COVER SHEET
for
17-Q

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)

54 NATIONAL ROAD, DAMPOL II-A PULILAN, BULACAN

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

COMPANY INFORMATION

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

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
1,022	Second Friday of June	Dec-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
KENNETH TAN	kenneth.tan@ani.com.ph	(02) 997-5184	N/A

Contact Person's Address

54 NATIONAL ROAD, DAMPOL II-A, PULILAN, BULACAN

Note: In case of death, resgination 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.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1.	For the quarterly period ended	:	**31 March 2015**
2.	SEC Identification Number	:	**AS092-000589**
3.	BIR Tax Identification Number	:	**001-817-292**
4.	Exact name of Registrant as specified in its charter	:	**Greenergy Holdings Incorporated**
5.	Province, Country or other Jurisdiction on incorporation or organization	:	**Philippines**
6.	Industrial Classification Code	:	**(SEC Use Only)**
7.	Address of Principal Office	:	**54 National Road, Dampol II-A Pulilan, Bulacan**
8.	Issuer’s Telephone No. including area code	:	**(02) 997-5184**
9.	Former name of the Company	:	**Not applicable**

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 Stock Outstanding and Amount of Debt Outstanding[1]
Common	1,800,778,565
Preferred	1,000,000,000
Amount of Debt Outstanding:	₱244,265,637.00

11. Are any or all of these securities listed on the Philippine Stock Exchange

Yes [**x**]   No [ ]

The Issuer has 452,434,782 shares listed in the Philippine Stock Exchange.

[1] As of 31 March 2015

12. Indicate by check mark whether the registrant:

a. Has filed all reports required to be filed by Section 17 of the 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 41 and 141 of the Corporation Code of the Philippines during the preceding 12 months (or for such shorter period that the registrant was required to file such report).

Yes [ ] No [**x**]

b. Has been subject to such filing requirement for the past 90 days.

Yes [**x**] No [ ]

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

The unaudited consolidated financial statements of Greenergy Holdings Incorporated and subsidiaries as of and for the period ended 31 March 2015 (with comparative figures as of 31 December 2014 and for the period ended 31 March 2014) are filed as part of this SEC Form 17-Q as Annex "A".

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with the attached unaudited consolidated financial statements of Greenergy Holdings Incorporated and subsidiaries as of and for the period ended 31 March 2015.

Interim 1st quarter

Balance Sheet

Cash decreased to P2.98 million as at March 31, 2015 from P3.83 million consolidated at December 31, 2014. The movement in cash is primarily due to day to day operations of the company and settlement of liabilities.

Receivables increased to P2.66 million in March 31, 2015 from P1.16 million as of December 31, 2014 mainly due to cash advances held by officers and project implementers.

No inventory account is maintained under the group's financial report as of March 31, 2015 and December 31, 2014.

Due from related parties decreased to P1,070.30 million in March 31, 2015 from P1,077.63 million consolidated at December 31, 2014 as a result of liquidation and payment.

Other current assets increased to P1.73 million in March 31, 2015 from P0.64 million consolidated at December 31, 2014.

Available for sale (AFS) investments decreased to P0.46 million as at March 31, 2015 from P0.49 million consolidated at December 31, 2014. The decrease pertains to net fair value changes of the AFS investment which has been restated or determined based on the quoted amount published by the PSE as at March 31, 2015.

Investment in associate decreased to P462.21 million in March 31, 2015 from P474.83 million at December 31, 2014 as a result of the share of losses in the operations of its associates acquired.

Property and equipment, net decreased to P2.04 million in March 31, 2015 from P2.09 million as at December 31, 2014 mainly due to the amortization of depreciation expense.

Trade and Other Payables increased to P17.27 million in March 31, 2015 compared to the December 31, 2014 amounting to P16.92 million as a result of purchases of supplies for the agri-tourism and lawyers fee.

Non controlling interest decreased to P144.06 million in March 31, 2015 from P145.63 million as at December 31, 2014 due to the results of the operations of subsidiaries under common control.

Income Statement

There are no revenues of Group for the first quarter of 2015 except for interest income from banks. The share in loss of associate increased from ₱1.10 million in 2014 to ₱12.62 million in 2015 due to huge results of net losses from its associate. Expenses such as interest expense, salaries and wages, freight charges and rentals contributed the highest amounts resulting to high net loss of associates' operations during the year.

The Company estimates that its Gross Profit Margins will improve in the next two (2) years when returns on the Company's investments become visible especially on the increase in service income for agri-tourism and sale of harvests from greenhouse projects in one of its subsidiaries.

General and administrative expenses in 2015 totaled ₱5.47 million, an increase of 264.50% compared to that in 2014 which amounted to P1.50 million due to the acquisition of additional subsidiaries of which their expenses were included in the consolidation beginning 2014. Interest expense increased to P0.58 million as a result of loan payable made in 2014. Other than the Group's investment in Rosario, Batangas, new business opportunities are being explored by the Company including those in the field of IT and renewable energy.

As a result of the above, the Company had a Consolidated Operating Loss in 2015 of ₱18.60 million.

PART II--OTHER INFORMATION

None.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Issuer	**GREENERGY HOLDINGS INCORPORATED**
Signature and Title	**ANTONIO L. TIU** Chairman and President
Date	30 August 2016
Signature and Title	**KENNETH S. TAN** Chief Financial Officer
Date	30 August 2016

GREENERGY HOLDINGS INCORPORATED AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2015 AND DECEMBER 31, 2014
IN PHILIPPINE PESOS

GREENERGY HOLDINGS INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2015 AND DECEMBER 31, 2014
(Amounts in Philippine Pesos)

	Note		**2015**		2014
ASSETS					
Current Assets					
Cash	6	₱	**2,975,267**	₱	3,826,833
Receivables - net	7		**2,663,406**		1,164,943
Due from related parties	18		**1,070,300,860**		1,077,625,516
Advances for investments			**–**		–
Asset classified as held for sale	9		**–**		–
Deposit for land acquisition	8		**11,000,000**		11,000,000
Other current assets	10		**1,733,603**		643,703
Total Current Assets			**1,088,673,136**		1,094,260,995
Noncurrent Assets					
Available-for-sale (AFS) investments	11		**460,000**		490,000
Investment in associates	12		**462,212,501**		474,834,629
Advances for waste recycling projects	13		**–**		–
Investment property	15		**33,096,141**		33,096,141
Property and equipment - net	14		**2,037,030**		2,086,452
Deferred tax assets			**–**		–
Other noncurrent assets			**179,006**		179,006
Total Noncurrent Assets			**497,984,678**		510,686,228
		₱	**1,586,657,814**	₱	1,604,947,223
LIABILITIES AND EQUITY					
Current Liabilities					
Trade and other payables	16	₱	**17,265,637**	₱	16,922,480
Deposit for future stock subscription	19		**177,000,000**		177,000,000
Due to related parties	18		**–**		–
Income tax payable			**–**		–
Liabilities directly associated with assets classified as held for sale	10		**–**		–
Total Current Liabilities			**194,265,637**		193,922,480
Noncurrent Liability					
Loan payable	17		**50,000,000**		50,000,000
Total Liabilities			**244,265,637**		243,922,480

(Forward)

GREENERGY HOLDINGS INCORPORATED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

MARCH 31, 2015 AND DECEMBER 31, 2014

(Amounts in Philippine Pesos)

	Note		**2015**		2014
(Carryforward)					
Equity					
Equity attributable to equity holders of Parent Company					
Capital stock	19		**1,803,278,565**		1,803,278,565
Additional paid-in capital			**268,090,531**		268,090,531
Equity in other comprehensive income of an associate-net			**7,731,244**		7,731,244
Fair value loss of AFS investments			**(334,800)**		(316,200)
Deficit			**(880,431,234)**		(863,390,634)
			1,198,334,306		1,215,393,506
Non-controlling interests			**144,057,871**		145,631,237
Total Equity			**1,342,392,177**		1,361,024,743
		₱	**1,586,657,814**	₱	1,604,947,223

See accompanying Notes to Financial Statements

GREENERGY HOLDINGS INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2015 AND 2014
(Amounts in Philippine Pesos)

	Note		2015		2014
INCOME					
Gain on reclassification of AFS investment to investment in associate	13	₱	**–**	₱	–
Intest income	7		**2,100**		545
Equity in net income (loss) of associates	13		**(12,622,128)**		(1,095,476)
Miscellaneous income			**-**		-
			(12,620,028)		(1,094,931)
General and administrative expenses			**5,471,936**		1,501,208
Other operating expenses - net	8, 15, 20		**–**		–
Interest expense			**508,333**		–
Realized foreign exchange loss	10		**2,269**		–
			5,982,538		1,501,208
LOSS BEFORE INCOME TAX			**(18,602,566)**		(2,596,139)
INCOME TAX EXPENSE	21		**–**		–
NET LOSS			**(18,602,566)**		(2,596,139)
NET LOSS ATTRIBUTABLE TO:					
Equity holders of the Parent Company			**(17,040,600)**		(2,579,026)
Non-controlling interests			**(1,561,966)**		(17,113)
			(18,602,566)		(2,596,139)
OTHER COMPREHENSIVE INCOME					
Item that may be classified subsequently to profit or loss					
Net change in unrealized loss on AFS investments			**(30,000)**		-
			(18,632,566)		(2,596,139)
Attributable to:					
Equity holders of the Parent Company			**(17,070,600)**		(2,579,026)
Non-controlling interests			**(1,561,966)**		(17,113)
			(18,632,566)		(2,596,139)
		₱	**(18,632,566)**	₱	(2,596,139)

See accompanying Notes to Financial Statements

GREENERGY HOLDINGS INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2015 AND 2014
(Amounts in Philippine Pesos)

	Note		2015	2014
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT COMPANY				
CAPITAL STOCK				
Authorized – 1,900,000,000 common shares at P1.00 par value				
Balance at beginning of year		₱	**1,800,778,565**	1,859,528,565
Issuance during the year			–	3,750,000
Converted to preferred shares			–	–
Balance at end of year			**1,800,778,565**	1,863,278,565
Authorized – 100,000,000 preferred shares at P1.0 par value				
Balance at beginning of year			**100,000,000**	–
Issuance during the year				–
Converted from common shares				–
Balance at end of year			**100,000,000**	–
Subscription receivable				
Beginning of the year			**97,500,000**	535,250,000
Increase (decrease) during the year			**-**	-
			97,500,000	535,250,000
Balance at end of year			**1,803,278,565**	1,328,028,565
ADDITIONAL PAID-IN CAPITAL				
Balance at beginning of year			**268,090,531**	268,090,531
Premiums received during the year				–
Balance at end of year			**268,090,531**	268,090,531
UNREALIZED LOSS ON FAIR VALUE OF INVESTMENTS				
Balance at beginning of year			**(316,200)**	–
Unrealized gain (loss) during the year			**(18,600)**	(54,428,547)
Reclassification to profit or loss				–
Balance at end of year			**(334,800)**	(54,428,547)
EQUITY IN OTHER COMPREHENSIVE INCOME OF AN ASSOCIATE				
Exchange differences on translation of foreign operations			**7,731,244**	–
Remeasurement on pension liability net of tax				–
Balance at end of year			**7,731,244**	–
DEFICIT				
Balance at beginning of year			**(863,390,634)**	(290,671,044)
Effect of deconsolidation			**–**	–
Effect of business combination			**–**	–
Net loss for the year			**(17,040,600)**	(2,596,139)
Reclassification				
Balance at end of year			**(880,431,234)**	(293,267,183)
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT COMPANY			**1,198,334,306**	1,248,423,366

(Forward)

GREENERGY HOLDINGS INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2015 AND 2014
(Amounts in Philippine Pesos)

	Note		**2015**	2014
(Carryforward)				
NON-CONTROLLING INTERESTS				
Balance at beginning of year			**145,631,237**	266,349,219
Effect of deconsolidation			**–**	–
Effect of business combination			**–**	–
Net profit (loss) during the year			**(1,561,966)**	(17,113)
Change in fair value of AFS investment			**–**	–
Investment by minority stockholder			**(11,400)**	–
			144,057,871	266,332,106
		₱	**1,342,392,177**	1,514,755,472

GREENERGY HOLDINGS INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2015 AND 2014
(Amounts in Philippine Pesos)

	Notes	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before income tax		₱ (18,602,566)	₱ (2,596,139)
Adjustments for:			
Effect on business combination		–	–
Effect on business deconsolidation		–	–
Impairment loss		–	–
Share in net loss (income) of associates		12,622,128	1,095,476
Accounts written off		–	–
Gain on reclassification of investment in associate		–	–
Depreciation	22	158,942	114,218
Interest income	6	(2,100)	(545)
Operating loss before working capital changes		(5,823,596)	(1,386,990)
Decrease (increase) in:			
Receivables		(1,498,462)	(13,727,086)
Other current assets		(1,089,900)	(24,419)
Increase (decrease) in:			
Accounts payable and accrued expenses		343,157	(497,458)
Net cash used in operations		(8,068,801)	(15,635,953)
Interest received	6	2,100	545
Income taxes paid		-	-
Net cash used in operating activities		(8,066,701)	(15,635,408)
CASH FLOWS FROM AN INVESTING ACTIVITIES			
Advances made to related parties		(5,190,316)	11,636,500
Investment in non-controlling interest in subsidiaries		–	(26,232)
Addition to Biological Asset		–	–
Deposit for land acquisition		–	–
Advances for water recycling projects		–	–
Net assets of deconsolidated subsidiary		–	236,720
Additions to AFS investments		–	–
Additions to investment property		–	–
Payments received to related parties		12,514,972	–
Additions to property and equipment		(109,520)	–
Decrease in other noncurrent assets		–	–
Net cash used in investing activities		7,215,136	11,846,988
CASH FLOWS FROM A FINANCING ACTIVITIES			
Proceeds from issuance of capital stock	16	–	3,750,000
Deposits received from future stock subscription	16	–	–
Proceeds from loan availments		–	–
Payments made to related party		–	–
Decrease in noncontrolling interest		–	–
Advances received from related parties	15	–	–
Net cash provided by financing activities		–	3,750,000
NET INCREASE (DECREASE) IN CASH		(851,565)	(38,420)
CASH AT BEGINNING OF YEAR		3,826,833	1,021,361
CASH AT END OF YEAR		₱ 2,975,267	₱ 982,941
CASH AT END OF YEAR CONSISTS OF:			
Cash on hand		₱ –	₱ 50,000
Cash in banks		2,975,267	932,941
CASH AT END OF YEAR		₱ 2,975,267	₱ 982,941

See accompanying Notes to Financial Statements.

GREENERGY HOLDINGS INCORPORATED AND SUBSIDIARIES
NOTES TO CONSOLIDATED COMPANY FINANCIAL STATEMENTS
(Amounts in Philippines Pesos)

1. **Corporate Information**

Greenergy Holdings, Incorporated and Subsidiaries (formerly MUSX Corporation, singly as the Parent Company or GHI and collectively as the Group) was registered with the Philippine Securities and Exchange Commission (SEC) in January 29, 1992. The Parent Company's shares are listed with the Philippine Stock Exchange (PSE).

The Parent Company, formerly engaged in the manufacture and sale of semiconductors products, changed its primary purpose to that of a Holding Parent Company. The change was approved by the SEC on December 15, 2008.

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 or 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 evidences 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's principal office is located at 54 National Road, Dampol II-A, Pulilan, Bulacan.

On June 22, 2011, the SEC approved the amendment of the Parent Company's Articles of Incorporation which provided for the following:

- Change in the registered business name from MUSX Corporation to its current name;
- Change in the principal office and place of business of the Corporation from L14 Net Cube Centre, 3rd Avenue corner 30th Street, E- Square Crescent Park, West Bonifacio Global City, Taguig to 54 National Road, Dampol II-A, Pulilan, Bulacan;
- Decrease in par value from ₱0.10 per share to ₱0.01 per share; and
- Increase in authorized capital stock from ₱500.0 million divided into 5.0 billion shares at ₱0.10 par value per share to ₱1.0 billion divided into 100 billion shares at ₱0.01 par value per share.

On March 8, 2012, the SEC approved the increase in authorized capital stock of the Parent Company from ₱1.0 billion divided into 100 billion shares at ₱0.01 par value per share to ₱2.0 billion divided into 200 billion shares at ₱0.01 par value per share.

On June 27, 2013, the Board of Directors (BOD) approved the restructuring of the authorized capital stock of the Parent Company from 200 billion shares at ₱0.01 to 2.9 billion shares 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 as of December 31, 2014. The application for the restructuring of the authorized capital stock was approved by the SEC on September 11, 2014.

As at March 31, 2015 and December 31, 2014, the Parent Company holds investments in the following subsidiaries and associates:

Investee	Country of Incorporation	Principal Activity	Principal place of business	Percentage of Ownership	
				2015	2014
Subsidiaries					
1. Winsun Green Ventures, Inc. (WGVI)	Philippnes	Renewable energy system	Pulilan, Bulacan	100%	100%
2. Agrinurture Development Holdings, Inc. (ADHI)	Philippines	Investment Holding	Makati City	100%	100%
3. Sunchamp Real Estate Development Corporation (SREDC)*	Philippines	Real Estate	Makati City	62%	62%
4. Total Waste Management Recovery System, Inc. (TWMRSI)	Philippines	Waste management facility	Pulilan, Bulacan	51%	51%
5. Lite Speed Technologies Inc. (LTSI)	Philippines	Information Technology	Makati City	51%	51%
6. Biomass Holdings, Inc. (BHI)	Philippines	Holdings	Makati City	–	–
Associates					
1. Isabela Alcogas Corporation (IAC)**	Philippines	Manufacturing	Makati City	50%	50%
2. Music Semiconductor Philippines, Inc. (MSPI)**	Philippines	Logistics and manufacturing	Muntinlupa City	39%	39%
3. Agrinurture, Inc (ANI)	Philippines	Trading	Pulilan, Bulacan	30%	30%

**SREDC is an associate as of December 31, 2013.*
***Written off in 2014*

Winsun Green Ventures Inc. (WGVI)
On June 22, 2012, the SEC approved the incorporation of WGVI with the primary purpose of engaging in renewable energy projects.

WGVI has not yet started its commercial operations as of August 17, 2016.

WGVI has a capital deficiency amounting to ₱66.3 million as at December 31, 2014. Due to this, management of the Parent Company believes that its investment in WGVI is impaired. Accordingly, a full allowance was provided in the Parent Company financial statements.

Agrinurture Development Holdings Inc. (ADHI)
ADHI was registered with the SEC on June 17, 2014, as a wholly–owned subsidiary, to operate as a holding company of the agriculture portfolio of the Group.

Sunchamp Real Estate Development Corp. (SREDC)
On October 2, 2013, the Parent Company acquired 20% of the voting shares of SREDC. SREDC is a real estate company that focuses on the development of self–sustaining agri–tourism areas.

On January 18, 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 the people's perception of agriculture. The Park 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.

In 2015, the Park constructed 30 greenhouses, out of which 17 greenhouses are already being utilized for high value crops such as bell pepper and lettuce, as well as a 3-hectare asparagus farm. It is also in the process of developing a 20-hectare area for root crops.

In order 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 operation of the tourism aspect of the Park, which will showcase the Filipino farmers' creativity and hospitality as well as educate children about the future of and in agriculture, is targeted in 2017.

The Parent Company owned 55,000,000 common shares of SREDC which represents 20% ownership as of December 31, 2013. In 2014, the Parent Company acquire additional 310,000,000 common shares of SREDC at the issue price of ₱1.0 per share or a total of ₱310,000,000 which increased its ownership to 62.39% ownership making SREDC a subsidiary of the Parent Company

Total Waste Management Recovery System Inc. (TWMRSI)
On October 19, 2011, the Parent Company's stockholders approved the acquisition of 51% of TMWRSI, a domestic corporation engaged in the business of building, operating and managing waste recovery facilities and waste management sytems within the Philippines. The Parent Company advanced ₱235.0 million which was used to acquire machineries and equipment and steel structure for TWMRSI's waste recycling project (see Note 13).

On March 27, 2012, the Parent Company acquired the 51% ownership in TMWSI when the SEC approved the application for increase in authorized capital stock of TWMRSI.

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.

Currently, the TWMRSI has a waste recovery property in Santiago Street, Brgy. Lingunon Valenzuela City which was initially expected to be in full operation in 2014. As of reporting date, TWMRSI has yet to finalize the site for the installation of equipment in strategic areas which includes those near landfills and dumpsites.

TWMRSI has not yet started its commercial operations as of August 17, 2016. The TWMRSI has no employees. Its accounting and administrative functions are handled by the Parent Company at no cost to TWMRSI.

TWMRSI has a capital deficiency amounting to ₱233.4 million as at December 31, 2014. Due to this, management of the Parent Company believes that its investment in TWMRSI is impaired. Accordingly, a full allowance was provided in the Parent Company financial statements.

Lite Speed Technologies Inc. (LTSI)
On June 16, 2014, the BOD of the Parent Company approved the incorporation of LSTI, a 51% owned subsidiary. LSTI was registered with the SEC on August 14, 2014 to engage in the business of information and communication technology.

LTSI has not yet started its commercial opearations as of August 17, 2016. Target start of commercial operations is on 2017.

Biomass Holdings Inc. (BHI)
On October 31, 2012, the SEC approved the incorporation of BHI, a 60%-40% joint venture arrangement with ThomasLloyd Cleantech Infrastracture Fund GMBH (TCIF). BHI was incorporated with the primary purpose of investing in any other entity engaged in the business and/or operation of renewable energy systems and/or harnessing renewable energy resources. Subsequently, BHI invested in San Carlos Biomass, Inc. (SCBI), a biomass power plant in Negros (see Note 9).

In 2013, due to differences in the direction of BHI, both parties have agreed that the Parent Company will sell its stake in BHI at cost. Consequently, on October 2, 2013, the BOD authorized the Parent Company to explore the sale of all or a portion of the Parent Company's 60% equity in BHI.

On March 26, 2014, the BOD approved the sale of the Parent Company's 60% equity in BHI at cost. Hence, the assets in BHI were presented as "assets classified as held for sale" and liabilities in BHI as "liabilities directly associated with assets classified as held for sale".

On April 2, 2014, the Parent Company disclosed to the public that it has bound itself to divest its 60% equity interest in BHI in favor of TLCIF or the latter's designee.

On June 30, 2014, the Parent Company disclosed to the public that it has received the total consideration amounting to ₱400,522,380 for its 60% interest in BHI. As of July 1, 2014, the parties finally executed pertinent deed of absolute sales and deed of assignment of subscription. BHI is no longer consolidated with GHI as of December 31, 2014 (see Note 9).

Further to the Parent Company's disclosure last June 30, 2014, the Parent Company disclosed to the investing public that the following deeds were executed on July 1, 2014 between the Parent Company and TLCIF in relation to the divestment by the Parent Company of its 600,000,000 common shares equivalent to 60% equity interest in BHI.

1. Deed of Absolute Sale covering the 300,000,000 fully paid common shares of the Company in BHI for the total purchase price of ₱300,000,000; and
2. Deed of Assignment of Subscription covering the 300,000,000 partially paid common shares of the Company in BHI for the total purchase price of ₱100,522,380. TLCIF shall assume payment of the balance of the subscription to BHI.

Isabela Alcogas Corporation (IAC)
On December 11, 2012, the Parent Company's stockholders approved a 50% investment in IAC, a company registered with the Philippine SEC on October 17, 2007. IAC's primary purpose is to engage in the business of manufacturing of goods such as ethanol and other biofuel and to trade the same on a wholesale or retail basis.

The Group's investment were provided with full allowance as management believes that the investment can no longer be recovered.

Music Semiconductor Philippines, Inc. (MSPI), MUSIC Semiconductors, Inc. (MSI), Musem Electonic N.V. (MENV) and Protelcon, Inc. (PI)
On December 23, 2010, the stockholders approved the Parent Company's initiative to venture into other business opportunities such as renewable energy and waste management systems by reducing its interest in the semiconductor business. Accordingly, the Parent Company, in 2011, divested all of its interests in MSI, MENV and PI but retained 39% from 100% interest in MSPI.

In connection with the divestment, MSPI issued a three (3) year convertible bond in favor of the Parent Company equivalent to ₱118.5 million. The convertible bond of ₱118.5 million was fully impaired and written-off because management has assessed that these bonds may not be realized.

Going–Concern
The Group's financial statements have been prepared on a going–concern basis, which assumes that the Group will be able to continue towards increasing revenues and improving operations despite heavy losses from operations. Currently the Group has a net loss attributable to the equity holders of the Parent Company of ₱418.8 million and ₱13.8 million for the years ended March 31, 2015 and December 31, 2014, respectively.

In 2008, as approved by the SEC on December 15, 2008, the Parent Company changed its primary purpose to a holding Parent Company. At present, the Parent Company continues to operate as a holding company with the intention of merging its associates and subsidiaries, thus, it made various investments in diversified industries but not limited to renewable energy, food and agriculture, and information technology. Key subsidiaries and affiliates are fully operational with their respective cash flows; or pre–operating stages with various projects in the pipeline under modest spending guidelines. With these investments, the Parent Company continues to generate sufficient cash flows to sustain operations and complete its current and future plans.

The accompanying consolidated financial statements of the Parent Company and Subsidiaries as at and for the year ended March 31, 2015 were approved and authorized for issue by the BOD on August 30, 2016.

2. **Basis of Preparation**

The principal accounting policies adopted in preparing the consolidated financial statements of the Group are as follows:

Basis of Preparation of Financial Statements
The consolidated financial statements of the Group have been prepared using the historical cost basis, except for available-for-sale investments which are measured at fair values. These consolidated financial statements are presented in Philippine Peso, which is the Group's functional and reporting currency under Philippine Financial Reporting Standard (PFRS). All values are rounded to the nearest peso, except when otherwise indicated.

The Group also prepares and issues consolidated financial statements for the same period as the separate financial statements present, in compliance with PFRSs, which may be obtained from SEC.

Statement of Compliance
The accompanying consolidated financial statements have been prepared in compliance with PFRS. PFRS includes statements named PFRS and Philippine Accounting Standards (PAS), including interpretations issued by Financial Reporting Standards Council.

Principles of Consolidation
The consolidated financial statements consist of the financial statements of the Parent Company and its subsidiaries as of December 31 of each year. The consolidated financial statements of the subsidiaries are prepared for the same reporting year as the Parent Company, using consistent accounting policies.

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, (f) recognizes any resulting difference as gain or loss in profit or loss attributable to the parent.

Non–controlling interests represent interests in certain subsidiaries not held by the Parent Company and are presented separately in the consolidated statements of income, 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.

3. Changes in Accounting and Financial Reporting Policies

Changes in Accounting Policies
The accounting policies adopted by the Group are consistent with those of the previous financial year except for the following amended PFRS, amended PAS and interpretations issued by International Financial Reporting Interpretations Committee (IFRIC) which became effective in 2014:

- Amendments to PFRS 10, *"Consolidated Financial Statements", PFRS 11, "Joint Arrangements" and PAS 27, "Separate Financial Statements": Investment Entities*
  The amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under PFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss (FVPL).

  The amendments are not applicable to the Group since it does not qualify as investment utilities to within the scope of this amendment.

- Amendment to PAS 32, *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities*
  The amendments clarify the meaning of “currently has a legally enforceable right to set-off” and also clarify the application of the PAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous.

  The amendments affect presentation only and have no impact on Group’s consolidated financial statements.

- Amendments to PAS 36, *Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets*
  The amendments remove the unintended consequences of PFRS 13 on the disclosures required under PAS 36. In addition, these amendments require disclosure of the recoverable amounts for the assets or cash-generating units (CGUs) for which impairment loss has been recognized or reversed during the period.

  The amendments require additional disclosure only and have no impact on the Group's consolidated financial statements.

- Amendments to PAS 39, *Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting*
  The amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria.

  The amendments are not applicable to the Group since it has no derivatives nor has applied hedge accounting to its accounts.

- Philippine Interpretation IFRIC 21, *"Levies"*
  The interpretation clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached.

  The interpretation are not applicable to the Group.

<u>New Accounting Standards, Amendments to Existing Standards Annual Improvements and Interpretations Effective Subsequent to December 31, 2014</u>
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 consolidated financial statements.

Effective in 2015

- Amendments to PAS 19, *"Employee Benefits - Defined Benefit Plans: Employee Contributions"*
  The amendments apply to contributions from employees or third parties to defined benefit plans. Contributions that are set out in the formal terms of the plan shall be accounted for as reductions to current service costs if they are linked to service or as part of the re-measurements of the net defined benefit asset or liability if they are not linked to service. Contributions that are discretionary shall be accounted for as reductions of current service cost upon payment of these contributions to the plans.

  The amendments are currently not applicable to the Group since it has no retirement fund.

- FRS 9, *Financial Instruments: Classification and Measurement*
  PFRS 9 reflects the first phase on the replacement of PAS 39, *Financial Instruments: Recognition and Measurement* and applies to classification and measurement of financial assets and financial liabilities as defined in PAS 39. In subsequent phases, hedge accounting and impairment of financial assets will be addressed with the completion of this project expected on the first half of 2012. The Group will quantify the effect, if any, in conjunction with other phases, when issued, to present a comprehensive picture.

Annual Improvements to PFRS (2010 to 2012 cycle)
The Annual Improvements to PFRSs (2010-2012 cycle) contain non-urgent but necessary amendments to the following standards:

- PFRS 2, *"Share-based Payment - Definition of Vesting Condition"*
  The amendment revised the definitions of vesting condition and market condition and added the definitions of performance condition and service condition to clarify various issues. This amendment shall be prospectively applied to share-based payment transactions for which the grant date is on or after July 1, 2014. This amendment does not apply to the Group as it currently has no share-based payments.

- PFRS 3, *"Business Combinations - Accounting for Contingent Consideration in a Business Combination"*
  The amendment clarifies that a contingent consideration that meets the definition of a financial instrument should be classified as a financial liability or as equity in accordance with PAS 32, Contingent consideration that is not classified as equity is subsequently measured at FVPL whether or not it falls within the scope of PFRS 9 (or PAS 39, if PFRS 9 is not yet adopted).

  The amendment shall be prospectively applied to business combinations for which the acquisition date is on or after July 1, 2014. The Group shall consider this amendment for future business combinations, if any.

- PFRS 8, *"Operating Segments - Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets"*
  The amendments require entities to disclose the judgment made by management in aggregating two or more operating segments. This disclosure should include a brief description of the operating segments that have been aggregated in this way and the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics.

  The amendments also clarify that an entity shall provide reconciliations of the total of the reportable segments' assets to the entity's assets if such amounts are regularly provided to the chief operating decision maker. These amendments are effective for annual periods beginning on or after July 1, 2014 and are applied retrospectively. The amendments are not relevant to the Group since it is not one of the entities required to adopt PFRS 8.

- PFRS 13, *"Fair Value Measurement - Short-term Receivables and Payables"*
  The amendment clarifies that short-term receivables and payables with no stated interest rates can be held at invoice amounts when the effect of discounting is immaterial. This will have no impact on the Group's consolidated financial statements.

- PAS 16, *"Property, Plant and Equipment: Revaluation Method - Proportionate Restatement of Accumulated Depreciation"*
  The amendment clarifies that, upon revaluation of an item of property, plant and equipment, the carrying amount of the asset shall be adjusted to the revalued amount, and the asset shall be treated in one of the following ways:
    a. The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. The accumulated depreciation at the date of revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account any accumulated impairment losses.
    b. The accumulated depreciation is eliminated against the gross carrying amount of the asset.

The amendment is effective for annual periods beginning on or after July 1, 2014. The amendment shall apply to all revaluations recognized in annual periods beginning on or after the date of initial application of this amendment and in the immediately preceding annual period. The amendment will have no impact on the Group's consolidated financial statements since it currently has no property and equipment at revalued amounts.

- PAS 24, *"Related Party Disclosures - Key Management Personnel"*
  The amendments clarify that an entity is a related party of the reporting entity if the said entity, or any member of a group for which it is a part of, provides key management personnel services to the reporting entity or to the Group of the reporting entity. The amendments also clarify that a reporting entity that obtains management personnel services from another entity (also referred to as management entity) is not required to disclose the compensation paid or payable by the management entity to its employees or directors. The reporting entity is required to disclose the amounts incurred for the key management personnel services provided by a separate management entity.

  The amendments are effective for annual periods beginning on or after July 1, 2014 and are applied retrospectively. The amendments will affect disclosures only and will have no impact on the Group's consolidated financial statements.

- PAS 38, *"Intangible Assets: Revaluation Method - Proportionate Restatement of Accumulated Amortization"*
  The amendments clarify that, upon revaluation of an intangible asset, the carrying amount of the asset shall be adjusted to the revalued amount, and the asset shall be treated in one of the following ways:
  a. The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. The accumulated amortization at the date of revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account any accumulated impairment losses.
  b. The accumulated amortization is eliminated against the gross carrying amount of the asset.

  The amendments also clarify that the amount of the adjustment of the accumulated amortization should form part of the increase or decrease in the carrying amount accounted for in accordance with the standard.

The amendments are effective for annual periods beginning on or after July 1, 2014. These amendments shall apply to all revaluations recognized in annual periods beginning on or after the date of initial application of this amendment and in the immediately preceding annual period. The amendments will have no impact on the Group's consolidated financial statements.

Annual Improvements to PFRS (2011 to 2013 cycle)
The Annual Improvements to PFRSs (2011-2013 cycle) contain non-urgent but necessary amendments to the following standards:

- PFRS 1, *"First-time Adoption of Philippine Financial Reporting Standards - Meaning of Effective PFRS"*
  The amendment clarifies that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but that permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first PFRS financial statements. This amendment is not applicable to the Group as it is not a first-time adopter of PFRS.

- PFRS 3, *"Business Combinations - Scope Exceptions for Joint Arrangements"*
  The amendment clarifies that PFRS 3 does not apply to the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself. The amendment is effective for annual periods beginning on or after July 1, 2014 and is applied prospectively. The amendment is currently not relevant to the Group.

- PFRS 13, *"Fair Value Measurement - Portfolio Exception"*
  The amendment clarifies that the portfolio exception in PFRS 13 can be applied to financial assets, financial liabilities and other contracts. The amendment is effective for annual periods beginning on or after July 1, 2014 and is applied prospectively. The amendment will have no impact on the Group's consolidated financial statements.

- PAS 40, *"Investment Property"*
  The amendment clarifies the interrelationship between PFRS 3 and PAS 40 when classifying property as investment property or owner-occupied property. The amendment stated that judgment is needed when determining whether the acquisition of investment property is the acquisition of an asset or a group of assets or a business combination within the scope of PFRS 3. This judgment is based on the guidance of PFRS 3. This amendment is effective for annual periods beginning on or after July 1, 2014 and is applied prospectively. The amendment will not have significant impact to the Group.

Effective in 2018
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.

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 affectivity 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 not have a significant impact on the consolidated financial statements.

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

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

The principal accounting and financial reporting 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.

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 consolidated 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.

Financial Assets and Liabilities

Date of recognition
The Group recognizes a financial asset or a financial liability when it becomes a party to the contractual provisions of the instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using settlement date accounting.

Initial recognition
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 a 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.

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 as at FVPL. Derivatives are also categorized as held at FVPL, except those derivatives designated as effective hedging instruments. Assets classified in this category are carried at fair value in the Group statements of financial position. Changes in the fair value of such assets are accounted for in the Group statements of comprehensive income.

Financial instruments held at FVPL are classified as current if they are expected to be realized within 12 months from the end of financial reporting period.

The Group has no financial assets at fair value through profit or loss as of March 31, 2015 and December 31, 2014.

- *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 its cost and at amortized cost after its initial recognition in the Group 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 and due from related parties are included in this category (see Notes 6, 7, and 18).

- *Held-to-maturity investments*
  Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities wherein the Group has the positive intention and ability to hold to maturity. Held-to-maturity investments are carried at cost or amortized cost in the Group statements of financial position. Amortization is determined by using the effective interest method. Assets under this category are classified as current assets if maturity is within 12 months from the end of financial reporting period and as non-current assets if maturity is more than a year from the end of financial reporting period.

  As of March 31, 2015 and December 31, 2014, the Group has no held-to-maturity investments.

- *Available-for-sale financial assets*
  Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories. After initial recognition, available-for-sale 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 statements 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 investments 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, discounted cash flows analysis and option pricing models.

  The Group's investment in shares of stocks with listed and non-listed companies which the Group does not have significant influence and control are included in this category (see Note 11).

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 of March 31, 2015 and December 31, 2014, the Group has no financial liabilities 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.

  As of March 31, 2015 and December 31, 2014, the Group's trade and other payables, loan payable and due to related parties are included in this category (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 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 asset is 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 in the Group 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.

- *Available-for-Sale Financial Assets.* If an available-for-sale 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 statements of comprehensive income, is transferred from equity to the statements of comprehensive income. Reversals in respect of equity instruments classified as available-for-sale financial assets are not recognized in the statements of comprehensive income. For available-for-sale financial assets, the Group 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 available-for-sale 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 previously recognized in the Group statements of comprehensive income, is removed from equity and recognized in the Group statements of comprehensive income. Impairment losses on equity investments are not reversed through the statements of comprehensive income; increases in their fair value after impairment are recognized directly in equity.

Classification of Financial Instrument between Debt and Equity
Final 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.

Derecognition of Financial Assets and Liabilities

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 Group statements of comprehensive income.

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 Group 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 Group statements of financial position.

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

Advances to Officers and Employees
Advances to officers and employees for business expenses that are yet to be received such as purchases of goods and services subject to liquidation are recognized at the actual cash amount advanced to employees, less any impairment. These are subsequently applied to the related assets, costs or expenses incurred.

Deposit for Land Acquisition and Other Current Assets
This account comprises the following:

- Deposit for land acquisition. Deposit for land acquisition mainly represents usufructuary rights over a property and is stated at cost, less impairment losses, if any.

- Input Tax. Input tax is recognized when the Group purchases goods or services from a Value Added Tax (VAT)-registered supplier. This account is offset, on a per entity basis, against any output tax previously recognized.

- Materials and supplies is stated at cost less any allowance for obsolescence. Cost is determined by the first-in, first-out method. Inventories are classified as current when they are expected to be realized within the normal operating cycle. Supplies inventory is presented under “Other current assets” in the statements of financial position.

Other current assets that are expected to be realized for no more than 12 months after the reporting period are classified as current asset. Otherwise, these are classified as other noncurrent asset. Other current assets are stated at their realizable value (cost less impairment).

Investment in an Associates
Investment in shares of stock where the Group holds 20% or more ownership, or where it has the ability to significantly influence the investee company’s operating activities is accounted for under the equity method. Under the equity method, the cost of the investment is increased or decreased by the Group’s equity in net earnings or losses of the investee company since the date of acquisition.

Asset Held–for–sale

Asset classified as held–for–sale includes properties that the Group intends to sell to a third party. These are measured at the lower of carrying amounts of assets, immediately prior to their classification as held for sale and their fair value less costs to sell. Assets held for sale are not subject to depreciation.

Advances for a Waste Recycling Project

Advances for waste recycling project is stated at cost. This includes cost of machinery and equipment and other direct costs for the construction of a waste recycling machinery and equipment. The asset is not depreciated until such time as the relevant assets are completed and put into operational use.

Property and Equipment

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

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

Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The estimated useful lives of the assets follow:

Category	Estimated useful life
Land improvements	10 years
Transportation equipment	5 years
Furniture, fixtures and equipment	5 years

The estimated recoverable reserves, useful lives and depreciation methods are reviewed periodically to ensure the period and method of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Group consolidated statements of comprehensive income in the year the asset is derecognized. Transfers to or from property and equipment are measured at carrying value of the assets transferred.

Investment Property

Investment property pertains to properties 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 costs of day-to-day servicing of investment properties. Subsequent to initial recognition, investment properties are carried at cost less accumulated depreciation and any impairment in value.

Investment properties are derecognized when these are disposed of or when the investment property is permanently withdrawn from use and there is no future economic benefit expected to arise from the continued use of the properties. Any gain or loss on the retirement or disposal of said properties are recognized in the consolidated statements of income in the year of retirement or disposal. Transfers 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 of 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 properties are measured at the carrying value of the assets transferred.

Impairment of Nonfinancial Assets

The carrying values of assets such as deposit for land acquisition and other current assets, investment in associates, property and equipment and investment properties 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.

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 available-for-sale investment accounts for the excess of the fair market value over the carrying amounts 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 (deficit) include all current and prior period results of operations as disclosed in the Group consolidated statements of comprehensive income.

Deposit for 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 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:

- *Interest income*
  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*
  Realized gains and losses are recognized when the sale transaction occurs.

- *Other income*
  Revenue is recognized as other income accrues.

Cost and Expense Recognition
Expenses are recognized in the 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 financial statements are presented in Philippine Pesos, which is the Group's functional and presentation currency. Items included in the Group 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 of 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 Tax
Income taxes represent the sum of the tax currently due and deferred tax.

The tax currently due or recoverable from tax authorities is based on taxable income for the year. Taxable income differs from income as reported in the Group consolidated 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 rates that have been enacted or substantively enacted at the end of financial reporting period.

Deferred tax is provided, using the balance sheet liability method. Deferred tax assets and liabilities are recognized for future tax consequence attributable to differences between the financial reporting bases of assets and liabilities and their related tax bases 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 assets is reviewed at each end of financial reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax assets to be utilized.

Related Party Transactions and Relationships
Related party transactions are transfers of resources, services or obligations between the company 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 company; (b) associates; and, (c) individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the company and close members of the family of any such individual.

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

Provisions
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 consoliated financial statements are based upon management's evaluation of relevant facts and circumstances as of 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 is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on a going concern basis.

- *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 controls an entity if and only if the Group has all of the following:

  a. Power over the entity;
  b. Exposure, or rights, to variable returns from its involvement with the entity; and,
  c. The ability to use its power over the entity to affect the amount of the Group's returns.
  d. 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 listed above. 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 of March 31, 2015 and December 31, 2014 is shown in Note 24.

Estimates
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*
  Recoverability of specific receivables including amounts due from related parties is evaluated based on best available facts and circumstances, the length of the Group's relationship with its debtors, the debtors' payment behavior and known market factors. These specific reserves are re-evaluated and adjusted as additional information received affects the amount estimated to be uncollectible. Any increase in allowance would increase operating expenses and decrease related accounts.

  The Group's allowance for impairment amounted to nil and ₱65.1 million as at March 31, 2015 and December 31, 2014 , respectively, (see Notes 7, and 18). Accounts written off amounted to ₱63.2 million in 2014 (see Notes 7 and 18).

- *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 ₱97.9 million as of December 31, 2013 (see Note 11). Accounts written off amounted to nil and ₱22.5 million in 2015 and 2014 (see Note 11).

- *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.

  As of March 31, 2015 and December 31, 2014, the carrying value of the Group's depreciable property and equipment amounted to ₱2.0 million and ₱2.1 million, respectively (see Note 14).

- *Estimation of Impairment of Nonfinancial Assets*
  The Group reviews deposit for land acquisition and other current 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 and other assets, investment in associates, property and equipment and investment property.

  The Group's allowance for impairment loss for nonfinancial assets amounted to nil and ₱235.9 million as at March 31, 2015 and December 31, 2014, respectively (see Notes 10 and 13). Accounts written off amounted to nil and ₱87.6 million in 2015 and 2014 (see Notes 11 and 12).

- *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 were 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 of March 31, 2015 and December 31, 2014.

6. **Cash**

This account consists of:

	2015	2014
Cash in banks	**₱2,975,267**	₱3,819,032
Cash on hand	**–**	7,801
	₱2,975,267	₱3,826,833

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 ₱2,100 in 2015, ₱545 in 2014.

In May 2015, the Court of Appeals has ordered the freezing of three (3) bank accounts of the Group. As of reporting date, the freeze order of these accounts has been lifted. However, the 3 bank accounts with a total deposit of ₱632,768 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:

	2015	2014
Nontrade receivables	**₱10,510,455**	₱10,510,455
Loan receivable	**8,023,363**	8,023,363
Advances to projects	**7,133,333**	7,133,333
Advances to officers and employees	**1,328,488**	706,029
Other advances	**1,019,291**	143,287
	28,014,930	26,516,467
Allowance for impairment loss	**(25,351,524)**	(25,351,524)
	₱2,663,406	₱1,164,943

Nontrade receivables mainly represent amount due from Lodestar Investment Holding, Inc. (LIHC) amounting to ₱10.2 million and ₱10.6 million as of December 31, 2014 and 2013. An allowance for impairment loss was provided amounting to ₱10.2 as of December 31, 2014 and 2013. Nontrade receivable amounting to ₱0.4 million was written off in 2014.

Loan receivable pertains to a 5–year interest-bearing loan granted by the Group to its employees and BOD (Eligible Members) for the purchase of the issued shares of the Parent Company. The shares to be acquired by the Eligible Members will be held as collateral for the loan and will only be released to them after the loan is repaid. The Group provided a full allowance for impairment as it believes that these receivables are not recoverable.

Advances to officers and employees are noninterest–bearing and will be realized twelve months after the reporting period. These advances are made for various business related expense which are subject to liquidation on demand. Advances to officers and employees amounting to ₱96,089 assessed by management as no longer recoverable, was written off in 2014. Also, bonds receivable amounting to ₱5,000 was written off in 2014.

Advances to projects pertains to deposits made by the Parent Company to Tianjin Tianbao Investment and Development Corporation amounting to ₱7.1 million. In 2013, the project did not push through and the management considered the whole advances as fully impaired and an allowance for impairment was set up in full.

Other advances represent funds advanced to the Parent Company's lawyers which will charged to expense upon utilization.

Also in 2014, SREDC carefully assessed that receivables from third parties amounting to ₱159,034 as at December 31, 2013 can no longer be collected and recovered and were written off accordingly.

The movement of provision for impairment losses in 2015 and 2014 is shown below:

	2015	2014
Balance at beginning of year	**₱25,351,724**	₱25,351,724
Provision for impairment losses during the year	**–**	–
	₱25,351,724	₱25,351,724

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

The Group reclassified advances to a stockholder amounting to ₱59,258,344 previously presented in 2013 under receivables due from related parties account to conform to the 2014 presentation (see Note 18).

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, where a planned project for a self-sustaining agri-tourism park (the "Park") will be located. The initial total consideration was ₱400.0 million to be paid in cash or listed shares in the PSE to be agreed upon by both parties 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 years from the date of agreement, the Company 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 of 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. The details of the appraised value is as follow:

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

As stated in the agreement, the initial total consideration of ₱400.0 million was changed to the appraised value of ₱446.1 million.

On February 16, 2013, the Board of SREDC approved the proposed budget for the development of the Park, which includes the construction and operation of at most thirty (30) greenhouses for high value crops in 2015 and 2014, eight-hectare asparagus farm in 2014 and 12-hectare asparagus farm for 2015. In connection with this, the Board 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 ₱448.2 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 SREDC was extended for another three years or until January 17, 2018 to allow Mr. Gregorio 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.

9. Assets Classified as Held for Sale

This account pertains to the 60% equity of the Parent Company to Biomass Holdings, Inc. (BHI) amounting to ₱400.5 million as of December 31, 2013. On October 23, 2013, the BOD authorized the sale of the Parent Company's equity in BHI. Accordingly in 2013, the Group's investment in BHI were classified as asset held for sale (see Note 1).

On July 1, 2014, the Parent Company executed deeds of sale with ThomasLloyd Cleantech Infrastructure Fund GMBH, a foreign entity, to divest its 60% equity in BHI for an aggregate amount of ₱400,522,380.

The subject assets and liabilities are as follow:

Assets classified as held for sale	
Investment in San Carlos Biopower, Inc.	**₱667,537,300**
Cash	**3,567,289**
	₱671,104,589

Liabilities directly associated with assets classified as held for sale	
Accrued expenses	**₱854,687**
Advances to officers	**2,516,427**
Due to related parties	**2,424,306**
	₱5,795,420

As of December 31, 2014, the Group has received the total consideration for the sale in US Dollars which resulted to a foreign exchange loss amounting to ₱1,123,523.

10. Other Current Assets

This account consists of:

	2015	2014
Input VAT	**₱1,575,034**	₱1,459,741
Materials and supplies	**1,091,326**	116,719
Prepaid tax	**10,581**	10,581
	2,676,941	1,587,041
Allowance for impairment loss	**(943,338)**	(943,338)
	₱1,733,603	₱643,703

Materials and supplies include bird feeds like banana, sweet potato and apple and fertilizers for other agri products.

Allowance for impairment loss is provided for the input VAT. No additional provision for impairment losses is recognized in 2015 and 2014.
Prepaid tax amounting to ₱86,354 which the management assessed as no longer recoverable, was written off in 2014.

11. Available-for-Sale Investments

This account consist of:

	2015	2014
Quoted	**₱460,000**	₱490,000
Unquoted	**–**	–
	₱460,000	₱490,000

The movement of the AFS investments as at March 31, 2015 and December 31, 2014 are as follows:

	Note	2015	2014
Balance at beginning of year		**₱490,000**	₱97,928,047
Gain (loss) on fair value during the year		**(30,000)**	116,816,496
Reclassification to investment in associates	12	**–**	(705,726,142)
Additions during the year		**–**	513,971,599
Written off during the year		**–**	(22,500,000)
Balance at end of year		**₱460,000**	₱490,000

ANI
AFS investment as at December 31, 2013 consists of 14,231,707 shares in ANI representing 4.36% ownership. The fair value of the AFS amounting to ₱75,428,047 as of December 31, 2013 has been determined based on the quoted price published by the PSE.

On July 2, 2014, GHI acquired 60,902,450 secondary common shares through the open market for an aggregate consideration of ₱255,000,000 inclusive of taxes, fees and commission or ₱4.19 per share. The acquisition is equivalent to 9.67% of the total issued and outstanding shares of ANI.

On July 3, 2014, GHI subscribed additional 85,990,533 common shares at the issue price of ₱3 per share or a total subscription price of ₱257,971,599 payable in full upon execution of the subscription agreement. The acquisition is equivalent to 13.8% of the total issued and outstanding shares of ANI. After the additional subscription, the Parent Company holds a total of 25.92%. Accordingly, the AFS investment in ANI at fair value as of July 3, 2014 was reclassified to investment in associate (see Note 12).

The rollforward analysis of the carrying value of this account is shown below:

	Note	2015	2014
Balance at beginning of year		**₱–**	₱75,428,047
Additions		**–**	512,971,599
Reclassification to investment in associate	12	**–**	(705,726,142)
Change in fair value during the year		**–**	117,326,496
Balance at end of year		**₱–**	₱–

The movement in unrealized loss in fair value is as follows:

	2015	2014
Balance at beginning of year	**₱–**	₱54,428,547
Change in fair value during the year	**–**	(117,326,496)
Reclassification to profit or loss	**–**	62,897,949
Balance at end of year	**₱–**	₱–

GHI
On August 6, 2014, SREDC sold its shares in GHI amounting to ₱176.0 million equivalent to 176.0 million shares at ₱1.0 per share as duly disclosed in the PSE.

GHTCL
In 2013, WGVI through its assignee acquired 15% equity interest in GHTCL for ₱22.5 million.

On December 29, 2014, the results of operations of GHTCL was presented to the BOD relative to the project of manufacturing spray and seal tire and sealant kit. In the report, GHTCL incurred a net loss of ₱97.5M which caused the project to be discontinued and the equipment be classified as held for sale in the near future. After the discussion, it was carefully assessed by the management of the Company that the investment can no longer be recovered. Consequently, the BOD approved the write off of the investment.

As of December 31, 2014, the Gropu's outstanding AFS investment amounted to ₱0.49 million.

The measurement of fair value of AFS investment in ANI is categorized under level 1, while the AFS investment in GHTCL is measured at cost.

12. Investment in Associates

Details of the investment in associates follow:

	2015	2014
ANI	**₱462,212,501**	₱474,834,629
MSPI	**–**	–
IAC	**–**	–
SREDC	**–**	–
	₱462,212,501	₱474,834,629

On July 3, 2014, the Group, upon acquisition by GHI of additional shares, reclassified its AFS investment in ANI to investment in associate amounting to ₱705,726,142 (see Note 11).

On July 7, 2014, GHI acquired 27,000,000 common shares of ANI through open market for an aggregate consideration of ₱113,744,736 inclusive of taxes, fees and commission at ₱4.21 per share. The acquisition is equivalent to 4.34% of the total issued and outstanding shares of ANI.

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

Rollforward analysis of the carrying value of the investments in associates follows:

	Note	2015	2014
Beginning balance		**₱474,834,629**	₱147,640,485
Equity in net loss of an associate		**(12,622,128)**	(352,367,493)
Reclassification from AFS investments	11	**–**	705,726,142
Additions during the year		**–**	113,744,735
Accounts written off		**–**	(92,697,944)
Reclassification to investment in subsidiary		**–**	(54,942,541)
Share in other comprehensive income of an associate		**–**	7,731,244
		₱462,212,501	₱474,834,629

Summarized financial information of the associates follows:

	ANI	
	2015	**2014**
Current assets	**₱2,167,118,830**	₱2,345,061,249
Noncurrent assets	**1,546,848,045**	1,544,055,755
Current liabilities	**2,295,910,485**	2,430,393,162
Noncurrent liabilities	**214,824,694**	214,824,694
Net assets	**1,203,231,696**	1,243,899,148
Revenue	**688,175,781**	3,153,020,569
Net income (loss)	**(41,712,255)**	(1,164,466,269)

In 2014, the Parent Company acquired additional 310,000,000 common shares of SREDC at the issue price of ₱1.0 per share or a total of ₱310,000,000 which increased to its ownership to 62.39% ownership making SREDC a subsidiary of the Parent Company.

In 2014, management assessed that the investments in MSPI and IAC amounting to ₱68.5 million and ₱24.2 million, respectively, will not be recovered and were written off accordingly.

13. **Advances for Waste Recycling Projects**

Advances for waste recycling project amounting to ₱235.0 million as of December 31, 2013, represents machineries and equipment and steel structures for the construction of a waste recycling machinery equipment which will function as a wet process recovery system for solid waste. As of Augsut 17, 2016, the Company 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. On April 20, 2015, the Company engaged the services of a third party to appraise the market value of the facility. The facility was appraised at ₱113.8 million. The management believes, however, that the appraised market value of the facility amounting to ₱113.8 million may no longer be recoverable. Consequently, a full provision for impairment loss was made in 2014.

14. **Property and Equipment** – Net

The rollforward analysis of this account is shown below:

	2015		
	Transportation equipment	Furniture, fixtures and equipment	Total
Cost			
Balance at beginning of year	₱3,756,189	₱161,243	₱3,917,432
Additions	109,520	–	109,520
Balance at end of year	3,856,709	161,243	4,026,952
Accumulated depreciation			
Balance at beginning of year	1,756,789	74,191	1,830,980
Depreciation (Note 20)	151,234	7,708	158,942
Balance at end of year	1,908,023	81,899	1,989,922
Net book value	₱1,948,686	₱79,344	₱2,037,030

	2014		
	Transportation equipment	Furniture, fixtures and equipment	Total
Cost			
Balance at beginning of year	₱2,293,176	₱152,744	₱2,445,920
Additions	1,463,013	8,499	1,471,512
Balance at end of year	3,756,189	161,243	3,917,432
Accumulated depreciation			
Balance at beginning of year	1,298,154	43,358	1,341,512
Depreciation (Note 20)	458,635	30,833	489,468
Balance at end of year	1,756,789	74,191	1,830,980
Net book value	₱536,387	₱87,052	₱2,086,452

Depreciation expense for the years ended March 31, 2015 and 2014 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 of March 31, 2015 and December 31, 2014 for any impairment. Based on the evaluation, there are no indications that the property and equipment might be impaired.

There are no contractual commitment 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.

15. **Investment Property**

This account consists of a parcel of land and all improvements located at No. 24 Green District, Quezon City with a total area of approximately 2,240 sqm. which amounted to ₱29,560,533 as of December 31, 2013 including acquisition cost amounting to ₱3,062,850. To acquire this land, SREDC paid a downpayment amounting to ₱2,649,770 and the remaining balance of the purchase price amounting to ₱23,847,932 plus the corresponding gross receipt tax for the account of the buyer, shall be amortized for a period of ten years from

July 15, 2008 to June 15, 2018 in one hundred twenty monthly amortizations. The aforesaid balance of the purchase price shall bear interest at a rate of 7% per annum, exclusive of gross receipts tax for 10 years.

In March 2012, SREDC has fully paid the purchase price. During 2014, SREDC incurred additional costs amounting to ₱378,048.

In 2014, SREDC obtained a loan from a local bank totaling ₱50.0 million of which ₱31.6 million is secured by the above mentioned property (see Note 17).

In 2014, SREDC acquired additional parcels of land in Batangas with a total area of 35,084 square meters held by the Company for appreciation amounting to ₱3,157,660.

The Group's management had reviewed the carrying values of the investment properties for any impairment as of March 31, 2015 and December 31, 2014. Based on the evaluation, there are no indications that the properties might be impaired.

16. Trade and Other Payables

This account consists of:

	2015	2014
Accounts payable	**₱16,383,159**	₱16,016,702
Accrued expenses	**782,195**	770,895
Government payables	**88,893**	127,757
Others	**11,390**	7,126
	17,265,637	₱16,922,480

Accounts payable has normal credit terms of 30 days and are noninterest bearing.

Accrued expenses include professional fees.

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.

17. Loans Payable

Loan payable pertains to loan obtained in 2014 from Philtrust Bank amounting to ₱50.0 million which will mature on July 28, 2017 with an interest rate of 6% per annum. ₱31.6 million of such loan is secured by a parcel of land and the remaining ₱18.4 million is unsecured (see Note 15).

The loan is payable on or before July 28, 2017, in monthly installment of ₱1,670,000 commencing on April 27, 2016, balance at maturity with interest payable in advance every thirty days. Interest expense recognized amounted to ₱0.5 million and ₱0.9 million in 2015 and 2014.

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 Parent Company'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 stockholder for the acquisition and development of the Park amounting to ₱448.2 million in 2014 (see Notes 1 and 8). Total liquidated amount as of March 31, 2015 is ₱12.5 million.

c. As of March 31, 2015 and December 31, 2014 details and outstanding balances of due to and from related parties follow:

	2015	2014
Due from:		
Stockholders	**₱1,030,308,280**	₱1,042,823,252
Associates	**62,526,955**	57,719,519
Affiliates	**17,183,547**	16,800,667
	1,110,018,782	1,117,343,438
Allowance for impairment – Associates	**(39,717,922)**	(39,717,922)
	₱1,070,300,860	₱1,077,625,516

	2015	2014
Due to:		
Affiliates	**₱–**	**₱–**

The rollforward analysis of related party accounts follow:

	2015	2014
Due from:		
Balance at beginning of year	**₱1,077,625,516**	₱366,046,559
Payments received during the year	**(12,514,972)**	(17,256,082)
Advances made during the year	**5,190,316**	791,375,039
Accounts written off	**–**	(62,500,000)
Allowance for impairment	**–**	(40,000)
Balance at end of year	**₱1,070,300,860**	₱1,077,625,516

	2015	2015
Due to:		
Balance at beginning of year	**₱–**	₱344,126
Payments made during the year	**–**	(344,126)
Balance at end of year	**₱–**	₱–

The Group reclassified advances to a stockholder amounting to ₱59,258,344 previously presented in 2013 under receivables to due from related parties account to conform to the 2014 presentation (see Note 7).

Also, the Group offset advances made to a stockholder amounting to ₱34,333,561 as of December 31, 2013 previously presented under due to related parties against due from related parties account to conform to the 2014 presentation as the Group has 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.

d. On July 2, 2014, the Parent Company executed a subscription agreement with Earthright Holdings, Inc. (EHI) subject to the application and approval of the SEC of the increase in its authorized capital stock to ₱3.0 billion, EHI subscribed ₱250.0 million worth of common shares of which ₱177 million shall be paid in cash upon execution of the subscription agreement with the balance due upon approval by the SEC of the increase. EHI also subscribed to ₱37.5 million worth of preferred shares at ₱0.10 per share. Full payment was received upon execution of the subscription agreement.

   The deposit will be converted to equity once proper documentation and approval from the SEC have been obtained. As of August 17, 2016, the Parent Company has not filed its application for the increase with the SEC.

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

	2015			
Category	Amount/Volume	Outstanding Balance - Asset (Liability)	Terms and Condition/ Settlement	Guaranty/ Settlement /Provision
Stockholders				
1. Due from		₱1,030,308,280	No definite repayment dates; collectible in cash on demand and noninterest-bearing	No significant warranties and covenants; no impairment
• Advances made	₱–			
• Payments received	12,514,972			
2. Deposit for future stocks subscription		(177,000,000)	To be converted into equity upon approval of SEC; noninterest-bearing	Unsecured; no significant warranties and covenants
• Deposits received	–			
Associates				
3. Due from–net		62,526,955	No definite repayment dates; collectible in cash on demand and noninterest-bearing	No significant warranties and covenants; no impairment
• Accounts written off	–			
• Advances made	4,807,436			
• Reclassification	–			
• Allowance for impairment	(40,000)			
4. Due to		–	No definite repayment dates; collectible in cash on demand and noninterest-bearing	Unsecured; no significant warranties and covenants
• Payments made	–			
Affiliates				
5. Due from		17,183,547	No definite repayment dates; collectible in cash on demand and noninterest-bearing	No significant warranties and covenants; no impairment
• Advances made	382,880			

	2014			
Category	Amount/Volume	Outstanding Balance - Asset (Liability)	Terms and Condition/ Settlement	Guaranty/ Settlement /Provision
Stockholders				
6. Due from		₱1,014,772,712	No definite repayment dates; collectible in cash on demand and noninterest-bearing	No significant warranties and covenants; no impairment
• Advances made	₱766,898,654			
• Payments received	16,872,110			
7. Deposit for future stocks subscription		(177,000,000)	To be converted into equity upon approval of SEC; noninterest-bearing	Unsecured; no significant warranties and covenants
• Deposits received	177,000,000			
Associates				
8. Due from–net		18,001,597	No definite repayment dates; collectible in cash on demand and noninterest-bearing	No significant warranties and covenants; no impairment
• Accounts written off	(62,500,000)			
• Advances made	7,762,643			
• Reclassification	(383,972)			
• Allowance for impairment	(40,000)			
9. Due to		–	No definite repayment dates; collectible in cash on demand and noninterest-bearing	Unsecured; no significant warranties and covenants
• Payments made	344,126			
Affiliates				
10. Due from		16,800,667	No definite repayment dates; collectible in cash on demand and noninterest-bearing	No significant warranties and covenants; no impairment
• Advances made	16,713,743			

f. Compensation paid to key management personnel for the years then ended March 31, 2015 and December 31, 2014 amounts to ₱805,648 and ₱2,848,619, respectively.

19. **Equity**

Capital Stock

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 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 sharesof EHI into 625.0 million preferred shares with a par value of ₱0.10. This was approved by SEC on September 11, 2014.

Further in 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

The movement in the Group's common capital stock is shown below:

	2015	2014
Balance at beginning of year	**₱1,800,778,565**	₱1,859,528,565
Converted to preferred shares	–	(62,500,000)
Issuances and subscriptions of shares	–	3,750,000
Balance at end of year	**₱1,800,778,565**	₱1,800,778,565

The movement in the Group's preferred capital stock is shown below

	2014
Balance at beginning of year	₱–
Converted from common shares	62,500,000
Issuances of shares	37,500,000
Balance at end of year	₱100,000,000

The rollforward analysis of the subscription receivable account from common capital stock is shown below:

	2015	2014
Balance at beginning of year	**₱97,500,000**	₱535,250,000
Increase (decrease)	**–**	(437,750,000)
Balance at end of year	**₱97,500,000**	₱97,500,000

In 2014, movement in subscription receivable balance pertains to payment made for the amount due to the Group.

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 Company is 1,022 as at March 31, 2015.

The principal market for the Group's capital stock is the Philippine Stock Exchange. The high and low trading prices of the Group's shares are as follows:

Quarter	High	Low
January 2015 to December 2015		
First	₱0.47	₱0.46
Second	–	–
Third	–	–
Fourth	–	–

Quarter	High	Low
January 2014 to December 2014		
First	₱0.010	₱0.010
Second	0.010	0.010
Third	0.010	0.010
Fourth	0.520	0.490

Under an Investment Agreement dated August 15, 2012 with TLCIF, the latter subscribed to 20,776,856,000 primary shares of the Parent Company at an issue price of ₱0.02 per share, equivalent to ₱415,537,300, and the Parent Company issued two (2) Warrant Certificates under the American call option covering 10,489,500,000 shares with a strike price of ₱0.02 per share and 10,489,500,000 shares of the Parent Company with a strike price of ₱0.03 per share, exercisable within 1 year and 3 years from issuance, respectively. The Parent Company may also issue stock warrants that would allow subscription of up to 8,123,999,500 shares of the Parent Company from its unissued authorized capital stock. The additional warrants shall contain the same terms and conditions as the warrants issued to TLCIF. The first warrant certificate was not exercised in 2013. The second warrant was not excercised in 2015.

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

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

20. General and Administrative Expenses

This account consists of:

	Notes	**2015**	2014
Contracted service		**₱1,902,574**	₱–
Professional fee		**930,935**	90,000
Utilities		**840,637**	63,453
Salaries and employee benefit		**772,695**	664,650
Stock transfer and listing cost		**283,033**	332,036
Repairs and maintenance		**251,587**	–
Depreciation	14	**158,942**	114,218
Representation and entertainment		**102,410**	17,010
Fuel and oil		**75,848**	13,099
Transportation and travel		**32,639**	109,350
Office supplies		**28,034**	10,156
Taxes and licenses	11	**14,098**	17,828
Penalties and charges		–	53,292
Others		**78,506**	36,116
		₱5,471,936	₱1,501,208

Others includes training and seminars, bank charges, insurance, separation pay, research and development and office expenses.

21. **Income Taxes**

a. The current income tax expense in 2014 and 2013 pertains to minimum corporate income tax.

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	**2014**	2013	2012
Income tax expense computed at statutory tax rate		**(₱161,110,689)**	(₱3,987,212)	(₱10,444,499)
Income tax effects of:				
Nondeductible expenses		**122,586,850**	82,646	131,025
Equity in loss (income) associate	13	**52,855,124**	202,800	(1,646,663)
Unrealized gain on reclassification of investment	12	**(18,869,385)**	–	–
Unrecognized deferred tax asset		**4,540,180**	4,073,025	12,635,683
Interest income subjected to final tax		**(2,081)**	(378,214)	(701,047)
Unrecognized MCIT		**266**	1,897	17,468
		₱266	(₱5,058)	(8,033)

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
2014	₱15,133,935	₱–	₱15,133,935	2017
2013	6,443,216	–	6,443,216	2016
2012	18,924,429	–	18,924,429	2015
2011	21,762,760	21,762,760	–	2014
	₱62,264,340	₱21,762,760	₱40,501,580	

NOLCO incurred in 2011 amounting to ₱21,762,760 has expired in 2014.

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
2014	₱256	₱–	₱256	2017
2013	1,897	–	1,897	2016
2012	17,468	–	17,468	2015
2011	58,527	58,527	–	2014
	₱78,148	₱58,527	₱19,621	

MCIT incurred in 2011 amounting to ₱58,527 has expired in 2014.

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 Parent Company opted for the itemized deduction scheme for its income tax reporting in 2014 and 2013.

22. **Loss per Share**

Basic loss per share

	2015	2014
Net loss attributable to the equity holders of the Parent Company	**(₱17,040,600)**	(₱2,579,026)
Issued and subscribed common shares at beginning of year	**1,703,278,565**	1,668,278,565
Effect of issuance and subscription of common shares	**-**	3,125,000
Effect of conversion of common stocks to preferred stocks	**-**	-
Divided by weighted average number of common shares	**1,703,278,565**	1,668,309,815
Basic loss per share - as previously reported	**(₱0.01)**	(₱0.000015)

Dilutive loss per share

	2015	2014
Net loss attributable to the equity holders of the Parent Company	**(₱17,040,600)**	(₱2,579,026)
Issued and subscribed common stocks at beginning of year	**1,703,278,565**	1,668,278,565
Effect of issuance and subscription of common stocks	**-**	3,125,000
Average incremental number of stocks of issued warrants	**-**	-
Divided by weighted average number of common shares	**1,703,278,565**	–
Dilutive loss per share	**(₱0.01)**	(₱0.000015)

Dilutive potential ordinary shares for the years ended December 31, 2013 pertains to issued warrants of the Group (see Note 19). The Group's basic and diluted loss per share for the year ended March 31, 2015 and December 31, 2014 is equal.

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:

	2015				
	Share in net assets on acquisition/ incorporation date	Income (loss) for the year	Effect of deconsolidation	Other comprehensive income	Total
BHI	₱–	₱–	₱–	₱–	₱–
SREDC	259,853,612,	(1,561,733)	–	(11,400)	258,280,479
LSTI	74,767	–	–	–	74,767
TWMRSI	(114,297,142)	(233)	–	–	(114,297,375)
	₱145,631,237	(₱1,561,966)	(₱265,477,186)	(₱11,400)	₱144,057,871

	2014				
	Share in net assets on acquisition/ incorporation date	Income (loss) for the year	Effect of deconsolidation	Other comprehensive income	Total
BHI	₱265,477,186	₱–	(₱265,477,186)	₱–	₱–
SREDC	263,036,045,	(2,988,633)	–	(193,800)	259,853,612
LSTI	130,327	(55,560)	–	–	74,767
TWMRSI	885,090	(115,182,232)	–	–	(114,297,142)
	₱529,528,648	(₱118,226,425)	(₱265,477,186)	(₱193,800)	₱145,631,237

Other comprehensive income pertains to net exchange difference from translation to presentation currency for the year attributable to noncontrolling interests.

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 of March 31, 2015 and December 31, 2014:

		2015		
	Note	Carrying value	Fair value	Significant Observable Inputs (Level 2)
Financial assets:				
Cash	6	₱2,975,267	₱2,975,267	₱2,975,267
Due from a related parties	18	1,070,300,860	1,070,300,860	1,070,300,860
		₱1,073,276,127	₱1,073,276,127	₱1,073,276,127
Financial liabilities:				
Trade and other payables*	16	₱17,176,744	₱17,176,744	₱17,176,744
Loans payable	17	50,000,000	50,000,000	50,000,000
		₱67,176,744	₱67,176,744	₱67,176,744

		2014		
	Note	Carrying value	Fair value	Significant Observable Inputs (Level 2)
Financial assets:				
Cash	6	₱3,826,833	₱3,826,833	₱3,826,833
Due from a related parties	18	1,077,625,516	1,077,625,516	1,077,625,516
		₱1,081,452,349	₱1,081,452,349	₱1,081,452,349
Financial liabilities:				
Trade and other payables*	16	₱16,794,722	₱16,794,722	₱16,794,722
Loans payable	17	50,000,000	50,000,000	50,000,000
		₱66,794,722	₱66,794,722	₱66,794,722

**Excludes government payables.*

Methods and assumption used to estimate fair value

The carrying value of cash, receivables, accounts payable and accrued expenses 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, accounts payable and accrued expenses, loan 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 of March 31, 2015 and December 31, 2014.

	2015			
	Neither past due nor impaired		Past due and	
	High Grade	Standard Grade	Impaired	Total
Cash	₱2,975,267	₱–	₱–	₱2,975,267
Receivables – net*	–	–	18,533,818	18,533,818
Due from related parties	–	1,070,300,860	39,717,922	1,110,018,782
	₱2,975,267	₱1,070,300,860	₱58,251,740	₱1,131,527,867

	2014			
	Neither past due nor impaired		Past due and	
	High Grade	Standard Grade	Impaired	Total
Cash	₱3,759,182	₱67,650	₱–	₱3,826,833
Receivables – net*	–	–	18,218,191	18,218,191
Due from related parties	–	1,077,625,516	39,717,922	1,117,343,438
	₱3,759,182	₱1,049,693,166	₱57,936,113	₱1,139,388,462

**Excludes advances subject to liquidation.*

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.

Standard grade accounts consist of receivables 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 of March 31, 2015 and December 31, 2014.

	2015	2014
Cash in banks	**₱2,975,267**	₱3,819,032
Due from a related parties	**1,070,300,860**	1,077,625,516
Receivables-net	**2,663,406**	1,164,943
	₱1,075,938,933	₱1,082,617,292

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 Company 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:

	2015		
	Less than One Year	Due beyond one year but not more than five years	Total
Financial assets			
Cash in banks	₱2,975,267	₱–	₱2,975,267
Receivables	2,663,406	–	2,663,406
Due from related parties	1,070,300,260	–	1,070,300,260
	₱1,075,938,933	₱–	₱1,075,938,933
Financial Liabilities			
Accounts payable and accrued expense*	₱16,794,722	₱–	₱16,794,722
Loans payable	–	50,000,000	50,000,000
	₱16,794,722	₱50,000,000	₱66,794,722

	2014		
	Less than One Year	Due beyond one year but not more than five years	Total
Financial assets			
Cash in banks	₱3,826,833	₱–	₱3,826,833
Receivables	1,164,943		1,164,943
Due from related parties	1,077,625,516	–	1,077,625,516
	₱1,082,617,292	₱–	₱1,082,617,292
Financial Liabilities			
Accounts payable and accrued expense*	₱16,794,722	₱–	₱16,794,722
Loans payable	–	50,000,000	50,000,000
	₱16,794,722	₱50,000,000	₱66,794,722

  **Excludes government payables.*

- 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 2015 and 2014 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:

	2015	2014
Capital stocks	**₱1,803,278,565**	₱1,803,278,565
Additional paid-in capital	**268,090,531**	268,090,531
Retained earnings	**(880,431,234)**	(863,390,634)
Unrealized loss on fair value of AFS investments	**–**	–
	₱1,190,937,862	₱1,207,978,462

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 March 31, 2015 and December 31, 2014 follow:

	2015	2014
Total debt	**₱244,265,637**	₱243,922,480
Total equity	**1,342,392,177**	1,361,024,743
Debt-to-equity ratio	**0:180:1.00**	0:180:1.00

The Group had not been subjected to externally imposed capital requirements in 2015 and 2014. No changes were made in the objectives, policies, and processes during the years ended March 31, 2015 and December 31, 2014.

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; and
d. The Semiconductor segment is engaged in the manufacturing, development, sales, marketing and logistics of semiconductor products.

Segment Assets and Liabilities
Segment assets and liabilities include all operating assets used by a segment and consists principally of operating cash, receivables, available for sale investments and property and equipment. Segment liabilities include all operating liabilities and consist principally of trade and other payables and loans.

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:

2015	Holding	Renewable Energy	Waste Management	Real Estate	Information techmology	Total
Share in loss of an associate	(₱12,622,128)	₱–	₱–	₱–	₱–	(₱12,622,128)
General and administrative expenses	(1,698,785)	(10,900)	(499)	(3,602,810)	–	(5,312,994)
Gain on reclassification of AFS investment to investment in associates	–	–	–	–	–	–
Foreign exchange loss	(2,269)	–	–	–	–	(2,269)
Depreciation	(122,367)	–	–	(36,575)	–	(158,942)
Interest expense	–	–	–	(508,333)	–	(508,333)
Other operating expense - net	–	–	–	–	–	–
Miscellaneous income	–	–	–	–	–	–
Interest income	738	20	23	1,319	–	2,100
Income tax benefit (expense)	–	–	–	–	–	–
Net loss	(14,444,811)	(10,880)	(476)	(4,146,399)	–	(18,602,566)
Income tax benefit (expense)	–	–	–	–	–	–
Depreciation	122,367	–	–	36,575	–	158,942
EBITDA	(₱14,322,444)	(₱10,880)	(₱476)	(₱4,109,824)	₱–	(₱18,443,624)
Assets and Liabilities					–	
Segment assets	₱1,760,736,061	₱25,040	₱157,273	₱698,489,223	₱265,973	₱2,459,673,570
Segment liabilities	₱341,581,972	₱66,301,031	₱233,522,994	₱57,951,069	₱66,860	₱699,423,926

2014	Holding	Renewable Energy	Waste Management	Real Estate	Information techmology	Total
Share in loss of an associate	(₱352,367,493)	₱–	₱–	₱–	₱–	(₱352,367,493)
General and administrative expenses	(98,813,337)	(85,042,980)	(58,005)	(6,901,987)	(113,387)	(190,929,696)
Gain on reclassification of AFS investment to investment in associates	62,897,949	–	–	–	–	62,897,949
Foreign exchange loss	(1,123,523)	–	–	–	–	(1,123,523)
Depreciation	(489,468)	–	–	–	–	(489,468)
Interest expense	(294,000)	–	–	(964,452)	–	(1,258,452)
Other operating expense - net	(40,000)	(235,008,036)	–	–	–	(235,048,036)
Miscellaneous income	13,300	–	–	–	–	13,300
Interest income	5,478	75	260	1,124	–	6,937
Income tax expense	(256)	–	–	(10)	–	(266)
Net loss	(390,211,350)	(320,050,941)	(57,745)	(7,865,325)	(113,387)	(718,298,748)
Income tax expense	256	–	–	10		266
Depreciation	489,468	–	–	–		489,468
EBITDA	(₱389,721,626)	(₱320,050,941)	(₱57,745)	(₱7,865,315)	(₱113,387)	(₱717,809,014)
Assets and Liabilities						
Segment assets	₱902,321,503	₱4,420	₱157,249	₱702,198,078	₱265,973	₱1,604,947,223
Segment liabilities	₱193,429,863	₱29,900	₱84,673	₱50,317,433	₱60,610	₱243,922,479

Currently, the Group's operation is only in the Philippines, hence no geographical segment. The Group however has its operating segments in different regions of the country.

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.

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 Company from publicly going into the details of the ongoing proceedings with the Court; however, the 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.