai	160,000,000	8.89%
Three Star Capital Limited (BVI)	110,000,000	6.11%
PCD Nominee Corp. (Non-Filipino)	78,343,922	4.35%
PPAR Management & Holdings Corporation	58,000,000	3.22%
Southern Field Limited (BVI)	55,000,000	3.05%
Jerry G. Yu	52,000,000	2.89%
Ann Loraine B. Tiu	51,500,000	2.86%
ARC Estate & Project Corporation	50,000,000	2.78%
Mark Kenrich Duca	50,000,000	2.78%
Hung Kamtin	40,000,000	2.20%
Paul Vincent Lee	36,000,000	2.00%
Fab People, Inc.	31,000,000	1.72%
Jaime L. Tiu	30,000,000	1.67%
James L. Tiu	30,000,000	1.67%
Prestejenchrisdan (PSJCD) Inc.	30,000,000	1.67%
Sure Anthony T. Ching	30,000,000	1.67%
Jose Marie E. Fabella	30,000,000	1.67%
Leonardo S. Gayao	28,000,000	1.55%
Others	86,495,732	4.80%
	1,800,778,572	100.00%

**On 6 August 2014, the 176,000,000 common shares of the Company in the name of SREDC were sold. However, as of 31 December 2014, the Certificates Authorizing Registration ("CARs") covering the sale of the common shares had not yet been issued by the Bureau of Internal Revenue ("BIR").*

Name of Stockholder	Total Numbers of Shares Subscribed	Percent to Total Outstanding
Preferred		
Earthright Holdings, Inc.	100,000,000	100.00%
	100,000,000	100.00%

GREENERGY HOLDINGS INCORPORATED AND SUBSIDIARIES
RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
DECEMBER 31, 2017

Unappropriated Retained Earnings, beginning	₱	(1,061,478,111)
Add (Deduct): Non-actual losses (Net profit on the face of audited financial statements)		20,849,698
Less: Non-actual/unrealized income net of tax		
· Equity in net income of associate/joint venture		–
· Unrealized foreign exchange gain - net (except those attributable to cash and cash equivalents) unrealized actuarial gain		–
· Fair value adjustment (M2M gains)		–
· Fair value adjustment of investment property resulting to gain adjustment due to deviation from PFRS/GAAP-gain		–
· Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (Income tax benefit)		
- Gain on reclassification from AFS investment to investment in associate		
- Change in deferred tax assets (excluding net change in deferred tax asset in Other comprehensive income and loss)		–
· Depreciation on revaluation increment (after tax)		–
· Adjustment due to deviation from PFRS /GAAP - loss		–
· Loss on fair value adjustment of investment property (after tax)		–
Net Income Actual/Realized		20,849,698
Unappropriated Retained Earnings, as adjusted, ending	**₱**	**(1,040,628,413)**


GREENERGY HOLDINGS INCORPORATED
51%
TOTAL WASTE MANAGEMENT RECOVERY SYSTEM INC.
100%
WINSUN GREEN VENTURES INC.
50%
ISABELA ALCOGAS CORPORATION
30.26%
AGRINURTURE INC.
62.39%
SUNCHAMP REAL ESTATE DEVELOPMENT CORP.
51%
LITE SPEED TECHNOLOGIES, INC.
100%
AGRINURTURE DEVELOPMENT HOLDINGS INC.