COVER SHEET

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S.E.C Registration Number

G R E E N E R G Y H O L D I N G S

I N C O R P O R A T E D

(Company's Full Name)

5 4 N A T I O N A L R O A D D A M P O L II A

P U L I L A N B U L A C A N

(Business Address: No. Street City / Town / Province)

KENNETH TAN

Contact Person

(02) 997 - 5184

Company's Telephone Number

Month Day

Fiscal Year

2 0 I S

FORM TYPE

Month Day

Annual Meeting

Secondary Type, If applicable

Dept. Requiring this Doc.

Ammended Articles Number/Section

Total Ammount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel Concerned

File Number

LCU

Document I.D

Cashier

STAMPS

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20 OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

   [ ] Preliminary Information Statement
   [**x**] Definitive Information Statement

2. Name of Issuer as specified in its charter: **GREENERGY HOLDINGS INCORPORATED**

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

4. SEC Identification Number: **AS092-00589**

5. BIR Tax Identification Code: **001-817-292**

6. Address of principal office: **54 National Road, Dampol II-A, Pulilan, Bulacan**

   Postal Code: **3005**

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

8. Date, time and place of the meeting of security holders: **19 July 2018 (Thursday), 1:30 p.m., at 54 National Road, Dampol II-A, Pulilan, Bulacan**

9. Approximate date on which the proxy statement is first to be sent or given to security holders: **28 June 2018**

10. In case of proxy solicitation:

    Name of the person filing the statement/solicitor: **N.A.**

    Mailing address and telephone no.: **N.A.**

11. Securities registered pursuant to Sections 8 and 12 of the Securities Regulation Code ("SRC") or Sections 4 and 8 of the Revised Securities Act ("RSA") (information on number of shares and amount of debt is applicable only to corporate issuers):

Title of Each Class	Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding[1]
Common	**1,800,778,572 shares**
Preferred	**1,000,000,000 shares**

[1] Greenergy Holdings Incorporated (the "Company") is still in the process of implementing the change in par value of its common shares as approved by the Securities and Exchange Commission ("SEC"). For the purpose of this Report, the number of shares outstanding was rounded off. However, the same is still subject to change/adjustment.

12. Are there securities of the Issuer listed in a stock exchange?

Yes.

If yes, disclose the name of such stock exchange and the class of securities listed therein:

The Company's common shares are listed with the Philippine Stock Exchange ("PSE").

PART I – INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

Item 1. Date, time and place of meeting of security holders

The Annual Meeting of the Stockholders of the Company will be held on **19 July 2018 (Thursday), 1:30 p.m., at 54 National Road, Dampol II-A, Pulilan, Bulacan**.

a. The complete mailing address of the Company is **54 National Road, Dampol II-A, Pulilan, Bulacan**.

b. The approximate date on which this Information Statement, form of proxy and other materials are first to be sent or given to security holders is on **28 June 2018**.

Item 2. Dissenters' Right of Appraisal

The matters to be acted upon at this Annual Meeting of the Stockholders are not matters with respect to which a dissenting stockholder may exercise his appraisal right under Section 81 of the Corporation Code.

Item 3. Interest of Certain Persons in or Opposition to Matters to be Acted Upon

No director has informed the Company of his/her opposition to any matter to be acted upon during the Annual Meeting of the Stockholders on 19 July 2018.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

a. As of reporting date, the Company's issued and outstanding capital stock consists of 1,800,778,572 common shares[2] and 1,000,000,000 preferred shares. Each outstanding share held as of the record date is entitled to one (1) vote.

b. The record date with respect to the Annual Meeting of the Stockholders on 19 July 2018 is fixed at 22 June 2018.

c. Voting Procedures:

During the election of directors, every stockholder entitled to vote shall have the right to vote in person or by proxy the number of shares standing in his own name in the Stock and Transfer Book of the Company at the time of the election. Pursuant to Section 24 of the Corporation Code, a stockholder may vote such number of shares registered in his name as of the record date for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit; provided that, the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of the Company multiplied

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

by the whole number of directors to be elected. There are no stated conditions precedent to the exercise of cumulative rights.

The total number of votes that may be cast by a stockholder of the Company is computed as follows: *No. of Shares Held on Record as of Record Date x 11 Directors*. Candidates receiving the highest number of votes will be declared elected.

d. Security Ownership of Certain Record and Beneficial Owners and Management:

As of **31 May 2018**, the following persons or groups own more than five percent (5%) of the Company's voting securities:[3]

Title of Class	Name and Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percent
Common	*PCD Nominee Corporation (Filipino)* 37/F The Enterprise Center, Ayala Avenue, Makati City *No relationship with the Issuer*	PCD Nominee Corporation, a wholly-owned subsidiary of the Philippine Depository and Trust Corporation, Inc. ("PDTC"), is the registered owner of the shares in the books of the Company's stock transfer agent. The beneficial owner of such shares entitled to vote the same are PDTC's participants, who hold the shares either in their own behalf or on behalf of their clients. No stockholder owns more than 5% of the outstanding capital stock under the PCD Nominee Corporation.	Filipino	369,170,302	20.5006%
Common	*ThomasLloyd Cleantech Infrastructure Fund GmbH (formerly Cleantech Projektgesellschaft mbH)** Hanauer Landstraße 291B, 60314 Frankfurt a.M., Deutschland *Private placement investor*	ThomasLloyd Cleantech Infrastructure Fund GmbH (formerly Cleantech Projektgesellschaft mbH)	German	207,768,560	11.5377%

[3] Per the Company's Amended Articles of Incorporation dated 11 September 2014, the Company's 1,000,000,000 preferred shares are voting securities. Thus, the total number of voting securities of the Company is 2,800,778,572, broken down as follows: (i) 1,800,778,572 common shares and (ii) 1,000,000,000 preferred shares.

Common and Preferred	*Earthright Holdings, Inc.*** Unit 3C Value Point Executive Building, 227 Salcedo Street, Legaspi Village, Makati City *Private placement investor*	Earthright Holdings, Inc.	Filipino	1,187,500,000 (consists of 187,500,000 common shares and 1,000,000,000 preferred shares)	10.4122%
Common	*Jian Cheng Cai* #18 Dadiangas Street, Damar Village, Quezon City *Private placement investor*	Jian Cheng Cai	Chinese	160,000,000	8.8850%
Common	*Three Star Capital Limited (BVI)**** P.O. Box 2234, IFS Chambers, Road Town, Tortola, British Virgin Islands *Private placement investor*	Three Star Capital Limited (BVI)	British Virgin Islands	110,000,000	6.1085%

**Shares to be voted by the duly authorized representative of ThomasLloyd Cleantech Infrastructure Fund GmbH ("ThomasLloyd") whose authority to represent and vote the shares of ThomasLloyd in the Company shall be established through a board resolution or secretary's certificate issued by the board of directors or governing body of ThomasLloyd*
***Shares to be voted by Mr. Tiu or any other duly authorized representative of Earthright Holdings, Inc.*
****Three Star Capital Limited (BVI) is 100% owned by Mr. Tiu. Thus, after the approval by the SEC of the change in par value of the Company's common shares from P0.10 to P1.00 and the issuance by the Bureau of Internal Revenue of the Certificates Authorizing Registration, Mr. Tiu will own (i) 10,000 common shares (direct), (ii) 187,500,000 common shares (indirect), and (iii) 110,000,000 common shares (indirect) or a total of 297,510,000 common shares equivalent to 16.52% of the total issued and outstanding common shares of the Company;* ***Mr. Tiu shall represent and vote the shares of Three Star Capital Limited (BVI) in the Company, which shall be established through a board resolution or secretary's certificate to be issued by the board of directors or governing body of the same***

Other than common shares, there are no other classes of shares held by foreign shareholders.

The public float of the Company as of 31 May 2018 is 69.26%.

The following table shows the ownership of the following directors and executive officers in the Company's common shares as of **31 May 2018**:

Title of Class	Name of Beneficial Owner	Citizenship	Amount and Nature of Beneficial Ownership		Percent of Class
Common	Antonio L. Tiu	Filipino	10,000	Direct	16.52%
			297,500,000	Indirect	
Common	Martin C. Subido	Filipino	1,000	Direct	0.00%
			1,000	Indirect	
Common	Kenneth S. Tan	Filipino	0	Direct	0.00%
			10,000	Indirect	
Common	Yang Chung Ming	Chinese	1	Direct	0.00%
			0	Indirect	
Common	Paula Katrina L. Nora	Filipino	1	Direct	0.00%
			0	Indirect	
Common	Lisette M. Arboleda	Filipino	1	Direct	0.00%
			0	Indirect	
Common	Antonio Peter R. Galvez	Filipino	1	Direct	0.00%
			0	Indirect	
Common	James L. Tiu	Filipino	30,000,000	Direct	1.67%
			0	Indirect	
Common	Ma. Pamela Grace C. Muhi	Filipino	1	Direct	0.00%
			0	Indirect	
Common	Honorio T. Tan	Filipino	1	Direct	0.33%
			6,000,000	Indirect	
Common	Maylyn Z. Dy	Filipino	1	Direct	0.00%
			0	Indirect	
Total			**333,522,007**	**-**	**18.52%**

The aggregate number of common shares owned by all officers and directors as a group as of 31 May 2018 is 333,522,007 or 18.52% of the Company's outstanding common shares.

Voting Trust Holders of 5% or More

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

Changes in Control

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

Item 5. Directors and Executive Officers

As of reporting date, the following are the eleven (11) individuals comprising the Board of Directors:

Name	Position	Nationality	Age	Term of Office	Period Served
Antonio L. Tiu	Chairman	Filipino	42	7 years, 5 mos.	2010 to present
Martin C. Subido	Director	Filipino	42	7 years, 5 mos.	2010 to present
Kenneth S. Tan	Director	Filipino	45	4 years	2014 to present
Ma. Pamela Grace C. Muhi	Director	Filipino	43	1 year, 6 mos.	2016 to present
Paula Katrina L. Nora	Director	Filipino	35	4 years	2014 to present
Antonio Peter R. Galvez	Director	Filipino	58	2 years, 6 mos.	2015 to present
Lisette M. Arboleda	Director	Filipino	37	2 years, 6 mos.	2015 to present
Yang Chung Ming	Director	Chinese	44	1 year, 6 mos.	2016 to present
James L. Tiu	Director	Filipino	34	1 year, 6 mos.	2016 to present

Maylyn Z. Dy	Independent Director	Filipino	53	1 year, 6 mos.	2016 to present
Honorio T. Tan	Independent Director	Filipino	80	1 year, 6 mos.	2016 to present

ANTONIO L. TIU. Mr. Tiu is the President/CEO and Chairman of AgriNurture Inc., Earthright Holdings, Inc.; Chairman of The Big Chill, Inc; and President/CEO of IRC Properties, Inc. and Beidahuang Philippines, Inc. He is an active member of the Integrated Food Manufacturer Association of the Philippines, PHILEXPORT, PHILFOODEX, Chinese-Filipino Business Club, and Philippine Chamber of Agriculture and Food Industries. He was a part-time lecturer of international finance at DLSU Graduate School from 1999 to 2001. He was awarded the Ernst and Young Emerging Entrepreneur of the Year in 2009, Overseas Chinese Entrepreneur of the Year in 2010, and Ten Outstanding Young Men of the Philippines in 2011.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

HONORIO T. TAN (Independent Director)**.*** Mr. Tan is the Chairman, President, and owner of Beam Marketing Enterprise, Inc., a health food and herbal medicine manufacturing company.

Mr. Tan is also the inventor of a number of herbal and naturopathic medicines. He served as President of Manila Downtown YMCA from 2005 to 2010 and then from 2015 to 2016. He also served as President of Moringaling Philippines Foundation, Inc. in 2011. He was with the Bank of Asia for more than nine (9) years before the bank was sold and merged with the Bank of America.

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

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

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

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

As of reporting date, the following are the executive officers of the Company:

Name	**Position**	**Age**	**Citizenship**	**Business Experience**
Antonio L. Tiu	Chairman and President/Chief Executive Officer ("CEO")	42	Filipino	Mr. Tiu is the President/CEO and Chairman of AgriNurture Inc., Earthright Holdings, Inc.; Chairman of The Big Chill, Inc; and President/CEO of IRC Properties, Inc. and Beidahuang Philippines, Inc. He is an active member of the Integrated Food Manufacturer Association of the Philippines, PHILEXPORT, PHILFOODEX, Chinese-Filipino Business Club, and Philippine Chamber of Agriculture and Food Industries. He was a part-time lecturer of international finance at DLSU Graduate School from 1999 to 2001. He was awarded the Ernst and Young Emerging Entrepreneur of the Year in 2009, Overseas Chinese Entrepreneur of the Year in 2010, and Ten Outstanding Young Men of the Philippines in 2011.
Kenneth S. Tan	Treasurer/Chief Financial Officer ("CFO")	45	Filipino	Mr. Tan serves as the Chief Financial Officer of Greenergy Holdings Incorporated and has been its Treasurer since June 2013. Mr. Tan also concurrently serves as the Treasurer and Chief Financial Officer of AgriNurture Inc. Previously, Mr. Tan served as Alternate Corporate Information and Compliance Officer of Greenergy Holdings Incorporated. Mr. Tan also served as the Vice President for Administration/Information Officer and Compliance Officer of AgriNurture, Inc. Further, he served as an officer of Citibank N.A. and Manulife Financial and was a part-

				time lecturer in Economics at an international school in Manila.
Martin C. Subido	Corporate Secretary/Corporate Information and Compliance Officer	42	Filipino	Atty. Subido currently serves as director and Corporate Secretary/Corporate Information and Compliance Officer of Greenergy Holdings Incorporated. He is likewise a director and Corporate Secretary of Sunchamp Real Estate Development Corp., Total Waste Management Recovery System, Inc., Winsun Green Ventures, Inc., Lite Speed Technologies, Inc., and AgriNurture Development Holdings Inc., among others.
Paula Katrina L. Nora	Assistant Corporate Secretary/Assistant Corporate Information and Compliance Officer	35	Filipino	Atty. Nora currently serves as director and Assistant Corporate Secretary/Assistant Corporate Information and Compliance Officer of Greenergy Holdings Incorporated. She is likewise a director and Assistant Corporate Secretary of Sunchamp Real Estate Development Corp. and AgriNurture Development Holdings Inc. Finally, she currently acts as the Assistant Corporate Secretary of Winsun Green Ventures, Inc. and Lite Speed Technologies, Inc.

The directors are elected at each Annual Stockholders' Meeting by the stockholders entitled to vote. Each director holds office for a period of one (1) year and until the next annual election when his/her successor is duly elected and qualified, unless he/she resigns, dies, or is removed prior to said next annual election.

There was no director elected during the Annual Stockholders' Meeting of the Company on 20 December 2017 who resigned or declined to stand for re-election to the Board of Directors due to a disagreement with the Company on any matter relating to the Company's operations, policies, or practices, and the required disclosures relevant to the existence thereof.

The nominees for the election to the Board of Directors on 19 July 2018 are as follows:

1. Antonio L. Tiu
2. Kenneth S. Tan
3. Martin C. Subido
4. Paula Katrina L. Nora
5. Ma. Pamela Grace C. Muhi
6. Antonio Peter R. Galvez
7. James L. Tiu
8. Lisette M. Arboleda
9. Yang Chung Ming
10. Honorio T. Tan (Independent Director)
11. Maylyn Z. Dy (Independent Director)

In compliance with the Company's Revised Manual on Corporate Governance, a Nomination Committee composed of the following directors was created:

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

The Nomination Committee pre-screened the nominees for election as independent directors pursuant to the criteria in the Company's Revised Manual on Corporate Governance. The final list of nominees as pre-screened by the Nomination Committee is as follows:

Nominee for Independent Director (a)	Person/Group Recommending Nomination (b)	Relation of (a) and (b)
Maylyn Z. Dy	Antonio L. Tiu	None
Honorio T. Tan	Antonio L. Tiu	None

In approving the nominations for independent director, the Nomination Committee took into consideration the guidelines on the nomination of independent directors as prescribed in SEC Memorandum Circular No. 19, series of 2016, and the Company's Revised Manual on Corporate Governance.

The Nomination Committee has determined that the nominees meet the qualifications and none of the disqualifications to serve as independent directors of the Company.

Attached as **Annex "A"** is the certification issued by the Corporate Secretary that none of the (i) current members of the Board of Directors and officers and (ii) nominees to the Board of Directors of the Company are appointed/employed in any government agency.

Further, attached hereto as **Annex "B"** and **Annex "C"** are the certifications of Mr. Honorio T. Tan and Ms. Maylyn Z. Dy, respectively, as to their compliance with Securities Regulation Code Rule 38 on the qualifications and disqualifications of independent directors.

Significant Employees

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

Family Relationships

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

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

Involvement in Legal Proceedings

To the best of the Company's knowledge, in the last five (5) years up to the latest date of this Information Statement, only Mr. Antonio L. Tiu, the Chairman and President/CEO of the Company, and Mr. James L. Tiu, director of the Company, have been involved in events material in evaluating the ability or integrity of any director, any nominee for election as director, or executive officer of the Company, to wit:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Aside from the *Freeze Order* issued by the Court of Appeals, which has been lifted by operation of law as explained above, and the *PAPO*, which was later converted into an *APO* by the Regional Trial Court, there is no other order, judgment, or decree to which any director or executive officer of the Company is subjected that permanently or temporarily enjoins, bars, suspends or otherwise limits their involvement in any type of business, securities, commodities, or banking activities.

Neither have they been convicted by final judgment in a criminal proceeding, domestic or foreign, nor subjected to a pending criminal proceeding, domestic or foreign.

Further, they have not been found to have violated any securities or commodities law.

Finally, they have not been involved in any business of which they served as general partner or executive officer that filed for bankruptcy at the time of their incumbency or within two (2) years prior.

Certain Relationships and Related Transactions

Please refer to Note 18 of the Audited Consolidated Financial Statements for the year ended 31 December 2017 for details on related party transactions.

Item 6. Compensation of Directors and Executive Officers

Compensation of Executive Officers

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

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

<u>*The President/CEO, Treasurer/CFO, Corporate Secretary/Corporate Information and Compliance Officer, and Assistant Corporate Secretary/Assistant Corporate Information and Compliance Officer did not receive compensation and per diem in the years 2017 and 2016.*</u>

Compensation of Directors

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

Employment Contracts

None.

Warrants and Options Outstanding

None.

<u>Item 7. Independent Public Accountants</u>

Pursuant to the authority delegated to the Board of Directors by the stockholders of the Company during the Annual Stockholders' Meeting held on 20 December 2017, the Board of Directors approved on 22 March 2018 the change in external auditor and the appointment of Constantino Guadalquiver & Co. ("CG & Co.") as the new external auditor to audit the financial statements of the Company for the year ended 31 December 2017.

(i) CG & Co. is a public accounting firm accredited by the SEC as a Group A auditing firm for public companies. Aside from the SEC, it is also accredited as an auditing firm by the Board of Accountancy, Bangko Sentral ng Pilipinas, Insurance Commission, and the Bureau of Internal Revenue.

(ii) Globally, CG & Co. is an independent member of Baker Tilly International, an international network of high quality accountancy and business advisory firms.

(iii) Representatives of CG & Co. are expected to be present at the Annual Stockholders' Meeting to respond to appropriate questions and will be given the opportunity to make a statement if they desire to do so.

(iv) There are no disagreements with the Company's external auditor as regards accounting principles, practices, or financial disclosures.

(v) The engagement of CG & Co. as the external auditor complies with the requirement on rotation of external auditors under SRC Rule 68(3)(b)(iv).

(vi) The effective date of engagement by the Company of CG & Co. is 22 March 2018.

The Company's Audit Committee is composed of the following:

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

Previous External Auditors

Uy Singson Abella & Co.

Date of Cessation of Service

Effective upon appointment of the new external auditor (i.e. 22 March 2018)

Description of Any Disagreement on Any Matter of Accounting Principle or Practices, FS Disclosures, Etc.

None.

Letter from Former Accountant Addressed to the SEC (Exhibit)

Not applicable.

Item 8. Compensation Plans

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

C. ISSUANCE AND EXCHANGE OF SECURITIES

Item 9. Authorization or Issuance of Securities Other Than for Exchange

There is no action or matter to be taken up with respect to the authorization or issuance of securities.

Item 10. Modification or Exchange of Securities

There is no action or matter to be taken up with respect to the modification of any class of securities of the Company, or the issuance of authorization for issuance of one class of securities of the Company in exchange for outstanding securities of another class.

Item 11. Financial and Other Information

Attached as **Annex "D"** is the Consolidated Audited Financial Statements of the Company for the year ended 31 December 2017.

Further, attached hereto is the Quarterly Report for the period ended 31 March 2018, which include consolidated notes on the financial statements, marked as **Annex "E."**

MANAGEMENT REPORT

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

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

Status of Operations

AgriNurture, Inc. ("ANI")

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

On 7 July 2014, the Company acquired an additional 27,000,000 common shares of ANI through the open market for an aggregate consideration of ₱113.74 million, inclusive of taxes, fees, and commissions, at ₱4.21 per share. The acquisition was equivalent to 4.34% of the total issued and outstanding shares of ANI.

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

Sunchamp Real Estate Development Corp. ("SREDC")

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

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

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

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

TWMRSI is a domestic corporation engaged in the business of building, operating, and managing waste recovery facilities and waste management systems within the Philippines.

The operation of its facilities is geared toward efficient, hygienic, and economical collection, segregation, recycling, composting, filling, disposing, treating, and managing of household, office, commercial, and industrial garbage. The Company has 51% equity interest in TWMRSI.

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

Winsun Green Ventures, Inc. (“WGVI”)

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

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

AgriNurture Development Holdings Inc. (“ADHI”)

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

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

Lite Speed Technologies, Inc. (“LSTI”)

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

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

Agricultural Bank of the Philippines, Inc. (“Agribank”)

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

Income Statement for the Fiscal Years 2017 and 2016

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

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

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

The Company, either directly or through its affiliate and subsidiaries, shall continue to expand its core business and increase coverage in various investments in diversified industries such as, but not limited to, renewable energy, real estate, agriculture, waste management facility, and information technology. Further, the Company has started an active campaign to gain new clients, as well as to revive previous relationships through marketing and selling activities in the Philippines and overseas.

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

First Quarter Interim Periods: March 2018 and March 2017

Income recorded for the first three (3) months of 2018 is ₱1.57 million, which includes agro-tourism revenues and rental income. There are no revenues of the Group for the first quarter of 2017. The share in net income of an associate decreased from ₱2.02 million in 2017 to a gain of ₱0.31 million in 2018 due to decrease in results of operations from its associate.

Expenses such as interest expense, salaries and wages, freight charges, and rentals increased during the first quarter of 2018 as compared to last quarter of 2017.

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 from agri-tourism and sale of harvests from greenhouse projects in one of its subsidiaries.

General and administrative expenses in 2018 totaled ₱5.39 million, an increase of eighteen percent (18%) compared to that in 2017 which amounted to ₱4.59 million due to increased agri-tourism activities. Other than the Group's investment in Rosario, Batangas, new business opportunities are being explored by the Company, including those in the field of information technology and renewable energy.

As a result of the above, the Company had a Consolidated Operating Loss of ₱3.84 million during the first quarter of 2018.

Income Statement for the Fiscal Years 2016 and 2015

The Group's revenues for 2016 amounted to ₱23.80 million, an increase from the revenue generated in 2015 which totaled ₱0.28 million due to the gain on sale of investment properties sold during the year and rental income from the nine (9)-hectare property situated in Rosario, Batangas. The shares in "loss of an associate" decreased from ₱132.49 million in 2015 to ₱45.27 million in 2016 due to lower results of net losses from its associate. Expenses such as impairments and write-offs in receivables investments, advances, pre-payments, and other assets contributed to the net loss of the associate during the year.

In 2016, the Group's gross loss was at ₱43.52 million, equivalent to -182.86% of revenues. In 2015, the Company's gross loss was at ₱153.56 million or -547.22% of revenues. 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 from agri-tourism and sale of harvests from greenhouse projects of one of its subsidiaries.

Administrative expenses in 2016 totaled ₱20.73 million, an increase of 6.28% compared to that in 2015 which amounted to ₱19.50 million due to the increase in contracted services, materials, supplies, and transportation expenses. Total accounts written off in 2016 amounted to ₱0.05 million, while ₱1.80 million was the total amount of accounts written off in 2015. Accounts written off include receivables, investments, advances, pre-payments, and other assets. Provision for impairment in 2016 totaled ₱0.46 million, an increase of 2,011.94% compared to that in 2015 which amounted to ₱0.02 million due to the impairment of advances to officers and employees, input value-added tax ("VAT"), and other current assets.

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

As a result of the above, the Company had a consolidated operating loss in 2016 of ₱44.00 million.

Income Statement for the Fiscal Years 2015 and 2014

The Company's revenues for 2015 amounted to ₱0.28 million, a decrease from the revenue generated in 2014 which totaled ₱62.92 million as the Group did not recognize any reclassification of AFS Investment to "investment in associate" which would have resulted to a gain from SREDC in 2014 amounting to ₱62.90 million, and there was a decrease on interest income from banks during the year. The share in "loss of associate" decreased from ₱355.59 million in 2014 to ₱132.49 million in 2015 due to lower results of net losses from its associate. Expenses such as impairments and write-offs in receivables investments, advances, pre-payments, and other assets contributed to the net loss of the associate during the year.

In 2015, the Company's gross loss was at ₱153.56 million, equivalent to -547.22% of revenues. In 2014, the Company's gross loss was at ₱721.50 million or -1,146.73% of revenues. 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 from agri-tourism and the sale of harvests from greenhouse projects of one of its subsidiaries.

Administrative expenses in 2015 totaled ₱19.50 million, a decrease of 89.81% compared to that in 2014 which amounted to ₱191.40 million, due to the decrease of accounts written off and impairments in 2015 as compared in 2014. Total accounts written off in 2015 amounted to ₱1.80 million, while ₱178.47 million was written off in 2014. Accounts written off include receivables, investments, advances, pre-payments, and other assets. Provision for impairment in 2015 totaled ₱0.02 million, a decrease of 99.99% compared to that in 2014 which amounted to ₱235.05 million, as no major impairment was considered by Management during the year. Impairment of accounts in 2014 includes receivables, input VAT, and advances made for one of its subsidiaries' waste recycling project.

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

As a result of the above, the Company had a consolidated operating loss in 2015 of ₱153.56 million.

Balance Sheet Trends

Fiscal Years 2017 and 2016

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

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

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

Other assets include pre-payments, materials and supplies, deferred taxes, and input value-added tax ("VAT").

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

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

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

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

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

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

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

<u>First Quarter Interim Period Ended March 2018 and Year Ended 31 December 2017</u>

Cash movement to ₱2.9 million as at 31 March 2018 from ₱2.7 million consolidated as at 31 December 2017. The movement in cash was due to additional advances received during the period and interest earned from bank accounts and collections from sales.

Receivables decreased to ₱251.4 million as at 31 March 2018 from ₱251.4 million as at 31 December 2017 mainly due to liquidation held by officers and project implementers.

Due from related parties decreased to ₱819.1 million as at 31 March 2018 from ₱821.84 million consolidated as at 31 December 2017 as a result of liquidation and payment.

Other current assets increased to ₱0.64 million as at 31 March 2018 from ₱0.57 million consolidated as at 31 December 2017 due to increase in input VAT.

Investment in associate increased to ₱329.93 million as at 31 March 2018 from ₱319.15 million as at 31 December 2017 as a result of the share in net income in the operations of its associate.

Property and equipment net-decreased to ₱1.21 million as at 31 March 31, 2018 from ₱1.25 million as at 31 December 2017 mainly due to depreciation and amortization.

Trade and other payables increased to ₱20.18 million as at 31 March 2018 from ₱19.63 million as at 31 December 2017.

Non-controlling interest decreased to ₱138.16 million as at 31 March 2018 from ₱139.23 million as at 31 December 2017 due to the results of the operations of subsidiaries under common control.

<u>Fiscal Years 2016 and 2015</u>

<u>Cash on hand and in banks increased by ₱5,724 as of 31 December 2016 from ₱1.65 million in 2015 to ₱1.66 million as of 31 December 2016 due to interest income earned from deposits during the year.</u>

<u>Net receivables increased by ₱23,744 as of 31 December 2016 from ₱251.16 million in 2015 to ₱251.13 million in 2016 due to the reclassification of accounts from "due from related parties" to "receivables" as a result of the assignment of receivables to</u>

Zhongshan Fucang Trade Co. Ltd. from ThomasLloyd Cleantech Infrastructure Fund GmbH in 2015 amounting to ₱250.14 million and rental receivables.

In 2016, due from related parties decreased by ₱2.33 million, ₱788.58 million, and ₱786.25 million in 2015 and 2016. The decrease is due to liquidation of advances given to a stockholder for project acquisitions and related project expenses in relation to the Park.

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

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

The investment in associate account in 2016 amounted to ₱297.93 million, 5.69% lower than that in 2015 which amounted to ₱315.91 million. The decrease is due to the result of net losses of an associate during 2016 which reduced the carrying amount of investments.

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

"Investment properties" pertain to parcels of land and all improvements located in Quezon City, which is for capital appreciation. Subsequent sales of two (2) lots transacted in the beginning of the year 2016 amounted to ₱14.54 million. Total amount as of 31 December 2016 and 2015 amounted to ₱13.05 and ₱37.0 million, respectively. The decrease is due to sale of four (4) lots in 2016.

Total current liabilities decreased by ₱21.41 million in 2016 from ₱224.36 million in 2015 to ₱202.95 million in 2016. The decrease in 2016 is the result of the payment of payables to a supplier, advances from related parties, and the reclassification of deposits from customers amounting to ₱14.54 million as cash proceeds received from the sale of investment property in Quezon City.

Loans payable decreased by ₱11.65 million in 2016 from ₱16.80 million in 2015 to ₱5.15 million in 2016 due to partial payments of the principal.

Fiscal Years 2015 and 2014

Cash on hand and in banks decreased by ₱2.18 Million as of 31 December 2015 from ₱3.83 million in 2014 to ₱1.65 Million as of 31 December 2015 due to payments of payables during the year.

Net receivables increased by ₱250.07 million as of 31 December 2015 from ₱0.47 million in 2014 to ₱251.16 Million in 2015 due to the reclassification of account from "due from related parties" to “receivables” as a result of the assignment of receivables to Zhongshan Fucang Trade Co. Ltd. from ThomasLloyd Cleantech Infrastructure Fund GmbH in 2015 amounting to ₱250.14 million.

In 2015, due from related parties decreased by ₱284.92 million, ₱1,073.50 million, and ₱788.58 million in 2015 and 2014. The decrease is due to reclassification of accounts amounting to ₱250.14 million and liquidation of advances given to stockholder for project acquisitions and related project expenses in relation to the Park.

Other assets include prepayments, materials and supplies, deferred tax, and input VAT.

AFS investment decreased by ₱0.12 million from ₱0.49 million in 2014 to ₱0.37 million in 2015 as a result of the decrease in market price during the year.

Investment in associate account in 2015 amounted to ₱315.91 million, 33.02% lower than that in 2014 which amounted to ₱471.61 million. The decrease is due to the result of net losses of an associate during 2015 which reduces the carrying amount of investments.

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

"Investment properties" pertain to parcel of land and all improvements located in Quezon City, which is for capital appreciation. Subsequent sales of two (2) lots transacted in the beginning of the year 2016 amounting to ₱14.54 million.

Total current liabilities increased by ₱2.74 million in 2015 from ₱227.10 million in 2014 to ₱224.36 million in 2015. The increase in 2015 is a result of an additional payable to suppliers, advances from related parties, and deposits from customers amounting to ₱14.54 million as cash proceeds received from the sale of an investment property in Quezon City.

Loan payable decreased by ₱33.2 million in 2015 from ₱50.0 million in 2014 to ₱16.80 million in 2015 due to partial payments of the principal.

Changes and Disagreements with Accounts on Accounting and Financial Disclosure

None.

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

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

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

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

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

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

Imposition of Penalties

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

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

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

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

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

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

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

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

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

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

4. Material commitments for capital expenditures;

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

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

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

Key Performance Indicators

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

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

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

Definition of "Liquidity Ratios"

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

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

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

Definition of "Solvency Ratio"

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

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

Definition of "Debt/Equity Ratio"

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

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

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

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

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

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

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

Definition of "Interest Coverage Ratio"

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

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

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

Definition of "Return On Equity – ROE"

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

Return on Equity = Net Income/Shareholder's Equity

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

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

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

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

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

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

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

<u>Definition of "Gross Margin"</u>

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

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

This number represents the proportion of each dollar of revenue that the company retains as gross profit. For example, if a company's gross margin for the most recent quarter was 35%, it would retain $0.35 from each dollar of revenue generated, to be put towards paying off selling, general and administrative expenses, interest expenses and distributions to shareholders. The levels of gross margin can vary drastically from one industry to another depending on the business. For example, software companies will generally have a much higher gross margin than a manufacturing firm.

<u>Definition of "Net Margin"</u>

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

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

$$\text{, where Net Profit = Revenue - COGS - Operating Expenses - Interest and Taxes}$$

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

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

Audit and Audit-Related Fees – 2017

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

On the other hand, the audit fees for the services rendered by the Company's former external auditor, Uy Singson Abella & Co., for its services in connection with the statutory and regulatory filings of the Company's financial statements for the year ended 31 December 2016 amounted to ₱300,000.00.

Tax Fees – 2017

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

All Other Fees – 2017

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

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

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

MARKET FOR ISSUER'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Securities

As of reporting date, the Company has an authorized capital stock of ₱2,000,000,000.00 divided into the following:

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

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

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

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

No debt securities are registered or contemplated to be registered.

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

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

Market Information

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

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

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

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

Holders[4]

The Company has a total of 1,039 stockholders of record as of 31 May 2018. The Company issues both common and preferred shares. The top twenty (20) holders of common shares as of **31 May 2018** are as follows:

Stockholder's Name	No. of Shares	% of Ownership
PCD Nominee Corporation	447,514,224	24.85%
ThomasLloyd Cleantech Infrastructure Fund GmbH	207,768,560	11.54%
Earthright Holdings, Inc.	187,500,000	10.41%
Jian Cheng Cai	160,000,000	8.89%
Three Star Capital Limited (BVI)	110,000,000	6.11%
PPAR Management & Holdings Corporation	58,000,000	3.22%
Southern Field Limited (BVI)	55,000,000	3.05%
Jerry G. Yu	52,000,000	2.89%
Ann Loraine B. Tiu	51,500,000	2.86%
ARC Estate & Project Corporation	50,000,000	2.78%
Mark Kenrich Duca	50,000,000	2.78%
Hung Kamtin	40,000,000	2.22%
Paul Vincent Lee	36,000,000	2.00%

[4] The Company is still in the process of implementing the change in par value of its common shares as approved by the SEC. For the purpose of this Report, the (i) number of shareholders; (ii) number of shares of the top twenty (20) shareholders; (iii) percentage of ownership; and (iv) public float were rounded off. However, the same are still subject to change/adjustment upon completion of the implementation of the change in par value of common shares of the Company.

Fab People, Inc.	31,000,000	1.72%
Jaime L. Tiu	30,000,000	1.67%
James L. Tiu	30,000,000	1.67%
Prestejenchrisdan (PSJCD) Inc.	30,000,000	1.67%
Sure Anthony T. Ching	30,000,000	1.67%
Jose Marie E. Fabella	30,000,000	1.67%
Leonardo S. Gayao	28,000,000	1.55%
T O T A L	**1,714,282,840**	**95.22%**

There is only one (1) stockholder holding preferred shares of the Company:

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

The public float of the Company as of reporting date is 69.26%.

Background of Shareholders Owning At Least 10% of the Total Outstanding Stock

1. PCD Nominee Corporation

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

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

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

2. ThomasLloyd Cleantech Infrastructure Fund GmbH

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

3. Earthright Holdings, Inc.

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

Dividends

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

Exempt Transactions

None in the past three (3) years.

CORPORATE GOVERNANCE

The Company has adopted the Corporate Governance Self-Rating System to measure its compliance with the Revised Manual on Corporate Governance. Items that need improvement are being reviewed and discussed for actions by champions as assigned by the Audit Committee. The results of these reviews are documented and forwarded to the Board of Directors for further discussion and, if needed, for appropriate action. In accordance with the Company's Revised Manual on Corporate Governance, the assessment will be supported by an external facilitator every three (3) years.

The performance of the Board of Directors and its individual members is being measured and monitored via the Board Performance Tracking System. Areas for improvement are discussed for action during board/committee meetings. Board performance metrics include, among others, the individual director's attendance to board/committee meetings, availability of minutes, open/closed action items, etc.

The Board of Directors, through its Audit Committee, continuously reviews and follows up until closure of all action items needed to be in full compliance with the Company's Revised Manual on Corporate Governance and its related documents and policies.

On 31 May 2017, the Board of Directors of the Company, pursuant to SEC Memorandum Circular No. 19, series of 2016, approved the Company's Revised Manual on Corporate Governance to reflect the changes required by the SEC. A copy of the Revised Manual on Corporate Governance was filed with the SEC and the PSE on 31 May 2017.

No substantial deviation from the Revised Manual on Corporate Governance was recorded and disclosed in 2017.

Plan to Improve the Corporate Governance of the Company

Continuous training is being undertaken by members of the Board of Directors, Management, officers, and personnel to fully acquaint themselves with the Company's Revised Manual on Corporate Governance, policies, and related matters.

A copy of the Company's Integrated Annual Corporate Governance Report for 2017 is attached hereto as **Annex "F."**

Item 12. Mergers, Consolidations, Acquisitions, and Similar Matters

There is no action or matter to be taken up in the Annual Stockholders' Meeting with respect to merger, consolidation, acquisition, sale or other transfer of all or substantially all of the assets of the Company, liquidation, dissolution, and similar matters.

Item 13. Acquisition or Disposition of Property

There is no action or matter to be taken up in the Annual Stockholders' Meeting with respect to the acquisition or disposition that constitute all or substantially all of the assets or property of the Company.

Item 14. Restatement of Accounts

There is no action or matter to be taken up with respect to the restatement of any asset, capital, or surplus account of the Company.

D. OTHER MATTERS

Item 15. Action with Respect to Reports

The Minutes of the Annual Stockholders' Meeting held on 20 December 2017 will be submitted for approval to the stockholders of the Company.

Matters Approved by the Board of Directors and for Ratification by the Stockholders	
1.	Appointment of CG & Co. as the external auditor of the Company for the fiscal year 2017
2.	Postponement of the Annual Stockholders' Meeting previously scheduled on 8 June 2018, as provided in the Company's By-Laws, to 19 July 2018, with a record date of 22 June 2018

Item 16. Matters Not Required to be Submitted

None.

Item 17. Amendment of Charter, By-Laws, or Other Documents

1. Amendment of the Sixth Article of the Articles of Incorporation in order to reduce the number of directors from eleven (11) directors with two (2) independent directors to nine (9) directors with two (2) independent directors, subject to the approval of the Securities and Exchange Commission ("SEC")

2. Subject to the approval by the SEC of the amendment of the Sixth Article of the Company's Articles of Incorporation, amendment of the Revised Manual on Corporate Governance and other corporate records to reflect the reduction of the number of directors from eleven (11) directors with two (2) independent directors to nine (9) directors with two (2) independent directors

Given the current limited operations of the Company, the Board of Directors resolved to reduce the number of directors from eleven (11) directors to nine (9) directors without reducing the number of independent directors for purposes of efficiency. The Board of Directors does not foresee that the reduction in the number of directors will have an adverse effect on the business and operations of the Company.

Item 18. Other Proposed Action

1. Ratification of all the acts of the Board of Directors and officers since the Annual Stockholders' Meeting held on 20 December 2017

2. Election of the members of the Board of Directors, including the independent directors

3. Appointment of an external auditor for the fiscal year 2018

Item 19. Voting Procedures

1. For the matters to be presented to the stockholders for approval/ratification under item 15 above, the vote of stockholders present in person or by proxy representing at least a majority of the total outstanding capital stock entitled to vote is required.

2. For the matters to be presented to the stockholders for approval under item 17(1) above, the vote of stockholders present in person or by proxy representing at least two-thirds (2/3) of the total outstanding capital stock entitled to vote is required.

3. For the matters to be presented to the stockholders for approval/ratification under items 17(2) and 18 above, the vote of stockholders present in person or by proxy representing at least a majority of the total outstanding capital stock entitled to vote is required.

4. During the election of directors, there must be present, either in person or by representative authorized to act by written proxy, the owners of at least a majority of the total outstanding capital stock. Unless a poll is demanded either before or on the declaration of the result of the vote on a show of hands, the election shall be done by a show of hands. Every stockholder entitled to vote shall have the right to vote in person or by proxy the number of shares of stock outstanding, at the time fixed in the By-Laws, in his own name on the stock books of the Company, or where the By-Laws is silent, at the time of election; and said stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit; provided, that the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of the Company multiplied by the whole number of directors to be elected; provided, however, that no delinquent stock shall be voted. Candidates receiving the highest number of votes shall be declared elected. Any meeting of the stockholders called for an election may adjourn from day to day or from time to time but not *sine die* or indefinitely if, for no reason, no election is held, or if there be not present or represented by proxy, at the meeting, the owners of a majority of the outstanding capital stock.

   The total number of votes that may be cast by a stockholder of a Company is computed as follows: *No. of Shares Held on Record as of Record Date x 11 Directors*. Candidates receiving the highest number of votes will be declared elected.

   The votes shall be duly taken and counted by the Corporate Secretary and shall be counted *viva voce*.

UPON WRITTEN REQUEST OF A STOCKHOLDER, THE COMPANY UNDERTAKES TO FURNISH SAID STOCKHOLDER A COPY OF SEC FORM 17-A FREE OF CHARGE, EXCEPT FOR EXHIBITS ATTACHED THERETO WHICH SHALL BE CHARGED AT COST. ANY WRITTEN REQUEST FOR A COPY OF SEC FORM 17-A SHALL BE ADDRESSED AS FOLLOWS:

GREENERGY HOLDINGS INCORPORATED
54 National Road, Dampol II-A
Pulilan, Bulacan, Philippines

Attention: Atty. Martin C. Subido

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this Information Statement are true, complete, and correct.

Makati City, Philippines, 26 June 2018.

GREENERGY HOLDINGS INCORPORATED

By:

MARTIN C. SUBIDO
Corporate Secretary &
Corporate Information and Compliance Officer

GREENERGY Holdings

GREENERGY HOLDINGS INCORPORATED
(formerly MUSX Corporation)
54 National Road, Dampol II-A, Pulilan, Bulacan
Tel. No. (02) 997-5184

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO ALL STOCKHOLDERS:

NOTICE is hereby given that the Annual Meeting of the Stockholders of Greenergy Holdings Incorporated (the "Company") will be held on **19 July 2018, Thursday, at 1:30 in the afternoon, at 54 National Road, Dampol II-A, Pulilan, Bulacan.**

The agenda for the said meeting shall be as follows:

1. Call to order;
2. Certification of notice and determination of quorum;
3. Approval of the minutes of the Annual Meeting of the Stockholders held last 20 December 2017;
4. Presentation of the Annual Report and the Audited Financial Statements for the year ended 31 December 2017;
5. Ratification of all acts, resolutions, and decisions of the incumbent Board of Directors and Management since the Annual Stockholders' Meeting held last 20 December 2017;
6. Amendment of the Sixth Article of the Articles of Incorporation in order to reduce the number of directors from eleven (11) directors with two (2) independent directors to nine (9) directors with two (2) independent directors, subject to the approval of the Securities and Exchange Commission ("SEC");
7. Subject to the approval by the SEC of the amendment of the Sixth Article of the Company's Articles of Incorporation, amendment of the Revised Manual on Corporate Governance and other corporate records to reflect the reduction of the number of directors from eleven (11) directors with two (2) independent directors to nine (9) directors with two (2) independent directors;
8. Election of directors;
9. Appointment of the external auditor for the fiscal year 2018;
10. Consideration of such other business as may properly come before the meeting; and
11. Adjournment.

The Organizational Meeting of the new Board of Directors will be held immediately after the Annual Meeting of the Stockholders.

By resolution of the Board of Directors, the close of business on **22 June 2018** has been fixed as the record date for the determination of the stockholders entitled to notice of such meeting and any adjournment thereof, and to attend and vote thereat.

All stockholders who will not, are unable, or do not expect to attend the meeting in person are urged to fill in, date, sign, and return the enclosed proxy to the Company at its principal office at 54 National Road, Dampol II-A, Pulilan, Bulacan. The proxy need not be a shareholder. A stockholder who is entitled to cast two (2) or more votes may appoint two (2) proxies and must specify the proportion of votes each proxy is appointed to exercise. All proxies must be received on or before **9 July 2018**. Proxies received after the said deadline will not be recorded. Corporate stockholders are requested to attach to the proxy instrument to their respective Secretary's Certificates containing the Board Resolution vis-à-vis the authority of the proxy(ies). Validation of proxy(ies) shall be held on **13 July 2018** at **2:00 PM** at the Company's principal office. **Management is not asking you for a proxy nor is it requesting you to send a proxy in its favor.**

For convenience in registering your attendance, please bring your identification card containing your picture and signature, and present the same at the registration desk. Registration shall start at **1:00 PM**.

By:

MARTIN C. SUBIDO
Corporate Secretary/
Corporate Information and Compliance Officer

We are not soliciting your proxy. However, if you would be unable to attend the meeting but would like to be represented thereat, you may accomplish the proxy form herein and submit the same to the office of the Corporate Secretary at 54 Dampol II-A, National Road, Pulilan, Bulacan, Philippines. All proxies should be received on or before 9 July 2018 at 5:00 p.m. For partnerships, corporations, and associations, the proxies should be accompanied by a Secretary's Certificate on the appointment or designation of a proxy/representative and/or authorized signatories.

PROXY

I/WE hereby name and appoint ____ or, in his/her absence, the Chairman of the meeting as my/our proxy at the Annual Meeting of the Stockholders of Greenergy Holdings Incorporated to be held at 54 National Road, Dampol II-A, Pulilan, Bulacan, Philippines on Thursday, 19 July 2018, at 1:30 in the afternoon and at any postponement or adjournment thereof.

Place/Date : ____

Name of Shareholder : ____

Signature : ____

Number of Shares : ____

Witness : ____

Annex "A"

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY) S.S.

CERTIFICATION

I, **MARTIN C. SUBIDO**, Filipino, of legal age, and with office address at the 5th Floor, Prince Building, 117 Rada Street, Legaspi Village, 1229 Makati City, hereby certify:

1. I am the duly elected and qualified Corporate Secretary of **GREENERGY HOLDINGS INCORPORATED** (the "Corporation"), a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office at 54 National Road, Dampol II-A, Pulilan, Bulacan.

2. Based on corporate records, I certify that none of the members of the Board of Directors, including the independent directors and officers of the Corporation, are appointed/employed in any government agency as of the date of this certification.

3. Further, based on corporate records, none of the nominees to the Board of Directors in the 2018 Annual Stockholders' Meeting, including the independent directors and officers of the Corporation, are appointed/employed in any government agency as of the date of this certification.

4. I am issuing this certification in compliance with the directive of the Markets and Securities Regulation Department of the Securities and Exchange Commission.

IN WITNESS WHEREOF, I have hereunto set my hand this 11th day of June 2018 in Makati City.

MARTIN C. SUBIDO
Corporate Secretary

SUBSCRIBED AND SWORN TO before me in Makati City this 11th day of June 2018, affiant appeared and exhibited to me his competent evidence of identity bearing his photograph and signature, Passport No. EC1674951, issued by the Department of Foreign Affairs in the City of Manila, valid until 20 July 2019.

ATTY. MIGUELLE KASSANDRA S. MEJILLANO NOTARY PUBLIC ROLL NO. 69972 MAKATI CITY, PHILS.

Doc. No. 198;
Page No. 41;
Book No. I;
Series of 2018.

ATTY. MIGUELLE KASSANDRA S. MEJILLANO
Notary Public
Until December 31, 2018
Roll of Attorneys No. 69972
IBP No. 002835/05-14-17/Makati Chapter
PTR No. 6279108/06-06-17/Makati City
Notarial Commission No.M-511(2017-2018)
TIN 501-148-461
5th Floor, Prince Building, 117 Rada Street
Legaspi Village, Makati City

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY) S.S.

Annex "B"

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **HONORIO T. TAN**, Filipino, of legal age, and a resident of No. 23 Lourdes Castillo Street, Quezon City, after having been duly sworn in accordance with law do hereby declare:

1. I am a nominee for independent director of**GREENERGY HOLDINGS INCORPORATED**(the "Corporation"), a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines,with principal office at 54 National Road, Dampol II-A, Pulilan, Bulacan, and have been its independent director since 15 December 2016.

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

Company/Organization	Position/Relationship	Period of Service
BEAM Marketing Enterprises, Inc.	Chairman	Since 1972
YMCA of the Philippines	National Treasurer	2015-2018
Manila Downtown YMCA	President	2005-2010, 2015-2018
Moringaling Philippines Foundation Inc.	Past President, Chairman	2011, 2017, and 2018
Agricultural Bank of the Philippines	Independent Director	2014-2018

3. I possess all the qualifications and none of the disqualifications to serve as an independent director of the Corporation, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations, and other issuances of the Securities and Exchange Commission ("SEC").

4. To the best of my knowledge, I am not related in any capacity or degree to any director, officer, or substantial shareholder of the Corporation, any of its related companies, or any of its substantial shareholders.

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I am not in government service nor affiliated with a government agency or government-owned and controlled corporation.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, the Revised Code of Corporate Governance, and other SEC issuances.

8. I shall inform the Corporate Secretary of the Corporation of any changes in the above-mentioned information within five (5) days from its occurrence.

IN WITNESS WHEREOF, I have hereunto set my hand this JUN 1 1 2018 in Makati City.

HONORIO T. TAN
Affiant

SUBSCRIBED AND SWORN TO before me in Makati Citythis JUN 1 1 2018, affiant appeared and exhibited to me his competent evidence of identity bearing his photograph and signature, Passport No. EB9100896,issued by the Department of Foreign Affairs in the City of Manila, valid until 9 September 2018.

Doc. No. 197;
Page No. 41;
Book No. I;
Series of 2018.

ATTY. MIGUELLE KASSANDRA S. MEJILLANO — NOTARY PUBLIC ROLL NO. 69972 — MAKATI CITY, PHILS.

ATTY. MIGUELLE KASSANDRA S. MEJILLANO
Notary Public
Until December 31, 2018
Roll of Attorneys No. 69972
IBP No. 002835/05-14-17/Makati Chapter
PTR No. 6279108/06-06-17/Makati City
Notarial Commission No.M-511(2017-2018)
TIN 501-148-461
5th Floor, Prince Building, 117 Rada Street
Legaspi Village, Makati City

Annex "C"

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY) S.S.

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **MAYLYN Z. DY**, Filipino, of legal age, and a resident of 121 B. Gonzalez Street, Crystal Court Unit-E, Xavierville II, Quezon City, after having been duly sworn in accordance with law do hereby declare:

1. I am a nominee for independent director of **GREENERGY HOLDINGS INCORPORATED** (the "Corporation"), a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office at 54 National Road, Dampol II-A, Pulilan, Bulacan, and have been its independent director since 15 December 2016.

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

Company/Organization	Position/Relationship	Period of Service
Woodside Properties & Land Corp.	Corporate Secretary	26 years and 7 months
VitaMaxx Realty	Director	3 years and 7 months
Vita Homes	President	1 year and 7 months
North East Dialysis Center	Treasurer	1 year and 7 months

3. I possess all the qualifications and none of the disqualifications to serve as an independent director of the Corporation, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations, and other issuances of the Securities and Exchange Commission ("SEC").

4. To the best of my knowledge, I am not related in any capacity or degree to any director, officer, or substantial shareholder of the Corporation, any of its related companies, or any of its substantial shareholders.

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I am not in government service nor affiliated with a government agency or government-owned and controlled corporation.

7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, the Revised Code of Corporate Governance, and other SEC issuances.

8. I shall inform the Corporate Secretary of the Corporation of any changes in the above-mentioned information within five (5) days from its occurrence.

IN WITNESS WHEREOF, I have hereunto set my hand this 4 June 2018 in Makati City.

MAYLYN Z. DY
Affiant

SUBSCRIBED AND SWORN TO before me in Makati City this JUN 04 2018, affiant appeared and exhibited to me her competent evidence of identity bearing her photograph and signature, Passport No. EC1463816, issued by the Department of Foreign Affairs, valid until 22 June 2019.

ATTY. JOSHUA P. LAPUZ
Notary Public Makati City
Until Dec. 31, 2019
Appointment No. M-82-(2018-2019)
PTR No. 6607678 Jan 3, 2018/ Makati
IBP Lifetime No. 04097 Roll No. 45790
MCLE Compliance No. V-0019692
G/F Fedman Bldg., 199 Salcedo St.
Legaspi Village, Makati City

Doc. No. 138
Page No. 29
Book No. 113
Series of 2018.

Annex "D"

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

A	S	O	9	2	–	0	0	5	8	9

COMPANY NAME

GREENERGY HOLDINGS
INCORPORATED AND SUBSIDIARIES

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

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

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

COMPANY INFORMATION

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

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

CONTACT PERSON INFORMATION

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

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

CONTACT PERSON'S ADDRESS

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

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

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

GREENERGY Holdings

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

April 27, 2018

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

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

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

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

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

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

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

ANTONIO L. TIU
Chairman of the Board of Directors

ANTONIO L. TIU
President

KENNETH S. TAN
Chief Financial Officer

11 MAY 2018

SUBSCRIBED AND SWORN to before me this ______ day of _______, affiant exhibiting to me his Community Tax Certificate No. ________________, issued at ____________on ___________, ______.

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

Doc. No. 174
Page No. 36
Book No. XII-N
Series of 18

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

CG&Co
an independent member of
BAKER TILLY
INTERNATIONAL

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

Opinion

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

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

Basis for Opinion

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

Other Matter

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

Key Audit Matters

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

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

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

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

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

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

Other Information

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

By:

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

Makati City, Philippines
April 27, 2018

GREENERGY HOLDINGS INCORPORATED AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2017

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

	Note	2017	2016
ASSETS			
Current Assets			
Cash	6	**₱2,700,296**	₱1,655,902
Receivables – net	7	**251,436,182**	251,133,983
Due from related parties	18	**821,835,699**	786,249,841
Other current assets – net	9	**569,945**	617,837
Total Current Assets		**1,076,542,122**	1,039,657,563
Noncurrent Assets			
Deposit for land acquisition	8	**11,000,000**	11,000,000
Available-for-sale (AFS) investment	10	**370,000**	370,000
Investment in an associate	11	**319,154,639**	297,927,710
Property and equipment – net	13	**1,246,730**	1,378,210
Biological assets	14	**3,232,807**	2,679,692
Investment properties – net	15	**6,320,465**	13,045,276
Total Noncurrent Assets		**341,324,641**	326,400,888
		₱1,417,866,763	₱1,366,058,451
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	16	**19,626,005**	20,328,135
Due to related parties	18	**46,752,073**	-
Deposit for future stock subscription	18	**177,000,000**	177,000,000
Current portion of loan payable	17	**-**	5,153,846
Income tax payable		**231,423**	472,380
Total Current Liabilities		**243,609,501**	202,954,361

(Forward)

(Carryforward)

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

See accompanying Notes to Financial Statements

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

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

(Forward)

(Carryforward)

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

See accompanying Notes to Financial Statements

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

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

(Forward)

(Carryforward)

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

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

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

(Forward)

(Carryforward)

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

See accompanying Notes to Financial Statements.

1. Corporate Information

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

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

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

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

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

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

(Forward)

(Carryforward)

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

Going Concern

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

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

Trading Suspension

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

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

The principal activities of the subsidiaries are as follows:

WGVI

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

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

ADHI

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

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

SREDC

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

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

LSTI

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

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

TWMRSI

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

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

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

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

Approval of Financial Statements

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

2. Basis of Preparation

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

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

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

Specifically, the Group controls an investee if the Group has:

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

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

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

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

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

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

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

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

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

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

3. Changes in Accounting and Financial Reporting Policies

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Effective in 2019

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

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

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

Deferred

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

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

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

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

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

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

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

4. Summary of Significant Accounting and Financial Reporting Policies

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

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

An asset is current when it is:

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

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

All other assets are classified as noncurrent.

A liability is current when:

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

The Group classifies all other liabilities as noncurrent.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Financial Liabilities

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Prepayments and other Current Assets

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

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

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

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

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

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

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

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

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

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

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

Biological Assets

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

Impairment of Non-financial Assets

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

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

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

Related Party Transactions and Relationships

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

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

Equity

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

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

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

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

Deposit for Future Stocks Subscription

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

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

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

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

Earnings (Loss) per share

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

Revenue Recognition

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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 consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as at date of the consolidated financial statements. Actual results could differ from such estimates, and such estimates will be adjusted accordingly.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

6. Cash

This account consists of:

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

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

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

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

7. Receivables – net

This account consists of:

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

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

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

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

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

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

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

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

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

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

8. Deposit for Land Acquisition

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

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

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

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

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

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

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

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

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

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

9. Other Current Assets – net

This account consists of:

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

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

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

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

10. Available-for-Sale (AFS) Investments

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

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

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

11. Investment in an Associate

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

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

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

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

Summarized financial information of the associate follows:

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

12. Advances for Waste Recycling Project

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

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

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

13. **Property and Equipment** – Net

The rollforward analysis of this account is shown below:

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

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

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

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

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

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

14. Biological Assets

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

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

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

15. Investment Properties – net

This account consists of the following:

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

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

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

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

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

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

16. Trade and Other Payables

This account consists of:

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

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

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

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

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

All nontrade payables are noninterest-bearing.

17. Loans Payable

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

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

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

18. Related Party Transactions

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

The following are the details of related party transactions.

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

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

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

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

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

The rollforward analysis of related party accounts follow:

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

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

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

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

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

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

(Forward)

(Carryforward)

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

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

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

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

- Receivables/Payables

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

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

19. Equity

Capital Stock

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

20. General and Administrative Expenses

This account consists of:

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

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

21. Income Taxes

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

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

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

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

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

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

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

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

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

22. Basic Income (Loss) per Share

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

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

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

23. Non-controlling Interest

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

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

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

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

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

24. **Financial Instruments**

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

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

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

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

Methods and assumption used to estimate fair value

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

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

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

25. Financial Risk Management Objectives and Policies

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

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

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

  a. Credit Quality

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

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

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

**Excludes cash on hand.*

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

Other high grade accounts are considered of high value.

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

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

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

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

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

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

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

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

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

- Liquidity Risk

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

  Maturity Profile

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

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

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

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

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

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

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

26. Capital Management

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

The Group considers the following accounts as its capital:

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

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

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

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

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

27. Segment Reporting

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

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

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

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

Segment Financial Information

The segment financial information is presented as follows:

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

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

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

28. **Other Matters**

On Voluntary Trading Suspension

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

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

On Civil Forfeiture

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

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

CG&Co

An independent member of
BAKER TILLY
INTERNATIONAL

Constantino Guadalquiver & Co.
Certified Public Accountants

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Telephone (+632) 848-1051
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E-mail address: mail@cgco.com.ph

SUPPLEMENTAL STATEMENT OF INDEPENDENT AUDITORS

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

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

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

By:

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

Makati City, Philippines
April 27, 2018

GREENERGY HOLDINGS INCORPORATED

SUMMARY OF EFFECTIVE STANDARDS AND INTERPRETATIONS UNDER PHILIPPINE FINANCIAL REPORTING STANDARDS

DECEMBER 31, 2017

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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GREENERGY HOLDINGS INCORPORATED AND SUBSIDIARIES

SCHEDULE A - FINANCIAL ASSETS

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

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

Intercompany Receivable and Payables

2017

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

2016

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

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

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

GREENERGY HOLDINGS INCORPORATED AND SUBSIDIARIES
SCHEDULE H – CAPITAL STOCK

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

GREENERGY HOLDINGS INCORPORATED AND SUBSIDIARIES
SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

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

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

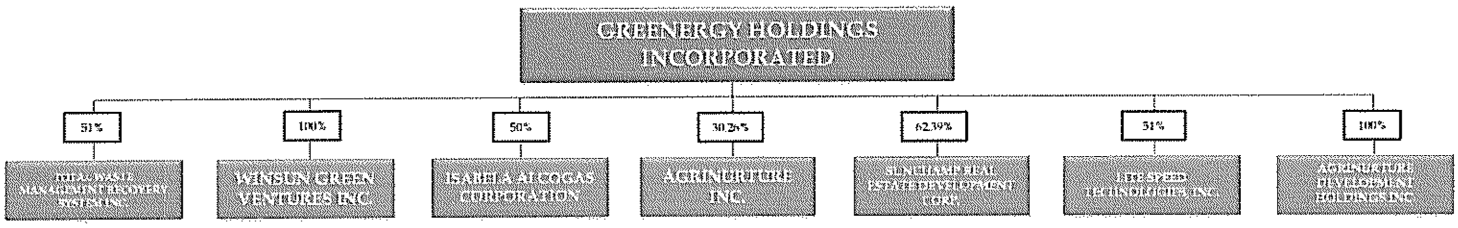
Name of Stockholder	Subscribed	Outstanding
Common		
PCD Nominee Corp. (Filipino)	369,170,358	20.50%
ThomasLloyd Cleantech Infrastucture Fund GmbH	207,768,560	11.54%
Earthright Holdings, Inc.	187,500,000	10.41%
Jian-Cheng Cai	160,000,000	8.89%
Three Star Capital Limited (BVI)	110,000,000	6.11%
PCD Nominee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

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

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

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

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


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

Annex "E"

COVER SHEET
for
17-Q

SEC Registration Number

A S O 9 2 - 0 0 5 8 9

COMPANY NAME

G R E E N E R G Y H O L D I N G S
I N C O R P O R A T E D A N D S U B S I D I A R I E S

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

N O . 5 4 N A T I O N A L R O A D , D A M P O L
I I - A , P U L I L A N , B U L A C A N

Form Type	Department requiring the report	Secondary License Type, If Applicable
1 7 - Q 1	C R M D	N A

COMPANY INFORMATION

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

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
1,039	Second Friday of June	DECEMBER 31

CONTACT PERSON INFORMATION

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

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

CONTACT PERSON'S ADDRESS

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

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

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

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-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 2018**
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	1,800,778,572
Preferred	1,000,000,000
Amount of Debt Outstanding:	₱245,299,149

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

Yes [x] No [ ]

[1] As of 31 March 2018

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

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 [x] No [ ]

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 2018 (with comparative figures as of 31 December 2017 and for the period ended 31 March 2017) 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 2018.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

Interim 1st quarter

Balance Sheet

Cash has a movement of P2.9 million as at March 31, 2018 from P2.7 million consolidated at December 31, 2017. The movement in cash is due additional advances received during the period and interest earned from bank accounts and collections from sales.

Receivables decreased to P251.4 million in March 31, 2018 from P251.4 million as of December 31, 2017 mainly due to liquidation held by officers and project implementers.

Due from related parties decreased to P819.1 million in March 31, 2018 from P821.84 million consolidated at December 31, 2017 as a result of liquidation and payment.

Other current assets increased to P0.64 million in March 31, 2018 from P0.57 million consolidated at December 31, 2017 due to increase in Input VAT.

Investment in associate increased to P329.93 million in March 31, 2018 from P319.15 million at December 31, 2017 as a result of the share of net income in the operations of its associates.

Property and equipment, net decreased to P1.21 million in March 31, 2018 from P1.25 million as at December 31, 2017 mainly due to depreciation and amortization.

Trade and Other Payables increased to P20.18 million in March 31, 2018 compared to the December 31, 2017 amounting to P19.63 million.

Non controlling interest decreased to P138.16 million in March 31, 2018 from P139.23 million as at December 31, 2017 due to the results of the operations of subsidiaries under common control.

Income Statement

Income recorded for the first 3 months of 2018 is P1,57 million, which includes Agri-tourism revenue and rental income. There are no revenues of Group for the first quarter of 2017 except for interest income from banks. The share in net income of an associate decreased from an income of P2.02 million in 2017 to a gain of P0.31 million in 2018 due to decrease in results of operations from its associate.

Expenses such as interest expense, salaries and wages, freight charges and rentals increased during the 1st quarter of 2018 as compared to last quarter of 2017.

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 2018 totaled P5.39 million, an increase of 18% compared to that in 2017 which amounted to P4.59 million due to the increased agri-tourism activities. Other than the Group's investment in Rosario, Batangas, new business opportunities are being explored by the Company including those in the field of Information Technology and renewable energy.

As a result of the above, the Company had a Consolidated Operating Loss of P3.84 million during the first quarter of 2018.

PART II--OTHER INFORMATION

None.

SIGNATURES

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

Issuer: **GREENERGY HOLDINGS, INC.**

Signature and Title: **ANTONIO L. TIU**

Chairman of the Board and President

Date: 21 May 2018

Signature and Title: KENNETH S. TAN

Chief Financial Officer

Date: 21 May 2018

GREENERGY HOLDINGS INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2018 AND 2017
(Amounts in Philippine Pesos)

	Note		2018		2017
ASSETS					
Current Assets					
Cash	6	P	**2,944,206**	P	2,700,296
Receivables - net	7		**251,433,182**		251,436,182
Due from related parties	18		**819,104,633**		821,835,699
Other current assets	9		**635,487**		569,945
Total Current Assets			**1,074,117,508**		1,076,542,122
Noncurrent Assets					
Deposit for land acquisition	8		**11,000,000**		11,000,000
Available-for-sale (AFS) investment	10		**370,000**		370,000
Investment in an associate	11		**329,930,443**		319,154,639
Investment property - net	15		**6,320,465**		6,320,465
Property and equipment - net	13		**1,209,561**		1,246,730
Biological assets	14		**3,232,807**		3,232,807
Total Noncurrent Assets			**352,063,276**		341,324,641
		P	**1,426,180,784**	P	1,417,866,763
LIABILITIES AND EQUITY					
Current Liabilities					
Trade and other payables	16	P	**20,176,284**	P	19,626,005
Due to related parties	18		**47,866,203**		46,752,073
Deposit for future stock subscription	19		**177,000,000**		177,000,000
Curent portion of loan payable	17		**-**		-
Income tax payable			**256,662**		231,423
Total Current Liabilities			**245,299,149**		243,609,501

(Forward)

(Carryforward)

	Note	2018	2017
Equity	19		
Equity attributable to equity holders of Parent Company			
Capital stock			
Common – P1.00 par value			
Authorized – 190,000,000,000 shares			
Subscribed – 1,703,278,572 shares in 2017 and 2016		**1,703,278,572**	1,703,278,572
Preferred – P0.10 par value			
Authorized and Subscribed – 1,000,000,00C		**100,000,000**	100,000,000
Additional paid-in capital		**268,090,531**	268,090,531
Unrealized loss on fair value of AFS investments		**(390,600)**	(390,600)
Share in other comprehensive income (loss of an associate	12	**12,154,775**	1,687,040
Accumulated losses		**(1,040,414,076)**	(1,037,637,525)
		1,042,719,202	1,035,028,018
Non-controlling interests	23	**138,162,433**	139,229,244
Total Equity		**1,180,881,635**	1,174,257,262
	P	**1,426,180,784**	P 1,417,866,763

See accompanying Notes to Financial Statements

GREENERGY HOLDINGS INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2018 AND 2017
(Amounts in Philippine Pesos)

	Note	2018	2017
INCOME			
Gain on sale of investment property	16	P –	P
Rental Income		**81,675**	67,500
Interest income	6	**547**	1,262
Unrealized foreign exchange gain	6	–	
Other Income		**1,180,310**	–
Equity in net income of associate		**308,069**	2,021,117
		1,570,601	2,089,879
EXPENSES			
General and administrative expenses	20	**(5,388,723)**	(4,585,745)
Interest expense	17	–	–
		(5,388,723)	(4,585,745)
LOSS BEFORE INCOME TAX		**(3,818,122)**	(2,495,866)
INCOME TAX EXPENSE		**25,240**	25,240
NET LOSS		**(3,843,362)**	(2,521,106)
NET LOSS ATTRIBUTABLE TO:			
Equity holders of the Parent Company		**(2,776,551)**	(1,001,682)
Non-controlling interests	23	**(1,066,811)**	(1,495,534)
		(3,843,362)	(2,497,216)
INCOME (LOSS) PER SHARE	22	**(0.00)**	**(0.00)**

See accompanying Notes to Financial Statements

GREENERGY HOLDINGS INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2018 AND 2017
(Amounts in Philippine Pesos)

	Note		2018		2017
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT COMPANY					
CAPITAL STOCK	19				
Common Stock					
Authorized – 1,900,000,000 common shares at P1.00 par value					
Balance at beginning of year		P	1,598,289,455	P	1,598,289,455
Issuance during the year			-		-
Balance at end of year			1,598,289,455		1,598,289,455
Subscribed					
Balance at beginning and end of year			202,489,117		202,489,117
Subscription receivable					
Balance at beginning and end of year			97,500,000		97,500,000
			1,703,278,572		1,703,278,572
Preferred shares					
Authorized – 1,000,000,000 preferred shares at P0.10 par value					
Balance at beginning and end of year			100,000,000		100,000,000
ADDITIONAL PAID-IN CAPITAL			268,090,531		268,090,531
UNREALIZED LOSS ON FAIR VALUE OF INVESTMENTS	11				
Balance at beginning of year			(390,600)		(390,600)
Unrealized gain (loss) during the year			-		-
Balance at end of year			(390,600)		(390,600)
SHARE IN OTHER COMPREHENSIVE INCOME OF AN ASSOCIATE					
Balance at beginning of year			1,687,040		11,809,295
Share in other comprehensive income of an associate					
Exchange differences on translation of foreign o			10,467,735		2,669,813
Remeasurement on pension liability net of tax			-		-
Balance at end of year			12,154,775		14,479,108

(Forward)

(Carryforward)

	Note	2018	2017
ACCUMULATED LOSSES			
Balance at beginning of year			
As restated		(1,037,637,525)	(1,061,478,111)
Net loss for the year		(2,776,551)	(1,001,682)
Balance at end of year		(1,040,414,076)	(1,062,479,793)
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT		1,042,719,202 P	1,022,977,818
NON-CONTROLLING INTERESTS	23		
Balance at beginning of year			
As restated		139,229,244	141,794,403
Net profit (loss) during the year		(1,066,811)	(1,495,534)
		138,162,433	140,298,869
	P	1,180,881,635	1,163,276,687

GREENERGY HOLDINGS INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2018 AND 2017
(Amounts in Philippine Pesos)

	Notes		2018		2017
CASH FLOWS FROM OPERATING ACTIVITIES					
Loss before income tax		P	**(3,818,122)**	P	(2,495,866)
Adjustments for:					
Share in net income (loss) of associate	12		**(308,069)**		(2,021,117)
Depreciation	14		**37,169**		442,105
Interest income	6		**(547)**		(1,262)
Operating loss before working capital changes			**(4,089,569)**		(4,076,140)
Increase in:					
Receivables	7		**3,000**		(67,500)
Other current assets	10		**(65,542)**		(7,200)
Decrease in:					
Trade and other payables	16		**550,279**		113,356
Net cash used in operations			**(3,601,832)**		(4,037,484)
Interest received	6		**547**		1,262
Net cash used in operating activities			**(3,601,285)**		(4,036,222)
CASH FLOWS FROM AN INVESTING ACTIVITIES					
Advances made to related parties	18		**2,731,066**		-
Collections received from related parties	18		**-**		4,027,184
Net cash used in investing activities			**2,731,066**		4,027,184
CASH FLOWS FROM A FINANCING ACTIVITY					
Advances received from related parties	18		**1,114,129**		9,000
Net cash provided by financing activities			**1,114,129**		9,000
NET INCREASE (DECREASE) IN CASH			**243,910**		(38)
CASH AT BEGINNING OF YEAR			**2,700,296**		1,655,902
CASH AT END OF YEAR	6	P	**2,944,206**	P	1,655,864
CASH AT END OF YEAR CONSISTS OF:					
Cash on hand		P	**378,473**	P	7,801
Cash in banks			**2,565,733**		3,819,031
CASH AT END OF YEAR		P	**2,944,206**	P	3,826,833

See accompanying Notes to Financial Statements.

1. Corporate Information

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

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

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

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

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

Investee	Nature of Business	Principal Place of Business	Percentage of Ownership 2018	2017
Subsidiaries				
Winsun Green Ventures, Inc. (WGVI)	Renewable energy system	Pulilan, Bulacan	**100%**	100%
Agrinurture Development Holdings Inc. (ADHI)	Investment holding	Pasig City	**100%**	100%
Sunchamp Real Estate Development Corp. (SREDC)	Agri-tourism and real estate	Rosario, Batangas	**62.39%**	62.39%
Lite Speed Technologies, Inc. (LSTI)	Information technology	Makati City	**51%**	51%
Total Waste Management Recovery System, Inc. (TWMRSI)	Waste management	Pulilan, Bulacan	**51%**	51%

(Forward)

(Carryforward)

Investee	Nature of Business	Principal Place of Business	Percentage of Ownership 2018	2017
Associate				
Agrinurture, Inc. (ANI)	Trading	Pulilan, Bulacan	**30.26%**	30.26%

Going Concern
The Group's consolidated financial statement have been prepared on a going concern basis, which assumes that the Group will be able to continue to increase its revenues and improve operations despite heavy losses from operations. Although the Group has accumulated losses of ₱0.97 billion and ₱1.04 billion as at March 31, 2018 and December 31, 2017, respectively, the fair value of the Group's investment in ANI increased from ₱2.3 billion as at December 31, 2017 to ₱2.6 billion as at March 31, 2018 (see Note 11).

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

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

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

The principal activities of the subsidiaries are as follows:

WGVI
WGVI was incorporated in 2012 with the primary purpose of engaging in renewable energy projects. In 2014, WGVI's AFS investment amounting to ₱22.5 million was fully provided with an allowance for impairment loss. In addition, WGVI has a capital deficiency amounting to ₱66.4 million as at March 31, 2018 and December 31, 2017. Accordingly, a full allowance for impairment loss was provided by the Parent Company in 2014 since management believed that its investment in WGVI was impaired.

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

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

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

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

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

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

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

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

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

In addition, TWMRSI has a capital deficiency amounting to ₱233.6 million as at March 31, 2018 and December 31, 2017. Due to these circumstances, the Parent Company's investment and advances to TWMRSI were provided with full allowance for impairment loss because management believed that these were already impaired.

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

Approval of Financial Statements
The consolidated financial statements as at and for the period ended March 31, 2018 and December 31, 2017 were authorized for issue by the BOD on May 21, 2018.

2. Basis of Preparation

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

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

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

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

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

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

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

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

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

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

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

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

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

3. Changes in Accounting and Financial Reporting Policies

Changes in Accounting Policies

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Annual Improvements to PFRS and PAS (2014 - 2016 Cycles)

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

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

Effective in 2019

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

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

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

Deferred

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

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

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

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

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

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

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

4. Summary of Significant Accounting and Financial Reporting Policies

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

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

An asset is current when it is:

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

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

All other assets are classified as noncurrent.

A liability is current when:

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

The Group classifies all other liabilities as noncurrent.

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

Fair Value Measurement

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

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

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

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

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

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

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

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

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

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

Cash

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

Financial Assets and Liabilities

Date of recognition

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

Initial recognition and measurement

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

Determination of fair value

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

Subsequent measurement and classification

Financial Assets

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

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

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

As at March 31, 2018 and December 31, 2017, the Group has no financial asset at FVPL.

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

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

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

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

  The Group has no HTM investment as at March 31, 2018 and December 31, 2017.

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

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

  The Group has AFS investment as at March 31, 2018 and December 31, 2017 (Note 10).

<u>*Financial Liabilities*</u>

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

As at March 31, 2018 and December 31, 2017, the Group has no financial liabilities classified at FVPL.

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

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

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

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

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

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

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

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

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

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

Derecognition of Financial Assets and Financial 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 the consolidated statements of comprehensive income.

Classification of Financial Instrument between Debt and Equity

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest relating to a financial instrument or a component that is a financial liability is reported as expenses.

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

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

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

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

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

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

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

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

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

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

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

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

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

Prepayments and other Current Assets

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

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

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

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

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

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

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

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

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

Investment Properties

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

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

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

Impairment of Non-financial Assets
The carrying values of nonfinancial assets such as nonfinancial assets included in receivables, other current assets, investment in associates, deposit for land acquisition, investment properties, and property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable. If any such indication exists, and if the carrying value exceeds the estimated recoverable amount, the assets or cash generating units are written down to their recoverable amounts. The recoverable amount of the asset is the greater of net selling price or value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's-length transaction less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. An impairment loss is charged to operations in the period in which it arises unless the asset is carried at a revalued amount in which case the impairment is charged to the revaluation increment of the said asset.

An assessment is made at each end of financial reporting period to determine whether there is any indication that an impairment loss previously recognized for an asset in prior years may no longer exist or may have decreased. If any such indication exists, the asset's recoverable amount is estimated.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset, however, not to an amount higher than the carrying amount that would have been determined (net of any depreciation), had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Related Party Transactions and Relationships
Related party transactions are transfers of resources, services or obligations between the Group and its related parties, regardless whether a price is charged. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. These parties include: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Group; (b) associates; (c) individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the Group and close members of the family of any such individual; and (d) other related parties such as directors, officers and stockholders.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on the legal form.

Equity
Capital stock is determined using the nominal value of shares that have been issued.

Additional paid-in capital includes any premiums received on the initial issuance of capital stocks. Any transaction costs associated with the issuance of shares are deducted from additional paid-in capital, net of any related income tax benefits.

Net unrealized loss on fair value of available-for-sale investment accounts for the excess of the carrying amounts over the fair market value of these investments. When fluctuation is deemed permanent, the gain or loss resulting from such fluctuation will be reversed and charged to Group consolidated statements of income in the year that the permanent fluctuation is determined.

Retained earnings (accumulated losses) include all current and prior period results of operations as disclosed in the Group consolidated statements of comprehensive income.

Deposit for Future Stocks Subscription
Deposit for future stocks subscription represents funds received by the Group from existing and potential stockholders to be applied as payment for subscriptions of unissued shares or shares from an increase in authorized capital stock.

Proceeds are recognized as equity when all of the requirements set forth by the SEC have been met, otherwise, it is recognized as a liability.

An entity shall classify deposit for future stock subscription as part of equity if and only if, all of the following elements are present as at the end of the period:

- The unissued authorized capital stock of the entity is insufficient to cover the amount of shares indicated in the contract;
- There is BOD approval on the proposed increase in authorized capital stock;
- There is stockholders' approval of said proposed increase; and
- The application for the approval of the proposed increase has been filed with the SEC.

Earnings (Loss) per share
Earnings (loss) per share (EPS) is determined by dividing net income (loss) by the weighted average number of common shares outstanding during the year, with retroactive adjustments for any stock dividends declared.

Revenue Recognition
Revenue is recognized to the extent that it is probable that the economic benefits associated with the transactions will flow to the Group and the amount of revenue, related cost incurred or to be incurred/cost to complete the transactions can be measured reliably. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as a principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. Revenue is measured at the fair value of the consideration received or receivable taking into account any trade discounts, prompt settlement of discounts and volume rebates allowed by the Group, if any. Revenue recognized excludes any value added taxes. The following specific recognition criteria must also be met before revenue is recognized:

- *Agri-tourism revenue* is recognized when the related service is rendered.
- *Rental income* is recognized on a straight-line basis over the term of the lease.
- *Gain on sale of investment property* is recognized when the sale transactions occurs.
- *Interest income* is recognized as the interest accrues, taking into account the effective yield on the asset. Interest income from bank deposits is recognized on a time proportion basis on the principal outstanding and at the rate applicable.

- *Realized gains and losses* are recognized when the sale transaction occurs.
- *Other income* is recognized when earned or realized.

Cost and Expense Recognition
Expenses are recognized in the Group's consolidated statements of comprehensive income upon utilization of the service or at the date they are incurred.

Expenses are recognized in the Group consolidated statements of comprehensive income upon utilization of the assets or services or at the date they are incurred.

VAT
Revenues, expenses and assets are recognized, net of the amount of VAT, except when VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

The net amount of VAT recoverable from or payable to the taxation authority is presented separately as asset in the consolidated statements of financial position.

Short-term benefits
Short-term employee benefits are recognized as expense in the period when the economic benefits are given. Unpaid benefits at the end of the financial reporting period are recognized as accrued expense while benefits paid in advance are recognized as prepayment to the extent that it will lead to a reduction in future payments. Short-term benefits given by the Group to its employees include salaries and wages, social security contributions, short-term compensated absences, bonuses and non-monetary benefits.

Foreign Currency Transactions and Translation
The Group consolidated financial statements are presented in Philippine Pesos, which is the Group's functional and presentation currency. Items included in the Group consolidated financial statements are measured using the functional currency. Transactions in foreign currencies are initially recorded in the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are restated at the functional currency rate of exchange as at the financial reporting date.

Gains or losses arising from these transactions and translations are recognized in the Group statements of comprehensive income. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Income Taxes
Income taxes represent the sum of the tax currently due and deferred tax.

Current tax
The tax currently due is based on taxable income for the year. Taxable income differs from income as reported in the statements of comprehensive income because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current income tax is calculated using tax rate that have been enacted or substantively enacted at the end of each financial reporting period.

Deferred tax
Deferred tax is provided, using the liability method, on all temporary differences at the end of each financial reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes and carryforward benefits of minimum corporate income tax (MCIT).

Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized. Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets and liabilities are measured using the tax rate that is expected to apply to the period when the asset is realized or the liability is settled.

The carrying amount of deferred tax asset is reviewed at the end of each financial reporting period and reduced to the extent that it is not probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized.

Income tax relating to items recognized directly in equity is recognized in equity and not in the statements of comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities.

Leases

The Group determines whether an arrangement is, or contains a lease based on the substance of the arrangement. It makes an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Leases are classified as finance leases whenever the term of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Group as a Lessor

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the lease asset and recognized on a straight-line basis over the term of the lease.

Borrowing Costs

Borrowing costs are generally expensed as incurred. Borrowing costs incurred during the construction period on loans and advances used to finance construction and property development are capitalized as part of Construction in progress included under "Property and Equipment" account in the consolidated Statements of financial position. Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Capitalization of borrowing costs ceases when substantially all the activities necessary to prepare the asset for its intended use are complete. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded. Capitalized borrowing cost is based on applicable weighted average borrowing rate.

All other borrowing costs are charged to operations in the period in which they are incurred.

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 consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as at date of the consolidated financial statements. Actual results could differ from such estimates, and such estimates will be adjusted accordingly.

The following is a summary of these significant estimates and judgments and the related impact and associated risks on the consolidated financial statements.

Judgments
In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the financial statements:

- *Assessment of Going Concern*
  Management has made an assessment of the Group's ability to continue as going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, management of the Group assessed that the going concern assumption remains to be appropriate as the Group continues to generate sufficient cash flows to sustain operations and complete its current and future plans. Therefore, the financial statements continue to be prepared on a going concern basis. (see Note 1)

- *Determination of Control*
  The Group determines control when it is exposed, or has rights, to variable returns from its involvement with an entity and has the ability to affect those returns through its power over the equity.

  The Group regularly reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control as discussed in Note 2. The Group determined that it exercises control on all of its subsidiaries as it has all the elements of control listed above.

- *Determination of Functional Currency*
  Based on the economic substance of the underlying circumstances relevant to the Group, the functional currency of the Group has been determined to be the Philippine Peso. The Philippine Peso is the currency of the primary economic environment in which the Group operates. It is the currency that mainly influences the sale of real properties, services, and investments and the costs of providing the services and of the sold investments.

- *Classification of Financial Instruments*
  The Group classifies a financial instrument, or its component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual agreement and the definitions of a financial asset, a financial liability or an equity instrument. The substance of the financial instrument, rather than its legal form, governs its classification in the Group consolidated statements of financial position.

- *Determination of Fair Value of Financial Instruments*
  The Group carries certain instruments at fair value and discloses also the fair values of financial instruments, which requires extensive use of accounting estimates and judgment. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group utilized different valuation methodologies and assumptions. Any changes in fair value of these financial assets and liabilities would affect profit or loss and equity.

  The summary of the carrying values and fair values of the Group's financial instruments as at March 31, 2018 and December 31, 2017 is shown in Note 24.

<u>*Estimates*</u>
The key assumptions concerning the future and other key sources of estimation at the reporting date that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below:

- *Estimation of Allowance for Impairment on Financial Assets*
  The Company provides an allowance for impairment losses on financial assets included receivables and due from related parties at a level considered adequate for potential uncollectible amounts or are doubtful of collection. The level of allowance is evaluated by management on the basis of factors that affect the collectibility of the accounts such as the length of relationship with the customer/debtor, credit status of customer/debtor, customer/debtor payment's behavior, historical experience and other known market factors. An increase in the allowance for impairment losses on receivables and refundable deposits would increase recorded operating expenses and decrease the related assets.

  The Group's allowance for impairment amounted to ₱39.7 million as at March 31, 2018 and December 31, 2017 (see Note 18).

  The carrying value of financial assets as at March 31, 2018 and December 31, 2017 are as follows:

	Note	2018	2017
Nontrade receivables and other receivables	7	**₱251,433,182**	₱251,177,220
Due from related parties	18	**819,104,633**	821,835,699

- *Estimation of Impairment of AFS Investments*
  The computation for the impairment of AFS investments requires an estimation of the present value of the expected future cash flows and the selection of an appropriate discount rate. An impairment issue arises when there is an objective evidence of impairment, which involves significant judgment. In making this judgment, the Group evaluates the financial health of the issuer, among others. In the case of available-for-sale equity investments, the Group expands its analysis to consider changes in the issuer's industry and sector performance, legal and regulatory framework, changes in technology, and other factors that affect the recoverability of the Group's investment.

The carrying values of AFS investments amounted ₱370,000 as at March 31, 2018 and December 31, 2017 (see Note 10).

- *Estimation of Useful Lives of Certain Assets*
  The useful life of each of the Group's property and equipment and investment property is estimated based on the period over which the asset is expected to be available for use. Such estimation is based on a collective assessment of industry practice, internal technical evaluation and experience with similar assets.

  The estimated useful life of each asset is reviewed periodically and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the asset. It is possible, however, that future results of operations could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above. A reduction on the estimated useful life of any property and equipment and investment property would increase the recorded operating expenses and decrease noncurrent assets. Any reduction in the estimated useful lives of property and equipment would increase the Group's recorded operating expenses and decrease on the related asset accounts.

  There are no changes in the estimated useful life of the property and equipment in 2018 and 2017.

  As at March 31, 2018 and December 31, 2017, the carrying value of the Group's depreciable property and equipment amounted ₱1.2 million, respectively (see Note 13).

- *Estimation of Impairment of Nonfinancial Assets*
  The Group reviews nonfinancial assets included in receivables, deposit to suppliers, other current assets, deposits for land acquisition, biological assets, investment in associates, property and equipment and investment properties for impairment of value. This includes considering certain indications of impairment such as significant changes in asset usage, significant decline in assets' market value, obsolescence or physical damage of an asset, plans in the real estate projects, significant underperformance relative to expected historical or projected future operating results and significant negative industry or economic trends.

  As described in the accounting policy, the Group estimates the recoverable amount as the higher of the net selling price and value in use. In determining the present value of estimated future cash flows expected to be generated from the continued use of the assets, the Group is required to make estimates and assumptions that may affect deposit for land acquisition, biological assets, other assets, investment in associates, property and equipment and investment property.

  The Group's allowance for impairment loss for nonfinancial assets amounted to ₱236.1 million as at March 31, 2018 and December 31, 2017. (see Notes 7, 9, 12, 15 and 18).

- *Estimation of Deferred Tax Assets and Deferred Tax Liabilities*
  Significant judgment is required in determining provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

  No deferred tax asset was recognized for allowance for impairment and for NOLCO and MCIT as management believes that these could not be utilized prior to its expiration.

- *Estimation of Provisions for Contingencies*
  The Group is a party to certain lawsuits involving recoveries of sum of money arising from the ordinary course of business.

  The estimate of the probable costs for the resolution of possible claims has been developed in consultation with outside counsel handling the Group's defense in these matters and is based upon an analysis of potential results. These are recognized in the books only when the claims are finally settled or when judgment is rendered.

  The Group has no provisions as at March 31, 2018 and December 31, 2017.

6. Cash

This account consists of:

	2018	2017
Cash in banks	**₱2,565,733**	₱2,321,823
Cash on hand	**378,473**	378,473
	₱2,944,206	₱2,700,296

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 ₱547 in the first quarter of 2018 and ₱1,262 in the first quarter of 2017.

Cash in bank denominated in foreign currency as at March 31, 2018 and December 31, 2017 amounted to ₱53,881 and ₱53,730, respectively. This balance has been restated at a rate of ₱52.207/US$1 and ₱49.923/US$1 as at March 31, 2018 and December 31, 2017, respectively.

In May 2015, the Court of Appeals has ordered the freezing of three (3) bank accounts of the Group. As at reporting date, the freeze order of these accounts has been lifted. However, the 3 bank accounts with a total deposit of ₱634,993 were subsequently included in the civil forfeiture case docketed as AMLC Case No. 15-007-53 pending with the Regional Trial Court of Manila, Branch 53 (see Note 28).

7. Receivables - net

This account consists of:

	2018	2017
Nontrade receivables	**₱251,177,220**	₱251,177,220
Advances to officers and employees	**321,490**	324,490
Deposit to suppliers	**99,168**	99,168
Accounts receivable - others	**-**	-
Other advances	**182,931**	182,931
	251,780,809	251,783,809
Allowance for impairment loss	**(347,627)**	(347,627)
	₱251,433,182	₱251,436,182

Nontrade receivables include an unsecured, noninterest-bearing receivable from ThomasLloyd Cleantech Infrastructure Fund GMHB (TLCIF) amounting to ₱250,142,630, which was subsequently assigned by TLCIF to Zongshan Fucang Trade Co. Ltd. (ZFTCL) on December 29, 2014, subject to the consent of the Parent Company. The Parent Company agreed to the assignment of receivables to ZFTCL under the following conditions:

a. ZFTCL shall pay the nontrade receivables on or before December 31, 2016 in cash and non-cash assets acceptable to the Parent Company; and
b. If the nontrade receivables will be paid with non-cash assets, the appraised value thereof shall be determined by an independent appraiser mutually acceptable to ZFTCL and the Parent Company.

As at March 31, 2018, nontrade receivables from ZFTCL have not yet been collected. However, management assessed that these are still fully collectible.

Advances to officers and employees are unsecured and noninterest-bearing made for various business-related expenses which are subject to liquidation on demand. As at December 31, 2016, the Group had provided a provision for impairment loss on the advances amounting to ₱315,627 as it believed that these were are no longer recoverable.

Other advances represent unsecured, noninterest-bearing funds advanced to the Group's lawyer, which will be charged to expense upon utilization. As at March 31, 2018 and December 31, 2017, the Group provided a partial allowance for impairment as it believed that certain receivables amounting to ₱32,000 were no longer recoverable.

The movement of provision for impairment losses in 2018 and 2017 is shown below:

	Note	**2018**	2017
Balance at beginning of year		**₱347,627**	₱347,627
Accounts written off		**–**	–
Provision for impairment loss	20	**–**	–
		₱347,627	₱347,627

None of the Group's receivables were used as pledged in the Group's loan payables.

8. Deposit for Land Acquisition

On January 18, 2013, the Group, through SREDC, entered into an agreement (the "Agreement") with Mr. Laureano R. Gregorio Jr. ("Mr. Gregorio"), a third party, for the transfer of all the rights, titles and interest over a 150-hectare land in Rosario, Batangas, which is currently the site of the Park. The initial total consideration was ₱400.0 million to be settled based on the deliverables of Mr. Gregorio. The consideration shall be adjusted depending on the fair market value of the Park as may be determined by a mutually acceptable appraisal company.

A partial payment consisting of ₱6.0 million paid on January 28, 2013 and ₱5.0 million on July 2, 2014, recognized as deposit for land acquisition, was made. Pending the delivery of the documents and titles evidencing the real and enforceable rights over the Park which shall be delivered within two (2) years from the date of agreement, SREDC was granted usufructuary rights over the property. The parties may, however, agree to extend the period as the circumstances may warrant.

The fair value of the Park as at February 8, 2013 is ₱446.1 million which is based on the appraised value made by an independent appraiser as stated in its appraisal report dated February 20, 2013. On March 19, 2013, SREDC and Mr. Gregorio agreed to change the total consideration from its initial consideration of ₱400.0 million to ₱446.1 million based on the appraised value. The details of the appraised value are as follows:

Land (150 hectares at ₱1.8 million per hectare or ₱180 per square meter)	₱270,000,000
Buildings	75,823,000
Other land improvements	100,250,000
	₱446,073,000

On February 16, 2013, the Board of SREDC approved the proposed budget for the development of the Park, which included the construction and operation of at most sixty (60) greenhouses for high value crops and a twenty (20) - hectare asparagus farm. In connection with this, the BOD approved to advance ₱200.0 million to one of its stockholders to be adjusted as may be deemed appropriate.

The advances made by SREDC to its stockholder totaling ₱446.1 million in 2014 were made subject to liquidation for the following purposes (see Note 18):

a. To cover the post-dated checks issued by the stockholder as payment to Mr. Gregorio for the Park pursuant to the Agreement.
b. To pay for the improvements that will be acquired and introduced on the Park.
c. To pay for the day-to-day operations of the Park.

On December 10, 2014, the Agreement between Mr. Gregorio and the Company was extended for another three (3) years or until January 17, 2018 to allow Mr. Gregorio more time to meet the conditions of the Agreement. Moreover, the parties agreed to defer the encashment of the post-dated checks issued as payment for the Park since the payments are dependent on the fulfillment of the conditions of contract.

In 2015, the stockholder paid for the improvements made in the Park, including the construction of thirty (30) greenhouses with an estimated cost of ₱10.5 million.

In 2017, SREDC started its operation in the last quarter of 2017 which offers agri-tourism and lifestyle center activities. The Group recognized agri-tourism revenue amounting to ₱1.2 million in the first quarter of 2018 and nil in the first quarter of 2017 which includes income from field trips and other recreational events, room services and other sale of agricultural products.

9. Other Current Assets – net

This account consists of:

	2018	2017
Input VAT	₱633,711	₱568,169
Prepaid tax	1,316	1,316
Miscellaneous deposits	460	460
	635,487	569,945
Allowance for impairment loss – input VAT	–	–
	₱635,487	₱569,945

The movement of provision for impairment losses in 2018 and 2017 were shown below:

	Note	2018	2017
Balance at beginning of year		₱–	₱1,078,488
Write-off during the year		–	(1,078,488)
Provision for the year	20	–	–
		₱–	₱–

10. Available-for-Sale (AFS) Investments

AFS investments represent quoted equity investments of a subsidiary. The Group has designated the above equity investments as AFS investments because these are held for long-term investment rather than trading.

The fair values of AFS investments have been determined based on the latest published stock exchange-quoted market price. As at March 31, 2018 and December 31, 2017, the Group's outstanding AFS investment amounted to ₱370,000 representing 1.0 million shares with a quoted market price of ₱0.37 per share.

11. Investment in an Associate

The Group holds a total of 188,125,379 shares or 30.26% of the total issued and outstanding shares of ANI, a publicly listed company. In 2015, an allowance for impairment of ₱498,123,737 was provided since management assessed that the investment in ANI was partially impaired due to recurring losses incurred by ANI.

The investment in ANI amounted to ₱2.6 billion and ₱2.3 billion as at March 31, 2018 and December 31, 2017, respectively, based on its price per share amounting to ₱13.96 and ₱12.2, respectively. As at reporting date, the market value of the investment in ANI amounted to ₱2.7 billion at a price per share of ₱14.6.

Rollforward analysis of the carrying value of the investment in associate follows:

	2018	2017
Beginning balance	**₱319,154,639**	₱297,927,710
Equity in net income (loss) of an associate	**308,069**	31,349,184
Equity in other comprehensive income (loss) of an associate	**10,467,735**	(10,122,255)
	₱329,930,443	₱319,154,639

Summarized financial information of the associate follows:

	2018	2017
Current assets	**2,103,226,873**	2,399,288,984
Noncurrent assets	**1,678,986,857**	1,577,463,675
Current liabilities	**1,578,858,638**	1,892,447,334
Noncurrent liabilities	**392,466,456**	625,838,628
Net assets	**1,810,888,636**	1,458,466,697
Revenue	**436,910,688**	2,096,962,338
Net income (loss) – attributable to parent	**1,018,073**	103,599,418
Other comprehensive loss – attributable to parent	**34,592,647**	33,892,805

12. Advances for Waste Recycling Project

Advances for waste recycling project amounting to ₱235.0 million as at December 31, 2013 represents TWMRSI's machineries, equipment and steel structures for the construction of a wet process recovery system for solid waste (the "Facility"). These are currently stored for free in a warehouse owned by a director of the Company located in Santiago Street, Barangay Lingunon, Valenzuela City. TWMRSI has not started the assembly and installation of the parts as it is still finalizing the arrangement for the site where the project site will be located.

On April 20, 2015, TWMRSI engaged the services of a third party to appraise the market value of the facility. The facility was appraised at ₱113,759,000.

Management believed that the appraised market value of the Facility may no longer be recoverable. Consequently, a full provision for impairment loss was made in 2014.

13. **Property and Equipment** – Net

The rollforward analysis of this account is shown below:

	2018				
	Land improvements	Building improvements	Transportation equipment and others	Furniture, fixtures and equipment	Total
Cost					
Balance at beginning and end of year	₱1,463,013	₱43,685	₱2,293,176	₱227,078	₱4,026,952
Accumulated depreciation and amortization					
Balance at beginning of year	292,602	4,951	2,293,176	189,493	2,780,222
Depreciation and amortization	14,057	7,028	–	16,084	37,169
Balance at end of year	306,659	11,979	2,293,176	205,577	2,817,391
Net book value	₱1,156,354	₱31,706	₱–	₱21,501	₱1,209,561

	2017				
	Land Improvements	Building Improvements	Transportation equipment and others	Furniture, fixtures and equipment	Total
Cost					
Balance at beginning and end of year	₱1,463,013	₱43,685	₱2,293,176	₱227,078	₱4,026,952
Accumulated depreciation and amortization					
Balance at beginning of year	195,068	3,204	2,293,176	157,294	2,648,742
Depreciation and amortization	97,534	1,747	–	32,199	131,480
Balance at end of year	292,602	4,951	2,293,176	189,493	2,780,222
Net book value	₱1,170,411	₱38,734	₱–	₱37,585	₱1,246,730

Depreciation and amortization expense for the period ended March 31, 2018 and 2017 are shown as part of general and administrative expenses in the Group statements of comprehensive income (see Note 20).

The Group's management had reviewed the carrying values of the property and equipment as at March 31, 2018 and December 31, 2017 for any impairment. Based on the evaluation, there are no indications that the property and equipment might be impaired.

There are no contractual commitments to purchase property and equipment. There are also no property and equipment that are pledged as securities for liabilities. Further, there is no property whose title is restricted from use of the Group in both periods.

14. Biological Assets

The Company's biological assets includes livestock and poultry, which are valued at cost less amortization and impairment loss amounted to ₱3,232,807as at March 31, 2018 and December 31, 2017.

The results of gain on fair market value of the biological assets as at December 31, 2017 amounting to ₱553,115 is a result of best estimates on the most recent price in an active market. As at December 31, 2017, there has not been a significant change in economic circumstances between the date of last transaction and the balance sheet date.

Management believes that there is no indication of impairment on the Group's biological assets account and that its net carrying amount can be recovered through use in operations. There are no biological assets that are pledged as security for liabilities and whose title is restricted as at December 31, 2017.

15. Investment Properties – net

This account consists of the following:

		2018		2017	
Property	Location	Area	Cost	Area	Cost
Land	Batangas	35,084 sq. m	₱3,157,560	35,084 sq. m	₱3,157,560
	Laguna	335 sq. m	2,400,000	335 sq. m	2,400,000
	Olongapo	467 sq. m	1,500,000	467 sq. m	1,500,000
			7,057,560		7,057,560
Allowance for impairment loss			(737,095)		(737,095)
			₱6,320,465		₱6,320,465

In August 2017, the remaining lot in Quezon City was sold for ₱17.2 million, the proceeds of which were received in August 2017. The gain on sale of investment properties amounted to ₱11.2 million.

A parcel of land in Quezon City was mortgaged to the Group's loans payable. In 2016, such loan was settled and the mortgaged land was released by the bank (see Note 17).

The land located in Rosario, Batangas which was acquired in 2013, Cabuyao, Laguna and Olongapo City which were acquired in 2008, with a total land area of 35,886 square meters are intended to be held also as capital appreciation. The estimated fair value of March 31, 2018 and December 31, 2017 amounted to ₱6.32 million using the Market Data Approach based on available market information. The approach was used for the land as it is commonly used in the property market since inputs and data for this approach are available. A provision for allowance on impairment was recognized in the statement of comprehensive income in 2017 amounting to ₱737,095.

The Group's management had reviewed the carrying values of the investment property for any impairment as at March 31, 2018 and December 31, 2017.

16. Trade and Other Payables

This account consists of:

	Note	2018	2017
Trade		**₱17,883,363**	₱16,844,281
Accrued expenses		**1,946,165**	2,459,114
Government payables		**76,756**	52,610
Refundable deposit	19	**270,000**	270,000
		₱20,176,284	₱19,626,005

Trade payables are unsecured and noninterest-bearing which arise from purchases of materials, supplies and services in the ordinary course of business.

Accrued expenses include accruals for professional fees, interest expense, permits and penalties.

Government payables are dues and remittances which represents contributions of employees that will be remitted to various government agencies. It also includes taxes withheld from salaries of employees and income payment to suppliers, which will be remitted in the subsequent month.

Other payables include accrual of travel, communication, and other expenses payable upon demand.

All nontrade payables are noninterest-bearing.

17. Loans Payable

Loans payable pertain to the loan obtained in 2014 from a local bank amounting to ₱50.0 million with an interest rate of 6% per annum. ₱31.6 million of such loan is secured by a parcel of land located in Quezon City, while the remaining ₱18.7 million is unsecured. Loan matured on July 28, 2017.

The balance of the loan as at December 31, 2016 amounted to ₱5.2 million was settled in full in 2017. The mortgaged land was released by the bank.

18. Related Party Transactions

The Group enters into transactions with related parties. For financial statements disclosure purposes, an affiliate is an entity under common control of the Group's stockholders.

The following are the details of related party transactions.

a. The Group availed an extended unsecured noninterest–bearing cash advances from and to its related parties with no definite repayment dates for working capital requirements.

b. The Group extended noninterest-bearing and unsecured cash advances to one of its stockholders for the acquisition and development of the Park amounting to ₱446.1 million in 2014 (see Notes 1 and 8).

c. As at March 31, 2018 and December 31, 2017 details and outstanding balances of due to and from related parties follow:

	2018	2017
Due from:		
Stockholders	**₱791,888,948**	₱795,352,728
Associate	**51,963,672**	51,230,958
Affiliates	**14,969,935**	14,969,935
	858,822,555	861,553,621
Allowance for impairment – associates	**(39,717,922)**	(39,717,922)
	₱819,104,633	₱821,835,699
Due to:		
Associate	**₱44,807,053**	₱43,692,923
Affiliates	**3,059,150**	3,059,150
	₱47,866,203	₱46,752,073

The rollforward analysis of related party accounts follow:

	2018	2017
Due from:		
Balance at beginning of year	**₱821,835,699**	₱786,249,841
Collections during the year	**(3,463,780)**	(2,300,550)
Advances made during the year	**732,714**	37,886,408
Accounts written off	**–**	–
Balance at end of year	**₱819,104,633**	₱821,835,699
Due to:		
Balance at beginning of year	**₱46,752,073**	₱–
Advances received during the year	**1,114,130**	46,752,073
Balance at end of year	**₱47,866,203**	₱46,752,073

d. On July 2, 2014, the Parent Company executed a subscription agreement with Earthright Holdings, Inc. (EHI). Subject to the application and approval by the SEC of the Parent Company's increase of its authorized capital stock (the "Increase"), EHI subscribed ₱250.0 million worth of common shares at ₱1.00 per share and ₱37.5 million worth preferred shares at ₱0.01 per share. Of the total subscription, ₱214.5 million shall be paid in cash upon execution of the subscription agreement, with the balance due upon approval by the SEC of the Increase.

The deposit will be converted into equity once proper documentation and approval from the SEC have been obtained. As at reporting date, the Parent Company has not filed its application for the Increase with the SEC.

e. The summary of the Group's related party transactions follows:

Category	2018 Amount/ Volume	Outstanding Balance - Asset (Liability)	Terms and Condition/ Settlement	Guaranty/ Provision
Stockholders				
Receivables		₱791,888,948	Noninterest-bearing; no definite repayment dates; to be settled in cash on demand	Unsecured; no significant warranties and covenants; no impairment
• Advances made	(₱3,463,780)			
Deposit for future stocks subscription	-	177,000,000	Noninterest-bearing; to be converted to equity upon approval of SEC.	Unsecured; no significant warranties and covenants; no impairment
Associate				
Receivable		51,963,672	Noninterest-bearing; no definite repayment dates; to be settled in cash on demand	Unsecured; no significant warranties and covenants;
• Advances made	732,714			
• Payments received				
• Allowance for impairment		(39,717,922)		
Payable		(44,807,053)	Noninterest-bearing; no definite repayment dates; to be settled in cash on demand	Unsecured; no significant warranties and covenants
• Advances received	1,114,130			
Affiliates				
Receivable		14,969,935	Noninterest-bearing; no definite repayment dates; to be settled in cash on demand	No significant warranties and covenants; impaired
• Advances made	-			
Payable		(3,059,150)	Noninterest-bearing; no definite repayment dates; to be settled in cash on demand	Unsecured; no significant warranties and covenants
• Advances received	-			

Category	2017 Amount/ Volume	Outstanding Balance - Asset (Liability)	Terms and Condition/ Settlement	Guaranty/ Provision
Stockholders				
Receivables		₱795,352,728	Noninterest-bearing; no definite repayment dates; to be settled in cash on demand	Unsecured; no significant warranties and covenants; no impairment
• Advances made	₱37,876,948			
Deposit for future stocks subscription	-	177,000,000	Noninterest-bearing; to be converted to equity upon approval of SEC.	Unsecured; no significant warranties and covenants; no impairment

Associate				
Receivable		51,230,958	Noninterest-bearing; no definite repayment dates; to be settled in cash on demand	Unsecured; no significant warranties and covenants;
• Advances made	7,960			
• Payments received	(2,300,550)			
• Allowance for impairment		(39,717,922)		
Payable		(43,692,923)	Noninterest-bearing; no definite repayment dates; to be settled in cash on demand	Unsecured; no significant warranties and covenants
• Advances received	43,692,923			
Affiliates				
Receivable		14,969,935	Noninterest-bearing; no definite repayment dates; to be settled in cash on demand	No significant warranties and covenants; impaired
• Advances made	1,500			
Payable		(3,059,150)	Noninterest-bearing; no definite repayment dates; to be settled in cash on demand	Unsecured; no significant warranties and covenants
• Advances received	3,059,150			

f. Compensation paid to key management personnel for the year then ended March 31, 2018 and December 31, 2017 amounted to ₱169,740 and ₱678,958, respectively.

There are no other related party transactions in 2018 and 2017.

19. Equity

Capital Stock
On June 22, 2011, the SEC approved the amendment of the Parent Company's Articles of Incorporation, which included, among others the decrease in par value from ₱0.10 per share to ₱0.01 per share and the increase in authorized capital stock from ₱500.0 million divided into 5.0 billion shares at a par value of ₱0.01 per share to ₱1.0 billion divided into 100 billion shares at a par value of ₱0.01 per share.

On March 8, 2012, the SEC approved the increase in authorized capital stock from ₱1.0 billion divided into 100 billion shares with a ₱0.01 par value per share to ₱2.0 billion divided into 200.0 billion shares with a ₱0.01 par value per share.

On June 27, 2013, the BOD approved the restructuring of the authorized capital stock from 200.0 billion shares at ₱0.01 per share to 2.9 billion divided into 1.9 billion common shares at ₱1.0 par value per share and 1.0 billion preferred shares at ₱0.10 par value per share. The BOD likewise approved the conversion of ₱62.5 million worth of issued common shares to EHI into 625.0 million preferred shares with a par value of ₱0.10. This was approved by SEC on September 11, 2014. Further on July 2, 2014, the Parent Company issued additional 375.0 million preferred shares to EHI for ₱37.5 million at ₱0.10 par value per share.

Based on the Amended Articles of Incorporation dated September 11, 2014, the Parent Company's preferred shares have, among others, the following features: (a) voting, (b) right to receive dividends at the rate as may deemed by the BOD under the prevailing market conditions, and (c) in liquidation, dissolution, and winding up of the Parent Company, whether voluntary or otherwise, the right to be paid in full or ratably insofar as the assets of the Parent Company will permit, the par value or face value of each preferred shares as the BOD may determine, upon issue, plus unpaid and accrued dividends up to the current dividend period, before any assets of the Parent Company shall be paid or distributed to the holders of the common shares.

The stockholders of the Group shall have no pre-emptive rights to subscribe to or purchase any or all issues or disposition of shares of any class of the Group.

Details of the capital stock as at March 31, 2018 and December 31, 2017 follow:

	Preferred		Common	
	Number of Shares	Peso equivalent	Number of Shares	Peso equivalent
Authorized – ₱0.01 par value per preferred share/ ₱1.0 par value per common share	1,000,000,000	₱100,000,000	1,900,000,000	₱1,900,000,000
Subscribed and issued	1,000,000,000	₱100,000,000	1,703,278,572	₱1,703,278,572

The movement in the Group's common shares is shown below

	2018	2017
Issued and paid		
Balance at beginning of year	**₱1,598,289,455**	₱1,598,289,455
Issuance of shares	**–**	–
Balance at end of year	**₱1,598,289,455**	₱1,598,289,455
Subscribed – net of subscription receivable of ₱97,500,000		
Balance at beginning and end of year	**₱104,989,117**	₱104,989,117

The following summarizes the information on the Group's registration of securities under the Securities Regulation Code:

Date of SEC Approval	Authorized Shares
September 11, 2014	2,000,000,000
March 8, 2012	200,000,000,000
June 22, 2011	100,000,000,000
October 15, 2009	5,000,000,000
June 24, 2008	2,450,000,000
December 28, 2007	1,120,000,000
September 7, 2007	160,000,000

The total number of shareholders of the Group is 1,039 as at March 31, 2018 and December 31, 2017, respectively.

The principal market for the Group's capital stock is the PSE. The high and low trading prices of the Group's shares as at March 31, 2018 and December 31, 2017 are as follows:

	High	Low
First	₱0.37	₱0.37
Second	0.37	0.37
Third	0.37	0.37
Fourth	0.37	0.37

On November 15, 2012, the stockholders approved the issuance and listing of warrants in favor of the Group's officers and directors under such terms and conditions to be determined by the BOD.

On May 13, 2015, the Parent Company requested for a voluntary suspension in the trading of its securities in the PSE (see Note 28).

20. General and Administrative Expenses

This account consists of:

		2018	2017
Contractual services		**₱1,884,993**	₱1,687,307
Utilities		**723,492**	679,858
Salaries and wages		**695,103**	502,867
Materials and supplies		**656,419**	647,403
Legal and professional expense		**493,033**	60,000
Listing fees		**256,000**	-
Repairs and maintenance		**230,586**	298,167
Transportation expense		**143,223**	154,836
Representation and entertainment		**135,740**	92,443
Penalties and fines		**89,286**	-
Depreciation and amortization	13	**37,169**	442,105
Taxes and licenses		**12,000**	14,098
Miscellaneous		**31,679**	25,016
		₱5,388,723	₱4,585,745

As at March 31, 2018 and 2017, the Group is not covered by the provisions of the Republic Act No. 7641, Retirement Pay Law, because the total number of regular employees is not more than 10, which is the number of mandated to comply with the said law. Accordingly, the Group has not made a provision for retirement benefits.

21. Income Taxes

a. The current income tax expense in 2018 and 2017 pertains to MCIT.

b. The Group has NOLCO which can be claimed as deduction against future taxable income for the next three years as follows:

Year	Amount	Expired	Ending Balance	Year of Expiry
2017	₱7,506,866	₱-	₱7,506,866	2020
2015	17,198,344	-	17,198,344	2018
2014	15,057,115	15,057,115	-	2017
	₱39,762,325	₱15,057,115	₱24,705,210	

c. The carryforward benefits of excess MCIT can be claimed as deduction from regular corporate income tax for the next three (3) years as follows:

Year	Amount	Expired	Ending Balance	Year of Expiry
2016	₱231,426	₱-	₱231,426	2019
2015	5,633	-	5,633	2018
2014	266	266	-	2017
	₱237,325	₱266	₱237,059	

d. RA No. 9504 that was enacted in 2008 amended various provisions in the existing 1997 National Internal Revenue Code among the forms introduced by the said RA was the option granted to corporation to avail of the optional standard deduction at 40% of gross income in lien of the itemized deduction scheme.

The Group opted for the itemized deduction scheme for its income tax reporting in 2018 and 2017.

22. Basic Income (Loss) per Share

The following table presents the information necessary to compute the basic loss per share attributable to equity holders of the Group.

	2018	2017
Net income (loss) attributable to the equity holders of the Parent Company	(₱2,776,551)	(₱1,001,682)
Divided by: Weighted average number of common shares	1,703,278,570	1,703,278,570
Basic income (loss) per share	(₱0.001)	(₱0.001)

The Group has no diluted loss per share for the year ended March 31, 2018 and December 31, 2017.

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:

	2018			
	Balance at beginning of year	Net loss	Other comprehensive loss	Balance at end of year
SREDC	₱254,612,499	(₱1,066,321)	₱–	₱253,546,178
LSTI	11,557	(245)	–	11,312
TWMRSI	(115,394,812)	(245)	–	(115,395,057)
	₱139,229,244	(₱1,066,811)	₱–	₱138,162,433

	2017			
	Balance at beginning of year	Net loss	Other comprehensive loss	Balance at end of year
SREDC	₱257,102,556	(₱2,490,057)	₱–	₱254,612,499
LSTI	39,034	(27,477)	–	11,557
TWMRSI	(115,347,187)	(47,625)	–	(115,394,812)
	₱141,794,403	(₱2,565,159)	₱–	₱139,229,244

Other comprehensive loss pertains to fair value loss on AFS investment for the year attributable to non-controlling interest.

24. Financial Instruments

The following tables set forth the carrying values and estimated fair values of the Company's financial asset and liabilities recognized as at March 31, 2018 and December 31, 2017:

		2018			
	Note	Carrying value	Fair value	Quoted prices in active market (Level 1)	Significant Observable Inputs (Level 2)
Financial assets:					
Cash	6	₱2,944,206	₱2,944,206	₱–	₱2,944,206
Nontrade receivables	7	251,177,220	251,177,220	-	251,177,220
Due from related parties – net	18	819,104,633	819,104,633	-	819,104,633
AFS investments	9	370,000	370,000	370,000	-
		₱1,073,596,059	₱1,073,596,059	₱370,000	₱1,073,226,059
Financial liabilities:					
Trade and other payables*	16	₱19,573,395	₱19,573,395	₱–	₱19,573,395
Due to related parties	18	46,752,073	46,752,073	-	46,752,073
		₱66,325,468	₱66,325,468	₱–	₱66,325,468

		2017			
	Note	Carrying value	Fair value	Quoted prices in active market (Level 1)	Significant Observable Inputs (Level 2)
Financial assets:					
Cash	6	₱2,700,296	₱2,700,296	₱–	₱2,700,296
Nontrade receivables	7	251,177,220	251,177,220	-	251,177,220
Due from related parties – net	18	821,835,699	821,835,699	-	821,835,699
AFS investments	9	370,000	370,000	370,000	-
		₱1,076,083,215	₱1,076,083,215	₱370,000	₱1,075,713,215
Financial liabilities:					
Trade and other payables*	16	₱19,573,395	₱19,573,395	₱–	₱19,573,395
Due to related parties	18	46,752,073	46,752,073	-	46,752,073
		₱66,325,468	₱66,325,468	₱–	₱66,325,468

**Excludes government payables amounting to ₱52,610 and ₱1,024,000 as at December 31, 2017 and 2016 respectively.*

<u>*Methods and assumption used to estimate fair value*</u>

The carrying value of cash, receivables, trade and other payables and due to and from related parties approximate the fair value due to the short-term nature of the transactions.

AFS investment in a listed company included in Level 1 is valued based on published prices. The fair value of financial assets and liabilities included in Level 2 which are not traded in an active market are determined based on the expected cash flows of the underlying asset and liability based on the instrument where the significant inputs required to determine the fair value of such instrument are directly or indirectly observable.

The Group has no financial instruments that are carried at FVPL.

25. Financial Risk Management Objectives and Policies

The Group is exposed to a variety of financial risks, which resulted from its operating, investing and financing activities. The Group's principal financial instruments comprise of cash, receivables, AFS investment, trade and other payables, loans payable and due to and from related parties. The main purpose of investing these financial instrument (assets) is to maximize interest yield and for capital appreciation. The main purpose of loan is to finance the Group's operations.

The Group's policies and guidelines cover credit risk, liquidity risk, interest rate risk and foreign currency risk. The objective of financial risk management is to contain, where appropriate, exposures in these financial risks to limit any negative impact on the Group's results and financial position. The Group actively measures, monitors and manages its financial risk exposures by various functions pursuant to the segregation of duties principles.

- Credit Risk
  Credit risk refers to the risk that counterparty will default and/or fail to honor its financial or contractual obligations, resulting in financial loss to the Group. The Group only transacts with recognized and creditworthy counterparties, like investing in creditworthy equities.

  a. Credit Quality

     Below is the credit quality per class of the Group's financial assets as at March 31, 2018 and December 31, 2017.

	2018			
	Neither past due nor impaired		Past due but not	
	High Grade	Standard Grade	Impaired	Total
Cash*	₱1,771,087	₱794,646	₱–	₱2,565,733
Nontrade receivables	–	–	251,177,220	251,177,220
Due from related parties	–	–	819,104,633	819,104,633
AFS investment	370,000	–	–	370,000
	₱2,141,087	₱794,646	₱1,070,281,853	₱1,073,217,586

	2017			
	Neither past due nor impaired		Past due but not	
	High Grade	Standard Grade	Impaired	Total
Cash*	₱1,527,177	₱794,646	₱–	₱2,321,823
Nontrade receivables	–	–	251,177,220	251,177,220
Due from related parties	–	–	821,835,699	821,835,699
AFS investment	370,000	–	–	370,000
	₱1,897,177	₱794,646	₱1,073,012,919	₱1,075,704,742

**Excludes cash on hand.*

High grade cash are placed, invested, or deposited in local banks belonging to the top 25 banks in the Philippines in terms of resources and profitability, otherwise cash in banks are considered standard.

Other high grade accounts are considered of high value.

Standard grade accounts consist of advances from its debtors with good financial condition and with relatively low defaults. Substandard grade accounts on the other hand, are receivables from other counterparties with history of defaulted payments.

These counterparties include banks, customers and related parties who pay on or before due date.

b. Credit risk exposure
With respect to credit risk arising from other financial assets of the Group, which comprise of cash, receivables and due from related parties, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

The table below summarizes the maximum exposure to credit risk for the components of the Group's financial assets as at March 31, 2018 and December 31, 2017.

	2018	2017
Cash in banks	**₱2,565,733**	₱2,321,823
Nontrade receivables	**251,177,220**	251,177,220
Due from a related parties-net	**819,104,633**	821,835,699
AFS investments	**370,000**	370,000
	₱1,073,217,586	₱1,075,704,742

c. Risk concentrations of the maximum exposure to credit risk
Concentrations arise when a number of counterparties are engaged in similar business activities or activities in the same geographic region or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry or geographical location. Such credit risk concentrations, if not properly managed, may cause significant losses that could threaten the Group's financial strength and undermine public confidence.

d. Impairment assessment
The Group recognizes impairment losses based on the results of the specific/individual assessment of its credit exposures. Impairment has taken place when there is a presence of known difficulties in the servicing of cash flows by counterparties, infringement of the original terms of the contract has happened, or when there is inability to pay principal or interest overdue, if any, beyond a certain threshold. These and other factors constitute observable events and/or data that meet the definition of an objective evidence of impairment.

The Group applies specific/individual assessment methodology in assessing and measuring impairment.

Under specific/individual assessment, the Group assesses each individual significant credit exposure for any objective evidence of impairment, and where such evidence exists, accordingly calculates the required impairment. Among the items and factors considered by the Company when assessing and measuring specific impairment allowances are: (a) the timing of the expected cash flows; (b) the projected receipts or expected cash flows; (c) the going concern of the counterparty's business; (d) the ability of the counterparty to repay its obligations during financial crises; (e) the availability of other sources of financial support; and, (f) the existing realizable value of collateral, if any. The impairment allowances, if any, are evaluated as the need arises, in view of favorable or unfavorable developments.

- Liquidity Risk
  The Group seeks to manage its liquidity profile to be able to finance its capital expenditures and cover its operating costs. The Group's objective is to maintain a balance between continuity of funding and flexibility through valuation of projected and actual cash flow information. Additional short-term funding is obtained from related party advances.

  Maturity Profile
  The maturity profile of the Group's financial assets and liabilities are presented below:

	2018			
	On demand	Due within one (1) year	Due beyond one year but not more than five years	Total
Financial assets				
Cash	₱2,944,206	–	₱–	₱2,944,206
Nontrade receivables	251,177,220	–	–	251,177,220
Due from related parties – net	819,104,633	–	–	819,104,633
AFS investments	–	–	370,000	370,000
	₱1,073,226,059	₱–	₱370,000	₱1,073,596,059
Financial Liabilities				
Trade and other payables*	₱–	₱18,464,355	₱–	₱18,464,355
Due to related parties	46,750,573	–	–	46,750,573
	₱46,750,573	₱18,464,355	₱–	₱65,214,928

	2017			
	On demand	Due within one (1) year	Due beyond one year but not more than five years	Total
Financial assets				
Cash	₱2,700,296	–	₱–	₱2,700,296
Nontrade receivables	251,177,220	–	–	251,177,220
Due from related parties – net	821,835,699	–	–	821,835,699
AFS investments	–	–	370,000	370,000
	₱1,075,680,550	₱–	₱370,000	₱1,076,083,215
Financial Liabilities				
Trade and other payables*	₱–	₱18,464,355	₱–	₱18,464,355
Due to related parties	46,750,573	–	–	46,750,573
	₱46,750,573	₱18,464,355	₱–	₱65,214,928

**Excludes government payables amounting to ₱76,756 in 2018 and ₱52,610 in 2017.*

- 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 rate in 2018 and 2017 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:

	2018	2017
Capital stocks	**₱1,803,278,572**	₱1,803,278,572
Additional paid-in capital	**268,090,531**	268,090,531
Accumulated losses	**(970,689,581)**	(1,037,637,525)
	₱1,100,679,522	₱1,033,731,578

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, 2018 and December 31, 2017 follow:

	2018	2017
Total debt	**₱245,299,149**	₱243,609,501
Total equity	**1,258,328,059**	1,174,257,262
	19%	21%

The Group had not been subjected to externally imposed capital requirements in 2018 and 2017. No changes were made pin the objectives, policies, and processes during the period ended March 31, 2018 and December 31, 2017.

27. Segment Reporting

Business Segments
For management purposes, the Group is organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The industry segments where the Group operates are as follows:
a. The holding segment is engaged in investment holding;
b. The renewal energy segment is engaged in the business and/or operation of renewable energy system and/or harnessing renewable energy resources;
c. The waste management segment is engaged in the business of building, operating and managing waste recovery facilities;
d. The real estate segment is engaged in the business of real estate development and improvement for agri-tourism; and
e. The information technology segment is engaged in the business of software and other communication technology solutions and value-added services arising from or connected to telecommunications.

Segment Assets and Liabilities
Segment assets include all operating assets used by a segment and consists principally of operating cash, receivables, property and equipment and investment properties. Segment liabilities include all operating liabilities and consist principally of trade and other payables and loans payable.

Segment Transactions
Segment income, expenses and performance include income and expenses from operations. Intercompany transactions are eliminated in consolidation.

28. Other Matters

On Voluntary Trading Suspension
On May 13, 2015, the Parent Company requested for a voluntary suspension in the trading of its securities in the PSE. The request was filed in order to prevent any unusual volatility in the trading of the Parent Company's securities that may cause investor panic as a result of a news article on the inclusion of certain bank accounts of the Parent Company being included in a Freeze Order issued by the Court of Appeals.

On said date, the PSE suspended the trading of the Parent Company's securities until further notice (see Note 1).

On Civil Forfeiture
On December 14 and 15, 2015 the Regional Trial Court of the City of Manila, Branch 53, (the "Court") placed under asset preservation specified bank accounts of (i) Parent Company and (ii) SREDC, a subsidiary of the Parent Company (the "Order"). The Order was predicated solely on the allegation made by the Anti-Money Laundering Council ("AMLC") that multiple transactions involving receipt of inward remittances and inter-branch fund transfers between Parent Company, SREDC, and related corporations were allegedly without any underlying legal or trade obligation, purpose, or economic justification and/or that they were allegedly not commensurate to the business or financial capacity of the parties involved.

The rules on confidentiality and *sub judice* bar the Parent Company from publicly going into the details of the ongoing proceedings with the Court; however, the Parent Company wishes to draw attention to the disclosures dated June 30, 2014 and July 1, 2, 3, 7 and 10, 2014 (Material Disclosures") lodged by the Parent Company with the PSE (hence, already public and readily accessible) that would show that the receipts and transmittals involving the corporations had economic justifications and involved business transactions, which were timely made public.

Annex " F "

COVER SHEET

A S 9 2 0 0 5 8 9

S.E.C Registration Number

GREENERGY HOLDINGS

INCORPORATED

(Company's Full Name)

54 NATIONAL ROAD DAMPOL II A

PULILAN BULACAN

(Business Address: No. Street City / Town / Province)

KENNETH TAN

Contact Person

(02) 997 - 5184

Company's Telephone Number

Month Day

Fiscal Year

I A C G R

FORM TYPE

Month Day

Annual Meeting

Secondary Type, If applicable

Dept. Requiring this Doc.

Ammended Articles Number/Section

Total Ammount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel Concerned

File Number

LCU

Document I.D

Cashier

STAMPS

Remarks = pls. Use black ink for scanning purposes

Securities and Exchange Commission

SEC FORM – I-ACGR

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

1. For the fiscal year ended **31 December 2017**
2. SEC Identification Number **AS092-00589**
3. BIR Tax Identification No. **001-817-292**
4. Exact name of issuer as specified in its charter **Greenergy Holdings Incorporated**
5. **Philippines**
   Province, country or other jurisdiction of incorporation or organization
6. [ ] (SEC Use Only)
   Industry Classification Code
7. **54 National Road, Dampol II-A, Pulilan, Bulacan**
   Address of principal office
   3005
   Postal Code
8. **(02) 997-5184**
   Issuer's telephone number, including area code
9. **Not applicable**
   Former name, former address and former fiscal year, if changed since last report.

Securities and Exchange Commission
I C T D
MAY 30 2018
RECEIVED SUBJECT TO REVIEW OF FORM AND CONTENTS

INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT			
	COMPLIANT/ NON-COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
The Board's Governance Responsibilities			
Principle 1: The company should be headed by a competent, working board to foster the long- term success of the corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the long- term best interests of its shareholders and other stakeholders.			
Recommendation 1.1			
1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.	**Compliant**	Information on the academic qualifications, industry knowledge, professional experience, expertise, and relevant trainings of directors are found in the Company's SEC Form 17-A or Annual Report for the year ended 31 December 2017 and SEC Form 20-IS or Definitive Information Statement dated 24 November 2017. The qualification standards for directors to facilitate the selection of potential nominees and to serve as benchmark for the evaluation of the Board of Directors' performance are reflected in the Company's Revised Manual on Corporate Governance dated 31 May 2017.	
2. Board has an appropriate mix of competence and expertise.	**Compliant**		
3. Directors remain qualified for their positions individually and collectively to enable them to fulfill their roles and responsibilities and respond to the needs of the organization.	**Compliant**		
Recommendation 1.2			

1. Board is composed of a majority of non-executive directors.	**Compliant**	Of the eleven (11) incumbent directors of the Company, seven (7) are non-executive directors, namely: (i) Ma. Pamela Grace C. Muhi, (ii) Antonio Peter R. Galvez, (iii) Lisette M. Arboleda, (iv) Yang Chung Ming, (v) James L. Tiu, (vi) Honorio T. Tan, and (vii) Maylyn Z. Dy. Please also see the Company's General Information Sheet for 2017.	
Recommendation 1.3			
1. Company provides in its Board Charter and Manual on Corporate Governance a policy on training of directors.	**Compliant**	Please see the Company's Revised Manual on Corporate Governance.	
2. Company has an orientation program for first time directors.	**Compliant**	While there is no formal orientation program for first time directors, all directors are made aware of their obligations, duties, and responsibilities under the Corporation Code of the Philippines, Securities Regulation Code, relevant Implementing Rules and Regulations, and rules of the Securities and Exchange Commission ("SEC") and Philippine Stock Exchange ("PSE"), the Company's Articles of Incorporation, By-Laws, and Revised Manual on Corporate Governance.	

3. Company has relevant annual continuing training for all directors.	**Non-Compliant**		The Corporate Secretary and Assistant Corporate Secretary, who are also directors of the Company, and another director participated in Mandatory Continuing Legal Education. The Company is currently organizing a corporate governance training seminar for its directors this year.
Recommendation 1.4			
1. Board has a policy on board diversity.	**Compliant**	Under the Company's Revised Manual on Corporate Governance, the Board of Directors shall adopt a policy on board diversity which shall take into consideration not only gender, but also age, ethnicity, culture, skills, competence, and knowledge. Currently, the Board of Directors is composed of seven (7) male and four (4) female directors. One (1) of the two (2) independent directors is female.	
Optional: Recommendation 1.4			
1. Company has a policy on and discloses measurable objectives for implementing its board diversity and reports on progress in achieving its objectives.			
Recommendation 1.5			
1. Board is assisted by a Corporate Secretary.	**Compliant**	Please see the Company's General Information Sheet for 2017 and Annual Report for the year ended 31 December 2017.	

2. Corporate Secretary is a separate individual from the Compliance Officer.	**Non-Compliant**		The incumbent Corporate Secretary of the Company is currently its Corporate Information and Compliance Officer. Notwithstanding that the Corporate Secretary and Compliance Officer are the same individual, the Company clearly defined the duties and responsibilities attached to each position in its Amended By-Laws and Revised Manual on Corporate Governance to ensure that the goals of good corporate governance are observed. Further, the Company has an Assistant Corporate Secretary/Assistant Corporate Information and Compliance Officer who assists the Corporate Secretary/Corporate Information and Compliance Officer in the performance of his functions.
3. Corporate Secretary is not a member of the Board of Directors.	**Non-Compliant**		Although the incumbent Corporate Secretary is a member of the Board of Directors, he is primarily responsible to the Company and its shareholders, not to its Chairman or President/Chief Executive Officer ("CEO"), as reflected in the duties and responsibilities ascribed to the Corporate Secretary in the Company's Amended By-Laws and Revised Manual on Corporate Governance. Faithful compliance of his duties and responsibilities is required by the Revised Manual on Corporate Governance; otherwise, the Corporate Secretary will be penalized in accordance with its provisions.

4. Corporate Secretary attends training/s on corporate governance.	**Compliant**	The Corporate Secretary and Assistant Corporate Secretary of the Company participated in Mandatory Continuing Legal Education.	
Optional: Recommendation 1.5			
1. Corporate Secretary distributes materials for board meetings at least five business days before scheduled meeting.			
Recommendation 1.6			
1. Board is assisted by a Compliance Officer.	**Compliant**	For information on the incumbent Corporate Information and Compliance Officer, please see the Company's Annual Report for the year ended 31 December 2018. For information on the duties and responsibilities of the Corporate Information and Compliance Officer, please see the Company's Revised Manual on Corporate Governance.	
2. Compliance Officer has a rank of Senior Vice President or an equivalent position with adequate stature and authority in the corporation.	**Compliant**	Under the Revised Manual on Corporate Governance, the Compliance Officer holds a position of equivalent stature and authority in the Company as he is a member of the Company's Board of Directors and Management Team.	

3. Compliance Officer is not a member of the board.	**Non-Compliant**		Although the incumbent Corporate Information and Compliance Officer is a member of the Board of Directors, he is primarily responsible to the Company and its shareholders, not to its Chairman or President/CEO, as reflected in the duties and responsibilities ascribed to the Compliance Officer in the Company's Revised Manual on Corporate Governance. Faithful compliance of his duties and responsibilities is required by the Revised Manual on Corporate Governance; otherwise, the Corporate Information and Compliance Officer will be penalized in accordance with its provisions.
4. Compliance Officer attends training/s on corporate governance.	**Compliant**	The Corporate Information and Compliance Officer and Assistant Corporate Information and Compliance Officer participated in Mandatory Continuing Legal Education.	
Principle 2: The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the company's articles and by-laws, and other legal pronouncements and guidelines should be clearly made known to all directors as well as to stockholders and other stakeholders.			
Recommendation 2.1			
1. Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company.	**Compliant**	The directors attended, participated in, deliberated, and acted as a body in the meetings called for the year. They acted on matters that required their attention in accordance with the Company's best interest.	
Recommendation 2.2			

1. Board oversees the development, review and approval of the company's business objectives and strategy.	**Compliant**	Please see the Company's Annual Report for the year ended 31 December 2017 and Definitive Information Statement dated 24 November 2017. The Board of Directors reviews the Company's business objectives and strategy as often as necessary and when business contingencies require it.	
2. Board oversees and monitors the implementation of the company's business objectives and strategy.	**Compliant**		
Supplement to Recommendation 2.2			
1. Board has a clearly defined and updated vision, mission and core values.	**Compliant**	The Company's Vision, Mission, and Core Values are published on its website: www.ghi.com.ph. The Board of Directors reviews the Company's Vision, Mission, and Core Values as often as necessary.	
2. Board has a strategy execution process that facilitates effective management performance and is attuned to the company's business environment, and culture.	**Compliant**	Please see the Company's Revised Manual on Corporate Governance.	
Recommendation 2.3			
1. Board is headed by a competent and qualified Chairperson.	**Compliant**	Please see the Company's Annual Report for the year ended 31 December 2017 and Definitive Information Statement dated 24 November 2017.	
Recommendation 2.4			

1. Board ensures and adopts an effective succession planning program for directors, key officers and management.	**Compliant**	Under the Company's Revised Manual on Corporate Governance, the Board of Directors is tasked to adopt an effective succession planning program for Management as part of management succession and to promote dynamism in the Company. Moreover, the Board of Directors, through the Nomination Committee, reviews and evaluates the qualifications of all persons nominated to the Board of Directors as well as those nominated to other positions, which includes the President/CEO and the top key management positions, to ensure that only qualified, competent, honest, and highly motivated officials are appointed.	
2. Board adopts a policy on the retirement for directors and key officers.	**Non-Compliant**		Although the Company has yet to adopt a formal policy on the retirement of directors and key officers, the Board of Directors is mandated under the Company's Revised Manual on Corporate Governance to include a retirement policy for directors and key management in its succession management program. At present, the Company has no retirement policy for directors and key officers as they are not working on full-time capacity. The Company will adopt a retirement policy when the need arises.
Recommendation 2.5			

1. Board aligns the remuneration of key officers and board members with long-term interests of the company.	**Compliant**	Please see the Company's Revised Manual on Corporate Governance.	
2. Board adopts a policy specifying the relationship between remuneration and performance.	**Compliant**		
Directors do not participate in discussions or deliberations involving his/her own remuneration.	**Complaint**	At present, directors of the Company do not receive any remuneration except for reimbursement of actual transportation expenses for attendance to any regular or special meeting.	
Optional: Recommendation 2.5			
1. Board approves the remuneration of senior executives.			
2. Company has measurable standards to align the performance-based remuneration of the executive directors and senior executives with long-term interest, such as claw back provision and deferred bonuses.			
Recommendation 2.6			
1. Board has a formal and transparent board nomination and election policy.	**Compliant**	Please see the Company's Amended By-Laws and Revised Manual on Corporate Governance.	
2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	**Compliant**		
3. Board nomination and election policy includes how the company accepted nominations from minority shareholders.	**Compliant**		
. Board nomination and election policy includes how the board shortlists candidates.	**Compliant**	Please see the Company's Revised Manual on Corporate Governance.	

5. Board nomination and election policy includes an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director.	**Compliant**	Under the Revised Manual on Corporate Governance, the Company is mandated to perform an assessment of the effectiveness of the Board of Directors' processes in the nomination, election, or replacement of a director.	
6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.	**Compliant**	Please see the Company's Revised Manual on Corporate Governance. Further, the Board of Directors, through the Nomination Committee, reviews and evaluates the qualifications of all persons nominated to the Board of Directors to ensure that the composition of the same is aligned with the strategic direction of the company.	
Optional: Recommendation to 2.6			
1. Company uses professional search firms or other external sources of candidates (such as director databases set up by director or shareholder bodies) when searching for candidates to the board of directors.			
Recommendation 2.7			
1. Board has overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions.	**Compliant**	Please see the Company's Revised Manual on Corporate Governance.	
2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.	**Compliant**	Under the Company's Revised Manual on Corporate Governance, the Board of Directors shall evaluate (through the Audit Committee) and approve related party transactions ("RPTs") during the year.	

3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.	**Compliant**	Please see the Company's Revised Manual on Corporate Governance.	
Supplement to Recommendations 2.7			
1. Board clearly defines the threshold for disclosure and approval of RPTs and categorizes such transactions according to those that are considered *de minimis* or transactions that need not be reported or announced, those that need to be disclosed, and those that need prior shareholder approval. The aggregate amount of RPTs within any twelve (12) month period should be considered for purposes of applying the thresholds for disclosure and approval.	**Compliant**	The Board of Directors clearly defines the thresholds for disclosure and approval of RPTs and categorize such transactions according to those that are considered *de minimis* or transactions that need not be reported or announced, those that need to be disclosed, and those that need prior shareholder approval. The Board of Directors considers the aggregate amount of RPT within any twelve (12) month period for purposes of applying the thresholds for disclosure and approval.	
2. Board establishes a voting system whereby a majority of non-related party shareholders approve specific types of related party transactions during shareholders' meetings.	**Non-Compliant**		There is no voting system established to specifically deal with the approval of specific types of RPTs. However, the Company applies the pertinent provisions of the Corporation Code regarding RPT, specifically Sections 31 to 34 which prohibit self-dealing and conflicts of interest of directors and officers, to ensure that the Company does not engage in abusive RPTs and insider trading, and that all its transactions are conducted on an arm's length basis.
Recommendation 2.8			

1. Board is primarily responsible for approving the selection of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).	**Compliant**	Please see the Company's Amended By-Laws and Revised Manual on Corporate Governance. The incumbent officers of the Company are as follows: (i) Antonio L. Tiu, Chairman and President/CEO; (ii) Kenneth S. Tan, Treasurer; (iii) Martin C. Subido, Corporate Secretary and Corporate Information and Compliance Officer; and (iv) Paula Katrina L. Nora, Assistant Corporate Secretary and Assistant Corporate Information and Compliance Officer.	
2. Board is primarily responsible for assessing the performance of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).	**Compliant**	The Board of Directors may create an internal self-rating system that can measure the performance of the Management Team led by the Chairman and President/CEO and the heads of the other control functions in accordance with the criteria provided in the Code of Corporate Governance for Publicly Listed Companies. Every three (3) years, the assessment should be supported by an external facilitator. For more information, please see the Company's Revised Manual on Corporate Governance.	
Recommendation 2.9			

1. Board establishes an effective performance management framework that ensures that Management's performance is at par with the standards set by the Board and Senior Management.	**Compliant**	The Company adopts a Performance Management System ("PMS") that allows for the objective assessment of an individual's performance and development needs. The PMS shall be conducted regularly and the results of which shall be the basis for the Company's compensation and rewards system, promotions policy, training and development, and succession planning programs.	
2. Board establishes an effective performance management framework that ensures that personnel's performance is at par with the standards set by the Board and Senior Management.	**Compliant**		
Recommendation 2.10			
1. Board oversees that an appropriate internal control system is in place.	**Compliant**	Please see the Company's Revised Manual on Corporate Governance.	
2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.	**Compliant**		
3. Board approves the Internal Audit Charter.	**Compliant**	Under the Revised Manual on Corporate Governance, all board committees, including the Audit Committee, are required to have a committee charter. The Company is in the process of formulating an Audit Committee Charter that is consistent with the Code of Corporate Governance for Publicly Listed Companies.	
Recommendation 2.11			
1. Board oversees that the company has in place a sound enterprise risk management (ERM) framework to effectively identify, monitor, assess and manage key business risks.	**Compliant**	Under the Company's Revised Manual on Corporate Governance, the Audit Committee was given board risk oversight functions by the Board of Directors. Part and parcel of	

2. The risk management framework guides the board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.	**Compliant**	the Audit Committee's board risk oversight function is to oversee the implementation of the Enterprise Risk Management Plan through the Company's strategy function. The Enterprise Risk Management Plan shall have the following elements: (i) common language or register of risks; (ii) well-defined risk management goals, objectives, and oversight; (iii) uniform processes of assessing risks and developing strategies to manage prioritized risks; (iv) designing and implementing risk management strategies; and (v) continuing assessments to improve risk strategies, processes, and measures.	
Recommendation 2.12			
1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary role.	**Compliant**	The Company's Revised Manual on Corporate Governance can be accessed at www.ghi.com.ph.	
2. Board Charter serves as a guide to the directors in the performance of their functions.	**Compliant**		
3. Board Charter is publicly available and posted on the company's website.	**Compliant**		
...dditional Recommendation to Principle 2			

1. Board has a clear insider trading policy.	**Non-Compliant**		The Company applies the pertinent provisions of the Corporation Code regarding RPT, specifically Sections 31 to 34 which prohibit self-dealing and conflicts of interest of directors and officers, and those of the Securities Regulation Code, specifically Sections 27 and 61 which prohibit insider trading, to ensure that the Company does not engage in abusive RPTs and insider trading, and that all its transactions are conducted on an arm's length basis.
Optional: Principle 2			
1. Company has a policy on granting loans to directors, either forbidding the practice or ensuring that the transaction is conducted at arm's length basis and at market rates.			
2. Company discloses the types of decision requiring board of directors' approval.			
Principle 3: Board committees should be set up to the extent possible to support the effective performance of the Board's functions, particularly with respect to audit, risk management, related party transactions, and other key corporate governance concerns, such as nomination and remuneration. The composition, functions and responsibilities of all committees established should be contained in a publicly available Committee Charter.			
Recommendation 3.1			
1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.	**Compliant**	Please see the Company's Revised Manual on Corporate Governance.	
Recommendation 3.2			
1. Board establishes an Audit Committee to enhance its oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.	**Compliant**	Please see the Company's Revised Manual on Corporate Governance.	

2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.	**Non-Compliant**		The Audit Committee is currently composed of one (1) non-executive director (Maylyn Z. Dy) and two (2) executive directors (Antonio L. Tiu and Martin C. Subido). Of the three (3), only the chairman (Maylyn Z. Dy) is an independent director. All the members of the Company's Audit Committee have accounting and finance backgrounds.
3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.	**Compliant**	Please see the Company's Annual Report for the year ended 31 December 2017.	
4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.	**Compliant**		
Supplement to Recommendation 3.2			
1. Audit Committee approves all non-audit services conducted by the external auditor.	**Compliant**	The Company's Audit Committee approves all non-audit services conducted by the external auditor before recommendations are sent to the Board of Directors for consideration. The external auditor, Constantino Guadalquiver & Co., did not perform non-audit work for the Company in 2017, as disclosed in the Company's Annual Report for the year ended 31 December 2017.	

2. Audit Committee conducts regular meetings and dialogues with the external audit team without anyone from management present.	**Non-Compliant**		There are no regular meetings. However, the Audit Committee is free to inquire from or discuss with the external audit team whenever there is a need to clarify issues arising from the audit. Further, under the Company's Revised Manual on Corporate Governance, it is the function of the Audit Committee to ensure (i) the independence of the external auditor and (ii) that the external auditor is given unrestricted access to all records, properties, and personnel to enable it to perform its audit functions.
Optional: Recommendation 3.2			
1. Audit Committee meet at least four times during the year.			
2. Audit Committee approves the appointment and removal of the internal auditor.			
Recommendation 3.3			
1. Board establishes a Corporate Governance Committee tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee.	**Compliant**	Please see the Company's Revised Manual on Corporate Governance. Pursuant to the Revised Manual on Corporate Governance, the Corporate Governance Committee oversees the periodic performance evaluation of the Board of Directors and its committees as well as the Management Team.	

2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors.	**Non-Compliant**		The Corporate Governance Committee is currently composed of the following members: (i) Honorio T. Tan (independent director), (ii) Maylyn Z. Dy (independent director), and (iii) Lisette M. Arboleda (director). Hence, of the three (3) members, only two (2) are independent directors. Information on the members of the Corporate Governance Committee are found in the Company's Annual Report for the year ended 31 December 2017.
3. Chairman of the Corporate Governance Committee is an independent director.	**Compliant**	Please see the Company's Annual Report for the year ended 31 December 2017.	
Optional: Recommendation 3.3.			
1. Corporate Governance Committee meet at least twice during the year.			
Recommendation 3.4			
1. Board establishes a separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness.	**Non-Compliant**		Under the Company's Revised Manual on Corporate Governance, board risk oversight functions are carried out by the Audit Committee. Information on the members of the Audit Committee are found in the Company's Annual Report for the year ended 31 December 2017.
BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.	**Non-Compliant**		The Audit Committee, which performs board risk oversight functions, is currently composed of one (1) non-executive director and two (2) executive directors. Of the three (3), only the chairman is an independent director.

3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.	**Compliant**	Please see the Company's Annual Report for the year ended 31 December 2017.	
4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.	**Compliant**		
commendation 3.5			
1. Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company.	**Compliant**	Under the Company's Revised Manual on Corporate Governance, RPT oversight functions are carried out by the Audit Committee. Information on the members of the Audit Committee are found in the Company's Annual Report for the year ended 31 December 2017.	
2. RPT Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman.	**Non-Compliant**		The Audit Committee, which performs RPT oversight functions, is currently composed of one (1) non-executive director and two (2) executive directors. Of the three (3), only the chairman is an independent director.
Recommendation 3.6			
1. All established committees have a Committee Charter stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources and other relevant information.	**Non-Compliant**		Under the Company's Revised Manual on Corporate Governance, all established board committees are required to have their respective committee charters stating in plain terms their respective purposes, memberships, structures, operations, reporting processes, resources, and other relevant information. Further, it
Committee Charters provide standards for evaluating the performance of the Committees.	**Non-Compliant**		

3. Committee Charters were fully disclosed on the company's website.	**Non-Compliant**		is required that the committee charters should provide the standards for evaluating the performance of the board committees and that they be published on the Company's website. The Company is in the process of formulating the committee charters in accordance with the Code of Corporate Governance for Publicly Listed Companies.
Principle 4: To show full commitment to the company, the directors should devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the corporation's business.			
Recommendation 4.1			
1. The Directors attend and actively participate in all meetings of the Board, Committees and shareholders in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission.	**Compliant**	Under the Company's Revised Manual on Corporate Governance, the directors may attend all meetings of the Board of Directors, board committees, and stockholders in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the SEC. The Board of Directors adopts SEC Memorandum Circular No. 15, series of 2001, in the conduct of meetings through teleconferencing or video conferencing. A document containing information on the attendance and participation of directors to shareholders' or board meetings is attached hereto as **Annex "A."**	

2. The directors review meeting materials for all Board and Committee meetings.	**Compliant**	Under the Company's Revised Manual on Corporate Governance, a director is expected to attend and actively participate in board and committee meetings, review meeting materials, and, if called for, ask questions or seek explanation.	
3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.	**Compliant**		
Recommendation 4.2			
1. Non-executive directors concurrently serve in a maximum of five publicly-listed companies to ensure that they have sufficient time to fully prepare for minutes, challenge Management's proposals/views, and oversee the long-term strategy of the company.	**Compliant**	Under the Company's Revised Manual on Corporate Governance, the Board of Directors may consider the adoption of guidelines on the number of directorships that its members can hold in stock and non-stock corporations. Non-executive directors who, at the same time, serve as full-time executives in other corporations may be covered by a lower indicative limit for membership in other boards, provided that their ability to diligently and efficiently perform their duties and responsibilities to the Company is not compromised. A document containing information on the directorships of the Company's directors in both listed and non-listed companies is attached hereto as **Annex "B."**	
Recommendation 4.3			
1. The directors notify the company's board before accepting a directorship in another company.	**Compliant**	Under the Company's Revised Manual on Corporate Governance, a director should notify the Board of Directors before accepting a directorship in another corporation.	

Optional: Principle 4			
1. Company does not have any executive directors who serve in more than two boards of listed companies outside of the group.			
2. Company schedules board of directors' meetings before the start of the financial year.			
3. Board of directors meet at least six times during the year.			
4. Company requires as minimum quorum of at least 2/3 for board decisions.			
Principle 5: The board should endeavor to exercise an objective and independent judgment on all corporate affairs			
Recommendation 5.1			
1. The Board has at least 3 independent directors or such number as to constitute one-third of the board, whichever is higher.	**Non-Compliant**		The Company has two (2) independent directors out of eleven (11) directors in compliance with SEC Memorandum Circular No. 6, series of 2009, and the Securities Regulation Code and its Revised Implementing Rules and Regulations which require only two (2) independent directors or twenty percent (20%) of the total number of directors, whichever is lesser.
Recommendation 5.2			
1. The independent directors possess all the qualifications and none of the disqualifications to hold the positions.	**Compliant**	Please see the Annual Report for the year ended 31 December 2017 and the Definitive Information Statement dated 24 November 2017.	
Supplement to Recommendation 5.2			
1. Company has no shareholder agreements, by-laws provisions, or other arrangements that constrain the directors' ability to vote independently.	**Compliant**	Please see the Company's Amended By-Laws.	
Recommendation 5.3			

1. The independent directors serve for a cumulative term of nine years (reckoned from 2012).	**Compliant**	Under the Company's Revised Manual on Corporate Governance, independent directors should serve for a maximum cumulative term of nine (9) years, after which the independent director should be perpetually barred from re-election as such in the Company but may continue to qualify for nomination and election as a non-independent director. In the event that the Company wants to retain an independent director who has served for nine years in such capacity, there must be meritorious grounds and stockholders' approval should be obtained. For information on the number of years that the Company's independent directors have served in such capacity in the Company, please see the Company's Annual Report for the year ended 31 December 2017.	
2. The company bars an independent director from serving in such capacity after the term limit of nine years.	**Compliant**		
In the instance that the company retains an independent director in the same capacity after nine years, the board provides meritorious justification and seeks shareholders' approval during the annual shareholders' meeting.	**Compliant**		
Recommendation 5.4			
1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.	**Non-Compliant**		The incumbent Chairman and President/CEO of the Company is Mr. Antonio L. Tiu.
The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.	**Compliant**	Please see the Company's Amended By-Laws and Revised Manual on Corporate Governance.	
Recommendation 5.5			

1. If the Chairman of the Board is not an independent director, the board designates a lead director among the independent directors.	**Compliant**	Under the Company's Revised Manual on Corporate Governance, if the positions of Chairman and CEO are unified, the Board of Directors should designate a lead director among the independent directors with sufficient authority to lead the Board of Directors in cases where there are conflicts of interest.	
Recommendation 5.6			
1. Directors with material interest in a transaction affecting the corporation abstain from taking part in the deliberations on the transaction.	**Compliant**	Aside from applying pertinent provisions of the Corporation Code regarding RPT, specifically Sections 31 to 34 which prohibit self-dealing and conflicts of interest of directors and officers, to ensure that the Company does not engage in abusive RPTs, the Company's Revised Manual on Corporate Governance is replete with provisions on conflict of interest such as RPTs, good board governance, and norms of conduct of fair business transactions with other corporations.	
Recommendation 5.7			
1. The non-executive directors (NEDs) have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive present.	**Compliant**	Under the Company's Revised Manual on Corporate Governance, the non-executive directors should have separate periodic meetings with the external auditor and heads	

2. The meetings are chaired by the lead independent director.	**Compliant**	of the internal audit, compliance, and risk functions without any executive directors present to ensure that proper checks and balances are in place within the Company. The meetings should be chaired by the lead independent director.	
Optional: Principle 5			
1. None of the directors is a former CEO of the company in the past 2 years.			
Principle 6: The best measure of the Board's effectiveness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.			
Recommendation 6.1			
1. Board conducts an annual self-assessment of its performance as a whole.	**Non-Compliant**		Under the Company's Revised Manual on Corporate Governance, the Board of Directors may create an internal self-rating system that can measure the performance of the Board of Directors, board committees, and the Management Team led by the Chairman and President/CEO in accordance with the criteria provided in the Code of Corporate Governance for Publicly Listed Companies. Every three (3) years, the assessment should be supported by an external facilitator. There was no written/formal assessment due to minimal operations of the Company in the last three (3) years.
2. The Chairman conducts a self-assessment of his performance.	**Non-Compliant**		
3. The individual members conduct a self-assessment of their performance.	**Non-Compliant**		
4. Each committee conducts a self-assessment of its performance.	**Non-Compliant**		
5. Every three years, the assessments are supported by an external facilitator.	**Non-Compliant**		
Recommendation 6.2			

1. Board has in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, individual directors and committees.	**Compliant**	Under the Company's Revised manual on Corporate Governance, the Board of Directors may create an internal self-rating system that can measure the performance of the Board of Directors, board committees, and the Management Team led by the Chairman and President/CEO in accordance with the criteria provided in the Code of Corporate Governance for Publicly Listed Companies. Every three (3) years, the assessment should be supported by an external facilitator. It is the Corporate Governance Committee that oversees the periodic evaluation of the Board of Directors and its committees as well as the Management Team and conducts an annual self-evaluation of its performance.	

2. The system allows for a feedback mechanism from the shareholders.	**Compliant**	The Company has set-up communication channels that promote effective communication with its shareholders and the investing community. Aside from the regular reporting and disclosures to the various regulating agencies such as the SEC and PSE, the Company actively maintains its website that provides timely information updates on its governance, operational, and financial performance. The Company has also designated relations officers to handle investor and shareholder queries and requests, and their contact information can easily be accessed through the Company's website. Mr. Kenneth S. Tan is in-charge of the investor relations program of the Company. He can be contacted through the Company's telephone number: (02) 997-5184.	
Principle 7: Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.			
commendation 7.1			
. Board adopts a Code of Business Conduct and Ethics, which provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings of the company.	**Non-Compliant**		Under the Company's Revised Manual on Corporate Governance, it is the duty of the Board of Directors to adopt a Code of Business Conduct and Ethics that would provide standards for professional and ethical behavior as well as articulate

2. The Code is properly disseminated to the Board, senior management and employees.	**Non-Compliant**		acceptable and unacceptable conduct and practices n internal and external dealings. It shall be the responsibility of the Board of Directors to ensure the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics and internal policies. The Company is in the process of formulating a Code of Business Conduct and Ethics that is consistent with the Code of Corporate Governance for Publicly Listed Companies.
3. The Code is disclosed and made available to the public through the company website.	**Non-Compliant**		
Supplement to Recommendation 7.1			

1. Company has clear and stringent policies and procedures on curbing and penalizing company involvement in offering, paying and receiving bribes.	**Non-Compliant**		Under the Company's Revised Manual on Corporate Governance, it is the duty of the Board of Directors to adopt a Code of Conduct that includes an anti-corruption policy and program. The Company is in the process of formulating a Code of Conduct with an anti-corruption policy and program that is consistent with the Code of Corporate Governance for Publicly Listed Companies. In any case, the Company does not condone any dishonest, unethical, or unprofessional behavior and actions displayed by an employee, regardless of his/her level of authority. It is the responsibility of each employee to report legitimate concerns so that issues can be properly investigated or resolved and corrective measures can be instituted.
Recommendation 7.2			

1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.	**Non-Compliant**		Under the Company's Revised Manual on Corporate Governance, it shall be the responsibility of the Board of Directors to ensure the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics and internal policies. The Company is in the process of formulating a Code of Business Conduct and Ethics that is consistent with the Code of Corporate Governance for Publicly Listed Companies. The following are required to comply with the Code of Business Conduct and Ethics: (i) the Board of Directors, (ii) the Management Team, and (iii) the employees.
2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.	**Compliant**	Under the Company's Revised Manual on Corporate Governance, it shall be the responsibility of the Board of Directors to ensure the proper and efficient implementation and monitoring of compliance with internal policies.	

[Dis]closure and Transparency

[Pr]inciple 8: The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.

Recommendation 8.1

1. Board establishes corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that gives a fair and complete picture of a company's financial condition, results and business operations.	**Compliant**	Please see the Company's Revised Manual on Corporate Governance, Annual Report for the year ended 31 December 2017, and Definitive Information Statement dated 24 November 2017.	
Supplement to Recommendations 8.1			
1. Company distributes or makes available annual and quarterly consolidated reports, cash flow statements, and special audit revisions. Consolidated financial statements are published within ninety (90) days from the end of the fiscal year, while interim reports are published within forty-five (45) days from the end of the reporting period.	**Non-Compliant**		The Company submits its Annual and Quarterly Audited Financial Statements in accordance with the relevant SEC Memorandum Circulars.
2. Company discloses in its annual report the principal risks associated with the identity of the company's controlling shareholders; the degree of ownership concentration; cross-holdings among company affiliates; and any imbalances between the controlling shareholders' voting power and overall equity position in the company.	**Compliant**	Please see Part III – Control and Compensation Information on pages 18-26 of the Annual Report for the year ended 31 December 2017.	
Recommendation 8.2			
1. Company has a policy requiring all directors to disclose/report to the company any dealings in the company's shares within three business days.	**Non-Compliant**		The Company adopts a policy of full disclosure of material information dealings in its Revised Manual on Corporate Governance. It shall cause the filing of all

2. Company has a policy requiring all officers to disclose/report to the company any dealings in the company's shares within three business days.	**Non-Compliant**		required information through the appropriate Exchange mechanisms for listed companies and submissions to the SEC for the interest of its stockholders and other stakeholders. Such information should include, among others, earnings results, acquisition or disposition of assets, off-balance sheet transactions, RPTs, and direct and indirect remuneration of members of the Board of Directors and the Management Team. The Board of Directors shall fully disclose all relevant and material information in individual members of the Board of Directors and key executives to evaluate their experience and qualifications and assess any potential conflicts of interest that might affect their judgment. Further, the Company fully complies with Section 23 of the Securities Regulation Code and the relevant provisions of its Implementing Rules and Regulations which require a director or an officer to file within ten (10) days after he becomes a beneficial owner, director, or officer, a statement with the SEC stating the amount of all the equity security of the Company of which he is the beneficial owner, and within ten (10) days after the close of each calendar month thereafter, if there has been a change in such ownership at the close of the calendar month. The Company also complies with the PSE Revised Disclosure Rules regarding the submission of the same reports with the PSE within five (5) trading days.

Supplement to Recommendation 8.2			
1. Company discloses the trading of the corporation's shares by directors, officers (or persons performing similar functions) and controlling shareholders. This includes the disclosure of the company's purchase of its shares from the market (e.g. share buy-back program).	**Compliant**	Information on the shareholdings of the Company's directors and officers as of 31 December 2017 can be accessed at http://edge.pse.com.ph/openDiscViewer.do?edge_no=d49626a87de3e01c43ca035510b6ec2b. Information on the shareholdings of the Company's top one hundred (100) stockholders as of 31 December 2017 can be accessed at http://edge.pse.com.ph/openDiscViewer.do?edge_no=70ad5100a01e2fdf43ca035510b6ec2b. A copy of the Company's conglomerate map is attached hereto as **Annex "F."**	
Recommendation 8.3			
1. Board fully discloses all relevant and material information on individual board members to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	**Compliant**	Please see the Company's Annual Report for the year ended 31 December 2017.	
2. Board fully discloses all relevant and material information on key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.	**Compliant**		
Recommendation 8.4			

1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same.	**Compliant**	Under the Company's Revised Manual on Corporate Governance, the levels of remuneration of the Company should be sufficient to be able to attract and retain the services of qualified and competent directors and officers. A portion of the remuneration of executive directors may be structured or be based on corporate and individual performance. The Company may establish formal and transparent procedures for the development of a policy on executive remuneration or determination of remuneration levels for individual directors and officers depending on the particular needs of the Company.	
2. Company provides a clear disclosure of its policies and procedure for setting executive remuneration, including the level and mix of the same.	**Compliant**		
3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.	**Compliant**	The Board of Directors, committee chairmen, and members do not receive compensation or director's fees. However, effective January 2012, the members of the Board of Directors are entitled to reimbursement of actual transportation expenses for attendance to any regular or special meeting. Please see the Company's Annual Report for the year ended 31 December 2o17.	
Recommendation 8.5			

1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions in their Manual on Corporate Governance.	**Compliant**	The Company's RPT policies are disclosed in its Revised Manual on Corporate Governance. Further, the Company applies the pertinent provisions of the Corporation Code regarding RPT, specifically Sections 31 to 34 which prohibit self-dealing and conflicts of interest of directors and officers, to ensure that the Company does not engage in abusive RPTs and insider trading, and that all its transactions are conducted on an arm's length basis. There were no RPTs in 2017.	
2. Company discloses material or significant RPTs reviewed and approved during the year.	**Compliant**		
Supplement to Recommendation 8.5			

1. Company requires directors to disclose their interests in transactions or any other conflict of interests.	**Compliant**	The Company adopts a policy of full disclosure of material information dealings in its Revised Manual on Corporate Governance. It shall cause the filing of all required information through the appropriate exchange mechanisms for listed companies and submissions to the SEC for the interest of its stockholders and other stakeholders. Such information should include, among others, earnings results, acquisition or disposition of assets, off-balance sheet transactions, RPTs, and direct and indirect remuneration of members of the Board of Directors and the Management Team. The Board of Directors shall fully disclose all relevant and material information in individual members of the Board of Directors and key executives to evaluate their experience and qualifications and assess any potential conflicts of interest that might affect their judgment.	
Optional: Recommendation 8.5			
1. Company discloses that RPTs are conducted in such a way to ensure that they are fair and at arms' length.			
Recommendation 8.6			

1. Company makes a full, fair, accurate and timely disclosure to the public of every material fact or event that occur, particularly on the acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its shareholders and other stakeholders.	**Compliant**	The Company submits timely reports on material facts or transactions in the forms prescribed by the SEC and PSE. Please see also the Company's Annual Report for the year ended 31 December 2017 and Audited Financial Statements for the fiscal year ended 31 December 2017.	
2. Board appoints an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.	**Compliant**	The Company has not approved any acquisition or disposal of assets in 2017.	
Supplement to Recommendation 8.6			
1. Company discloses the existence, justification and details on shareholder agreements, voting trust agreements, confidentiality agreements, and such other agreements that may impact on the control, ownership, and strategic direction of the company.	**Compliant**	Please see the Company's Annual report for the year ended 31 December 2017. The Company did not take part in any such agreements in 2017.	
Recommendation 8.7			
1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).	**Compliant**	Please refer to the Company's Revised Manual on Corporate Governance dated 31 May 2017, which can be accessed at www.ghi.com.ph.	
2. Company's MCG is submitted to the SEC and PSE.	**Compliant**		
3. Company's MCG is posted on its company website.	**Compliant**		
Supplement to Recommendation 8.7			

1. Company submits to the SEC and PSE an updated MCG to disclose any changes in its corporate governance practices.	**Compliant**	Please refer to the Company's Revised Manual on Corporate Governance dated 31 May 2017 attached to the submission, which can be accessed through the following links: (i) www.ghi.com.ph, and (ii) http://edge.pse.com.ph/openDiscViewer.do?edge_no=265866e12528f9f63318251c9257320d.	
Optional: Principle 8			
1. Does the company's Annual Report disclose the following information:			
a. Corporate Objectives			
b. Financial performance indicators			
c. Non-financial performance indicators			
d. Dividend Policy			
e. Biographical details (at least age, academic qualifications, date of first appointment, relevant experience, and other directorships in listed companies) of all directors			
f. Attendance details of each director in all directors meetings held during the year			
g. Total remuneration of each member of the board of directors			

2. The Annual Report contains a statement confirming the company's full compliance with the Code of Corporate Governance and where there is non-compliance, identifies and explains reason for each such issue.			
The Annual Report/Annual CG Report discloses that the board of directors conducted a review of the company's material controls (including operational, financial and compliance controls) and risk management systems.			
4. The Annual Report/Annual CG Report contains a statement from the board of directors or Audit Committee commenting on the adequacy of the company's internal controls/risk management systems.			
5. The company discloses in the Annual Report the key risks to which the company is materially exposed to (i.e. financial, operational including IT, environmental, social, economic).			
Principle 9: The company should establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same to strengthen the external auditor's independence and enhance audit quality.			
Recommendation 9.1			
Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors.	**Compliant**	Under the Company's Revised Manual on Corporate Governance, the Audit Committee performs the following functions in relation to the	

2. The appointment, reappointment, removal, and fees of the external auditor is recommended by the Audit Committee, approved by the Board and ratified by the shareholders.	**Compliant**	Company's external auditor: (i) perform oversight functions over the Company's internal and external auditors and ensure that the internal and external auditors act independently from each other to enable them to perform their respective audit functions; (ii) prior to the commencement of the audit, discuss with the external auditor the nature, scope, and expenses of the audit; and (iii) evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditor and to the Company's overall consultancy expenses. During the Annual Stockholders' Meeting held on 20 December 2017, at least two-thirds (2/3) of the stockholders present thereat, either in person or proxy, approved the delegation of the appointment of the Company's external auditor for the fiscal year ended 31 December 2017 to the Board of Directors. Upon recommendation of the Audit Committee, the Board of Directors unanimously appointed Constantino Guadalquiver & Co. as the Company's external auditor for the fiscal year ended 31 December 2017.	

3. For removal of the external auditor, the reasons for removal or change are disclosed to the regulators and the public through the company website and required disclosures.	**Compliant**	Please see PSE Form 4-9 uploaded by the Company on 22 March 2018, which can be accessed at http://edge.pse.com.ph/openDiscViewer.do?edge_no=93d716c2bb61c62a43ca035510b6ec2b.	
Supplement to Recommendation 9.1			
1. Company has a policy of rotating the lead audit partner every five years.	**Compliant**	According to Article 6(A)(v) of the Company's Revised Manual on Corporate Governance, the external auditor should be rotated or changed every five (5) years or earlier, or the signing partner of the external auditing firm assigned to the Company should be changed with the same frequency.	
Recommendation 9.2			
1. Audit Committee Charter includes the Audit Committee's responsibility on: i. assessing the integrity and independence of external auditors; ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements.	**Non-Compliant**		The Company is in the process of formulating an Audit Committee Charter that is consistent with the Code of Corporate Governance for Publicly Listed Companies. Under the Company's Revised Manual on Corporate Governance, the Audit Committee performs oversight functions over the Company's internal and external auditors. It should ensure that the internal and external auditors act independently from each other and that both auditors are given unrestricted access to all

2. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.	**Non-Compliant**		records, properties, and personnel to enable them to perform their respective functions. Further, prior to the commencement of any audit, it is the Audit Committee's duty to discuss with the external auditor the nature, scope, and expenses of the audit, and to ensure proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts. The Audit Committee shall provide an objective assurance on the manner by which the financial statements shall be prepared and presented to the stockholders.
Supplement to Recommendations 9.2			
1. Audit Committee ensures that the external auditor is credible, competent and has the ability to understand complex related party transactions, its counterparties, and valuations of such transactions.	**Compliant**	Under the Company's Revised Manual on Corporate Governance, the Audit Committee performs oversight functions over the Company's internal and external auditors. It should ensure that the internal and external auditors act	

2. Audit Committee ensures that the external auditor has adequate quality control procedures.	**Compliant**	independently from each other and that both auditors are given unrestricted access to all records, properties, and personnel to enable them to perform their respective functions. Further, prior to the commencement of any audit, it is the Audit Committee's duty to discuss with the external auditor the nature, scope, and expenses of the audit, and to ensure proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts. The Audit Committee shall provide an objective assurance on the manner by which the financial statements shall be prepared and presented to the stockholders. The Company is in the process of formulating an Audit Committee Charter that is consistent with the Code of Corporate Governance for Publicly Listed Companies.	
ecommendation 9.3			
1. Company discloses the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest.	**Compliant**	Please see the Company's Annual Report for the year ended 31 December 2017.	

2. Audit Committee stays alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity.	**Compliant**	Under the Company's Revised Manual on Corporate Governance, the external auditor shall not, at the same time, provide internal audit services to the Company. Non-audit work may be given to the external auditor provided it does not conflict with his duties as an independent auditor or does not pose a threat to independence.	
Supplement to Recommendation 9.3			
Fees paid for non-audit services do not outweigh the fees paid for audit services.	**Compliant**	The external auditor did not perform non-audit services for the Company in 2017.	
Additional Recommendation to Principle 9			

1. Company's external auditor is duly accredited by the SEC under Group A category.	**Compliant**	Pertinent information on the Company's external auditor are as follows: 1. Name of the Audit Engagement Partner: **Mr. Rogelio M. Guadalquiver** 2. Accreditation Number: **Group: SEC Accreditation No. 004-FR-4 (Group A)** **Individual: SEC Accreditation No. 0017-AR-3 (Group A)** 3. Date Accredited: **Group: 8 December 2017** **Individual: 30 April 2015** 4. Expiry Date of Accreditation: **Group: 7 December 2020** **Individual: 30 May 2018** 5. Name, Address, and Contact Number of the Audit Firm: **Constantino Guadalquiver & Co., 22nd Floor, Citibank Tower, 8741 Paseo de Roxas, Salcedo Village, Makati City, Philippines 1226** **Phone No.: +63 (2) 848-1051** **Fax No.: +63 (2) 728-1014**	

2. Company's external auditor agreed to be subjected to the SEC Oversight Assurance Review (SOAR) Inspection Program conducted by the SEC's Office of the General Accountant (OGA).	**Compliant**	The Company was advised by its external auditor, Constantino Guadalquiver & Co., that it has yet to be subjected by the SEC to the SEC Oversight Assurance Review Inspection Program conducted by the SEC's Office of the General Accountant.	
Principle 10: The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.			
Recommendation 10.1			
1. Board has a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability.	**Non-Compliant**		Due to minimal operations and requirements of the Company, there is no clear and focused policy on the disclosure of non-financial information. The same will be implemented when the needs of the Company require so.
2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.	**Non-Compliant**		
Principle 11: The company should maintain a comprehensive and cost-efficient communication channel for disseminating relevant information. This channel is crucial for informed decision-making by investors, stakeholders and other interested users.			
commendation 11.1			

1. Company has media and analysts' briefings as channels of communication to ensure the timely and accurate dissemination of public, material and relevant information to its shareholders and other investors.	**Compliant**	Please refer to the Company's website which can be accessed at www.ghi.com.ph. The Company also regularly submits both structured and unstructured reports with the SEC and PSE (http://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=132#viewer).	
Supplemental to Principle 11			
1. Company has a website disclosing up-to-date information on the following:	**Compliant**	Please refer to the Company's website which can be accessed at www.ghi.com.ph.	
a. Financial statements/reports (latest quarterly)	**Compliant**		
b. Materials provided in briefings to analysts and media	**Compliant**		
c. Downloadable annual report	**Compliant**		
d. Notice of ASM and/or SSM	**Compliant**		
e. Minutes of ASM and/or SSM	**Non-Compliant**		The minutes of stockholders' meetings are not available from the Company's website. However, they are made available upon request. Also, the results of stockholders' meetings are immediately disclosed to the SEC and PSE.
f. Company's Articles of Incorporation and By-Laws	**Compliant**	Please refer to the Company's website which can be accessed at www.ghi.com.ph.	
Additional Recommendation to Principle 11			

1. Company complies with SEC-prescribed website template.	**Compliant**	Please refer to the Company's website which can be accessed at www.ghi.com.ph.	
Internal Control System and Risk Management Framework			
Principle 12: To ensure the integrity, transparency and proper governance in the conduct of its affairs, the company should have a strong and effective internal control system and enterprise risk management framework.			
Recommendation 12.1			
1. Company has an adequate and effective internal control system in the conduct of its business.	**Compliant**	The control environment of the Company consists of (i) the Board of Directors which ensures that the Company is properly and effectively managed and supervised; (ii) a Management that actively manages and operates the Company in a sound and prudent manner; (iii) the organizational and procedural controls supported by effective management information and risk management reporting systems; and (iv) an independent audit mechanism to monitor the adequacy and effectiveness of the Company's governance, operations, and information systems, including the reliability and integrity of financial and operational information, the effectiveness and efficiency of operations, the safeguarding of assets, and compliance with laws, rules, regulations, and contracts.	

2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.	**Non-Compliant**		Due to minimal operations and requirements of the Company, a framework for enterprise risk management is provided in the Company's Revised Manual on Corporate Governance, but the same is not yet implemented. The same will be implemented when the needs of the Company require so.
Supplement to Recommendations 12.1			
1. Company has a formal comprehensive enterprise-wide compliance program covering compliance with laws and relevant regulations that is annually reviewed. The program includes appropriate training and awareness initiatives to facilitate understanding, acceptance and compliance with the said issuances.	**Non-Compliant**		Due to minimal operations and requirements of the Company, a program covering compliance with laws and relevant regulations is provided in the Company's Revised Manual on Corporate Governance, but the same is not yet implemented. The same will be implemented when the needs of the Company require so.
Optional: Recommendation 12.1			
1. Company has a governance process on IT issues including disruption, cyber security, and disaster recovery, to ensure that all key risks are identified, managed and reported to the board.			
commendation 12.2			
1. Company has in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the company's operations.	**Compliant**	The internal audit is conducted in-house.	

Recommendation 12.3			
1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board.	**Non-Compliant**		Due to minimal operations and requirements, the Board of Directors has not appointed a Chief Audit Executive for the Company.
CAE oversees and is responsible for the internal audit activity of the organization, including that portion that is outsourced to a third party service provider.	**Non-Compliant**		Due to minimal operations and requirements, the Board of Directors has not appointed a Chief Audit Executive for the Company. Under the Company's Revised Manual on Corporate Governance, it is the Audit Committee that performs oversight functions over the Company's internal and external auditors and reviews reports submitted by them. Further, it is responsible for reviewing the Company's annual internal audit plan to ensure its conformity with the Company's objectives and for monitoring and evaluating the adequacy and effectiveness of the Company's internal control systems, including financial reporting control and information technology security. Finally, it is the Audit Committee that establishes and identifies the reporting line of the internal auditor to enable the latter to properly fulfill his duties and responsibilities.

3. In case of a fully outsourced internal audit activity, a qualified independent executive or senior management personnel is assigned the responsibility for managing the fully outsourced internal audit activity.	**Non-Compliant**		The Company has not outsourced its internal audit activities.
ecommendation 12.4			
. Company has a separate risk management function to identify, assess and monitor key risk exposures.	**Compliant**	Under the Company's Revised Manual on Corporate Governance, the Audit Committee performs risk oversight functions. In the performance of its risk oversight functions, the Audit Committee must, among others, (i) oversee the implementation of the Company's enterprise risk management plan; (ii) evaluate the relevance, comprehensiveness, and effectiveness of the same; (iii) advise the Board of Directors on the Company's risk appetite levels and risk tolerance limits; and (iv) assess the probability of each identified risk becoming a reality and estimate its possible significant financial impact and likelihood of occurrence.	
pplement to Recommendation 12.4			
1. Company seeks external technical support in risk management when such competence is not available internally.	**Non-Compliant**		The Company has not sought any external technical support as such need has not arisen.
Recommendation 12.5			

1. In managing the company's Risk Management System, the company has a Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM).	**Non-Compliant**		Due to minimal operations and requirements, the Board of Directors has not appointed a Chief Risk Officer for the Company. Under the Company's Revised Manual on Corporate Governance, the Audit Committee performs risk oversight functions. In the performance of its risk oversight functions, the Audit Committee must, among others, (i) oversee the implementation of the Company's enterprise risk management plan; (ii) evaluate the relevance, comprehensiveness, and effectiveness of the same; (iii) advise the Board of Directors on the Company's risk appetite levels and risk tolerance limits; and (iv) assess the probability of each identified risk becoming a reality and estimate its possible significant financial impact and likelihood of occurrence.
2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.	**Non-Compliant**		
Additional Recommendation to Principle 12			
1. Company's Chief Executive Officer and Chief Audit Executive attest in writing, at least annually, that a sound internal audit, control and compliance system is in place and working effectively.	**Compliant**	Please see the Company's Annual Corporate Governance Report dated 29 May 2017.	
Cultivating a Synergic Relationship with Shareholders			
Principle 13: The company should treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.			
Recommendation 13.1			

1. Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance.	**Compliant**	Please see Article 7 on pages 25 and 26 of the Company's Revised Manual on Corporate Governance dated 31 May 2017.	
2. Board ensures that basic shareholder rights are disclosed on the company's website.	**Compliant**	The Company's website can be accessed at www.ghi.com.ph.	
Supplement to Recommendation 13.1			
1. Company's common share has one vote for one share.	**Compliant**	Please see Item 4 on "Voting Securities and Principal Holders Thereof" on pages 3 and 4 of the Company's Information Statement dated 24 November 2017.	
2. Board ensures that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights.	**Compliant**	The Company has (i) common and (ii) preferred shares. Holders of both common and preferred shares have the right to vote and be voted for in the Company. For more information on the rights and privileges attached to the Company's common and preferred shares, please see its Amended Articles of Incorporation.	

3. Board has an effective, secure, and efficient voting system.	**Compliant**	Please see Item 4 on "Voting Securities and Principal Holders Thereof" on pages 3 and 4 of the Company's Information Statement dated 24 November 2017 for the voting procedure during stockholders' meetings. The Information Statement can be accessed at http://edge.pse.com.ph/openDiscViewer.do?edge_no=b8c6ef7a1b59056e3318251c9257320d. Each outstanding common stock shall be entitled to one (1) vote. The votes shall be counted by a show of hands or, upon motion duly made and seconded, by secret ballot.	
4. Board has an effective shareholder voting mechanisms such as supermajority or "majority of minority" requirements to protect minority shareholders against actions of controlling shareholders.	**Compliant**	The Company complies with voting requirements under its Amended Articles of Incorporation, Amended By-Laws, the Corporation Code, and other applicable laws, rules, and regulations.	

5. Board allows shareholders to call a special shareholders' meeting and submit a proposal for consideration or agenda item at the AGM or special meeting.	**Compliant**	Under the Company's Amended By-Laws, special meetings of stockholders, for any purpose or purposes, may at any time be called by any of the following: (i) the Board of Directors, at its own instance or at the written request of stockholders representing a majority of the outstanding capital stock, and (ii) the President. There was no instance in 2017 where a stockholder called a special stockholders' meeting and submitted a proposal for consideration or agenda item at a regular or special stockholders' meeting.	
6. Board clearly articulates and enforces policies with respect to treatment of minority shareholders.	**Compliant**	Please see the Company's Revised Manual on Corporate Governance dated 31 May 2017.	
7. Company has a transparent and specific dividend policy.	**Compliant**	The Company's dividend policy is stated in its Annual Report for the year ended 31 December 2017. Further, the Company complies with the relevant provisions of the Corporation Code and pertinent rules and regulations on the declaration of dividends. The Company did not declare dividends in 2017.	

Optional: Recommendation 13.1			
1. Company appoints an independent party to count and/or validate the votes at the Annual Shareholders' Meeting.			
Recommendation 13.2			

1. Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 28 days before the meeting.	**Compliant**	The Notice of Annual Meeting of Stockholders for 2017 was disclosed to stockholders via the PSE Edge website on 10 November 2017 or forty (40) days prior to the Annual Meeting of the Stockholders on 20 December 2017. In accordance with the Implementing Rules and Regulations of the Securities Regulation Code, the Information Statement was distributed to stockholders on 24 November 2017 or twenty-six (26) days before the Annual Meeting of the Stockholders on 20 December 2017. A copy of the Information Statement can be accessed at http://edge.pse.com.ph/openDiscViewer.do?edge_no=b8c6ef7a1b59056e3318251c9257320d. The Notice of Annual Meeting of Stockholders for 2017 is attached to the Information Statement dated 24 November 2017. Shareholders' approval of remuneration or any changes therein were not included in the agenda of the Annual Meeting of Stockholders for 2017.	
Supplemental to Recommendation 13.2			

1. Company's Notice of Annual Stockholders' Meeting contains the following information:		The Notice of Annual Meeting of Stockholders for 2017 is attached to the Information Statement dated 24 November 2017.	
a. The profiles of directors (i.e., age, academic qualifications, date of first appointment, experience, and directorships in other listed companies)	**Compliant**		
b. Auditors seeking appointment/re-appointment	**Compliant**		
c. Proxy documents	**Compliant**		
Optional: Recommendation 13.2			
1. Company provides rationale for the agenda items for the annual stockholders meeting			
Recommendation 13.3			
1. Board encourages active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day.	**Compliant**	The results of the Annual Stockholders' Meeting for 2017 are immediately disclosed to the public through the filing of PSE Form 4-24 and SEC Form 17-C dated 20 December 2017.	

2. Minutes of the Annual and Special Shareholders' Meetings were available on the company website within five business days from the end of the meeting.	**Non-Compliant**		The minutes of stockholders' meetings are not available from the Company's website. However, they are available upon request. Also, the results of stockholders' meetings are immediately disclosed to the SEC and PSE. Stockholders were given the opportunity to ask questions during the Annual Stockholders' Meeting. However, no questions were asked. Votes cast during the Annual Stockholders' Meeting were duly taken and counted by the Assistant Corporate Secretary *viva voce*.
Supplement to Recommendation 13.3			
1. Board ensures the attendance of the external auditor and other relevant individuals to answer shareholders questions during the ASM and SSM.	**Compliant**	The Company's external auditor at the time, Uy Singson Abella & Co., was present during the Annual Stockholders' Meeting held last 20 December 2017.	
Recommendation 13.4			

1. Board makes available, at the option of a shareholder, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.	**Compliant**	Under the Company's Revised Manual on Corporate Governance, the Board of Directors shall establish and maintain, as far as practicable, an alternative dispute resolution system in the Company that can amicably settle conflicts or differences between the Company and its stockholders, and the Company and third parties, including the regulatory authorities.	
2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.	**Compliant**	Please see page 11 of the Company's Revised Manual on Corporate Governance.	
Recommendation 13.5			
1. Board establishes an Investor Relations Office (IRO) to ensure constant engagement with its shareholders.	**Compliant**	Mr. Kenneth S. Tan is in-charge of the investor relations program of the Company. He can be contacted through the Company's telephone number: (02) 997-5184 or his work e-mail: kenneth.tan@ani.com.ph.	
2. IRO is present at every shareholder's meeting.	**Compliant**	Mr. Kenneth S. Tan was present during the Annual Stockholders' Meeting of the Company held last 20 December 2017.	
Supplemental Recommendations to Principle 13			

1. Board avoids anti-takeover measures or similar devices that may entrench ineffective management or the existing controlling shareholder group	**Compliant**	The Company adopts a "one share, one vote" policy. Thus, minority stockholders are adequately represented in stockholder actions. Please see the Company's Amended By-Laws and Revised Manual on Corporate Governance dated 31 May 2017.	
2. Company has at least thirty percent (30%) public float to increase liquidity in the market.	**Compliant**	The Company's public float currently stands at sixty-nine and 26/100 percent (69.26%).	
Optional: Principle 13			
1. Company has policies and practices to encourage shareholders to engage with the company beyond the Annual Stockholders' Meeting			
2. Company practices secure electronic voting in absentia at the Annual Shareholders' Meeting.			
Duties to Stakeholders			
Principle 14: The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholders' rights and/or interests are at stake, stakeholders should have the opportunity to obtain prompt effective redress for the violation of their rights.			
Recommendation 14.1			

1. Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.	**Compliant**	Due to minimal operations and requirements of the Company, the Company's stakeholders are limited to its stockholders. The Company has set-up communication channels that promote effective communication with its shareholders and the investing community. Mr. Kenneth S. Tan is in-charge of the investor relations program of the Company. He can be contacted through the Company's telephone number: (02) 997-5184 or his work e-mail: kenneth.tan@ani.com.ph.	
Recommendation 14.2			
1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.	**Non-Compliant**		Due to minimal operations and requirements of the Company, there is no formal policy that provides a mechanism for the fair treatment and protection of stakeholders. However, under the Company's Revised Manual on Corporate Governance, the Board of Directors should take appropriate steps to promote the rights of stockholders, remove impediments to the exercise of those rights, and provide an adequate avenue for them to seek timely redress for breach of their rights.

Recommendation 14.3			
1. Board adopts a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights.	**Compliant**	Stakeholders can voice their concerns and/or complaints for possible violations of their rights to Mr. Kenneth S. Tan who is in-charge of the investor relations program of the Company. He can be contacted through the Company's telephone number: (02) 997-5184 or his work e-mail: kenneth.tan@ani.com.ph. Please see the Company's Revised Manual on Corporate Governance dated 31 May 2017.	
Supplement to Recommendation 14.3			
1. Company establishes an alternative dispute resolution system so that conflicts and differences with key stakeholders is settled in a fair and expeditious manner.	**Non-Compliant**		Due to minimal operations and requirements of the Company, an alternative dispute resolution system is provided in the Company's Revised Manual on Corporate Governance, but the same is not yet implemented. The same will be implemented when the needs of the Company require so.
Additional Recommendations to Principle 14			

1. Company does not seek any exemption from the application of a law, rule or regulation especially when it refers to a corporate governance issue. If an exemption was sought, the company discloses the reason for such action, as well as presents the specific steps being taken to finally comply with the applicable law, rule or regulation.	**Compliant**	No such requests for exemption were made in 2017.	
2. Company respects intellectual property rights.	**Compliant**	Under the Company's Revised Manual on Corporate Governance, directors, officers, and employees shall use company property and resources, including company time, supplies, and software, efficiently, responsibly and only for legitimate business purposes. They shall safeguard company assets from loss, damage, misuse, or theft, and shall respect intellectual property rights.	
Optional: Principle 14			
1. Company discloses its policies and practices that address customers' welfare			
2. Company discloses its policies and practices that address supplier/contractor selection procedures			
...ciple 15: A mechanism for employee participation should be developed to create a symbiotic environment, realize the company's goals and participate in its corporate governance processes.			
Recommendation 15.1			

1. Board establishes policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance.	**Non-Compliant**		The Company only has one (1) employee. Such policies, programs, and procedures will be implemented when the needs of the Company require so. Nonetheless, the Company has been providing and maintaining a work environment that encourage employees to actively participate in the realization of the company's goals and in its governance.
Supplement to Recommendation 15.1			
1. Company has a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures.	**Compliant**	The Company adopts a performance management system that allows for the objective assessment of an individual's performance and development needs. The evaluation shall be conducted regularly, and the results of which shall be the basis for the Company's compensation and rewards system, promotions policy, training and development, and succession planning programs.	

2. Company has policies and practices on health, safety and welfare of its employees.	**Compliant**	The Company is committed in providing and maintaining a safe, secure, and healthy work environment. Employees are urged to report to their immediate superior accidents or any condition or practice which is unsafe, whether or not these result in personal injury or no matter how minor they might seem to be.	
3. Company has policies and practices on training and development of its employees.	**Compliant**	The Company only has one (1) employee. Nonetheless, new employees are given orientation on the Company's policies and procedures and made to undergo basic training.	
Recommendation 15.2			

1. Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct.	**Non-Compliant**		Under the Company's Revised Manual on Corporate Governance, it is the duty of the Board of Directors to adopt a Code of Conduct that includes an anti-corruption policy and program. The Company is in the process of formulating a Code of Conduct with an anti-corruption policy and program that is consistent with the Code of Corporate Governance for Publicly Listed Companies. In any case, the Company does not condone any dishonest, unethical, or unprofessional behavior and actions displayed by an employee, regardless of his/her level of authority. It is the responsibility of each employee to report legitimate concerns so that issues can be properly investigated or resolved and corrective measures can be instituted.
2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.	**Compliant**	Considering that the Company only has one (1) employee, the employee is embedded in the company culture through on-the-job training.	
plement to Recommendation 15.2			

1. Company has clear and stringent policies and procedures on curbing and penalizing employee involvement in offering, paying and receiving bribes.	**Non-Compliant**		Under the Company's Revised Manual on Corporate Governance, it is the duty of the Board of Directors to adopt a Code of Conduct that includes an anti-corruption policy and program. The Company is in the process of formulating a Code of Conduct with an anti-corruption policy and program that is consistent with the Code of Corporate Governance for Publicly Listed Companies. In any case, the Company does not condone any dishonest, unethical, or unprofessional behavior and actions displayed by an employee, regardless of his/her level of authority. It is the responsibility of each employee to report legitimate concerns so that issues can be properly investigated or resolved and corrective measures can be instituted.
Recommendation 15.3			
1. Board establishes a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation	**Non-Compliant**		Due to minimal operations and requirements of the Company, a whistleblowing policy is provided in the Company's Revised Manual on Corporate Governance, but the same is not yet implemented. The same will be implemented when the needs of the Company require so.
2. Board establishes a suitable framework for whistleblowing that allows employees to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.	**Non-Compliant**		

3. Board supervises and ensures the enforcement of the whistleblowing framework.	**Non-Compliant**		There have been no whistleblowing incidents in 2017.
Principle 16: The company should be socially responsible in all its dealings with the communities where it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.			
Recommendation 16.1			
1. Company recognizes and places importance on the interdependence between business and society, and promotes a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates.	**Non-Complaint**		The Company did not participate in any community involvement and environment-related programs in 2017. However, in the future, the Company intends to engage in activities that recognizes and places importance on the interdependence between business and society, and promotes a mutually beneficial relationship that allows the company to grow its business while contributing to the advancement of the society where it operates.
Optional: Principle 16			
1. Company ensures that its value chain is environmentally friendly or is consistent with promoting sustainable development			
2. Company exerts effort to interact positively with the communities in which it operates			

ANNEX "A"
Attendance of Directors in Stockholders' and Board of Directors Meetings

Board	Name	Date of Election[1]	No. of Meetings Held During the Year	No. of Meetings Attended
Chairman	Antonio L. Tiu	15 December 2016	9	9
Member	Kenneth S. Tan	15 December 2016	9	9
Member	Martin C. Subido	15 December 2016	9	9
Member	Paula Katrina L. Nora	15 December 2016	9	9
Member	Lisette M. Arboleda	15 December 2016	9	9
Member	Antonio Peter R. Galvez	15 December 2016	9	7
Member	Ma. Pamela Grace C. Muhi	15 December 2016	9	9
Member	James L. Tiu	15 December 2016	9	4
Member	Yang Chung Ming	15 December 2016	9	5
Independent	Honorio T. Tan	15 December 2016	9	2
Independent	Maylyn Z. Dy	15 December 2016	9	7

[1] All of the directors enumerated herein were re-elected as directors during the Company's Annual Stockholders' Meeting held on 20 December 2017.

ANNEX "B"
Directorships of Company's Directors in Other Corporations

Director	Corporation	Type of Directorship
\ntonio L. Tiu	1. Total Waste Management Recovery System, Inc.	1. Non-Executive, Chairman
	2. Winsun Green Ventures, Inc.	2. Executive, Chairman
	3. Isabela Alcogas Corporation	3. Executive, Chairman
	4. Sunchamp Real Estate Development Corp.	4. Executive, Chairman
	5. Agrinurture Development Holdings Inc.	5. Executive, Chairman
	6. Lite Speed technologies, Inc.	6. Non-Executive, Chairman
	7. AgriNurture, Inc.	7. Executive, Chairman
Martin C. Subido	1. Total Waste Management Recovery System, Inc.	1. Executive, Member
	2. Winsun Green Ventures, Inc.	2. Executive, Member
	3. Isabela Alcogas Corporation	3. Executive, Member
	4. Sunchamp Real Estate Development Corp.	4. Executive, Member
	5. Agrinurture Development Holdings Inc.	5. Executive, Member
	6. Lite Speed Technologies, Inc.	6. Executive, Member
	7. AgriNurture, Inc.	7. Non-Executive, Member
Kenneth S. Tan	1. Total Waste Management Recovery System, Inc.	1. Non-Executive, Member
	2. Winsun Green Ventures, Inc.	2. Non-Executive, Member
	3. Sunchamp Real Estate Development Corp.	3. Executive, Member
	4. Agrinurture Development Holdings Inc.	4. Executive, Member
	5. Lite Speed Technologies, Inc.	5. Executive, Member

	6. AgriNurture, Inc.	6. Executive, Member
Paula Katrina L. Nora	1. Winsun Green Ventures, Inc. 2. Sunchamp Real Estate Development Corp. 3. Agrinurture Development Holdings Inc.	1. Executive, Member 2. Executive, Member 3. Executive, Member
Lisette M. Arboleda	1. Agrinurture Development Holdings Inc. 2. AgriNurture, Inc.	1. Non-Executive, Member 2. Executive, Member
Ma. Pamela Grace C. Muhi	Isabela Alcogas Corporation	Executive, Member
Antonio R. Galvez	AgriNurture, Inc.	Non-Executive, Member
Yang Chung Ming	AgriNurture, Inc.	Non-Executive, Member
James L. Tiu	AgriNurture, Inc.	Non-Executive, Member
Honorio T. Tan	1. BEAM Marketing Enterprises, Inc. 2. YMCA of the Philippines 3. Manila Downtown YMCA 4. Moringaling Philippine Foundation Inc. 5. Agricultural Bank of the Philippines	1. Non-Executive, Chairman 2. Executive, Member 3. Executive, Member 4. Non-Executive, Chairman 5. Non-Executive, Independent
Maylyn Z. Dy	1. Woodside Properties & Land Corp. 2. VitaMaxx Realty 3. Vita Homes 4. North East Dialysis Center	1. Executive, Member 2. Non-Executive, Member 3. Executive, Member 4. Executive, Member

ANNEX "C"
Company's Conglomerate Map