COVER SHEET

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SEC 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 2 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

Secondary Type, If Applicable

Month Day
Annual Meeting

C G F D
Dept Requiring this Doc

Amended Articles Number/Section

Total No. of Stockholders

Total amount of borrowings

Domestic Foreign

To be accomplished by SEC personel concerned

File Number

LGU

Document I.D

CASHIER

STAMPS

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

8. Date, time and place of the meeting of security holders: **28 June 2019 (Friday), 1:30 p.m. at 54 National Road, Dampol II-A, Pulilan, Bulacan**

9. Approximate date on which the Information Statement is first to be sent or given to security holders: **06 June 2019**

10. <u>In case of Proxy Solicitations:</u>

   Name of Person Filing the Statement/Solicitor: **N.A.**

   Address and Telephone No.: **N.A.**

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

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

12. Are any or all of registrant's securities 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").

[1] Greenergy Holdings Inc. (the "Company") is still in the process of implementing the change in par value of 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.

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 **28 June 2019 (Friday), 1:30 p.m., at 54 National Road, Dampol II-A, Pulilan, Bulacan**.

a. The complete mailing address of the principal office 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 **06 June 2019**.

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 right under Section 80 of the Revised Corporation Code of the Philippines.

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 28 June 2019.

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[2] common shares 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 28 June 2019 is fixed at 28 May 2019.

c. 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 23 of the Revised Corporation Code of the Philippines, stockholders entitled to vote shall have the right to vote the number of shares of stock standing in their own names in the stock books of the corporation at the time fixed in the bylaws or where the bylaws are silent, at the time of the election. The said stockholder may: (a) vote such number of shares for as many persons as there are directors to be elected; (b) cumulate said shares and give one (1) candidate as many votes as the number of directors to be elected multiplied by the number of the shares owned; or (c) distribute them on the same principle among as many candidates as may be seen fit: *Provided*, that the total number of votes cast shall not exceed the number of shares owned by the stockholders as shown in the books of the corporation multiplied by the whole number of directors to be elected. No delinquent stock shall be voted. There are no stated conditions precedent to the exercise of cumulative rights.

[2] The Company is still in the process of implementing the change in par value of 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.

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.

Nominees for directors receiving the highest number of votes shall be declared elected.

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

As of 30 April 2019, 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 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[4])	42.40%
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	389,471,477	13.91%
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	7.42%
Common	*Jian Cheng Cai* #18 Dadiangas Street, Damar Village, Quezon City *Private placement investor*	Jian Cheng Cai	Chinese	160,000,000	5.71%

[3] As 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.

[4] Earthright Holdings, Inc. holds all the outstanding voting preferred shares of the Company.

**Common and preferred shares to be voted by Mr. Tiu or any other duly authorized representative of Earthright Holdings, Inc.*
***Shares to be voted by the duly authorized representative of ThomasLloyd Cleantech Infrastructure Fund GmbH*

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

The public float of the Company as of 31 March 2019 is 69.26%.

The following table shows the ownership of the following directors and executive officers in the Company's common shares as of 30 April 2019:

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 30 April 2019 is 333,522,007 or 18.52% of the Company's outstanding common shares.

Voting Trust 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

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

As of 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	43	8 years, 3 months	2010 to Present
Kenneth S. Tan	Director	Filipino	46	4 years, 11 months	2014 to Present

Martin C. Subido	Director	Filipino	43	8 years, 3 months	2010 to Present
Ma. Pamela Grace C. Muhi	Director	Filipino	44	2 years, 5 months	2016 to Present
Paula Katrina L. Nora	Director	Filipino	36	4 years, 11 months	2014 to Present
Antonio Peter R. Galvez	Director	Filipino	58	3 years, 5 months	2015 to Present
Lisette M. Arboleda	Director	Filipino	38	3 years, 5 months	2015 to Present
Yang Chung Ming	Director	Chinese	44	2 years, 5 months	2016 to Present
James L. Tiu	Director	Filipino	35	2 years, 5 months	2016 to Present
Maylyn Z. Dy*	Independent Director	Filipino	54	2 years, 5 months	2016 to Present
Honorio T. Tan*	Independent Director	Filipino	81	2 years, 5 months	2016 to Present

ANTONIO L. TIU. Mr. Tiu is the President/CEO and Chairman of Earthright Holdings, Inc., Chairman of the Big Chill, Inc., President/CEO of Beidahuang Philippines Inc., and President/CEO and Chairman of Greenergy Holdings Incorporated. Mr. Tiu also serves as director and Chairman of Agrinurture, Inc., Sunchamp Real Estate Development Corp., First Class Agriculture Corporation, Fresh & Green Harvest Agricultural Company Inc., Best Choice Harvest Agricultural Corp., Lucky Fruits & Vegetable Products Inc., M2000 IMEX Company Inc., Fruitilicious Company Inc., Ocean Biochemistry Technology Research, Inc., and Fresh and Green Palawan Agri Ventures, Inc. He is an active member of the Integrated Food Manufacturer Association of the Philippines, PHILEXPORT, PHILFOODEX, Chinese Filipino Business Club, and Philippine Chamber of Agriculture and Food Industries. He was a part-time lecturer in International Finance at DLSU Graduate School from 1999 to 2001 and currently the board adviser of DLSU School of Management. He was awarded the Ernst and Young Emerging Entrepreneur of the Year in 2009, the 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. 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 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 and is now a partner 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 currently serves as director and Corporate Information and Compliance Officer of Greenergy Holdings Incorporated. 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 2018. He also served as President of Moringaling Philippines Foundation, Inc. in 2011, 2017 and 2018. He was with the Bank of Asia before the bank was sold and merged with the Bank of America.

Mr. Tan holds a Bachelor's Degree in Economics from University of the East. In 2019, Mr. Tan was awarded the degree of Doctor, honoris causa, by Lyceum Northwestern University, Dagupan, Pangasinan for Community Service.

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")	43	Filipino	Mr. Tiu is the President/CEO and Chairman of Earthright Holdings, Inc., Chairman of the Big Chill, Inc., President/CEO of Beidahuang Philippines Inc., and President/CEO and Chairman of Greenergy Holdings Incorporated. Mr. Tiu also serves as director and Chairman of AgriNurture, Inc., Sunchamp Real Estate Development Corp., First Class Agriculture Corporation, Fresh & Green Harvest Agricultural Company Inc., Best Choice Harvest Agricultural Corp., Lucky Fruits & Vegetable Products Inc., M2000 IMEX Company Inc., Fruitilicious Company Inc., Ocean Biochemistry Technology Research, Inc., and Fresh and Green Palawan Agri Ventures, Inc. He is an active member of the Integrated Food Manufacturer Association of the Philippines, PHILEXPORT, PHILFOODEX, Chinese Filipino Business Club, and Philippine Chamber of Agriculture and Food Industries. He was a part-time lecturer in International Finance at DLSU Graduate School from 1999 to 2001 and currently the board adviser of DLSU School of Management. He was awarded the Ernst and Young Emerging Entrepreneur of the Year in 2009, the 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")	46	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	43	Filipino	Atty. Subido currently serves as director and Corporate Secretary 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	36	Filipino	Atty. Nora currently serves as director and Assistant Corporate Secretary. 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.
Lisette M. Arboleda	Corporate Information and Compliance Officer	38	Filipino	Atty. Arboleda currently serves as director and Corporate Information and Compliance Officer of Greenergy Holdings Incorporated. 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.

The directors are elected at each Annual Stockholder's 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 19 July 2018 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 28 June 2019 are as follows:

1. Antonio L. Tiu
2. Kenneth S. Tan
3. Martin C. Subido
4. Paula Katrina L. Nora
5. Antonio Peter R. Galvez
6. Lisette M. Arboleda
7. Yang Chung Ming
8. Senen L. Matoto
9. Luis Rey I. Velasco
10. Maylyn Z. Dy (Independent Director)
11. Honorio T. Tan (Independent Director)

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

Chairman	-	Kenneth S. Tan
Member	-	Honorio T. Tan
Member	-	Maylyn Z. Dy

The Nomination Committee pre-screened the nominees for election as independent directors pursuant to the criteria in the Company's Revised Manual of 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 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 the Securities and Regulations 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. 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. Tiu, the Chairman and President/CEO of the Company, has been involved in an event material in evaluating the ability or integrity of any director, any nominee for election as director, or executive officer of the Company, to wit:

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

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

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

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

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

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

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

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

Upon the lifting of the *Freeze Order*, the Republic of the Philippines, through the AMLC (the "Petitioner"), filed the *Ex Parte Petition* with the Regional Trial Court. In the *Ex Parte Petition*, Petitioner prayed that (i) a *PAPO* be issued over specified bank accounts which includes that of Mr. Tiu's, 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 which includes that of Mr. Tiu's, among others.

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

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

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

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

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

Accordingly, on 22 January 2016, Mr. Tiu filed his *Motion for Reconsideration* of even date in regard to the said *Order* dated 15 December 2015. He prayed that the APO be recalled and set aside, insofar as it relates to his bank accounts, based on the following grounds: (i) the issuance of the APO was premature considering that the jurisdiction of the court was still an issue; (ii) the APO was improperly and irregularly issued; and (iii) there was no legal or factual basis for the issuance of the APO.

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

Thus, a *Supplemental Motion* to the *Omnibus Motion* was filed wherein it was prayed that the *Ex Parte Petition* against him be stricken from the records of the Regional Trial Court in view of (i) the *Certification* by RCBC Forex that the information it relayed to the AMLC regarding the involvement of

Mr. Tiu in the $20.46 million purchase of foreign currency was erroneous; (ii) the indubitable legitimate and *bona fide* business transactions that supported the inward bank remittance transactions involving the Company, Earthright, Sunchamp, and Mr. Tiu; (iii) the false and erroneous information contained in the *AMLC Report*; and (iv) the violation of Mr. Tiu's constitutional rights in connection with the *AMLC Report* and the proceedings instituted as a result thereof.

In an *Order* dated 09 July 2018 ("Order"), the Regional Trial Court categorically ruled that "the funds in the subject accounts of respondents Greenergy, et al. are not related to the unlawful activity of violation of R.A. 3019 and R.A. 7080." Thus, the bank accounts of Mr. Tiu were "ordered Discharged from the effects of the Asset Preservation Order (APO) dated December 15, 2015."

With the *Order*, which was immediately executory, Mr. Tiu regained access and control over his bank accounts.

The Office of the Solicitor General filed a *Motion for Reconsideration* (to the Order dated 09 July 2018) dated 03 August 2018, while Mr. Tiu filed his *Comment/Opposition* (to the Motion for Reconsideration) dated 11 December 2018 on even date.

At present, the *Motion* is pending resolution by the Regional Trial Court.

Certain Relationships and Related Transactions

Please refer to Note 18 of the Audited Consolidated Financial Statements for the year ended 31 December 2018 for details on related party transactions.

<u>Item 6. Compensation of Directors and Executive Officers</u>

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

(A) Name and Position	(B) Year	(C) Salary (in ₱)	(D) Bonus	(E) Other Annual Compensation
Antonio L. Tiu, as President/CEO	2019 (estimated)	0.00	None	None
	2018	0.00	None	None
	2017	0.00	None	None
All other officers and directors as a group, unnamed	2019 (estimated)	0.00	None	None
	2018	0.00	None	None
	2017	0.00	None	None

**The President/CEO, Treasurer/CFO, Corporate Secretary, Assistant Corporate Secretary, and the Corporate Information and Compliance Officer did not receive compensation in the year 2018.*

Compensation of Directors

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

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

Employment Contracts

None.

Warrants and Options Outstanding

None.

Item 7. Independent Public Accountants

Pursuant to the authority delegated to the Board of Directors by the stockholders of the Company during the Annual Stockholders' Meeting held on 19 July 2018, the Board of Directors approved on 08 April 2019 the re-appointment of Constantino Guadalquiver & Co. ("CG & Co.") as external auditor for the fiscal year ended 31 December 2018.

(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 8 April 2019.

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

Chairman	-	Maylyn Z. Dy
Member	-	Honorio T. Tan
Member	-	Martin C. Subido

CG&Co. is still recommended for re-appointment as external auditor for the fiscal year ending 31 December 2019.

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 fiscal year ended 31 December 2018.

Further, attached hereto is the Quarterly Report for the period ended 31 March 2019, 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.

On 30 January 2019, the Company entered into a Memorandum of Agreement with Thebizlink Philippines, Inc. and Thebizlink Co. Ltd. ("Thebizlink Group") for the development of a transport hub, smart-farming agriculture area, smart-city commercial and/or mixed-use developments and other related developments. On 11 April 2019, the Company also entered into an International Distributorship Agreement (the "Agreement") with Hanergy Thin Film Power Asia Pacific Limited ("Hanergy"). Under the Agreement, the Company was appointed as Hanergy's distributor in the Philippines for the promotion and sale of all Hanergy solar products such as, but not limited to, the new and innovative Film Flat SOLARtile.

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 P113.74 million, inclusive of taxes, fees, and commissions, at P4.21 per share. The acquisition was equivalent to 4.34% of the total issued and outstanding shares of ANI.

In May and June 2018, the Company sold a total of 5,828,700 common shares of ANI which resulted to the decrease in the Parent Company's ownership in ANI from 28.16% to 23.73%.

On 27 December 2018, ANI increased its authorized capital stock by 1.0 billion shares. However, the Company waived its right to subscribe on the increased authorized shares. As a result, the Company now holds 17.9% of the total issued and outstanding capital stock of ANI.

Sunchamp Real Estate Development Corp. (“SREDC”)

SREDC was incorporated and registered with the SEC on 31 May 2004. It is a real estate company that focuses on the development of self-sustaining agri-tourism areas. At present, the Company has a 62.39% equity stake in SREDC.

In the last quarter of 2017, SREDC started the commercial operations of a self-sustaining agri-tourism park located in Rosario Batangas (the “Park”). The Park offers agri-tourism and lifestyle center activities, overnight accommodations, and venue for weddings, special events, field trips and seminars to students, individuals and groups. Soon, it will also offer facilities for team building activities to encourage more visitors to come and enjoy the Park.

Total Waste Management Recovery System, Inc. (“TWMRSI”)

TWMRSI was incorporated and registered with the SEC on 8 March 2011. It 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 was incorporated and registered with the SEC on 22 June 2012. It is a wholly-owned subsidiary of the Company engaged in renewable energy projects.

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

AgriNurture Development Holdings Inc. (“ADHI”)

ADHI was incorporated and registered with the SEC on 17 June 2014. It a wholly-owned subsidiary of the Company. 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”)

LSTI was incorporated and registered with the SEC on 14 August 2014. It is engaged 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.

MANAGEMENT’S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

Income Statement for the Fiscal Years 2018 and 2017

The Group’s revenues for 2018 amounted to ₱3.45 million, an increase from the revenue generated in 2017 which totaled ₱0.52 million due to the increase in agri-tourism revenue and rental income from the nine (9)-hectare property situated in Rosario, Batangas. Cost of sales consists of salaries and wages, cost of raw materials and fuel and oil relating to the agri-tourism activities.

In 2018, the Group’s gross income was at ₱1.00 million, equivalent to 29% of revenues. In 2017, the Company’s gross loss was at ₱1.49 million or -287.61% 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, sale of harvests from greenhouse projects of one of its subsidiaries and potential project with Thebizlink Co. Ltd that will generate sufficient cash flows to sustain operation.

Administrative expenses in 2018 totaled ₱38.46 million, an increase of 95% compared to that in 2017 which amounted to ₱19.69 million due to the increase in depreciation expense, penalties and fines, salaries and wages, legal and professional fees and repairs and maintenance.

Other income (charges) in 2018 totaled ₱2,856.48 million compared to that in 2017 which amounted to ₱42.69 million. The increase is due to the results of gain on reclassification of investment in associate to FVOCI amounting to ₱2,613.49 million, gain on deemed disposal of investment in an associate of ₱186.42 million, gain on sale of investment in associate amounting to ₱78.97 million. Provision for impairment increased in 2018 from ₱0.74 million to ₱12.75 million in 2017 which includes advances from related parties and other receivables. Equity in net income (loss) of associate decreased from a gain of ₱31.35 million in 2017 to a loss of ₱3.45 million in 2017 due to decrease in ownership of an associate.

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. On January 30, 2019, the Group entered into a Memorandum of Agreement with Thebizlink Group for the development of a transport hub, smart-farming agriculture area, smart-city commercial and/or mixed-use developments and other related developments. With these investments, the management of the Group will continue to generate sufficient cash flows to complete its current and future plans.

As a result of the above, the Company had a consolidated net income in 2018 of ₱2,818.99 million.

First Quarter Interim Periods: March 2019 and March 2018

Revenue recorded for the first three (3) months of 2019 is P 0.53 million, which includes Agri-tourism revenue and rental income from P1.18 million last quarter of 2018. Expenses such as contractual services, salaries and wages, utilities, repairs and maintenance, materials and supplies and penalties and charges increased by P4.99 million during the 1st quarter of 2019 as compared to last quarter of 2018. Other income/(charges) during the quarter includes loss on revaluation of financial assets at fair value through other comprehensive income amounting to P375.53 million since its investment in an associate, Agrinurture, Inc. was reclassified to financial assets at fair value after a partial sale and cease of significant influence last quarter of 2018. As a result of the above, the Company had a Consolidated Operating Loss of P384.66 million during the first quarter of 2019.

Balance Sheet Trends

Fiscal Years 2018 and 2017

Cash and cash equivalent increased by ₱9.83 million from ₱2.70 million in 2017 to ₱12.53 million in 2018 due to the result of the gain on sale of investments and collection of agri-tourism revenues.

Net receivables increased by ₱2.15 million as of 31 December 2018 from ₱251.44 million in 2017 to ₱253.59 million in 2018 due to the increase in rental receivables during the year.

In 2018, due from related parties decreased by ₱10.72 million, ₱811.12 million, and ₱821.84 million in 2018 and 2017. The decrease is due to liquidation and collection of advances given to a stockholder in relation to the expenses of the Park and other expenses of the Group.

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

Deposit for land acquisition increased by ₱4.60 million due to the advance deposit of the Group for a future project.

Financial assets at FVOCI increased significantly at ₱3,101.01 million and ₱0.37 million in 2018 and 2017, respectively due to the reclassification of an investment in associate to investment in shares of stocks as a result of the decrease in ownership to ANI common shares.

"Property and equipment" increased due to the additional recognition of various properties in Rosario Batangas in 2018 such as buildings and land improvements including machineries and equipment.

Total liabilities increased by ₱66.37 million in 2018 from ₱243.61 million in 2017 to ₱309.98 million in 2018. The increase in 2018 is the result of the additional advances given by one of its related parties during the year.

Total equity increased by ₱2,820.50 million in 2018 from ₱1.17 billion in 2017 to ₱3.99 billion in 2018 due to the positive results of the Group's operations during the year.

First Quarter Interim Periods Ended March 2019 and Year Ended 31 December 2018

Cash and cash equivalent amounted to P2.20 million as at 31 March 2019 from P12.53 million consolidated at 31 December 2018. The decrease in cash is due to the expiration of time deposit of one of the subsidiaries as of March 2019 as well as payment of payables during the quarter. Receivables increased to P254.21 million in 31 March 2019 from P253.59 million as of 31 December 2018 mainly due to additional recognition of rental income and sales during the quarter. Due from related parties decreased to P499.09 million in 31 March 2019 from P811.12 million consolidated at 31 December 2018 as a result of liquidation and collections during the quarter. Other current assets increased to P0.89 million in 31 March 2019 from P0.82 million consolidated at 31 December 2018 due to increase in Input VAT.

Financial assets at fair value through other comprehensive income decreased during the quarter from P3.10 billion to P2.73 billion due to decrease in market price based on published price in the stock market. Property and equipment increased to P417.38 million in 31 March 2019 from P103.75 million as at 31 December 2018 mainly due to liquidation of advances from a stockholder that resulted to an increase in land during the quarter. Trade and Other Payables decreased to P14.80 million in 31 March 2019 compared to the 31 December 2018 amounting to P14.92 million due to payments of payables and accruals during the quarter. Non-controlling interest decreased to P126.64 million in 31 March 2019 from P129.29 million as at 31 December 2018 due to net loss results of the operations of subsidiaries under com m on control.

Changes and Disagreements with Accounts on Accounting and Financial Disclosure

None.

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

<u>Imposition of Penalties</u>

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

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

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

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

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

Further, the SEC imposed upon the Company an additional delay assessed aggregate penalty amounting to ₱457,500,000.00 for the late filing of (i) the *Annual Report* for the years ended 31 December 2014 and 2014, and (ii) the *Quarterly Reports* for the periods ended 30 June 2015 and 30 September 2015.

An Order dated 5 November 2018 was issued by the SEC directing the Company to pay the amount of ₱2,000,000.00 as penalty for the late filing of its 2016 and 2017 *Annual Reports* (SEC Form 17-A), 2016 1st and 2nd *Quarterly Reports*, and 2017 1st and 2nd *Quarterly Reports* (SEC Form 17-Q).

The Company has submitted the (i) *Annual Reports* for the years ended 31 December 2014 to 2017 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 has settled all the monetary penalties accordingly.

<u>Additional Investment in WGVI</u>

On 22 February 2019, the Board of Directors authorized the Company to make an additional investment of up to Php100 million in WGVI to finance the latter's "green" projects involving solar power and liquefied natural gas (LNG).

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

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

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

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

4. Material commitments for capital expenditures;

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

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

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

Key Performance Indicators

The top five (5) key performance indicators are shown below for the years 2018 and 2017:

Indicator	2018	2017
Current ratio	3.48:1	4.42:1
Debt to equity ratio	0.08:1	0.21:1
Bank debt to equity ratio	-	-
Income (Loss) per share	0.02	0.02
Return on Equity	1.771	0.01:1

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

Definition of "Liquidity Ratios"

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

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

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

Definition of "Solvency Ratio"

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

The measure is usually calculated as follows:

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

Definition of "Debt/Equity Ratio"

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

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

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

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

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

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

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

Definition of "Interest Coverage Ratio"

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

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

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

Definition of “Return on Equity – ROE”

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

Return on Equity = Net Income/Shareholders’ Equity

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

Also known as “return on net worth” (“RONW”).

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

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

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

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

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

Definition of “Gross Margin”

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

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

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

Definition of “Net Margin”

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

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

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

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

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

Audit and Audit-Related Fees – 2018

The audit fees for the services rendered by the Company's external auditor, CG & Co., for its services in connection with the statutory and regulatory filings of the Company's financial statements for the fiscal year ended 31 December 2018 amounted to ₱300,000.00.

Tax Fees – 2018

For the year 2018, 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 – 2018

For the year 2018, 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 – 2018" 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 2018.

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.

Market Information

The following is a summary of the trading prices at the PSE for each of the quarterly periods of 2018 and 2017:

Ave. Price	2018		2017	
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*	1.23	2.40	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 before trading thereof resumed on 05 November 2018.*

The last traded price of the Company's common shares at the PSE on 30 May 2019 was Php2.40.

Holders[5]

The Company has a total of 1,031 stockholders of record as of 30 April 2019. The Company issues both common and preferred shares. The top twenty (20) holders of common shares as of 30 April 2019 are as follows:

Stockholder's Name	No. of Shares	% of Ownership
PCD Nominee Corporation (Filipino)	389,471,477	21.63%
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%
PCD Nominee Corporation (Foreign)	58,106,229	3.23%
PPAR Management & Holdings Corporation	58,000,000	3.22%
Southern Field Limited (BVI)	55,000,000	3.05%
Jerry G. Yu	52,000,000	2.89%
Ann Loraine B. Tiu	51,500,000	2.86%
A.R.C. Estate & Project Corporation	50,000,000	2.78%
Mark Kenrich Duca	50,000,000	2.78%
Hung Kamtin	40,000,000	2.22%
Paul Vincent Lee	36,000,000	2.00%
Fab People, Inc.	31,000,000	1.72%
Jaime L. Tiu	30,000,000	1.67%
James L. Tiu	30,000,000	1.67%
Prestejenchrisdan (PSJCD) Inc.	30,000,000	1.67%
Sure Anthony T. Ching	30,000,000	1.67%
Jose Marie E. Fabella	30,000,000	1.67%
Total	**1,686,346,266.00**	**93.68%**

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

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

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

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

5 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.

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 GmbH) was established in 2011 and duly organized under the laws of Germany, with registered address at Hanauer Landstraße 291B, 60314 Frankfurt a. M., Deutschland (Germany). It was established to launch a platform of retail and high net worth investor funds, specifically to invest in clean technologies and renewable energy. The company is owned by ThomasLloyd Holdings Ltd. and its sole director is T.U. Michael Sieg. 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. ("Earthright") 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 2018 and 2017. 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 2018.

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.

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 19 July 2018 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. The appointment of CG & Co. as the external auditor for the fiscal year 2018; and

2. Postponement of the Annual Stockholders' Meeting previously scheduled on 14 June 2019, as provided in the Company's By-Laws, to 28 June 2019, with a record date of 28 May 2019.

Item 16. Matters Not Required to be Submitted

None.

Item 17. Amendment of Charter, Bylaws or Other Documents

None.

Item 18. Other Proposed Action

1. Approval of the issuance and listing of the additional P500 million worth of common shares included in the Amended Subscription Agreement dated 22 May 2019 between the Company and Earthright Holdings, Inc., subject to the approval by the SEC of the proposed increase in authorized capital stock of the Company, in compliance with the PSE Revised Listing Rules;

2. Waiver by the minority stockholders of the right to conduct a public offering in relation to item (1), in compliance with the PSE Revised Listing Rules;

3. Ratification of all the acts of the Board of Directors and officers since the Annual Stockholders' Meeting held on 19 July 2018;

4. Election of the members of the Board of Directors, including the independent directors; and

5. Appointment of an external auditor for the fiscal year 2019.

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 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.

3. 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 Report are true, complete, and correct.

Makati City, Philippines, 31 May 2019.

GREENERGY HOLDINGS INCORPORATED

By:

MARTIN C. SUBIDO
Corporate Secretary

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 **28 June 2019, Friday, 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 19 July 2018;
4. Presentation of the Annual Report and Financial Statements for the year ended 31 December 2018;
5. Approval of the issuance and listing of the additional P500 million worth of common shares included in the Amended Subscription Agreement dated 22 May 2019 between the Company and Earthright Holdings, Inc. subject to the approval by the SEC of the proposed increase in authorized capital stock of the Company, in compliance with the PSE Revised Listing Rules;
6. Waiver by the minority stockholders of the right to conduct a public offering in relation to item (5), in compliance with the PSE Revised Listing Rules;
7. Ratification of all acts, resolutions, and decisions of the incumbent Board of Directors and Management since the Annual Stockholders' Meeting held last 19 July 2018;
8. Election of Directors;
9. Appointment of the external auditor for the fiscal year 2019;
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 Stockholders' Meeting.

By resolution of the Board of Directors, the close of business on **28 May 2019** 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 **18 June 2019**. Proxies received after the said deadline will not be recorded. Corporate stockholders are requested to attach to the proxy instrument 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 **21 June 2019** at **2:00 p.m.** 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 p.m.**

By:

MARTIN C. SUBIDO
Corporate Secretary

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 18 June 2019 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.

P R O X Y

I/WE hereby name and appoint ______________________________ or, in his/her absence, the Chairman of the meeting as my/our proxy at the Annual Stockholders' Meeting of Greenergy Holdings Incorporated to be held at 54 National Road, Dampol II-A, Pulilan, Bulacan, Philippines on Friday, 28 June 2019, 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 that:

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/employees 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 2019 Annual Stockholders' Meeting, including the independent directors and officers of the Corporation, are appointed to or are employees 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 20th day of May 2019 in Makati City.

MARTIN C. SUBIDO
Corporate Secretary

SUBSCRIBED AND SWORN TO before me in Makati City this 20th day of May 2019, affiant appeared and exhibited to me his competent evidence of identity bearing his photograph and signature, Passport No. P0299172B, issued by the Department of Foreign Affairs in the City of Manila and valid until 17 January 2029.

Doc. No. 301;
Page No. 62;
Book No. I;
Series of 2019.

MARIA VICTORIA DV. RODRIGUEZ
NOTARY PUBLIC
ROLL NO. 72024
MAKATI CITY, PHILIPPINES

ATTY. MARIA VICTORIA DV. RODRIGUEZ
Notary Public
Until December 31, 2019
Roll of Attorneys No. 72024
IBPNo. 042225/05-21-18/Quezon City Chapter
PTR No. 6966586/06-22-18/Makati City
Notarial Commission No.M-481(2018-2019)
TIN 252-203-595
5th Floor, Prince Building, 117 Rada Street
Legaspi Village, Makati City

ANNEX B

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

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	1972 to present
YMCA of the Philippines	National Treasurer	2015-2018
Manila Downtown YMCA	President	2005-2010,
Manila Downtown YMCA	Director	2013 to present
Moringaling Philippines Foundation Inc.	Past President, Chairman	2011, 2017 to present
Agricultural Bank of the Philippines	Independent Director	2014 to present

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 16th day of May 2019 in Makati City.

HONORIO T. TAN
Affiant

SUBSCRIBED AND SWORN TO before me in Makati City this MAY 16 2019, affiant appeared and exhibited to me his competent evidence of identity bearing his photograph and signature, Passport No. P6823026A, issued by the Department of Foreign Affairs NCR West, valid until 16 April 2028.

Doc. No. 314;
Page No. 64;
Book No. I;
Series of 2019.

GERARD SAMUEL ALPHONSUS B. CONTRERAS
NOTARY PUBLIC
ROLL NO. 71863
MAKATI CITY, PHILIPPINES

ATTY. GERARD SAMUEL ALPHONSUS B. CONTRERAS
Notary Public
Until December 31, 2019
Roll of Attorneys No. 71863
IBPNo. 042576/05-16-18/Makati Chapter
PTR No. 6966585/06-22-18/Makati City
Notarial Commission No.M-480(2018-2019)
TIN 313-509-085
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	1991 to present
VitaMaxx Realty	Director	1998 to present
Vita Homes	President	2000 to present
North East Dialysis Center	Treasurer	2000 to present

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 16th day of May 2019 in Makati City.

MAYLYN Z. DY
Affiant

SUBSCRIBED AND SWORN TO before me in Makati City this MAY 16 2019, affiant appeared and exhibited to me her competent evidence of identity bearing her photograph and signature, Passport No. P9993182A, issued by the Department of Foreign Affairs Manila, valid until 18 December 2028.

Doc. No. 315;
Page No. 64;
Book No. I;
Series of 2019.

GERARD SAMUEL ALPHONSUS B. CONTRERAS
NOTARY PUBLIC
ROLL NO. 71863
MAKATI CITY, PHILIPPINES

ATTY. GERARD SAMUEL ALPHONSUS B. CONTRERAS
Notary Public
Until December 31, 2019
Roll of Attorneys No. 71863
IBPNo. 042576/05-16-18/Makati Chapter
PTR No. 6966585/06-22-18/Makati City
Notarial Commission No.M-480(2018-2019)
TIN 313-509-085
5th Floor, Prince Building, 117 Rada Street
Legaspi Village, Makati City

ANNEX D

bakertilly

CONSTANTINO AND PARTNERS
22nd Floor Citibank Tower
8741 Paseo de Roxas,
Salcedo Village, Makati City,
Philippines

T: (+632) 848 1051
F: (+632) 728 1014

mail@bakertilly.ph
www.bakertilly.ph

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the consolidated financial statements of Greenergy Holdings Incorporated and Subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2018 and 2017 and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years 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, 2018 and 2017 and its consolidated financial performance and its consolidated cash flows for years ended December 31, 2018 and 2017 in accordance with Philippine Financial Reporting Standards.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditors' 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.

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 *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audits 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.

Reclassification of Investment from Associate to Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)
The Group's ownership in its former associate, an entity listed in the Philippine Stocks Exchange (PSE), was reduced to less than 20% due to partial sales and waive of the Group's right to subscribe additional shares, thereby ceasing to be an associate. Accordingly, the said investment was reclassified to financial asset at FVOCI and a corresponding gain on reclassification was recognized in profit or loss. As at December 31, 2018, the financial asset at FVOCI amounted to ₱3.1 billion which accounts for 72% of the Group's total assets.

Audit response
For the reduction of ownership through partial sale, we obtained copies of the Statement of Changes in the Beneficial Ownership filed with the Securities and Exchange Commission (SEC) (Form 23B) showing the details for each sale of shares such as the transaction date, price per share and total sales price, and amount of securities held by the Group at end of month in terms of percentage and number of shares. We then performed recalculations based on the details obtained to verify the correctness of amounts of proceeds, derecognized carrying value of investment sold, and gain on sale recorded in the books.

For the reduction of ownership through dilution, we determined the date when the Group lost significant influence and checked whether the Group measured any investment it retained in the former associate at fair value. We also checked whether the Group recognized in profit or loss as gain on reclassification any difference between the fair value and carrying amount of any retained investment at the date the significant influence is lost. We also checked the basis of the fair value of the remaining investment by referencing to the quoted price listed in the PSE. We then checked whether the remaining investment is properly accounted for in accordance with PFRS 9.

Recoverability of Due from a Stockholder
As at December 31, 2018, the Group has outstanding Due from stockholders amounting to ₱796.1 million. This is significant to our audit because the balance of Due from Stockholders represents 18.5% 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 stockholders for the acknowledgement of the liability to the Group and repayment agreement that covers the timing and manner of payment either through future cash flows and/or liquidations.

Other Information

Management is responsible for the other information. The other information comprises the information included in SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2018, but does not include the consolidated financial statements and our auditors' report thereon. The SEC Form 20-IS, SEC Form 17-A and Annual Report are expected to be made available to us after the auditors' 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 audits 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.

Auditors' 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 auditors' 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 auditors' 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 auditors' 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 auditors' 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 auditors' report is Edwin F. Ramos.

CONSTANTINO AND PARTNERS
(formerly Constantino Guadalquiver & Co.)
BOA Registration No. 0213, valid until December 31, 2019
SEC Accreditation No. (A.N.) 0004-FR-4, valid until December 7, 2020 (Group A)
BIR A.N. 08-001507-000-2017, valid until December 21, 2020

By:

EFRamos

Edwin F. Ramos
Partner
CPA Certificate No. 0091293
SEC A.N. 0432-AR-3, valid until May 1, 2019 (Group A)
TIN 134-885-074-000
BIR A.N. 08-001507-008-2017, valid until December 21, 2020
PTR No. 7333975, issued on January 4, 2019, Makati City

Makati City, Philippines
April 12, 2019

GREENERGY Holdings

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

The Securities and Exchange Commission
Secretariat Building, PICC Complex,
Roxas Boulevard, Pasay City

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **GREENERGY HOLDINGS, INC. AND ITS SUBSIDIARES** 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, 2018 and 2017 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 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.

Constantino and Partners, the independent auditor appointed by the stockholders of the Company, has audited the consolidated financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

ANTONIO L. TIU
Chairman of the Board and President

KENNETH S. TAN
Chief Financial Officer

Signed this 12th day of April 2019

SUBSCRIBED AND SWORN TO before me this APR 1 2 2019 at the________ Makati City, Philippines. Affiant exhibiting to me their respective IDs as indicated below.

Name of Officer	ID No.	Date of Expiration	Place of Issue
Antonio L. Tiu	Driver's License N04-93-265667	2022/08/09	Manila
Kenneth S. Tan	Passport No: P5292731A	2022/12/08	DFA NCR East

Doc. No. 244;
Page No. 50;
Book No. 1;
Series of 2019.

GERARD SAMUEL ALPHONSUS B. CONTRERAS
NOTARY PUBLIC
ROLL NO. 71863
MAKATI CITY, PHILIPPINES

ATTY. GERARD SAMUEL ALPHONSUS B. CONTRERAS
Notary Public
Until December 31, 2019
Roll of Attorneys No. 71863
IBPNo. 042576/05-16-18/Makati Chapter
PTR No. 6966585/06-22-18/Makati City
Notarial Commission No.M-480(2018-2019)
TIN 313-509-085
5th Floor, Prince Building, 117 Rada Street
Legaspi Village, Makati City

GREENERGY HOLDINGS INCORPORATED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2018 AND 2017

(Amounts in Philippine Pesos)

	2018	2017
ASSETS		
Current Assets		
Cash and cash equivalent (Note 6)	**₱ 12,531,445**	₱ 2,700,296
Receivables – net (Note 7)	**253,589,703**	251,436,182
Due from related parties – net (Note 18)	**811,115,326**	821,835,699
Other current assets – net (Note 9)	**818,564**	569,945
Total Current Assets	**1,078,055,038**	1,076,542,122
Noncurrent Assets		
Deposits for land acquisition (Note 8)	**15,600,000**	11,000,000
Financial asset at fair value through other comprehensive income (FVOCI) (Note 10)	**3,101,013,543**	370,000
Investment in associate (Note 11)	–	319,154,639
Investment properties – net (Note 15)	**6,320,465**	6,320,465
Property and equipment – net (Note 13)	**103,745,870**	1,246,730
Biological assets (Note 14)	–	3,232,807
Total Noncurrent Assets	**3,226,679,878**	341,324,641
	₱ 4,304,734,916	₱ 1,417,866,763
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Note 16)	**₱ 14,918,675**	₱ 19,626,005
Due to related parties (Note 18)	**118,057,499**	46,752,073
Deposit for future stock subscription (Note 18)	**177,000,000**	177,000,000
Income tax payable	**956**	231,423
Total Current Liabilities	**309,977,130**	243,609,501

(Forward)

(Carryforward)

	2018	2017
Equity		
Attributable to equity holders of Parent Company		
Capital stock (Note 19)		
Common – ₱1.00 par value		
Authorized – 1,900,000,000 shares in 2018 and 2017		
Subscribed and paid – 1,703,278,572 shares in 2018 and 2017	**₱ 1,703,278,572**	₱ 1,703,278,572
Preferred – ₱0.10 par value		
Authorized and subscribed – 1,000,000,000 shares	**100,000,000**	100,000,000
Additional paid-in capital	**268,090,531**	268,090,531
Cumulative fair value gain (loss) on financial asset at FVOCI (see Note 10)	**607,640**	(390,600)
Share in other comprehensive income of an associate (Note 11)	–	1,687,040
Retained earnings (deficit)	**1,793,486,641**	(1,037,637,525)
	3,865,463,384	1,035,028,018
Non-controlling interests	**129,294,402**	139,229,244
Total Equity	**3,994,757,786**	1,174,257,262
	₱ 4,304,734,916	₱ 1,417,866,763

See accompanying Notes to Consolidated Financial Statements.

GREENERGY HOLDINGS INCORPORATED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

FOR THE YEARS ENDED DECEMBER 31, 2018, 2017 AND 2016

(Amounts in Philippine Pesos)

	2018	2017	2016
REVENUE (Note 20)	**₱ 3,447,073**	₱ 519,503	₱ –
COST OF SALES	**2,446,363**	2,013,654	–
GROSS INCOME (LOSS)	**1,000,710**	(1,494,151)	–
GENERAL AND ADMINISTRATIVE EXPENSES (Note 21)	**(38,456,848)**	(19,687,840)	(20,675,459)
OPERATING LOSS	**(37,456,138)**	(21,181,991)	(20,675,459)
OTHER INCOME (CHARGES) – Net			
Gain on:			
Reclassification of investment in associate to FVOCI (Notes 10 and 11)	**2,613,537,267**	–	–
Deemed disposal of investment in associate (Note 10)	**186,436,244**	–	–
Sale of investment in an associate (Note 11)	**78,968,491**	–	–
Sale of investment property (Note 15)	–	11,244,427	23,499,135
Provisions for impairment (Notes 7, 15, 18)	**(12,751,337)**	(737,095)	(460,951)
Equity in exchange differences on translation of foreign operations of associate	**(9,337,832)**	–	–
Equity in net income (loss) of associate (Note 11)	**(760,596)**	31,349,184	(45,274,728)
Rental income (Note 20)	**359,370**	326,700	297,000
Accounts written off (Notes 7, 9 and 18)	**(142,666)**	(56,889)	(52,680)
Interest income (Note 6)	**111,901**	9,274	5,484
Unrealized foreign exchange gain (Note 6)	**3,029**	128	4,345
Increase in fair value of biological assets (Note 14)	–	553,115	–
Interest expense (Note 17)	–	–	(865,174)
Other income	**59,026**	–	–
	2,856,482,897	42,688,844	(22,847,569)
INCOME (LOSS) BEFORE INCOME TAX	**2,819,026,759**	21,506,853	(43,523,028)
INCOME TAX EXPENSE (Note 22)	**28,443**	231,426	476,010
NET INCOME (LOSS)	**₱ 2,818,998,316**	₱ 21,275,427	(₱ 43,999,038)

(Forward)

(Carryforward)

	2018	2017	2016
OTHER COMPREHENSIVE INCOME			
Reclassifiable subsequently to profit or loss			
Increase in fair value of financial asset at FVOCI (Note 10)	**₱ 1,600,000**	₱ –	₱ –
Exchange differences on translation of foreign operations (Note 11)	**–**	(10,189,109)	27,209,455
Not reclassifiable subsequently to profit or loss			
Share on equity in other comprehensive income on remeasurements of retirement liability - net of tax (Note 11)	**363,044**	66,854	86,949
	₱ 1,963,044	(₱ 10,122,255)	₱ 27,296,404
TOTAL COMPREHENSIVE INCOME (LOSS)	**₱ 2,820,961,360**	₱ 11,153,172	(₱ 16,702,634)
NET INCOME (LOSS) ATTRIBUTABLE TO:			
Equity holders of the Parent Company	**₱ 2,829,534,918**	₱ 23,840,586	(₱ 46,000,060)
Non-controlling interests (Note 24)	**(10,536,602)**	(2,565,159)	2,001,022
	₱ 2,818,998,316	₱ 21,275,427	(₱ 43,999,038)
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:			
Equity holders of the Parent Company	**₱ 2,830,896,202**	₱ 13,718,331	(₱ 18,703,656)
Non-controlling interests (Note 24)	**(9,934,842)**	(2,565,159)	2,001,022
	₱ 2,820,961,360	₱ 11,153,172	(₱ 16,702,634)
	₱ 2,820,961,360	₱ 11,153,172	(₱ 16,702,634)
EARNINGS (LOSS) PER SHARE (Note 23)	**₱ 1.77**	₱ 0.01	(₱ 0.03)

See accompanying Notes to Consolidated Financial Statements.

GREENERGY HOLDINGS INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2018, 2017 AND 2016
(Amounts in Philippine Pesos)

	2018	2017	2016
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT COMPANY			
CAPITAL STOCK (Note 19)			
Common			
Authorized – 1.9 billion shares at ₱1.00 par value			
Issued			
Balance at beginning of year	**₱ 1,598,289,455**	₱ 1,598,289,455	₱ 1,598,289,451
Issuance during the year	–	–	4
Balance at end of year	**1,598,289,455**	1,598,289,455	1,598,289,455
Subscribed	**202,489,117**	202,489,117	202,489,117
Subscription receivable	**(97,500,000)**	(97,500,000)	(97,500,000)
	104,989,117	104,989,117	104,989,117
	1,703,278,572	1,703,278,572	1,703,278,572
Preferred			
Authorized – 1 billion shares at ₱0.10 par value			
Issued	**100,000,000**	100,000,000	100,000,000
ADDITIONAL PAID-IN CAPITAL	**268,090,531**	268,090,531	268,090,531
CUMULATIVE FAIR VALUE GAIN (LOSS) ON FINANCIAL ASSET AT FVOCI			
Balance at beginning of year	**(390,600)**	(390,600)	(390,600)
Unrealized gain during the year	**998,240**	–	–
Balance at end of year (Note 10)	**607,640**	(390,600)	(390,600)
SHARE IN OTHER COMPREHENSIVE INCOME OF AN ASSOCIATE			
Balance at beginning of year	**1,687,040**	11,809,295	(15,487,109)
Share in:			
Exchange differences on translation of foreign operations	–	(10,189,109)	27,209,455
Remeasurement of pension liability - net of tax	**363,044**	66,854	86,949
Reclassification (Note 10)	**(2,050,084)**	–	–
Balance at end of year (Note 11)	–	1,687,040	11,809,295
RETAINED EARNINGS (DEFICIT)			
Balance at beginning of year	**(1,037,637,525)**	(1,061,478,111)	(1,015,478,051)
Net income (loss) during the year	**2,829,534,918**	23,840,586	(46,000,060)
Reclassification of share in OCI of associate (Note 10)	**1,589,248**	–	–
Balance at end of year	**1,793,486,641**	(1,037,637,525)	(1,061,478,111)
	₱ 3,865,463,384	₱ 1,035,028,018	₱ 1,021,309,687

(Forward)

(Carryforward)

	2018	2017	2016
NON-CONTROLLING INTERESTS			
Balance at beginning of year	**₱ 139,229,244**	₱ 141,794,403	₱ 139,793,381
Net income (loss) during the year	**(10,536,602)**	(2,565,159)	2,001,022
Share in increase in fair value of financial asset at FVOCI (Note 10)	**601,760**	–	–
Balance at end of year (Note 24)	**129,294,402**	139,229,244	141,794,403
	₱ 3,994,757,786	₱ 1,174,257,262	₱ 1,163,104,090

See accompanying Notes to Consolidated Financial Statements.

GREENERGY HOLDINGS INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018, 2017 AND 2016
(Amounts in Philippine Pesos)

	2018	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before income tax	**₱ 2,819,026,759**	₱ 21,506,853	(₱ 43,523,028)
Adjustments for:			
Gain on:			
Reclassification of investment in associate to FVOCI (Notes 10 and 11)	**(2,613,537,267)**	–	–
Deemed disposal of investment in associate (Note 11)	**(186,436,244)**	–	–
Sale of investment in associate (Note 11)	**(78,968,491)**	–	–
Gain on sale of investment properties (Note 15)	–	(11,244,427)	(23,499,135)
Depreciation and amortization (Note 13)	**12,814,521**	131,480	230,336
Provisions for impairment losses (Notes 7, 15, 18)	**12,751,337**	737,095	460,951
Exchange differences on translation of foreign operation	**9,337,832**	–	–
Equity in net income (loss) of an associate (Note 11)	**760,596**	(31,349,184)	45,274,728
Accounts written off (Notes 7, 9, 18)	**142,666**	56,889	52,680
Interest income (Note 6)	**(111,901)**	(9,274)	(5,484)
Unrealized foreign exchange gain (Note 6)	**(3,029)**	(128)	(4,345)
Interest expense (Note 17)	–	–	865,174
Increase in fair value of biological assets (Note 14)	–	(553,115)	–
Operating loss before working capital changes	**(24,223,221)**	(20,723,811)	(20,148,123)
Changes in operating assets and liabilities:			
Increase in:			
Receivables (Note 7)	**(3,580,344)**	(302,199)	(330,495)
Other current assets (Note 9)	**(217,165)**	(7,681)	(118,868)
Decrease in trade and other payables (Note 16)	**(4,707,330)**	(702,130)	(13,757,835)
Net cash used in operations	**(32,728,060)**	(21,735,821)	(34,355,321)
Income taxes paid	**(292,140)**	(473,699)	(3,630)
Interest received (Note 6)	**111,901**	9,274	5,484
Net cash used in operating activities	**(32,908,299)**	(22,200,246)	(34,353,467)
CASH FLOWS FROM INVESTING ACTIVITIES			
Advances made to related parties (Note 18)	**(150,342,991)**	(37,886,408)	(1,205,141)
Proceeds from sale of investment in associate (Note 11)	**88,856,878**	–	–
Collections from related parties (Note 18)	**37,556,012**	2,300,550	–
Deposit for land acquisition (Note 8)	**(4,600,000)**	–	–
Additions to property and equipment (Note 13)	**(38,906)**	–	(2,679,692)
Proceeds from sale of properties (Note 15)	–	17,232,143	47,450,000
Deposit from customers	–	–	3,486,584
Net cash provided by (used in) investing activities	**(28,569,007)**	(18,353,715)	47,051,751

(Forward)

(Carryforward)

	2018	2017	2016
CASH FLOWS FROM FINANCING ACTIVITIES			
Advances received from related parties (Note 18)	**₱ 76,686,015**	₱ 46,752,073	₱ –
Payments to related parties (Note 18)	**(5,380,589)**	–	(185,581)
Payments of loan payable (Note 17)	–	(5,153,846)	(11,646,154)
Interest paid	–	–	(865,174)
Proceeds from issuance of capital stock (Note 19)	–	–	4
Net cash provided by (used in) financing activities	**71,305,426**	41,598,227	(12,696,905)
EFFECT OF EXCHANGE RATE CHANGES IN CASH AND CASH EQUIVALENT	**3,029**	128	4,345
NET INCREASE IN CASH AND CASH EQUIVALENT	**9,831,149**	1,044,394	5,724
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR (Note 6)	**2,700,296**	1,655,902	1,650,178
CASH AND CASH EQUIVALENT AT END OF YEAR (Note 6)	**₱ 12,531,445**	₱ 2,700,296	₱ 1,655,902

See accompanying Notes to Consolidated Financial Statements.

(Amounts in Philippine Pesos)

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:

Subsidiary	Country of Incorporation	Nature of business	Principal place of business	Ownership **2018**	Ownership 2017
Winsun Green Ventures, Inc. (WGVI)	Philippines	Renewable energy system	Pulilan, Bulacan	**100.0%**	100.0%
Agrinurture Development Holdings, Inc. (ADHI)	Philippines	Investment Holding	Makati City	**100.0%**	100.0%
Sunchamp Real Estate Development Corp. (SREDC)	Philippines	Real Estate and agriculture	Makati City	**62.39%**	62.39%
Lite Speed Technologies, Inc. (LSTI)	Philippines	Information Technology	Makati City	**51.0%**	51.0%
Total Waste Management Recovery System, Inc. (TWMRSI)	Philippines	Waste Management Facility	Pulilan, Bulacan	**51.0%**	51.0%

Going Concern
The Group's financial statements have been prepared on a going concern basis, which assumes that the Group will be able to continue towards increasing revenues and improving operations despite significant losses incurred over the years. 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. On January 30, 2019, the Group entered into a Memorandum of Agreement "MOA" with Thebizlink Philippines, Inc. and Thebizlink Co. Ltd. (Thebizlink Group) for the development of a transport hub, smart-farming agriculture area, smart-city commercial and/or mixed-use developments and other related developments (the "Project"). Under the MOA, within ninety (90) days from the execution thereof, Thebizlink Group shall provide the Group a funding facility in the initial amount of 350 million US Dollars, provided, that the legal, financial and technical due diligence on the Project to be conducted by Thebizlink Group does not result in any material adverse findings involving the Project. The funding facility will have a term of five years with a fixed interest rate of 3% per annum. On the fifth (5^{th}) anniversary of the execution of the funding facility, the Parent Company has the option to convert the loan into equity. Furthermore, on April 11, 2019, the Parent Company entered into an International Distributorship Agreement with Hanergy Thin Film Power Asia Pacific Limited (Hanergy). Hanergy is engaged in the business of manufacturing and selling solar-powered related products. Under the Agreement, the Parent Company is appointed as Hanergy's distributor in the Philippines for the promotion and sale of all Hanergy solar products such as, but not limited to, the new and innovative Film Flat SOLARtile. The Agreement has a term of one (1) year, with an option to renew for another year upon expiration of the original term. 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. The financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amount and classification of liabilities that may result from the outcome of this uncertainty.

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.

In a Correspondence dated September 26, 2018, the PSE lifted the trading suspension and on November 5, 2018, the shares in the Parent Company resumed trading in the stock exchange (see Note 29).

Subsidiaries
The principal activities of the subsidiaries are as follows:

WGVI
WGVI was incorporated on June 22, 2012 with the primary purpose engaging in the business of renewable energy projects. In 2014, WGVI's AFS investment amounting to ₱22.5 million was fully provided for impairment. In addition, WGVI has a capital deficiency amounting to ₱66.54 million and ₱66.44 million as at December 31, 2018 and 2017, respectively.

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

On February 22, 2019, the Board of Directors (BOD) approved the Parent Company's additional investment to the WGVI amounting to ₱100 million to finance the latter in its "green" projects involving solar power and liquefied natural gas.

ADHI
On June 17, 2014, 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. Accordingly, the Parent Company's investment in ADHI was provided with full impairment allowance.

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, started 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. Accordingly, the Parent Company's investment in LSTI was provided with full impairment allowance.

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 machinery 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 ₱233.7 million and ₱233.6 million as at December 31, 2018 and 2017, respectively. Due to these circumstances, the Parent Company's investment and advances to TWMRSI were provided with full impairment allowance.

TWMRSI has not yet started its commercial operations as at December 31, 2018.

Approval of consolidated financial statements
The consolidated financial statements as at and for the year ended December 31, 2018 were approved and authorized for issue by the BOD on April 12, 2019.

2. **Basis of Preparation**

The consolidated financial statements of the Group have been prepared on a historical cost basis except for financial asset at FVOCI 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 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 Parent controls an investee if it 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 Parent has less than a majority of the voting or similar rights of an investee, it 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 Parent re-assesses its control over an investee if facts 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 Parent 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) accounts 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.

Non-controlling 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 Group are consistent with those of the previous financial years, except for the following standards, amendments and improvements to PFRS and PAS which became effective in 2018.

- PFRS 9, *"Financial Instruments: Classification and Measurement"*
  PFRS 9 replaces PAS 39, Financial Instruments: Recognition and Measurement, and supersedes the previously published versions of PFRS 9 that introduced new classifications and measurement requirements and new hedge accounting. PFRS 9 includes revised guidance on the classification and measurement of financial assets that reflects the business model in which assets are managed and their cash flow characteristics, including a new forward-looking expected credit loss for calculating impairment, and guidance on own credit risk on financial liabilities measured at fair value. PFRS 9 incorporates new hedge accounting requirements and represent a major overhaul of hedge accounting and introduces significant improvements by aligning the accounting more closely with risk management.

  The Group adopted the said standard without restating comparative information as permitted by PFRS 9. The adoption of PFRS 9 which includes the new classification and measurement rules of financial instruments and impairment rules of financial assets did not result to significant adjustment to the account balances as at January 1, 2018. It affected the disclosures of classification and measurement category of the financial assets and liabilities only.

  Presented below is the impact of adoption of PFRS 9 as at January 1, 2018 on the Group's financial statements.

	Note	Original measurement category under PAS 39	New measurement category under PFRS 9	Original carrying amount under PAS 39	New carrying amount under PFRS 9
Financial assets:					
Cash in banks	6	Loans and receivables at amortized cost	Financial assets at amortized cost	₱2,321,823	₱2,321,823
Nontrade receivables	7	Loans and receivables at amortized cost	Financial assets at amortized cost	251,177,220	251,177,220
Due from related parties - net	18	Loans and receivables at amortized cost	Financial assets at amortized cost	821,835,699	821,835,699
Investment in shares of stocks	10	Available-for-sale investments at FVOCI	Financial assets at FVOCI	370,000	370,000
				₱1,075,704,742	₱1,075,704,742

	Note	Original measurement category under PAS 39	New measurement category under PFRS 9	Original carrying amount under PAS 39	New carrying amount under PFRS 9
Financial liabilities:					
Trade and other payables*	16	Other financial liabilities at amortized cost	Financial liabilities at amortized cost	₱19,573,395	₱19,573,395
Due to related parties	18	Other financial liabilities at amortized cost	Financial liabilities at amortized cost	46,752,073	46,752,073
				₱66,325,468	₱66,325,468

**Excluding nonfinancial liabilities amounting to ₱52,610.*

The accounting of the Group's financial liabilities remains largely the same as it was under PAS 39.

- 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 adoption of this new standard has no significant impact on the Group's financial statements.

- 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.

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

- Amendments to PAS 28, *Measuring an Associate or Joint Venture at Fair Value (Part of Annual Improvements to PFRSs 2014 - 2016 Cycle)*
  The amendments clarify that an entity that is a venture capital organization, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss. They also clarify that if an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which (a) the investment entity, associate or joint venture is initially recognized; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate, or joint venture first becomes a parent.

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

- 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.

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

- Philippine Interpretation IFRIC-22, *Foreign Currency Transactions and Advance Consideration*
  The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a nonmonetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognizes the nonmonetary asset or nonmonetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. The interpretation may be applied on a fully retrospective basis. Entities may apply the interpretation prospectively to all assets, expenses and income in its scope that are initially recognized on or after the beginning of the reporting period in which the entity first applies the interpretation or the beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the interpretation.

  The interpretation has no significant impact on the Group's financial statements.

New and Amended Standards and Interpretations Issued but not yet Effective
Standards issued but not yet effective up to the date of the Group's financial statements are listed below. Unless otherwise indicated, the Group does not expect the adoption of these new and amended PFRS and Philippine Interpretations to have a significant impact on its financial statements. The Group intends to adopt the following pronouncements when they become effective.

Effective in 2019
- PFRS 16, *"Leases"*
  Under the new standard, lessees will no longer classify their lease as either operating or finance leases in accordance with PAS 17. Rather, leases will apply the single-asset model, wherein lessees will recognize the assets and the related liabilities for most leases in their balance sheets and, subsequently, will depreciate the lease assets and recognize interest on the lease liabilities in their profit or loss. The new standard is effective for annual periods beginning on or after January 1, 2019, with an early adoption.

  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 full retrospective or a modified retrospective approach, with options to use certain transition reliefs.

  The adoption of the new standard in 2019 is not expected to have significant impact on the Group's financial statements.

- Amendments to PFRS 9, *Prepayment Features with Negative Compensation*
  Prepayment Features with Negative Compensation amends the existing requirements in PFRS 9 regarding termination rights in order to allow measurement at amortized cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. Under the amendments, the sign of the prepayment amount is not relevant, i.e. depending on the interest rate prevailing at the time of termination, a payment may also be made in favor of the contracting party effecting the early repayment. The calculation of this compensation payment must be the same for both the case of an early repayment penalty and the case of an early repayment gain.

  The amendments are to be applied retrospectively for fiscal years beginning on or after January 1, 2019, i.e. one year after the first application of PFRS 9 in its current version. Early application is permitted so entities can apply the amendments together with PFRS 9 if they wish so. Additional transitional requirements and corresponding disclosure requirements must be observed when applying the amendments for the first time.

  The amendments are not expected to have significant impact on the Group's financial statements.

- Amendments to PAS 28, *Long-term Interests in Associates and Joint Ventures*
  The amendments to PAS 28 clarify that an entity applies PFRS 9, Financial Instruments including its impairment requirements, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture. The amendments are effective for periods beginning on or after January 1, 2019, with early application permitted. The amendments are to be applied retrospectively but they provide transition requirements similar to those in PFRS 9 for entities that apply the amendments after they first apply PFRS 9. They also include relief from restating prior periods for entities electing, in accordance with PFRS 4 Insurance Contracts, to apply the temporary exemption from PFRS 9. Full retrospective application is permitted if that is possible without the use of hindsight.

  The adoption of this new standard in 2019 is not expected to have significant impact on the Group's financial statements.

Amended standards and interpretations effective in 2019 adopted by the FRSC but not yet approved by the Board of Accountancy (BOA)

- Philippine Interpretations IFRIC 23, *Uncertainty over Income Tax Treatments*
  The Interpretation clarifies application of recognition and measurement requirements in PAS 12, Income Taxes when there is uncertainty over income tax treatments. The Interpretation specifically addresses the following: a) whether an entity considers uncertain tax treatments separately; b) the assumptions an entity makes about the examination of tax treatments by taxation authorities; c) how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and d) how an entity considers changes in facts and circumstances.

  Philippine IFRIC 23 is effective for annual reporting periods beginning on or after January 1, 2019. Earlier application is permitted. The Interpretation may be applied retrospectively using PAS 8, only if the application is possible without the use of hindsight or may be applied retrospectively with the cumulative effect of the initial application recognized as an adjustment to equity on the date of initial application. In this approach, comparative information is not restated. The date of initial application is the beginning of the annual reporting period in which an entity first applies this Interpretation.

  The interpretations were adopted by the FRSC on July 12, 2017 but are still subject to the approval by the BOA.

- *Amendment to PAS 19, Plan Amendment, Curtailment or Settlement*
  The amendments clarify the accounting when a plan amendment, curtailment or settlement occurs and specifies how companies determine pension expenses when changes to a defined benefit pension plan occur. The amendments require the Group to use the updated assumptions from this remeasurement to determine current service cost and net interest for the remainder of the reporting period after the change to the plan.

  The amendments are applied prospectively to plan amendments, settlements or curtailments that occur on or after the beginning of the annual period in which amendments to PAS 19 are first applied. The amendments to PAS 19 must be applied to annual periods beginning on or after January 1, 2019, but earlier application is permitted.

  The amendment was adopted by the FRSC on March 14, 2018 but still subject to the approval by the BOA.

<u>Annual Improvements to PFRSs 2015-2017 Cycle</u>
The following amendments were adopted by the FRSC on March 14, 2018 but are still subject to the approval by the BOA:

- Amendments to PFRS 3, *Business Combinations* and PFRS 11, *Joint Arrangements*
  The amendments clarify how a Group accounts for obtaining control (or joint control) of a business that is a joint operation if the Group already holds an interest in that business. On PFRS 3, the Group remeasures its previously held interest in a joint operation when it obtains control of the business. On PFRS 11, the Group does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

  The amendments are effective for business combinations with acquisition date on or after the beginning of annual periods beginning on or after January 1, 2019. Earlier application is permitted.

- Amendments to PAS 12, *Income Tax Consequence of Payments on Financial Instruments Classified as Equity*
  The amendments clarify that the requirements in paragraph 52B of PAS 12 apply to all income tax consequences of dividends. The Group accounts for all income tax consequences of dividend payments in the same way.

  The amendments are effective for transactions resulting in obtaining joint control on or after the beginning of annual periods beginning on or after January 1, 2019. Earlier application is permitted.

- Amendments to PAS 23, *Borrowing Costs Eligible for Capitalization*
  The amendments to PAS 23 clarify which borrowing costs are eligible for capitalization in particular circumstances. The Group treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

  The amendments should be applied for annual periods beginning on or after January 1, 2019 to the income tax consequences of dividends recognized on or after the beginning of the earliest comparative period. Earlier application is permitted.

<u>New and amended standards effective subsequent to 2019 adopted by the FRSC but not yet approved by the BOA</u>

- Amendments to PFRS 3, Definition of Business
- PFRS 17, Insurance Contracts
- Amendments to PAS 1 and PAS 8, Definition of Material

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, the Group has no activities to which this interpretation will apply.

- 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 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,
- expected to be settled on demand, or
- cash and cash equivalent 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. Deferred tax 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,
- it is expected to be settled on demand, or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as noncurrent. Deferred tax liabilities are classified as noncurrent.

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.

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

Initial recognition
At initial recognition, the Group measures a financial asset at its fair value plus or minus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL, if any, are expensed in profit or loss.

Determination of fair value
Fair value is determined by preference to the transaction price or other market prices. If such market prices are not reliably determinable, the fair value is determined by using appropriate valuation techniques. Valuation techniques include net present value model where the fair value of the consideration is estimated as the sum of all future cash payments or receipts, discounted using the prevailing market rates of interest for a similar instrument 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.

Classification of financial assets
From January 1, 2018, the Group classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value [either through other comprehensive income (OCI) or through profit or loss], and
- Those to be measured at amortized cost.

Financial assets at FVOCI
Financial assets at FVOCI comprise:

- o Equity instruments
  Equity securities which are not held for trading, and which the Group has irrevocably elected at initial recognition to be recognized in this category. These are strategic investments and the Group considers this classification to be more relevant.

  Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statements of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at FVOCI are not subject to impairment assessment.

  The Group classifies its investment in shares of stocks as financial asset at FVOCI as at December 31, 2018 and January 1, 2018 (see Note 10).

- o Debt instruments
  Debt securities where the contractual cash flows are solely principal and interest and the objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets.

  For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statements of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

  The Group has no debt instruments at FVOCI as at December 31, 2018 and January 1, 2018.

Financial assets at FVPL
The Group classifies the following financial assets at FVPL:

- o debt investments that do not qualify for measurement at either amortized cost or FVOCI,
- o equity investments that are held for trading, and
- o equity investments for which the entity has not elected to recognize fair value gains and losses through OCI.

Financial assets at FVPL are carried in the consolidated statements of financial position at fair value with net changes in fair value recognized in the consolidated statements of comprehensive income. This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at FVOCI. Dividends on listed equity investments are also recognized as other income in the statements of profit or loss when the right of payment has been established.

The Group has no financial assets at FVPL as at December 31, 2018 and January 1, 2018.

Financial assets at amortized cost
The amortized cost of a financial asset or financial liability is the present value of future cash receipts (payments) discounted at the effective interest rate. The amortized cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as FVPL:

- it is held within a business model whose objective is to hold assets to collect 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 amount outstanding.

This classification includes the Group's cash in banks, nontrade receivables and due from related parties as at January 1, 2018 and December 31, 2018 (see Notes 6, 7 and 18).

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

<u>*Subsequent measurement of financial assets*</u>

- Debt instruments
  There are three measurement categories into which the Group classifies its debt instruments:

  - *Amortized cost:* Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other gains (losses) together with foreign exchange gains and losses. Impairment losses, if any, are presented as separate line item in the statements of profit or loss.

    Short-term receivables with no stated interest rate are measured at their invoice amounts or expected amounts of settlement without discounting, when the effect of not discounting is immaterial.

- *FVOCI:* Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains (losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains (losses) and impairment expenses are presented as separate line item in the statements of profit or loss.

- *FVPL:* Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in profit or loss and presented net within other gains (losses) in the period in which it arises.

- Equity instruments
  The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as other income when the Group's right to receive payments is established.

<u>*Impairment of financial assets*</u>
From January 1, 2018, the Group recognizes an expected credit loss (ECL) for all debt instruments not held at FVPL. ECLs are based in the difference between the contractual cash flows due in accordance with the contract and all the cash flows of that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. In measuring ECL, the Group must reflect:

- An unbiased evaluation of a range of possible outcomes and their probabilities of occurrence;
- Discounting for the time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

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

For cash in banks, nontrade receivables and due from related parties, the Group applies the general approach in calculating ECLs. The Group recognizes a loss allowance based on ether 12-month ECL or lifetime ECL, depending on whether there has been a significant increase in credit risk on its cash in banks, nontrade receivables and due from related parties since initial recognition.

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

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

The Group has determined that the application of impairment requirements of PFRS 9 at January 1, 2018 and December 31, 2018 did not result into any additional impairment losses in the Group's cash in banks, nontrade receivables and due from related parties which are measured at amortized cost.

Classification and subsequent measurement of financial liabilities
The Group classifies its financial liabilities in the following categories:

- *Financial Liabilities at FVPL*
  Financial liabilities are classified in this category if these result from trading activities or derivatives transactions that are not accounted for as accounting hedges, or the Group elects to designate a financial liability under this category. Financial liabilities at FVPL are measured at fair value and net gains and losses, including interest expense, are recognized in profit or loss.

  As at December 31, 2018 and 2017, the Group has no financial liabilities at FVPL.

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

  The financial liabilities are initially recorded at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using effective interest method. These include liabilities arising from operations and borrowings. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gains and losses on derecognition is also recognized in profit or loss.

  As at December 31, 2018, this category includes the Group's trade and other payables and due to related parties (see Notes 16 and 18).

Short-term payables with no stated interest rate are measured at their invoice amounts or expected amounts of settlement without discounting, when the effect of not discounting is immaterial.

The classification depends on the purpose for which the financial liabilities are acquired and whether they are quoted in an active market. Management determines the classification at initial recognition and, where allowed and appropriate, reevaluates this classification at every reporting date.

Derecognition of Financial Instruments
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.

On disposal of debt investments, any related balance within the FVOCI reserve is reclassified to profit or loss.

On disposal of equity investments, any related balance within the FVOCI reserve is reclassified to retained earnings.

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 consolidated statements of comprehensive income (loss).

Accounting policies for financial instruments until December 31, 2017
The Group has applied PFRS 9 retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Group's previous accounting policy as mentioned in the succeeding pages.

Recognition of Financial Instruments
Financial instruments are recognized initially at fair value of the consideration given (in case of an asset) or received (in case of liability). The initial measurement of financial instruments, except those categorized at FVPL, includes transaction cost.

The fair value for financial instruments traded in active markets as of the reporting date is based on their quoted market price or dealer quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. When current bid and asking prices are not available, the price of the most recent transaction provides evidence of the current fair value as long as there has not been a significant change in economic circumstances since the time of the transactions.

For all other instruments not listed in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include net present value technique comparison to similar instruments for which market observable prices exist 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 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 consolidated statements of financial position. Changes in the fair value of such assets are accounted for in consolidated statements of comprehensive income (loss). 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, 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 consolidated 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.

- *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 (loss).

  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.

  As at December 31, 2017 the Group has AFS investment amounting to ₱370,000 (see 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 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 consolidated statements of comprehensive income (loss). 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 consolidated statements of comprehensive income (loss)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 consolidated statements of comprehensive income (loss), is transferred from the Group's statements of changes in equity to the consolidated statements of comprehensive income (loss). Reversals in respect of equity instruments classified as AFS financial assets are not recognized in the Group's consolidated statements of comprehensive income (loss). 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 consolidated statements of comprehensive income (loss). Impairment losses on equity investments are not reversed through the Group's consolidated statements of comprehensive income (loss); increases in their fair value after impairment are recognized directly in the Group statements of changes in equity.

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 Group's 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 Group's consolidated statements of financial position.

Cash and Cash Equivalent

Cash pertains to cash on hand and in banks which are stated at face value. Cash equivalent are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from dates of acquisition and that are subject to an insignificant risk of change in value.

Advances for Waste Recycling Project

Advances for waste recycling project are initially recorded at cost and subsequently stated at cost less any impairment in value. The advances are mainly for the acquisitions of steel structures, machinery and equipment to be used for the construction of waste recycling facilities. The facilities will be transferred to property and equipment and shall be subject to depreciation and impairment upon their completion and put into operation.

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 net realizable value.

Advances to Officers and Employees
Advances to officers and employees represent unsecured and noninterest-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.

Other Current Assets
This account comprises the following:

- *Prepayments* are costs and expenses which are paid in advance of actually incurring them and regularly recurring in the normal course of the business. Prepaid expenses are initially recorded at actual amount paid for expenses and are amortized as the benefits of the payments are received by the Group and are charged to expense in the applicable period of expiration.
- *Input value added tax (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 cost (actual amount paid for) and subsequently stated at its recoverable amount (unutilized amount of input VAT less impairment).

Deposits for Land Acquisition
Deposits for land acquisition mainly represents usufruct rights over a property and its stated initially at actual amount paid for as deposit and subsequently at cost less any impairment.

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 (loss) reflect 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. Equity in net losses of an associate is recognized only up to the extent of acquisition costs. Equity in net income of an associate is not available for dividends declaration until actually received.

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 shall discontinue the use of the equity method from the date when it ceases to have significant influence over an associate and shall account for the retained investment in accordance with PFRS 9 from that date, provided the associate does not become a subsidiary or a joint venture as defined in PAS 31. On the loss of significant influence, the Group shall measure at fair value any investment the investor retains in the former associate. The Group shall recognize in profit or loss any difference between:

a. The fair value of any retained investment and any proceeds from disposing of the part interest in the associate; and
b. The carrying amount of the investment at the date when significant influence is lost.

When an investment ceases to be an associate and is accounted for in accordance with PFRS 9, the fair value of the investment at the date when it ceases to be an associate shall be recognized as its fair value on initial recognition as a financial asset in accordance with PFRS 9.

If the Group loses significant influence over an associate, the associate shall account for all amounts recognized in other comprehensive income in relation to that associate on the same basis as would be required if the associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income by an associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when it loses significant influence over the associate. If a Group’s ownership interest in an associate, the investor shall reclassify to profit or loss only a proportionate amount of the gain or loss previously recognized in other comprehensive income.

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

Investment Properties

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

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

Transfers to, or from, investment property shall be made when, and only when, there is a change in use, evidenced by: (a) commencement of owner-occupation, for a transfer from investment property to owner-occupied property; (b) commencement of development with a view to sale, for a transfer from investment property to inventories; (c) end of owner occupation, for a transfer from owner-occupied property to investment property; or, (d) commencement of an operating lease to another party, for a transfer from inventories to investment property. Transfers to or from investment properties are measured at the carrying value of the assets transferred.

Property and Equipment
Property and equipment are initially recorded at cost. Subsequent to initial recognition, these are stated at cost less accumulated depreciation and any impairment in value. Land is stated at cost less 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 equipment and machineries	5
Furniture, fixtures and office equipment	5
Bearer assets	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.

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

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

Biological Assets
Biological assets comprise of breeding stocks. Breeding stocks are initially recognized at cost and subsequently carried at fair value less cost to sell. 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.

Impairment of Nonfinancial Assets
The carrying values of nonfinancial assets such as nonfinancial assets included in receivables, other current assets, deposits for land acquisition, investment in associate, advances for waste recycling project, investment properties, property and equipment, biological assets 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.
- *Cumulative unrealized gain (loss)* on fair market value of financial asset at FVOCI are recognized immediately in other comprehensive income in equity in the period in which they arise and can be reclassified to profit or loss in subsequent periods.
- *Retained earnings (deficit)* include all current and prior period results of operations as disclosed in the Group consolidated statements of comprehensive income (loss).

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
The Group recognizes revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Group applies the following five steps:

1. Identify the contract(s) with a customer;
2. Identify the performance obligations in the contract. Performance obligations are promises in a contract to transfer to a customer goods or services that are distinct;
3. Determine the transaction price. The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer. If the consideration promised in a contract includes a variable amount, an entity must estimate the amount of consideration to which it expects to be entitled in exchange for transferring the promised goods or services to a customer;
4. Allocate the transaction price to each performance obligation on the basis of the relative stand-alone selling prices of each distinct good or service promised in the contract;
5. Recognize revenue when a performance obligation is satisfied by transferring a promised good or service to a customer (which is when the customer obtains control of that good or service). A performance obligation may be satisfied at a point in time (typically for promises to transfer goods to a customer) or over time (typically for promises to transfer services to a customer). For a performance obligation satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognized as the performance obligation is satisfied.

The following specific revenue 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* is recognized when the sale transactions occur.
- *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 (loss) when decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably.

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.

Employee benefits

Short-term employee 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.

Retirement Benefits

The Group does not have a formal retirement benefit plan. However, the Group will provide retirement benefits in compliance with RA 7641. No actuarial computations were obtained during the year as the amount of provisions for retirement benefits will not materially affect the fair presentation of the financial statements considering that there were no qualified employees as of reporting date.

Foreign Currency Transactions and Translations

The Group's consolidated financial statements are presented in Philippine Pesos, which is the Group's functional and presentation currency. Items included in the Group's 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 consolidated statements of comprehensive income (loss). 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 consolidated statements of comprehensive income (loss) 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 consolidated 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.

Segment Reporting
For management purposes, the Group is organized into operating segments according to the nature of the sales and the services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on business segments is presented in the consolidated financial statements (see Note 28).

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 consolidated 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 consolidated 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 consolidated 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 its control over an investee in 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.

- *Classification of Financial Instruments and Measurement Criteria*
  Under PFRS 9, the Group classifies financial assets at initial recognition depends on the financial assets contractual cash flows characteristics of the Group's business model for managing them. The adoption of PFRS 9, has not had a significant effect on the Group's policy related to financial liabilities.

  Prior to the adoption of PFRS 9, 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 a financial instrument, rather than its legal form, governs its classification in the consolidated statements of financial position.

  The Group determines the classification at initial recognition and reevaluates this designation at every reporting date.

- *Operating and Finance Leases*
  The Group has entered into a lease agreement as a lessor. Critical judgment was exercised by management to distinguish the lease agreement as either an operating or finance lease by looking at the transfer or retention of significant risk and rewards of ownership of the properties covered by the agreement. Failure to make the right judgment will result in either overstatement or understatement of assets and liabilities. As of December 31, 2018 and 2017, the Group's lease agreement is an operating lease.

- *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, 2018 and 2017 is shown in Note 25.

- *Assessment of Retirement Liability*
  Management has reviewed its obligation for retirement benefit costs in view of the requirements under Republic Act (RA) 7641. Management has assessed that the current employees have not meet the minimum requirements under RA 7641 to be eligible for retirement benefits. Accordingly, no provision for retirement benefit costs is recognized in the financial statements as at December 31, 2018 and 2017. Management, however, will continue to have a yearly assessment of its obligation, if any, to pay retirement benefit costs.

- *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.

<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 of Financial Assets*
  The Group applies general approach for determining the expected credit losses of cash in banks, nontrade receivables and due from related parties. A credit loss is the difference between the cash flows that are expected to be received discounted at the original effective interest rate and contractual cash flows in accordance with the contract. The loss allowance for financial assets are based on the assumptions about risk of default and expected loss rates. In addition, management's assessment of the credit risk on the financial assets as at the reporting date is high. Accordingly, additional impairment of due from related parties amounting to ₱11.5 million was recognized and nontrade receivable amounting to ₱140,890 were directly written off as at December 31, 2018.

  Prior to adoption of PFRS 9, the Group provides an allowance for impairment losses on trade receivable 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 the management based on best available facts and circumstances, the length of the Group's relationship with its customers and debtors, the customers or debtors' payment behavior and known market factors.

These specific reserves are re-evaluated and adjusted as additional information received affects the amount estimated to be uncollectible. Any increase in allowance would increase operating expenses and decrease related accounts. No additional allowance for impairment was recognized as at December 31, 2017.

The Group's allowance for impairment amounted to ₱52.5 million and ₱40.1 million as at December 31, 2018 and 2017, respectively (see Notes 7 and 18).

The carrying values of financial assets as at December 31, 2018 and 2017 are shown in Notes 6, 7 and 18.

- *Estimation of Impairment of Financial Asset at FVOCI*
  The Group carries the financial asset at fair value, which requires the use of accounting estimates and judgment, in cases when active market quotes are not available, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net base of the instrument. The amount of changes in fair value would differ if the Group utilized different valuation methods and assumptions. Any change in fair value of these financial assets would affect other comprehensive income.

  The carrying values of financial asset at FVOCI amounted ₱3.1 billion and ₱370,000 as at December 31, 2018 and 2017, respectively (see Note 10).

- *Estimation of Useful Lives of Property and Equipment*
  The useful life of each of the Group's property and equipment 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 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 significant changes in the estimated useful lives of the property and equipment in 2018 and 2017. The carrying values of depreciable property and equipment are shown in 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, 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 nonfinancial assets.

The Group's allowance for impairment loss for nonfinancial assets amounted to ₱235.8 million and ₱236.1 million as at December 31, 2018 and 2017, respectively (see Notes 7, 12 and 15).

Accounts written off amounted to ₱1,776 in 2018 and ₱1.1 million in 2017 (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, NOLCO and MCIT as the management believes that these could not be utilized prior to its expiration (see Note 22).

- *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, 2018 and 2017.

6. Cash and Cash Equivalent

This account consists of:

	2018	2017
Time deposit	**₱9,067,146**	₱–
Savings and current deposits	**3,414,299**	2,321,823
Cash on hand	**50,000**	378,473
	₱12,531,445	₱2,700,296

Cash equivalent pertains to time deposit made for a period of three months and earns interest at 2.75% per annum. Savings and current accounts generally earn interest based on prevailing respective bank deposit rates of less than 1% annually. Interest income on cash in banks and cash equivalent recognized in the Group's consolidated statements of comprehensive income (loss) amounted to ₱111,901 in 2018, ₱9,274 in 2017 and ₱5,484 in 2016.

Cash in banks denominated in foreign currency as at December 31, 2018 and 2017 amounted to $1,078 and $1,079 with Peso equivalents of ₱56,816 and ₱53,881, respectively. The balances have been translated at a rate of ₱52.724 to US$1 and ₱49.923 to US$1 as at December 31, 2018 and 2017, respectively. Foreign exchange gain amounted to ₱3,029 in 2018, ₱128 in 2017 and ₱4,345 in 2016.

On May 11, 2015, the CA ordered the freezing of two (2) bank accounts of the Parent Company. Thereafter, the said bank accounts with a total deposit of ₱80,261 was subsequently included in the civil forfeiture case docketed as Anti-Money Laundering Council Case No. 15-007-53 pending with the Regional Trial Court (RTC) of Manila, Branch 53.

The bank account became the subject of a Provisional Asset Preservation Order and subsequently an Asset Preservation Order (APO) issued by the RTC on November 13, 2015 and December 15, 2015, respectively.

In an Order dated July 9, 2018 (Order), the RTC categorically ruled that "the funds in the subject accounts of respondent Greenergy et al. are not related to the unlawful activity of violation of R.A. 3019 and R.A. 7080". Thus, the Parent Company and the said bank accounts were "ordered Discharged from the effects of the APO dated December 31, 2015.

With the Order, which was immediately executory, the Parent Company regained access and control over the Subject Bank Accounts (see Note 29).

7. **Receivables**

This account consists of:

	2018	2017
Nontrade receivables	**₱251,395,700**	₱251,177,220
Advances to officers and employees	**3,479,936**	324,490
Deposit to suppliers	–	99,168
Other advances	–	182,931
	254,875,636	251,783,809
Allowance for impairment loss:		
Nontrade receivables	**(1,253,070)**	–
Advances	**(32,863)**	(347,627)
	₱253,589,703	₱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. (ZFTC) on December 29, 2014, subject to the consent of the Parent Company. The Parent Company agreed to the assignment of receivables to ZFTC 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 ZFTC and the Parent Company.

As at December 31, 2018, the nontrade receivables from ZFTC are not yet settled. However, management assessed that these are still fully recoverable in 2019.

Advances to officers and employees are unsecured and noninterest-bearing advances made for various business-related expenses which are subject to liquidation on demand. Impaired advances to employees and other advances amounting ₱315,627 and ₱32,000, respectively as at December 31, 2017 were written off in 2018. Further, nontrade receivable amounting to ₱140,890 was directly written off in 2018.

Deposit to suppliers which pertains to the down payment made to suppliers for ongoing projects were written off in 2018.

The movement of allowance for impairment losses is shown below:

	2018	2017
Balance at beginning of year	**₱347,627**	₱347,627
Provision during the year	**1,285,933**	–
Written off during the year	**(347,627)**	–
Balance at end of year	**₱1,285,933**	₱347,627

8. **Deposits 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 SREDC's 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 17):

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 SREDC was extended for another three years or until January 17, 2018. No liquidation was made until January 17, 2018. To allow Mr. Gregorio more time to meet the conditions of the Agreement, on January 5, 2018, the Agreement was extended for another five years from January 17, 2018 or until January 16, 2023.

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 2018, the following several properties were acquired as partial liquidation of the advances made to SREDC's stockholder:

Land improvements	₱54,257,894
Buildings and improvements	45,471,611
Machineries and equipment	10,871,841
Bearer assets	799,324
Land	641,278
	₱112,041,948

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 the last quarter 2017, SREDC started its operation which offers agri-tourism and lifestyle center activities. The Group recognized revenue amounting to ₱3,447,073 in 2018 and ₱519,503 in 2017 which includes income from field trips and other recreational events, room services and other sale of agricultural products.

On February 22, 2019, the Parent Company was authorized to enter in a joint venture agreement with a third party and the landowners he represents, for the acquisition of land and/or real estate development, including but not limited to a transport hub. Accordingly, the Parent Company made a deposit amounting to ₱4.6 million.

9. Other Current Assets

This account consists of:

	2018	2017
Input VAT	**₱785,334**	₱568,169
Prepaid tax	**33,230**	1,316
Miscellaneous deposits	–	460
	₱818,564	₱569,945

Impaired input VAT amounting to ₱1,078,488 as at December 31, 2016 were written off in 2017. Miscellaneous deposit and prepaid tax were also written off in 2018.

10. Financial Asset at FVOCI

Below is the rollforward analysis of this account:

	2018	2017
Balance at beginning of year	**₱370,000**	₱370,000
Increase in fair value	**1,600,000**	–
Additions during the year by way of reclassification	**3,099,043,543**	–
Balance at end of year	**₱3,101,013,543**	₱370,000

Investment in shares of stocks as at December 31, 2017 represent quoted equity investments of a subsidiary. These investments were acquired in 2014. As at December 31, 2018 and 2017, these amounted to ₱1,970,000 and ₱370,000 representing 1.0 million shares with a quoted market price of ₱1.99 and ₱0.37, respectively.

Additions during the year pertain to the reclassification of the Parent Company's investment in an associate after a partial sale and cease of significant influence during the year. The balance consists of 182,296,679 shares representing 17.90% ownership (see Note 11). The fair value of this investment amounted to ₱3.1 billion at ₱17 per share as at December 31, 2018 based on the quoted price published by the PSE.

Details of additions by way of reclassification is shown below:

Carrying value at date of deemed disposal	₱485,506,276
Gain on reclassification of investment in associate to financial assets at FVOCI	2,613,537,267
Balance at end of year – as financial asset at FVOCI	₱3,099,043,543

Reconciliation of the change in fair market value of this investment, which is shown as "Cumulative fair value gain (loss) on financial asset at FVOCI" in the equity section of the consolidated statements of financial position is shown below:

	2018	2017
Balance at beginning of year	**(₱630,000)**	(₱630,000)
Fair value gain during the year	**1,600,000**	–
Balance at end of year	**₱970,000**	(₱630,000)

11. **Investment in Associate**

This account pertains to investment in ANI, a company incorporated in the Philippines. The Group holds 188,125,379 shares or 30.26% equity ownership with carrying value amounting to ₱319,154,639 as at December 31, 2017.

Summarized financial information of the associate in 2017 follows:

Current assets	₱1,549,473,943
Noncurrent assets	1,428,989,655
Current liabilities	1,286,644,091
Noncurrent liabilities	272,270,280
Net assets	1,419,549,227
Revenue	414,588,661
Net income	69,498,995
Other comprehensive loss	(89,955)

In May and June 2018, the Parent Company sold 5,828,700 shares of its investment in ANI for net proceeds of ₱88.9 million at an average price of ₱15.24 per share. Gain on sale recognized in the Group's consolidated statements of comprehensive income amounted to ₱79.0 million. The sale resulted to the decrease in the Parent Company's ownership in ANI from 28.16% to 23.73%.

Furthermore, the Parent Company waived its right to subscribe additional shares in ANI when the SEC approved ANI's increase in authorized capital stock from 1.0 billion common shares with par value of ₱1.00 per share to 2.0 billion common shares with par value of ₱1.00 per share on December 28, 2018. This resulted to the decrease in its ownership to 17.90%.

On the date the Parent Company's investment ceased to be an associate, it re-measured the investment balance at fair value. The Parent Company recognized as gain on reclassification from investment in associate to financial asset at FVOCI in profit or loss the difference between:

a. The fair value of the retained investment; and
b. The carrying amount of the investment at the date when significant influence is lost.

As at December 31, 2018, the remaining investment in ANI at fair value is accounted for in accordance with PFRS 9. Accordingly, the fair value of the remaining investment in ANI was reclassified to financial asset at FVOCI (see Note 10). The fair value of the remaining investment at the date it ceases to be an associate is the amount recognized on initial recognition as financial asset at FVOCI.

There were no significant changes in the carrying value of the net assets of ANI from December 28, 2018 to December 31, 2018 when the Parent Company's investment in ANI was reclassified from associate to financial asset at FVOCI as a result of dilution (see Note 10). Gain on reclassification of the investment recognized in the consolidated statements of comprehensive income (loss) amounted to ₱2.6 billion (Note 10). The gain was mainly due to the difference in measurements of the two investments.

As at December 31, 2018 and 2017, the market value of investment in ANI amounted to ₱3.10 billion after the dilution and ₱2.30 billion, respectively, based on the price per share of ₱17.0 and ₱12.2 as at December 31, 2018 and 2017, respectively. As at April 27, 2018, the market value of investment in ANI amounted to ₱2.70 billion at a price per share of ₱14.4.

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

	Note	**2018**	2017
Balance at beginning of year		**₱319,154,639**	₱297,927,710
Carrying value of shares sold during the year		**(9,888,387)**	–
Equity in other comprehensive loss of an associate during the year		**(9,435,624)**	(10,122,255)
Equity in net income (loss) of an associate		**(760,596)**	31,349,184
Carrying value of the remaining investment in ANI at date of cease of significant influence (deemed disposal)		**299,070,032**	319,154,639
Gain on deemed disposal		**186,436,244**	–
Gain on reclassification of investment in associate to financial asset at FVOCI		**2,613,537,267**	–
Fair value of the remaining investment in ANI at date of cease of significant influence		**3,099,043,543**	319,154,639
Reclassification of investment in associate to financial asset at FVOCI	10	**(3,099,043,543)**	–
Balance at end of year		**₱–**	₱319,154,639

The fair value of remaining investment in ANI at the date it ceases to be an associate amounted to ₱3.10 billion based on the quoted price per share is the amount recognized on initial recognition as financial asset at FVOCI.

12. Advances for Waste Recycling Project

Advances for waste recycling project amounting to ₱235.0 million as at December 31, 2013 represents TWMRSI's machinery and 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 TWMRSI 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.

However, management believed that the cost of advances for the Facility may no longer be recovered. Accordingly, a full impairment provision was made in 2014.

13. **Property and Equipment**

The rollforward analysis of this account is shown below:

	2018						
	Land	Land improvements	Building improvements	Transportation equipment and machineries	Furniture, fixtures and office equipment	Bearer assets	Total
Cost:							
Balance at beginning of year	₱–	₱1,463,013	₱43,685	₱2,361,135	₱159,119	₱–	₱4,026,952
Reclassification (Note 14)	–	–	–	–	–	3,232,807	3,232,807
Additions during the year	641,278	54,257,894	45,471,611	10,910,747	–	799,324	112,080,854
Balance at end of year	641,278	55,720,907	45,515,296	13,271,882	159,119	4,032,131	119,340,613
Accumulated depreciation and amortization:							
Balance at beginning of year	–	292,602	4,952	2,332,605	150,063	–	2,780,222
Depreciation and amortization	–	3,714,727	6,099,387	2,188,324	5,657	806,426	12,814,521
Balance at end of year	–	4,007,329	6,104,339	4,520,929	155,720	806,426	15,594,743
Net book value	₱641,278	₱51,713,578	₱39,410,957	₱8,750,953	₱3,399	₱3,225,705	₱103,745,870

	2017				
	Land improvements	Building improvements	Transportation equipment and machineries	Furniture, fixtures and office equipment	Total
Cost	₱1,463,013	₱43,685	₱2,361,135	₱159,119	₱4,026,952
Accumulated depreciation and amortization:					
Balance at beginning of year	195,068	3,204	2,319,438	131,032	2,648,742
Depreciation and amortization	97,534	1,747	13,168	19,031	131,480
Balance at end of year	292,602	4,951	2,332,606	150,063	2,780,222
Net book value	₱1,170,411	₱38,734	₱28,529	₱9,056	₱1,246,730

Additions during the year amounting to ₱112,041,948 million pertain to the liquidation of the advances extended to one of the stockholders (see Note 8).

Transportation equipment with an original cost of ₱2,293,176 are fully depreciated but still in use as at December 31, 2018.

Depreciation and amortization expense for the years ended December 31, 2018 and 2017 are shown as part of general and administrative expenses in the Group consolidated statements of comprehensive income (loss) (see Note 21).

The Group's management had reviewed the carrying values of the property and equipment as at December 31, 2018 and 2017 for any impairment. Based on the evaluation, there are no indications that the property and equipment might be significantly 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

This account consists of the Group's livestock and poultry originally intended for sale amounting to ₱3.2 million as at December 31, 2017. In 2018, the Group changed its intention of holding the assets to using these assets in its operations. Accordingly, these were reclassified to property and equipment in 2018.

The rollforward analysis of this account in 2017 is shown below:

	Note	Amount
Balance at beginning of year		₱2,679,692
Increase in fair value due to price changes		553,115
Carrying value		3,232,807
Reclassification	13	(3,232,807)
Balance at end of year		₱–

15. Investment Properties

This account consists of the following:

	2018		
Property	Location	Area	Cost
Land	Batangas	35,084 sq. m	₱3,157,560
Land	Laguna	335 sq. m	2,400,000
Land	Olongapo	467 sq. m	1,500,000
			7,057,560
Allowance for impairment			(737,095)
			₱6,320,465

	2017		
Property	Location	Area	Cost
Land	Quezon City	448 sq. m	₱5,987,716
Land	Batangas	35,084 sq. m	3,157,560
Land	Laguna	335 sq. m	2,400,000
Land	Olongapo	467 sq. m	1,500,000
Investment properties sold	Quezon City	(448 sq. m)	(5,987,716)
			7,057,560
Allowance for impairment			(737,095)
			₱6,320,465

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 lots intended for capital appreciation. Two lots were subsequently sold in January 2016. Proceeds of the sale amounting to ₱14.5 million, inclusive of VAT, was received in advance in 2015 and presented under trade and other payables. The other two lots were sold in 2016 with a total price of ₱38.6 million, inclusive of VAT, the proceeds of which were received in advance in August and October 2016. The total gain on sale of the four lots amounted to ₱23.5 million. In 2017, the remaining lot was sold for ₱17.2 million, the proceeds of which were received on August 2017. The gain on sale of investment property amounted to ₱11.2 million.

The land located in Rosario, Batangas, and in Cabuyao Laguna and Olongapo City were acquired in 2013 and 2008, respectively. These properties with total land area of 35,886 square meters are intended to be held for capital appreciation. The estimated fair value as of December 31, 2018 and 2017 amounted to ₱6.32 million using the Market Data Approach based on available market information. This approach was used for the land as it is commonly used in the property market since inputs and data for this approach are available.

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 Group's management had reviewed the carrying values of the investment properties for any impairment as of December 31, 2018 and 2017. Provision for impairment amounting to ₱737,095 million was recognized 2017.

16. **Trade and Other Payables**

This account consists of:

	Note	**2018**	2017
Trade		**₱13,564,571**	₱16,765,761
Accrued expenses		**713,547**	2,150,074
Refundable deposit	20	**270,000**	270,000
Advances from officers and employees		**251,028**	387,560
Government payables		**119,529**	52,610
		₱14,918,675	₱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 that are settled within 90 days.

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

Advances from officers and employees are noninterest-bearing which arise from rendering of services to the Group are payable on demand.

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.

All trade and other payables are noninterest-bearing.

17. **Loans Payable**

Loans payable obtained in 2014 from a local bank amounting to ₱50.0 million which matured on July 28, 2017 with an interest rate of 6% per annum of which ₱31.6 million is secured by a parcel of land, located in Quezon City (see Note 15), while the remaining ₱18.7 million is unsecured.

The balance of the loans payable as of December 31, 2016 amounting to ₱5.2 million was settled in full in 2017. The mortgaged land was released by the bank following the full payment of the loan.

Interest expense recognized in the Group's consolidated statements of comprehensive income (loss) amounted to ₱0.9 million in 2016. No interest expense recognized in 2017 as agreed by the Group and the bank.

18. **Related Party Transactions**

The Group entered into transactions with related parties. Details of these transactions follow:

a. The Group availed and 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). In 2018, additional advances amounting to ₱150.3 million was extended, while settlement received amounted to ₱149.6 million.

c. As at December 31, 2018 and 2017 details and outstanding balances of due to and from related parties follow:

	2018	2017
Receivables		
Stockholders	**₱796,064,315**	₱795,352,728
Affiliates*	**66,234,337**	66,200,893
	862,298,652	861,553,621
Allowance for impairment	**(51,183,326)**	(39,717,922)
	₱811,115,326	₱821,835,699
Payables		
Affiliates*	**₱104,021,909**	₱46,752,073
Stockholders	**14,035,590**	–
	₱118,057,499	₱46,752,073

**Includes balances of former associate as at December 31, 2017 (see Note 10).*

For financial statements disclosure purposes, an affiliate is an entity under common control of the Group's stockholders.

The rollforward analysis of related party accounts follow:

	Note	**2018**	2017
Receivables			
Balance at beginning of year		**₱821,835,699**	₱786,249,841
Settlement during the year	8	**(149,597,960)**	(2,300,550)
Advances made during the year		**150,342,991**	37,886,408
		822,580,730	821,835,699
Provision for impairment during the year		**(11,465,404)**	–
Balance at end of year		**₱811,115,326**	₱821,835,699

	Note	2018	2017
Payable			
Balance at beginning of year		**₱46,752,073**	₱–
Advances received during the year		**76,686,015**	46,752,073
Payments made during the year		**(5,380,589)**	–
Balance at end of year		**₱118,057,499**	₱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. The deposit will be converted into equity once proper documentation and approval from the SEC have been obtained. As at December 31, 2018, the Parent Company has not filed its application for the Increase with the SEC. The balance of the deposit for future stock subscription presented under current liabilities in the Group's consolidated statements of financial position amounted to ₱177 million as at December 31, 2018 and 2017.

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

	2018			
Category	Amount	Balance - Asset (Liability)	Terms and Conditions/Settlement	Guaranty/ Provision
Stockholders				
Receivables		₱796,064,315	Noninterest-bearing; payable on demand and to be settled through liquidation	Unsecured; no significant warranties and covenants; no impairment
• Settlement	(₱149,597,960)			
• Advances made	150,309,547			
Payable		(14,035,590)	Noninterest-bearing; payable on demand and to be settled in cash	Unsecured; no significant warranties and covenants
• Advances received	(14,035,590)			
Deposit for future stock subscriptions	–	(177,000,000)	Noninterest-bearing; no definite repayment dates; to be applied as future subscription of capital stock	Unsecured; no significant warranties and covenants
Affiliates				
Receivable		66,234,337	Noninterest-bearing; payable on demand and to be settled in cash	Unsecured; no significant warranties and covenants; with impairment
• Advances made	33,444			
• Allowance for impairment	11,465,404	(51,183,326)		
Payable		(104,021,909)	Noninterest-bearing; payable on demand and to be settled in cash	Unsecured; no significant warranties and covenants
• Advances received	(62,650,425)			
• Payments made	5,380,589			

	2017			
Category	Amount	Balance - Asset (Liability)	Terms and Conditions/Settlement	Guaranty/ Provision
Stockholders				
Receivables		₱795,352,728	Noninterest-bearing; payable on demand and to be settled through liquidation	Unsecured; no significant warranties and covenants; no impairment
• Advances made	₱37,876,948			
Deposit for future stock subscriptions	–	(177,000,000)	Noninterest-bearing; no definite repayment dates; to be applied as future subscription of capital stock	Unsecured; no significant warranties and covenants
Associate				
Receivable		51,230,958	Noninterest-bearing; payable on demand and to be settled in cash	Unsecured; no significant warranties and covenants; with impairment
• Advances made	7,960			
• Collections	(2,300,550)			
• Allowance for impairment		(39,717,922)		
Payable		(43,692,923)	Noninterest-bearing; payable on demand and to be settled in cash	Unsecured; no significant warranties and covenants
• Advances received	43,692,923			
Affiliates				
Receivable		14,969,935	Noninterest-bearing; payable on demand and to be settled in cash	No significant warranties and covenants; impaired
• Advances made	1,500			
Payable		(3,059,150)	Noninterest-bearing; payable on demand and to be settled in cash	Unsecured; no significant warranties and covenants
• Advances received	3,059,150			

f. Compensation paid to key management personnel for the years then ended December 31, 2018 and 2017 follows:

	2018	2017
Short term benefits		
Salaries and wages	**₱1,433,785**	₱588,610
13th month pay and other benefits	**126,529**	90,348
	₱1,560,314	₱678,958

g. There are no other related party transactions in 2018 and 2017.

Below are the account balances as of December 31, 2018 and 2017 on the separate financial statements of the companies within the Group which were eliminated upon consolidation:

- Receivables/Payables

	2018					
	Payable					
	TWMRSI	WGVI	SREDC	ADHI	LTSI	Total
Receivable:						
GHI	₱233,444,118	₱65,374,573	₱10,095,316	₱154,730	₱161,750	₱309,230,487
WGVI	120,870	–	182,213	–	–	303,083
	₱233,564,988	₱65,374,573	₱10,277,529	₱154,730	₱161,750	₱309,533,570

	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

19. **Equity**

Capital Stock

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 common shares.

The stockholders of the Parent Company shall have no pre-emptive rights to subscribe to or purchase any or all, issue or dispose of shares of any class of the Group.

Details of the capital stock as at December 31, 2018 and 2017 follow:

	Preferred		Common	
	Number of Shares	Amount	Number of Shares	Amount
Authorized – ₱0.10 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

There were no movements in the Group's common and preferred shares in 2018 and 2017.

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	2,900,000,000
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 1,033 and 1,038 as at December 31, 2018 and 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 December 31, 2018 and 2017 are as follows:

	High	Low
First	₱0.37	₱0.37
Second	0.37	0.37
Third	0.37	0.37
Fourth	2.02	1.97

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. In a Correspondence dated September 26, 2018, the PSE lifted the trading suspension and on November 5, 2018, the shares in the Parent Company resumed trading in the stock exchange (see Note 29).

20. **Revenue**

Sales pertain to receipts from agri-tourism and sale of fruits and vegetables. These are currently the only sources of income of the Group.

The table shows the analysis of revenues of the Group by major sources for the years ended December 31, 2018 and 2017:

	2018	2017
Category		
Agri-tourism	**₱1,823,675**	₱519,503
Sale of fruits and vegetables	**1,623,398**	–
Total	**₱3,447,073**	₱519,503

The performance obligation to provide tourism services is satisfied at a point in time which is upon rendering of service and delivery of the goods. There are no outstanding contract balances from the Group's revenue. The Group has no liability related to these services.

Cost of sales mainly pertain to supplies and meals for the park employees.

Rental income

The Group leases its nine-hectare property situated at Rosario, Batangas effective from January 1, 2015 to December 31, 2015, and shall be automatically renewed for successive one-year periods unless terminated. Under the terms of the lease agreement, the rental shall be ₱30,000 per hectare per annum, exclusive of VAT and subject to an escalation of 10% per year starting from the second year of the lease agreement. Refundable deposit under this lease agreement amounted to ₱270,000 as at December 31, 2018 and 2017 (see Note 16). Rental income amounted to ₱359,370, ₱326,700 and ₱297,000 in 2018, 2017 and 2016, respectively, presented in the Group's consolidated statements of comprehensive income (loss).

21. General and Administrative Expenses

This account consists of:

	Note	**2018**	2017	2016
Depreciation and amortization	13	**₱12,814,521**	₱131,480	₱230,336
Contractual services		**8,819,198**	8,478,631	8,697,679
Penalties and fines		**5,336,289**	778,710	155,000
Utilities		**2,543,972**	2,583,472	2,687,261
Salaries and wages		**2,109,529**	852,791	1,136,071
Legal and professional		**2,058,082**	1,794,557	1,282,583
Repairs and maintenance		**1,143,089**	772,239	94,025
Brokers fee		**803,266**	–	–
Transportation		**660,738**	694,808	1,033,524
Listing and stock transfer fees		**643,964**	18,750	–
Representation and entertainment		**435,338**	1,375,558	477,016
Materials and supplies		**305,666**	633,472	3,423,123
Handling cost		**151,907**	–	–
Taxes and licenses		**120,406**	1,353,739	1,374,541
Miscellaneous		**510,883**	219,633	84,300
		₱38,456,848	₱19,687,840	₱20,675,459

Miscellaneous expenses include advertising, service charges and other fees.

As at December 31, 2018, 2017, and 2016, 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.

22. Income Taxes

a. The current income tax expense in 2018, 2017, and 2016 pertains to MCIT.

b. The reconciliation between the income tax expense computed at the statutory tax rate and the income tax shown in Group's consolidated statements of comprehensive income is as follows:

	Notes	**2018**	2017	2016
Income tax expense computed at statutory tax rate		**₱845,708,028**	₱6,452,056	(₱13,056,908)
Income tax effects of:				
Nontaxable income		**(863,682,600)**	–	–
Unrecognized NOLCO		**9,434,535**	2,252,059	1,141,482
Nondeductible expenses		**4,520,027**	648,228	267,618
Provisions for impairment loss	7, 15, 18	**3,825,401**	221,128	–
Equity in loss (income) of associate	11	**228,179**	(9,404,755)	13,582,419
Interest income subjected to final tax	6	**(33,570)**	(2,782)	(1,645)
Unrecognized MCIT		**28,443**	231,426	–
Increase in fair value of biological assets		–	(165,934)	–
Utilization of NOLCO		–	–	(791,483)
Unrecognized deferred tax asset		–	–	(667,370)
Expired MCIT		–	–	1,897
		₱28,443	₱231,426	₱476,010

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

Year	Expiration	Applied/Expired	Balance	Tax effect
2018	2021	₱–	₱31,448,450	₱9,434,535
2017	2020	–	7,506,866	2,252,059
2016	2019	–	3,804,940	1,141,482
2015	2018	17,198,344	–	–
		₱17,198,344	₱42,760,256	₱12,828,076

d. The Group incurred MCIT which can be claimed as deduction against future tax due as follows:

Year	Expiration	Applied/Expired	Balance
2018	2021	₱–	₱28,443
2017	2020	–	231,426
2015	2018	5,633	–
		₱5,633	₱259,869

The income tax benefits of NOLCO and MCIT were not recognized in the consolidated financial statements as management believes that these could not be utilized prior to its expiration.

e. The Group opted for the itemized deduction scheme for its income tax reporting in 2018, 2017 and 2016.

23. 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	2016
Net income (loss) attributable to the equity holders of the Parent Company	**₱2,829,534,918**	₱23,840,586	(₱46,000,060)
Divided by: Weighted average number of common shares	**1,703,278,572**	1,703,278,572	1,703,278,572
Basic earnings (loss) per share	**₱1.77**	₱0.01	(₱0.03)

The Group has no diluted loss per share for the year ended December 31, 2018, 2017 and 2016.

24. Non-controlling Interests

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	(₱10,481,626)	₱601,760	₱244,732,633
LSTI	11,557	(9,983)	–	1,574
TWMRSI	(115,394,812)	(44,993)	–	(115,439,805)
	₱139,229,244	(₱10,536,602)	₱601,760	₱129,294,402

	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

Other comprehensive loss pertains to fair value loss on financial asset at FVOCI for the year attributable to non–controlling interest.

25. **Financial Instruments**

The following tables set forth the carrying values and estimated fair values of the Group's financial asset and liabilities recognized as at December 31, 2018 and 2017:

		2018			
	Note	Carrying value	Fair value	Quoted prices in active market (Level 1)	Significant Observable Inputs (Level 2)
Cash on hand	6	₱50,000	₱50,000	₱–	₱50,000
PFRS 9 measurement category:					
Financial assets at amortized cost					
Cash in banks	6	12,481,445	12,481,445	–	12,481,445
Nontrade receivables - net	7	250,142,630	250,142,630	–	250,142,630
Due from related parties – net	18	811,115,326	811,115,326	–	811,115,326
Financial asset at FVOCI	10	3,101,013,543	3,101,013,543	3,101,013,543	–
		₱4,174,752,944	₱4,174,752,944	₱3,101,013,543	₱1,073,739,401
Financial liabilities at amortized cost					
Trade and other payables*	16	₱14,799,146	₱14,799,146	₱–	₱14,799,146
Due to related parties	18	118,057,499	118,057,499	–	118,057,499
		₱132,856,645	₱132,856,645	₱–	₱132,856,645

**Excludes government payables amounting to ₱119,529 as at December 31, 2018.*

		2017			
	Note	Carrying value	Fair value	Quoted prices in active market (Level 1)	Significant Observable Inputs (Level 2)
Cash on hand	6	₱378,473	₱–	₱–	₱378,473
PAS 39 measurement category:					
Loans and receivables					
Cash in banks	6	2,321,823	2,321,823	–	2,321,823
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	10	370,000	370,000	370,000	–
		₱1,076,083,215	₱1,075,704,742	₱370,000	₱1,075,713,215
Other 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 as at December 31, 2017.*

Methods and assumption used to estimate fair value

The carrying value of cash and cash equivalent, nontrade 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.

Financial asset at FVOCI (AFS investments) pertaining to 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.

There are no transfers to and from Levels indicated above in 2018 and 2017.

26. 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 in banks, nontrade receivables, financial asset at FVOCI, trade and other payables, 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, equity price 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.

Credit quality of financial assets

Below is the credit quality per class of the Group's financial assets as at December 31, 2018 and 2017:

	2018			
	Neither past due nor impaired			
	High grade	Standard grade	Impaired	Total
Cash in banks	₱3,082,607	₱9,398,838	₱–	₱12,481,445
Nontrade receivables	–	250,142,630	1,253,070	251,395,700
Due from related parties	150,342,991	660,772,335	51,183,326	862,298,652
	₱153,425,598	₱920,313,803	₱52,436,396	₱1,126,175,797

	2017			
	Neither past due nor impaired			
	High grade	Standard grade	Impaired	Total
Cash in banks	₱1,527,177	₱794,646	₱–	₱2,321,823
Nontrade receivables	–	251,177,220	–	251,177,220
Due from related parties	–	821,835,699	39,717,922	861,553,621
	₱1,527,177	₱1,073,807,565	₱39,717,922	₱1,115,052,664

High grade cash in banks 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.

Credit risk exposure

With respect to credit risk arising from other financial assets of the Group, which comprise of cash and cash equivalent, nontrade 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, 2018 and 2017.

	2018	2017
Cash in banks	**₱12,481,445**	₱2,321,823
Nontrade receivables	**251,395,700**	251,177,220
Due from related parties – net	**811,115,326**	821,835,699
	₱1,074,992,471	₱1,075,334,742

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.

Impairment assessment
The Group was required to revise its impairment methodology under PFRS 9 for each of class of financial assets and has determined that there has been no significant impact of the change in impairment methodology on the Group's retained earnings and equity.

Upon adoption of PFRS 9, the Group applies general approach for determining the expected credit losses of cash in banks, nontrade receivables and from related parties. A credit loss is the difference between the cash flows that are expected to be received discounted at the original effective interest rate and contractual cash flows in accordance with the contract. The loss allowance for financial assets are based on the assumptions about risk of default and expected loss rates. In addition, management's assessment of the credit risk on the financial assets as at the reporting date is high.

Prior to adoption of PFRS 9, the Group applies specific/individual assessment in assessing and measuring impairment.

- 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 year	Due beyond one year but not more than five years	Total
Financial assets				
Cash in banks	₱12,481,445	₱–	₱–	₱12,481,445
Nontrade receivables	251,395,700	–	–	251,395,700
Due from related parties – net	811,115,326	–	–	811,115,326
Financial asset at FVOCI	–	–	3,101,013,543	3,101,013,543
	₱1,074,992,471	₱–	₱3,101,013,543	₱4,176,006,014
Financial liabilities				
Trade and other payables*	₱–	₱14,799,146	₱–	₱14,799,146
Due to related parties	118,057,499	–	–	118,057,499
	₱118,057,499	₱14,799,146	₱–	₱132,856,645

**Excludes government payable amounting to ₱119,529.*

	2017			
	On demand	Due within one (1) year	Due beyond one year but not more than five years	Total
Financial assets				
Cash in banks	₱2,321,823	₱–	₱–	₱2,321,823
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
	₱1,075,334,742	₱–	₱370,000	₱1,075,704,742

	2017			
	On demand	Due within one year	Due beyond one year but not more than five years	Total
Financial liabilities				
Trade and other payables*	₱–	₱19,573,395	₱–	₱19,573,395
Due to related parties	46,752,073	–	–	46,752,073
	₱46,752,073	₱19,573,395	₱–	₱66,325,468

**Excludes government payables amounting to ₱52,610.*

- Interest rate risk
  The Group is not exposed to interest rate fluctuations on their cash in banks and cash equivalents. Other financial assets and liabilities which principally arise in the ordinary course of its operations are generally short-term and noninterest-bearing.

  Historically, the rate fluctuations relative to its cash in banks are minimal. Interest rates in 2018 and 2017 is less than 1%.

- Equity Price Risk
  The Group's exposure to equity securities price risk pertains to its equity instrument financial asset at FVOCI. Equity securities price risk arises from the changes in the levels of equity indices and the value of stocks traded in the stock market.

  At December 31, 2018 and 2017, if the quoted stock price for the securities using PSE index had increased by 41% and 57%, the Group's total equity would have been higher by about ₱1,261,649,299 and ₱211,813, respectively. The analysis is based on the assumption that the quoted prices had changed by 41% and 57%, with all other variables held constant. On the other hand, if the quoted market price for these securities had decreased by the same percentage, with all other variables held constant, total equity for the period would have been lower by the same amount.

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

27. 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
Retained earnings (deficit)	**1,793,486,641**	(1,037,637,525)
Due to related parties	**118,057,499**	46,752,073
	₱3,982,913,243	₱1,080,483,651

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, 2018 and 2017 follow:

	2018	2017
Total debt	**₱309,977,130**	₱243,609,501
Total equity	**3,994,757,786**	1,174,257,262
	8%	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 years ended December 31, 2018 and 2017.

28. 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:

	2018						
	Holding	Renewable energy	Waste management	Real estate and agri-tourism	Information technology	Elimination	Total
Income							
Revenue	₱–	₱–	₱–	₱3,806,443	₱–	₱–	₱3,806,443
Gain on:							
Reclassification of investment	2,613,537,267	–	–	–	–	–	2,613,537,267
Dilution of investment in associate	186,436,244	–	–	–	–	–	186,436,244
Sale of investment	78,968,491	–	–	–	–	–	78,968,491
Equity in net income (loss) of associate	(760,596)	–	–	–	–	–	(760,596)
Exchange differences on translation of foreign translation	(9,337,832)						(9,337,832)
Interest income	1,053	253	–	110,595	–	–	111,901
Other income	14,000	–	–	14,285	30,741	–	59,026
Unrealized forex gain	3,029	–	–	–	–	–	3,029
	2,868,861,656	253	–	3,931,323	30,741	–	2,872,823,973
Expense							
General and administrative expenses	(10,311,077)	(105,322)	(91,823)	(30,487,155)	(50,500)	–	(41,045,877)
Impairment loss	(11,465,404)	–	–	(1,285,933)	–	–	(12,751,337)
Provision for income tax	(341)	–	–	(27,487)	(615)	–	(28,443)
Net income (loss)	2,847,084,834	(105,069)	(91,823)	(27,869,252)	(20,374)	–	2,818,998,316
Net income (loss) attributable to:							
Equity holders of the Parent Company	2,847,084,834	(105,069)	(46,830)	(16,389,386)	(10,391)	–	2,829,534,918
Noncontrolling interest	–	–	(44,993)	(9,879,866)	(9,983)	–	(10,536,602)
	₱2,847,084,834	(₱105,069)	(₱91,823)	(₱26,269,252)	(₱20,374)	₱–	₱2,818,998,316
Assets and Liabilities							
Segment assets	₱4,029,724,904	₱417,637	₱–	₱615,968,354	₱266,170	(₱341,642,149)	₱4,304,734,916
Segment liabilities	₱308,071,545	₱66,961,192	₱233,718,010	₱11,363,798	₱263,941	(₱310,401,356)	₱309,977,130

	2017						
	Holding	Renewable energy	Waste management	Real estate and agri-tourism	Information technology	Elimination	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 income (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	Elimination	Total
Income							
Revenue	₱–	₱–	₱–	₱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 income (loss)	(49,253,015)	(44,062)	(44,773)	5,409,246	(66,435)	–	(43,999,039)
Net income (loss) attributable to:							
Equity holders of the Parent Company	(49,253,014)	(44,062)	(22,834)	3,353,732	(33,882)	–	(46,000,060)
Noncontrolling interest	–	–	(21,939)	2,055,514	(32,553)	–	2,001,022
	(₱49,253,014)	(₱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

29. **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 CA.

After careful review of the *Request to Lift* and the documents in support thereof as well as the conduct of a due diligence review of the Parent Company's disclosures and reports, the PSE granted the *Request to Lift* the trading suspension.

On November 5, 2018, the shares of the Parent Company resumed trading in the PSE.

On Civil Forfeiture

On December 14 and 15, 2015 the RTC 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.

On January 22, 2016, the Parent Company and the SREDC filed a *Motion for Reconsideration* of the *Order*, praying that the same be discharged on the ground that the issuance of the Order had no legal or factual basis, among others.

The rules on confidentiality and *sub judice* bar the Parent Company from publicly going into the details of the on-going 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.

On July 19, 2018, the Parent Company received an *Order* dated July 9, 2018 (the *"Discharge Order")* from the Court. In the *Discharge Order,* the Court ruled that "the funds in the subject accounts of respondents Greenergy et al. are not related to the unlawful activity of violation of R.A. 3019 and R.A. 7080." Thus, the bank accounts of the Parent Company and SREDC were "orders discharged from the effects of the *Asset Preservation Order* (APO) dated December 15, 2015." Being an interlocutory order, the *Discharge Order* is immediately executory.

On August 9, 2018, the Parent Company received a copy of the *Motion for Reconsideration* dated August 3, 2018 (the *Motion for Reconsideration")* filed by the Republic of the Philippines with the Regional Trial Court assailing the *Discharge Order.*

In an Order dated July 9, 2018 (Order), the Court categorically ruled that "the funds in the subject accounts of respondents Greenergy et al. are not related to the unlawful activity of violation of R.A. 3019 and R.A. 7080". Thus, the Parent Company and SREDC and the said bank account was "ordered Discharged from the effects of the Asset Preservation Order (APO) dated December 15, 2015."

With the Order, which was immediately executory, the Parent Company and SREDC regained access and control over its bank account.

The Office of the Solicitor General filed a *Motion for Reconsideration* (to the Order dated July 9, 2018) dated August 3, 2018 ("Motion"), while the Parent Company and SREDC filed their *Comment/Opposition* (to the Motion for Reconsideration) dated December 11, 2018 on even date.

At present, the Motion is pending resolution by the Court.

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SUPPLEMENTAL STATEMENT OF INDEPENDENT AUDITORS

The Stockholders and 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, 2018 and have issued our report thereon dated April 12, 2019. Our audit was made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The accompanying Summary of Effective Standards and interpretations under Philippine Financial Reporting Standards and Schedule of Retained Earnings Available for Dividend Declaration are the responsibility of the Group's management. These summaries are presented for the purpose of complying with Securities Regulation Code Rule 68, as Amended (2011) and with SEC Memorandum Circular No. 11, Series of 2008, and are not part of the consolidated financial statements. These summaries have been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, fairly state in all material respects, the information required to be set forth therein in relation to the consolidated financial statements taken as a whole.

CONSTANTINO AND PARTNERS
(formerly Constantino Guadalquiver & Co.)
BOA Registration No. 0213, valid until December 31, 2019
SEC Accreditation No. (A.N.) 0004-FR-4, valid until December 7, 2020 (Group A)
BIR A.N. 08-001507-000-2017, valid until December 21, 2020

By:

Ramos

Edwin F. Ramos
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PTR No. 7333975, issued on January 4, 2019, Makati City

Makati City, Philippines
April 12, 2019

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SUPPLEMENTAL STATEMENT OF INDEPENDENT AUDITORS

The Stockholders and 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 years ended December 31, 2018 and 2017 and have issued our report thereon dated April 12, 2019. Our audits were made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The accompanying Schedule of Financial Soundness Indicators is the responsibility of the Group's management. This schedule is presented for purpose of complying with the Securities Regulation Code Rule 68, as Amended (2011), and is not part of the consolidated financial statements. This schedule has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, fairly states in all material respect the information required to be set forth therein in relation to the consolidated financial statements taken as a whole.

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INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY SCHEDULES

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

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Greenergy Holdings Incorporated and Subsidiaries as at and for the years ended December 31, 2018 and 2017, included in this Form 17-A and have issued our report thereon dated April 12, 2019. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Company's management. These schedules are presented for purpose of complying with the Securities Regulation Code Rule 68 As Amended (2011), and are not part of the consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, fairly state in all material respect the information required to be set forth therein in relation to the consolidated financial statements taken as a whole.

CONSTANTINO AND PARTNERS
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By:

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Makati City, Philippines
April 12, 2019

GREENERGY HOLDINGS INCORPORATED AND SUBSIDIARIES

SUMMARY OF EFFECTIVE STANDARDS AND INTERPRETATIONS UNDER PHILIPPINE FINANCIAL REPORTING STANDARDS
DECEMBER 31, 2018

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	✓		

*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 (2010-2012 Cycle): Accounting for Contingent Consideration in a Business Combination			✓**
	Annual Improvements (2011-2013 Cycle): Scope Exceptions for joining Arrangements			✓**
	Annual Improvements to PFRSs (2015-2017 Cycle): Amendments to PFRS 3 and 11 – Previously held interest in a Joint Operation*		✓	
	Amendments to PFRS 3, Definition of Business*		✓	
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	✓		

*These are effective subsequent to December 31, 2018.
**Adopted but no significant impact.

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
	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*		✓	
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			✓
	Annual improvements to PFRSs (2015-2017 Cycle): Amendments to PFRS 3 and PFRS 11 – Previously held interest in a Joint Operation*		✓	
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*		✓	
PFRS 17	Insurance Contracts*		✓	

*These are effective subsequent to December 31, 2018.
**Adopted but no significant impact.

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
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	✓		
	Amendment to PAS 1: Presentation of Financial Statements – Disclosure Initiative	✓		
	Amendments to PAS 1 and PAS 8, Definition of Materials*		✓	
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	✓		
	Amendments to PAS 1 and PAS 8, Definition of Materials*		✓	
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			✓**
	Amendments to PAS 12 – Income Tax consequences of payments on Financial Instruments classified as Equity*		✓	
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			✓**

*These are effective subsequent to December 31, 2018.
**Adopted but no significant impact.

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
	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			✓**
	Amendments to PAS 19, Plan Amendment, Curtailment or Settlement*		✓	
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
	Amendment: Net Investment in a Foreign Operation			✓**
PAS 23 (Revised)	Borrowing Costs	✓		
	Amendments to PAS 23 – Borrowing Costs eligible for Capitalization*		✓	
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			✓**

*These are effective subsequent to December 31, 2018.
**Adopted but no significant impact.

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
	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*		✓	
	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			✓
	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	✓		

*These are effective subsequent to December 31, 2018.
**Adopted but no significant impact.

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
	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			✓**
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			✓

*These are effective subsequent to December 31, 2018.
**Adopted but no significant impact.

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
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			✓**
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, 2018.
**Adopted but no significant impact.

GREENERGY HOLDINGS INCORPORATED AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULES REQUIRED BY THE SECURITIES AND EXCHANGE COMMISSION
DECEMBER 31, 2018

TABLE OF CONTENTS

GREENERGY HOLDINGS INCORPORATED AND SUBSIDIARIES
SCHEDULE A - FINANCIAL ASSETS

	Carrying Value	Fair Value
Cash on hand	₱ 50,000	₱ 50,000
Financial assets at amortized costs		
Cash in banks	12,481,445	12,481,445
Nontrade receivables - net	251,395,700	251,395,700
Due from related parties - net	811,115,326	811,115,326
Financial asset at FVOCI	3,101,013,543	3,101,013,543
	₱ 4,176,056,014	₱ 4,176,056,014

GREENERGY HOLDINGS INCORPORATED AND SUBSIDIARIES

SCHEDULE B – AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)

	2018	2017
Receivables:		
Stockholders	**₱ 796,064,315**	₱ 795,352,728
Affiliates	**66,234,337**	66,200,893
	862,298,652	861,553,621
Allowance for impairment	**(51,183,326)**	(39,717,922)
	₱ 811,115,326	₱ 821,835,699

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

Intercompany Receivable and Payables

	2018					
	Payables					
Receivables:	**TWMRSI**	**WGVI**	**SREDC**	**ADHI**	**LTSI**	**Total**
GHI	₱ 233,444,118	₱ 65,374,573	₱ 10,095,316	₱ 154,730	₱ 161,750	₱ 309,230,487
WGVI	120,870	-	182,213	-	-	303,083
	₱ 233,564,988	₱ 65,374,573	₱ 10,277,529	₱ 154,730	₱ 161,750	₱ 309,533,570

	2017					
	Payables					
Receivables:	TWMRSI	WGVI	SREDC	ADHI	LTSI	Total
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

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

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

GREENERGY HOLDINGS INCORPORATED AND SUBSIDIARIES
SCHEDULE F – INDEBTEDNESS TO RELATED PARTIES

	2018	2017
Payables:		
Affiliates	**₱ 104,021,909**	₱ 46,752,073
Stockholders	**14,035,590**	–
	₱ 118,057,499	₱ 46,752,073

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/ Stockholders	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	-	207,768,560	333,522,007	1,161,988,005
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	-	1,207,768,560	333,522,007	1,161,988,005

GREENERGY HOLDINGS INCORPORATED AND SUBSIDIARIES
SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

FINANCIAL KEY PERFORMANCE INDICATORS	DEFINITION	FOR THE YEAR ENDED 2018	2017
Current/Liquidity Ratio			
Current ratio	Current Assets / Current Liabilities	**3.48:1**	4.42:1
Quick ratio	Current Assets - Inventory - Prepayments / Current Liabilities	**3.48:1**	4.42:1
Solvency ratio / Debt to equity ratio	Total Liabilities / Equity	**0.08:1**	0.21:1
Asset to equity ratio	Total Assets / Equity	**1.08:1**	1.21:1
Interest rate coverage ratio	Income Before Tax / Finance Cost	**N/A**	N/A
Profitability Ratio			
Return on assets	Net Income / Average Total Assets	**1.0%**	2.0%
Return on equity	Net Income / Average Total Equity	**1.1%**	2.0%

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

Name of Stockholder	Subscribed	Outstanding
Common		
PCD Nominee Corp. (Filipino)	447,577,244	26.11%
ThomasLloyd Cleantech Infrastucture Fund GmbH	207,768,560	12.12%
Earthright Holdings, Inc.	187,500,000	10.94%
Jian-Cheng Cai	160,000,000	9.33%
Three Star Capital Limited (BVI)	110,000,000	6.42%
PPARR Management & Holdings Corporation	58,000,000	3.38%
Southern Field Limited (BVI)	55,000,000	3.21%
Jerry G. Yu	52,000,000	3.03%
Ann Loraine Buencamino	51,500,000	3.00%
ARC Estate & Project Corporation	50,000,000	2.92%
Mark Kenrich Duca	50,000,000	2.92%
Hung Kamtin	40,000,000	2.33%
Paul Vincent Lee	36,000,000	2.10%
Fab People, Inc.	31,000,000	1.81%
Jaime L. Tiu	30,000,000	1.75%
James L. Tiu	30,000,000	1.75%
Prestejenchrisdan (PSJCD) Inc.	30,000,000	1.75%
Sure Anthony T. Ching	30,000,000	1.75%
Jose Marie E. Fabella	30,000,000	1.75%
Leonardo S. Gayao	28,000,000	1.63%
	1,714,345,804	100.00%

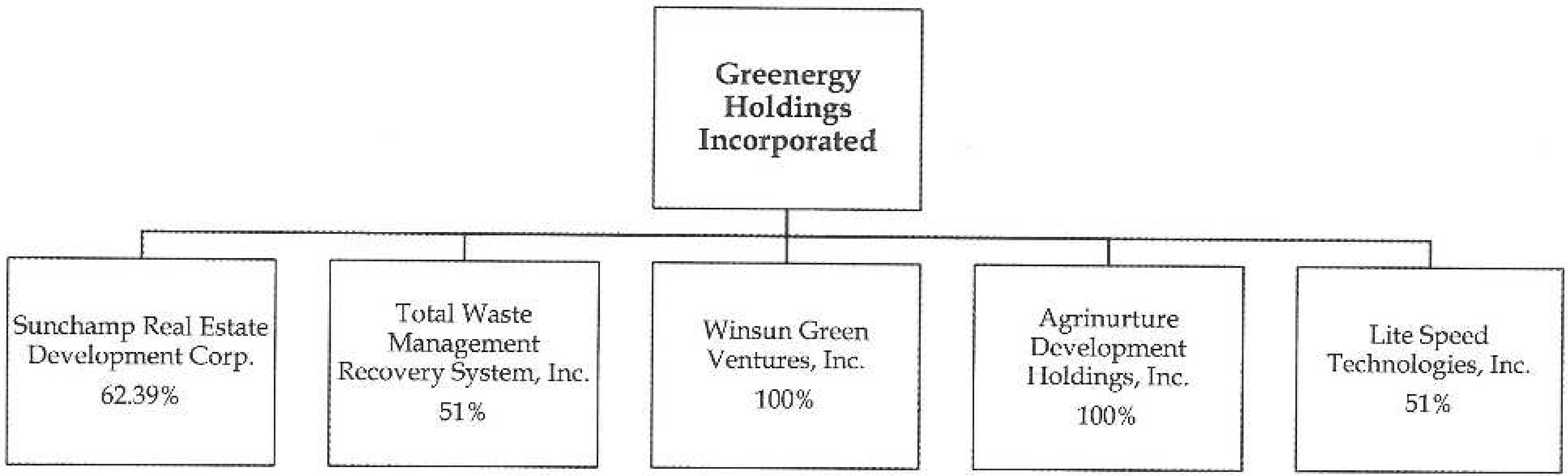
Name of Stockholder	Total Numbers of Shares Subscribed	Percent to Total Outstanding
Preferred		
Earthright Holdings, Inc.	100,000,000	100.00%

GREENERGY HOLDINGS INCORPORATED
RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
DECEMBER 31, 2018

Deficit, as adjusted, beginning	(₱ 1,037,637,525)
Net profit based on the face of audited financial statements closed to retained earnings	2,829,534,918
Less: Non-actual/unrealized income net of tax	
Gain on reclassification of investment in associate to financial assets at fair value through other comprehensive income	(2,613,490,460)
Net Income Actual/Realized	216,044,458
Deficit, as adjusted, ending	**(₱ 821,593,067)**

GREENERGY HOLDINGS INCORPORATED AND SUBSIDIARIES

GROUP CHART



ANNEX E

COVER SHEET
for
QUARTERLY 17-Q

SEC Registration Number

AS092005890

COMPANY NAME

GREENERGY HOLDINGS INC. 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
17Q-1	CRM	N/A

COMPANY INFORMATION

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

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

CONTACT PERSON INFORMATION

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

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

CONTACT PERSON's ADDRESS

Unit 112 Cedar Mansion II, No. 7 St Jose Ma. Escriva Drive, 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.

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 2019**
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:	₱311,069,660

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

Yes [**x**] No [ ]

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

[1] As of 31 March 2019

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 2019 (with comparative figures as of 31 December 2018 and for the period ended 31 March 2018) 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 2019.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

Interim 1st quarter

Balance Sheet

Cash and cash equivalent amounted to P2.20 million as at March 31, 2019 from P12.53 million consolidated at December 31, 2018. The decrease in cash is due to the expiration of time deposit of one of the subsidiary as of March 2019 as well as payment of payables during the quarter.

Receivables increased to P254.21 million in March 31, 2019 from P253.59 million as of December 31, 2018 mainly due to additional recognition of rental income and sales during the quarter.

Due from related parties decreased to P499.09 million in March 31, 2019 from P811.12 million consolidated at December 31, 2018 as a result of liquidation and collections during the quarter.

Other current assets increased to P0.89 million in March 31, 2019 from P0.82 million consolidated at December 31, 2018 due to increase in Input VAT.

Financial assets at fair value through other comprehensive income decreased during the quarter from ₱3.10 billion to ₱2.73 billion due to decrease in market price based on published price in the stock market.

Property and equipment, increased to P417.38 million in March 31, 2019 from P103.75 million as at December 31, 2018 mainly due to liquidation of advances from a stockholder that resulted to an increase in land during the quarter.

Trade and Other Payables decreased to P14.80 million in March 31, 2019 compared to the December 31, 2018 amounting to P14.92 million due to payments of payables and accruals during the quarter.

Non-controlling interest decreased to P126.64 million in March 31, 2019 from P129.29 million as at December 31, 2018 due to net loss results of the operations of subsidiaries under common control.

Income Statement

Revenue recorded for the first three (3) months of 2019 is ₱ 0.53 million, which includes Agri-tourism revenue and rental income from P1.18 million last quarter of 2018.

Expenses such as contractual services, salaries and wages, utilities, repairs and maintenance, materials and supplies and penalties and charges increases by P4.99 million during the 1st quarter of 2019 as compared to last quarter of 2018.

Other income (charges) during the quarter includes loss on revaluation of financial assets at fair value through other comprehensive income amounting to ₱375.53 million since its investment in an associate, Agrinurture, Inc. was reclassified to financial assets at fair value after a partial sale and cease of significant influence last quarter of 2018.

As a result of the above, the Company had a Consolidated Operating Loss of ₱384.66 million during the first quarter of 2019.

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. On January 30, 2019, the Group entered into a Memorandum of Agreement "MOA" with Thebizlink Philippines, Inc. and Thebizlink Co. Ltd. (Thebizlink Group) for the development of a transport hub, smart-farming agriculture area, smart-city commercial and/or mixed-use developments and other related developments (the "Project"). Under the MOA, within ninety (90) days from the execution thereof, Thebizlink Group shall provide the Group a funding facility in the initial amount of 350 million US Dollars, provided, that the legal, financial and technical due diligence on the Project to be conducted by Thebizlink Group does not result in any material adverse findings involving the Project. The funding facility will have a term of five years with a fixed interest rate of 3% per annum. On the fifth (5th) anniversary of the execution of the funding facility, the Parent Company has the option to convert the loan into equity.

Furthermore, on April 11, 2019, the Parent Company entered into an International Distributorship Agreement with Hanergy Thin Film Power Asia Pacific Limited (Hanergy). Hanergy is engaged in the business of manufacturing and selling solar-powered related products. Under the Agreement, the Parent Company is appointed as Hanergy's distributor in the Philippines for the promotion and sale of all Hanergy solar products such as, but not limited to, the new and innovative Film Flat SOLARtile. The Agreement has a term of one (1) year, with an option to renew for another year upon expiration of the original term. 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.

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:	10 May 2019
Signature and Title:	**KENNETH S. TAN**
	Chief Financial Officer
Date:	10 May 2019

GREENERGY HOLDINGS INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2019 AND DECEMBER 31, 2018
(Amounts in Philippine Pesos)

	2019	2018
ASSETS		
Current Assets		
Cash and cash equivalent (Note 6)	**₱ 2,199,329**	₱ 12,531,445
Receivables – net (Note 7)	**254,206,487**	253,589,703
Due from related parties – net (Note 17)	**499,089,792**	811,115,326
Other current assets – net (Note 9)	**889,951**	818,564
Total Current Assets	**756,385,559**	1,078,055,038
Noncurrent Assets		
Deposits for land acquisition (Note 8)	**15,600,000**	15,600,000
Financial asset at fair value through other comprehensive income (FVOCI) (Note 10)	**2,725,932,384**	3,101,013,543
Investment in associate (Note 11)	–	–
Investment properties – net (Note 15)	**6,320,465**	6,320,465
Property and equipment – net (Note 13)	**417,378,563**	103,745,870
Biological assets (Note 14)	–	–
Total Noncurrent Assets	**3,165,231,412**	3,226,679,878
	₱ 3,921,616,971	₱ 4,304,734,916
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Note 16)	**₱ 14,802,114**	₱ 14,918,675
Due to related parties (Note 17)	**119,260,868**	118,057,499
Deposit for future stock subscription (Note 17)	**177,000,000**	177,000,000
Income tax payable	**6,678**	956
Total Current Liabilities	**311,069,660**	309,977,130

(Forward)

(Carryforward)

	2019	2018
Equity		
Attributable to equity holders of Parent Company		
Capital stock (Note 18)		
Common – ₱1.00 par value		
Authorized – 1,900,000,000 shares in 2019 and 2018		
Subscribed and paid – 1,703,278,572 shares in 2019 and 2018	**₱ 1,703,278,572**	₱ 1,703,278,572
Preferred – ₱0.10 par value		
Authorized and subscribed – 1,000,000,000 shares	**100,000,000**	100,000,000
Additional paid-in capital	**268,090,531**	268,090,531
Cumulative fair value gain (loss) on financial asset at FVOCI (see Note 10)	**888,395**	607,640
Retained earnings (deficit)	**1,411,646,303**	1,793,486,641
	3,483,903,801	3,865,463,384
Non-controlling interests	**126,643,510**	129,294,402
Total Equity	**3,610,547,311**	3,994,757,786
	₱ 3,921,616,971	₱ 4,304,734,916

See accompanying Notes to Consolidated Financial Statements.

GREENERGY HOLDINGS INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2019 AND 2018
(Amounts in Philippine Pesos)

	2019	2018
REVENUE (Note 19)	**₱ 525,942**	₱ 1,180,310
COST OF SALES	**329,675**	945,790
GROSS INCOME	**196,267**	234,520
GENERAL AND ADMINISTRATIVE EXPENSES (Note 20)	**(9,434,492)**	(4,442,933)
OPERATING LOSS	**(9,238,225)**	(4,208,413)
OTHER INCOME (CHARGES) – Net		
Loss on:		
Revaluation of investment in FVOCI (Notes 10 and 11)	**(375,531,159)**	–
Equity in net income (loss) of associate (Note 11)	–	308,069
Rental income (Note 19)	**89,843**	81,675
Interest income (Note 6)	**25,375**	547
Unrealized foreign exchange gain (Note 6)	**(587)**	–
	(375,416,528)	390,291
LOSS BEFORE INCOME TAX	**(384,654,753)**	(3,818,122)
INCOME TAX EXPENSE (Note 22)	**5,722**	25,240
NET LOSS	**(₱ 384,660,475)**	(₱ 3,843,362)

(Forward)

(Carryforward)

	2019	2018
NET LOSS ATTRIBUTABLE TO:		
Equity holders of the Parent Company	**(₱ 381,840,338)**	(₱ 2,776,551)
Non-controlling interests (Note 23)	**(2,820,137)**	(1,066,811)
	(₱ 384,660,475)	(₱ 3,843,362)
LOSS PER SHARE (Note 22)	**(₱ 0.22)**	(₱ 0.00)

See accompanying Notes to Consolidated Financial Statements.

GREENERGY HOLDINGS INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2019 AND 2018
(Amounts in Philippine Pesos)

	2019	2018
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT COMPANY		
CAPITAL STOCK (Note 18)		
Common		
Authorized – 1.9 billion shares at ₱1.00 par value		
Issued		
Balance at beginning of year	**₱ 1,598,289,455**	₱ 1,598,289,455
Issuance during the year	–	–
Balance at end of year	**1,598,289,455**	1,598,289,455
Subscribed	**202,489,117**	202,489,117
Subscription receivable	**(97,500,000)**	(97,500,000)
	104,989,117	104,989,117
	1,703,278,572	1,703,278,572
Preferred		
Authorized – 1 billion shares at ₱0.10 par value		
Issuance during the year	–	–
Converted from common shares	–	–
Issued	**100,000,000**	100,000,000
ADDITIONAL PAID-IN CAPITAL	**268,090,531**	268,090,531
CUMULATIVE FAIR VALUE GAIN (LOSS) ON FINANCIAL ASSET AT FVOCI		
Balance at beginning of year	**607,640**	(390,600)
Unrealized gain during the year	**280,755**	–
Balance at end of year (Note 10)	**888,395**	(390,600)
SHARE IN OTHER COMPREHENSIVE INCOME OF AN ASSOCIATE		
Balance at beginning of year	–	1,687,040
Exchange differences on translation of foreign operations	–	10,467,735
Balance at end of year (Note 11)	–	12,154,775
Share in:		
RETAINED EARNINGS (DEFICIT)		
Balance at beginning of year	**1,793,486,641**	(1,037,637,525)
Net loss during the year	**(381,840,338)**	(2,776,551)
Balance at end of year	**1,411,646,303**	(1,040,414,076)
	₱ 3,483,903,801	₱ 1,042,719,202

(Forward)

(Carryforward)

	2019	2018
NON-CONTROLLING INTERESTS		
Balance at beginning of year	**₱ 129,294,402**	₱ 139,229,244
Net income (loss) during the year	**(2,820,137)**	(1,066,811)
Share in increase in fair value of financial asset at FVOCI (Note 10)	**169,245**	–
Balance at end of year (Note 23)	**126,643,510**	138,162,433
	₱ 3,610,547,311	₱ 1,180,881,635

See accompanying Notes to Consolidated Financial Statements.

GREENERGY HOLDINGS INCORPORATED AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2019 AND 2018
(Amounts in Philippine Pesos)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax	**(₱ 384,654,753)**	(₱ 3,818,122)
Adjustments for:		
Loss on:		
Revaluation of investment in FVOCI (Notes 10 and 11)	**375,531,159**	–
Depreciation and amortization (Note 13)	**3,177,307**	37,169
Equity in net income (loss) of an associate (Note 11)	–	(308,069)
Interest income (Note 6)	**(25,375)**	(547)
Unrealized foreign exchange loss (Note 6)	**587**	–
Operating loss before working capital changes	**(5,971,075)**	(4,089,569)
Changes in operating assets and liabilities:		
Increase in:		
Receivables (Note 7)	**(616,784)**	3,000
Other current assets (Note 9)	**(71,387)**	(65,542)
Increase (decrease) in trade and other payables (Note 16)	**(116,561)**	550,279
Net cash used in operations	**(6,775,807)**	(3,601,832)
Interest received (Note 6)	**25,375**	547
Net cash used in operating activities	**(6,750,432)**	(3,601,285)
CASH FLOWS FROM INVESTING ACTIVITIES		
Advances made to related parties (Note 17)	**(10,006,794)**	2,731,066
Collections received from related parties (Note 17)	**5,222,328**	–
Net cash provided by (used in) investing activities	**(4,784,466)**	2,731,066

(Forward)

(Carryforward)

	2019	2018
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances received from related parties (Note 17)	**₱ 1,203,369**	₱ 1,114,129
Payments to related parties (Note 17)	–	–
Net cash provided by (used in) financing activities	**1,203,369**	1,114,129
EFFECT OF EXCHANGE RATE CHANGES IN CASH AND CASH EQUIVALENT	**(587)**	–
NET INCREASE IN CASH AND CASH EQUIVALENT	**(10,332,116)**	243,910
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR (Note 6)	**12,531,445**	2,700,296
CASH AND CASH EQUIVALENT AT END OF YEAR (Note 6)	**₱ 2,199,329**	₱ 2,944,206

See accompanying Notes to Consolidated Financial Statements.

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

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:

Subsidiary	Country of Incorporation	Nature of business	Principal place of business	Ownership **2019**	Ownership 2018
Winsun Green Ventures, Inc. (WGVI)	Philippines	Renewable energy system	Pulilan, Bulacan	**100.0%**	100.0%
Agrinurture Development Holdings, Inc. (ADHI)	Philippines	Investment Holding	Makati City	**100.0%**	100.0%
Sunchamp Real Estate Development Corp. (SREDC)	Philippines	Real Estate and agriculture	Makati City	**62.39%**	62.39%
Lite Speed Technologies, Inc. (LSTI)	Philippines	Information Technology	Makati City	**51.0%**	51.0%
Total Waste Management Recovery System, Inc. (TWMRSI)	Philippines	Waste Management Facility	Pulilan, Bulacan	**51.0%**	51.0%

Going Concern

The Group's financial statements have been prepared on a going concern basis, which assumes that the Group will be able to continue towards increasing revenues and improving operations despite significant losses incurred over the years. 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. On January 30, 2019, the Group entered into a Memorandum of Agreement "MOA" with Thebizlink Philippines, Inc. and Thebizlink Co. Ltd. (Thebizlink Group) for the development of a transport hub, smart-farming agriculture area, smart-city commercial and/or mixed-use developments and other related developments (the "Project"). Under the MOA, within ninety (90) days from the execution thereof, Thebizlink Group shall provide the Group a funding facility in the initial amount of 350 million US Dollars, provided, that the legal, financial and technical due diligence on the Project to be conducted by Thebizlink Group does not result in any material adverse findings involving the Project. The funding facility will have a term of five years with a fixed interest rate of 3% per annum. On the fifth (5^{th}) anniversary of the execution of the funding facility, the Parent Company has the option to convert the loan into equity. Furthermore, on April 11, 2019, the Parent Company entered into an International Distributorship Agreement with Hanergy Thin Film Power Asia Pacific Limited (Hanergy). Hanergy is engaged in the business of manufacturing and selling solar-powered related products. Under the Agreement, the Parent Company is appointed as Hanergy's distributor in the Philippines for the promotion and sale of all Hanergy solar products such as, but not limited to, the new and innovative Film Flat SOLARtile. The Agreement has a term of one (1) year, with an option to renew for another year upon expiration of the original term. 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. The financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amount and classification of liabilities that may result from the outcome of this uncertainty.

Subsidiaries

The principal activities of the subsidiaries are as follows:

WGVI

WGVI was incorporated on June 22, 2012 with the primary purpose engaging in the business of renewable energy projects. In 2014, WGVI's AFS investment amounting to ₱22.5 million was fully provided for impairment. In addition, WGVI has a capital deficiency amounting to ₱66.57 million and ₱66.54 million as at March 31, 2019 and December 31, 2018, respectively.

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

On February 22, 2019, the Board of Directors (BOD) approved the Parent Company's additional investment to the WGVI amounting to ₱100 million to finance the latter in its "green" projects involving solar power and liquefied natural gas.

ADHI

On June 17, 2014, 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. Accordingly, the Parent Company's investment in ADHI was provided with full impairment allowance.

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, started 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. Accordingly, the Parent Company's investment in LSTI was provided with full impairment allowance.

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 machinery 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 ₱233.7 million as at March 31, 2019 and December 31, 2018. Due to these circumstances, the Parent Company's investment and advances to TWMRSI were provided with full impairment allowance.

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

Approval of consolidated financial statements

The consolidated financial statements for the period ended March 31, 2019 were approved and authorized for issue on May 10, 2019.

2. **Basis of Preparation**

The consolidated financial statements of the Group have been prepared on a historical cost basis except for financial asset at FVOCI 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 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 Parent controls an investee if it 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 Parent has less than a majority of the voting or similar rights of an investee, it 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 Parent re-assesses its control over an investee if facts 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 Parent 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) accounts 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.

Non-controlling 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 Group are consistent with those of the previous financial years, except for the following standards, amendments and improvements to PFRS and PAS which became effective in 2018.

- PFRS 9, *"Financial Instruments: Classification and Measurement"*
  PFRS 9 replaces PAS 39, Financial Instruments: Recognition and Measurement, and supersedes the previously published versions of PFRS 9 that introduced new classifications and measurement requirements and new hedge accounting. PFRS 9 includes revised guidance on the classification and measurement of financial assets that reflects the business model in which assets are managed and their cash flow characteristics, including a new forward-looking expected credit loss for calculating impairment, and guidance on own credit risk on financial liabilities measured at fair value. PFRS 9 incorporates new hedge accounting requirements and represent a major overhaul of hedge accounting and introduces significant improvements by aligning the accounting more closely with risk management.

  The Group adopted the said standard without restating comparative information as permitted by PFRS 9. The adoption of PFRS 9 which includes the new classification and measurement rules of financial instruments and impairment rules of financial assets did not result to significant adjustment to the account balances as at January 1, 2018. It affected the disclosures of classification and measurement category of the financial assets and liabilities only.

  Presented below is the impact of adoption of PFRS 9 as at January 1, 2018 on the Group's financial statements.

	Note	Original measurement category under PAS 39	New measurement category under PFRS 9	Original carrying amount under PAS 39	New carrying amount under PFRS 9
Financial assets:					
Cash in banks	6	Loans and receivables at amortized cost	Financial assets at amortized cost	₱2,321,823	₱2,321,823
Nontrade receivables	7	Loans and receivables at amortized cost	Financial assets at amortized cost	251,177,220	251,177,220
Due from related parties - net	18	Loans and receivables at amortized cost	Financial assets at amortized cost	821,835,699	821,835,699
Investment in shares of stocks	10	Available-for-sale investments at FVOCI	Financial assets at FVOCI	370,000	370,000
				₱1,075,704,742	₱1,075,704,742

	Note	*Original measurement category under PAS 39*	*New measurement category under PFRS 9*	*Original carrying amount under PAS 39*	*New carrying amount under PFRS 9*
Financial liabilities:					
Trade and other payables*	16	Other financial liabilities at amortized cost	Financial liabilities at amortized cost	₱19,573,395	₱19,573,395
Due to related parties	18	Other financial liabilities at amortized cost	Financial liabilities at amortized cost	46,752,073	46,752,073
				₱66,325,468	₱66,325,468

**Excluding nonfinancial liabilities amounting to ₱52,610.*

The accounting of the Group's financial liabilities remains largely the same as it was under PAS 39.

- 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 adoption of this new standard has no significant impact on the Group's financial statements.

- 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.

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

- Amendments to PAS 28, *Measuring an Associate or Joint Venture at Fair Value (Part of Annual Improvements to PFRSs 2014 - 2016 Cycle)*
The amendments clarify that an entity that is a venture capital organization, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss. They also clarify that if an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which (a) the investment entity, associate or joint venture is initially recognized; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate, or joint venture first becomes a parent.

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

- 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.

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

- Philippine Interpretation IFRIC-22, *Foreign Currency Transactions and Advance Consideration*
  The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a nonmonetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognizes the nonmonetary asset or nonmonetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. The interpretation may be applied on a fully retrospective basis. Entities may apply the interpretation prospectively to all assets, expenses and income in its scope that are initially recognized on or after the beginning of the reporting period in which the entity first applies the interpretation or the beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the interpretation.

  The interpretation has no significant impact on the Group's financial statements.

<u>New and Amended Standards and Interpretations Issued but not yet Effective</u>
Standards issued but not yet effective up to the date of the Group's financial statements are listed below. Unless otherwise indicated, the Group does not expect the adoption of these new and amended PFRS and Philippine Interpretations to have a significant impact on its financial statements. The Group intends to adopt the following pronouncements when they become effective.

<u>Effective in 2019</u>
- PFRS 16, *"Leases"*
  Under the new standard, lessees will no longer classify their lease as either operating or finance leases in accordance with PAS 17. Rather, leases will apply the single-asset model, wherein lessees will recognize the assets and the related liabilities for most leases in their balance sheets and, subsequently, will depreciate the lease assets and recognize interest on the lease liabilities in their profit or loss. The new standard is effective for annual periods beginning on or after January 1, 2019, with an early adoption.

  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 full retrospective or a modified retrospective approach, with options to use certain transition reliefs.

  The adoption of the new standard in 2019 is not expected to have significant impact on the Group's financial statements.

- Amendments to PFRS 9, *Prepayment Features with Negative Compensation*
  Prepayment Features with Negative Compensation amends the existing requirements in PFRS 9 regarding termination rights in order to allow measurement at amortized cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. Under the amendments, the sign of the prepayment amount is not relevant, i.e. depending on the interest rate prevailing at the time of termination, a payment may also be made in favor of the contracting party effecting the early repayment. The calculation of this compensation payment must be the same for both the case of an early repayment penalty and the case of an early repayment gain.

  The amendments are to be applied retrospectively for fiscal years beginning on or after January 1, 2019, i.e. one year after the first application of PFRS 9 in its current version. Early application is permitted so entities can apply the amendments together with PFRS 9 if they wish so. Additional transitional requirements and corresponding disclosure requirements must be observed when applying the amendments for the first time.

  The amendments are not expected to have significant impact on the Group's financial statements.

- Amendments to PAS 28, *Long-term Interests in Associates and Joint Ventures*
  The amendments to PAS 28 clarify that an entity applies PFRS 9, Financial Instruments including its impairment requirements, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture. The amendments are effective for periods beginning on or after January 1, 2019, with early application permitted. The amendments are to be applied retrospectively but they provide transition requirements similar to those in PFRS 9 for entities that apply the amendments after they first apply PFRS 9. They also include relief from restating prior periods for entities electing, in accordance with PFRS 4 Insurance Contracts, to apply the temporary exemption from PFRS 9. Full retrospective application is permitted if that is possible without the use of hindsight.

  The adoption of this new standard in 2019 is not expected to have significant impact on the Group's financial statements.

Amended standards and interpretations effective in 2019 adopted by the FRSC but not yet approved by the Board of Accountancy (BOA)

- Philippine Interpretations IFRIC 23, *Uncertainty over Income Tax Treatments*
  The Interpretation clarifies application of recognition and measurement requirements in PAS 12, Income Taxes when there is uncertainty over income tax treatments. The Interpretation specifically addresses the following: a) whether an entity considers uncertain tax treatments separately; b) the assumptions an entity makes about the examination of tax treatments by taxation authorities; c) how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and d) how an entity considers changes in facts and circumstances.

  Philippine IFRIC 23 is effective for annual reporting periods beginning on or after January 1, 2019. Earlier application is permitted. The Interpretation may be applied retrospectively using PAS 8, only if the application is possible without the use of hindsight or may be applied retrospectively with the cumulative effect of the initial application recognized as an adjustment to equity on the date of initial application. In this approach, comparative information is not restated. The date of initial application is the beginning of the annual reporting period in which an entity first applies this Interpretation.

  The interpretations were adopted by the FRSC on July 12, 2017 but are still subject to the approval by the BOA.

- *Amendment to PAS 19, Plan Amendment, Curtailment or Settlement*
  The amendments clarify the accounting when a plan amendment, curtailment or settlement occurs and specifies how companies determine pension expenses when changes to a defined benefit pension plan occur. The amendments require the Group to use the updated assumptions from this remeasurement to determine current service cost and net interest for the remainder of the reporting period after the change to the plan.

  The amendments are applied prospectively to plan amendments, settlements or curtailments that occur on or after the beginning of the annual period in which amendments to PAS 19 are first applied. The amendments to PAS 19 must be applied to annual periods beginning on or after January 1, 2019, but earlier application is permitted.

  The amendment was adopted by the FRSC on March 14, 2018 but still subject to the approval by the BOA.

<u>Annual Improvements to PFRSs 2015-2017 Cycle</u>
The following amendments were adopted by the FRSC on March 14, 2018 but are still subject to the approval by the BOA:

- Amendments to PFRS 3, *Business Combinations* and PFRS 11, *Joint Arrangements*
  The amendments clarify how a Group accounts for obtaining control (or joint control) of a business that is a joint operation if the Group already holds an interest in that business. On PFRS 3, the Group remeasures its previously held interest in a joint operation when it obtains control of the business. On PFRS 11, the Group does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

  The amendments are effective for business combinations with acquisition date on or after the beginning of annual periods beginning on or after January 1, 2019. Earlier application is permitted.

- Amendments to PAS 12, *Income Tax Consequence of Payments on Financial Instruments Classified as Equity*
  The amendments clarify that the requirements in paragraph 52B of PAS 12 apply to all income tax consequences of dividends. The Group accounts for all income tax consequences of dividend payments in the same way.

  The amendments are effective for transactions resulting in obtaining joint control on or after the beginning of annual periods beginning on or after January 1, 2019. Earlier application is permitted.

- Amendments to PAS 23, *Borrowing Costs Eligible for Capitalization*
  The amendments to PAS 23 clarify which borrowing costs are eligible for capitalization in particular circumstances. The Group treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

  The amendments should be applied for annual periods beginning on or after January 1, 2019 to the income tax consequences of dividends recognized on or after the beginning of the earliest comparative period. Earlier application is permitted.

<u>*New and amended standards effective subsequent to 2019 adopted by the FRSC but not yet approved by the BOA*</u>

- Amendments to PFRS 3, Definition of Business
- PFRS 17, Insurance Contracts
- Amendments to PAS 1 and PAS 8, Definition of Material

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, the Group has no activities to which this interpretation will apply.

- 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 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,
- expected to be settled on demand, or
- cash and cash equivalent 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. Deferred tax 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,
- it is expected to be settled on demand, or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as noncurrent. Deferred tax liabilities are classified as noncurrent.

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.

Financial Assets and Liabilities

Date of recognition

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

Initial recognition

At initial recognition, the Group measures a financial asset at its fair value plus or minus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL, if any, are expensed in profit or loss.

Determination of fair value
Fair value is determined by preference to the transaction price or other market prices. If such market prices are not reliably determinable, the fair value is determined by using appropriate valuation techniques. Valuation techniques include net present value model where the fair value of the consideration is estimated as the sum of all future cash payments or receipts, discounted using the prevailing market rates of interest for a similar instrument 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.

Classification of financial assets
From January 1, 2018, the Group classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value [either through other comprehensive income (OCI) or through profit or loss], and
- Those to be measured at amortized cost.

Financial assets at FVOCI
Financial assets at FVOCI comprise:

- Equity instruments
  Equity securities which are not held for trading, and which the Group has irrevocably elected at initial recognition to be recognized in this category. These are strategic investments and the Group considers this classification to be more relevant.

  Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statements of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at FVOCI are not subject to impairment assessment.

- Debt instruments
  Debt securities where the contractual cash flows are solely principal and interest and the objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets.

  For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the statements of profit or loss and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI. Upon derecognition, the cumulative fair value change recognized in OCI is recycled to profit or loss.

  The Group has no debt instruments at FVOCI as at March 31, 2019 and December 31, 2018.

Financial assets at FVPL
The Group classifies the following financial assets at FVPL:

- debt investments that do not qualify for measurement at either amortized cost or FVOCI,
- equity investments that are held for trading, and
- equity investments for which the entity has not elected to recognize fair value gains and losses through OCI.

Financial assets at FVPL are carried in the consolidated statements of financial position at fair value with net changes in fair value recognized in the consolidated statements of comprehensive income. This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at FVOCI. Dividends on listed equity investments are also recognized as other income in the statements of profit or loss when the right of payment has been established.

Financial assets at amortized cost
The amortized cost of a financial asset or financial liability is the present value of future cash receipts (payments) discounted at the effective interest rate. The amortized cost of a financial asset or liability is the amount at which the financial asset or liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as FVPL:
- it is held within a business model whose objective is to hold assets to collect 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 amount outstanding.

This classification includes the Group's cash in banks, nontrade receivables and due from related parties as at January 1, 2019 and March 31, 2019 (see Notes 6, 7 and 17).

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of financial assets
- Debt instruments
  There are three measurement categories into which the Group classifies its debt instruments:

  - *Amortized cost:* Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other gains (losses) together with foreign exchange gains and losses. Impairment losses, if any, are presented as separate line item in the statements of profit or loss.

    Short-term receivables with no stated interest rate are measured at their invoice amounts or expected amounts of settlement without discounting, when the effect of not discounting is immaterial.

- *FVOCI:* Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains (losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains (losses) and impairment expenses are presented as separate line item in the statements of profit or loss.

- *FVPL:* Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in profit or loss and presented net within other gains (losses) in the period in which it arises.

• Equity instruments
The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as other income when the Group's right to receive payments is established.

Impairment of financial assets
From January 1, 2018, the Group recognizes an expected credit loss (ECL) for all debt instruments not held at FVPL. ECLs are based in the difference between the contractual cash flows due in accordance with the contract and all the cash flows of that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. In measuring ECL, the Group must reflect:

- An unbiased evaluation of a range of possible outcomes and their probabilities of occurrence;
- Discounting for the time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

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

For cash in banks, nontrade receivables and due from related parties, the Group applies the general approach in calculating ECLs. The Group recognizes a loss allowance based on ether 12-month ECL or lifetime ECL, depending on whether there has been a significant increase in credit risk on its cash in banks, nontrade receivables and due from related parties since initial recognition.

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

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

The Group has determined that the application of impairment requirements of PFRS 9 at January 1, 2019 and March 31, 2019 did not result into any additional impairment losses in the Group's cash in banks, nontrade receivables and due from related parties which are measured at amortized cost.

Classification and subsequent measurement of financial liabilities
The Group classifies its financial liabilities in the following categories:

- *Financial Liabilities at FVPL*
  Financial liabilities are classified in this category if these result from trading activities or derivatives transactions that are not accounted for as accounting hedges, or the Group elects to designate a financial liability under this category. Financial liabilities at FVPL are measured at fair value and net gains and losses, including interest expense, are recognized in profit or loss.

  As at March 31, 2019 and December 31, 2018, the Group has no financial liabilities at FVPL.

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

  The financial liabilities are initially recorded at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using effective interest method. These include liabilities arising from operations and borrowings. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gains and losses on derecognition is also recognized in profit or loss.

  As at March 31, 2019, this category includes the Group's trade and other payables and due to related parties (see Notes 16 and 17).

Short-term payables with no stated interest rate are measured at their invoice amounts or expected amounts of settlement without discounting, when the effect of not discounting is immaterial.

The classification depends on the purpose for which the financial liabilities are acquired and whether they are quoted in an active market. Management determines the classification at initial recognition and, where allowed and appropriate, reevaluates this classification at every reporting date.

Derecognition of Financial Instruments
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.

On disposal of debt investments, any related balance within the FVOCI reserve is reclassified to profit or loss.

On disposal of equity investments, any related balance within the FVOCI reserve is reclassified to retained earnings.

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 consolidated statements of comprehensive income (loss).

Accounting policies for financial instruments until December 31, 2017
The Group has applied PFRS 9 retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Group's previous accounting policy as mentioned in the succeeding pages.

Recognition of Financial Instruments
Financial instruments are recognized initially at fair value of the consideration given (in case of an asset) or received (in case of liability). The initial measurement of financial instruments, except those categorized at FVPL, includes transaction cost.

The fair value for financial instruments traded in active markets as of the reporting date is based on their quoted market price or dealer quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. When current bid and asking prices are not available, the price of the most recent transaction provides evidence of the current fair value as long as there has not been a significant change in economic circumstances since the time of the transactions.

For all other instruments not listed in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include net present value technique comparison to similar instruments for which market observable prices exist 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 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 consolidated statements of financial position. Changes in the fair value of such assets are accounted for in consolidated statements of comprehensive income (loss). 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.

- *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 consolidated 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 17).

- *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.

- *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 (loss).

  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.

<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.

- *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 and 17).

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 consolidated statements of comprehensive income (loss). 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 consolidated statements of comprehensive income (loss)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 consolidated statements of comprehensive income (loss), is transferred from the Group's statements of changes in equity to the consolidated statements of comprehensive income (loss). Reversals in respect of equity instruments classified as AFS financial assets are not recognized in the Group's consolidated statements of comprehensive income (loss). 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 consolidated statements of comprehensive income (loss). Impairment losses on equity investments are not reversed through the Group's consolidated statements of comprehensive income (loss); increases in their fair value after impairment are recognized directly in the Group statements of changes in equity.

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 Group's 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 Group's consolidated statements of financial position.

Cash and Cash Equivalent
Cash pertains to cash on hand and in banks which are stated at face value. Cash equivalent are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from dates of acquisition and that are subject to an insignificant risk of change in value.

Advances for Waste Recycling Project
Advances for waste recycling project are initially recorded at cost and subsequently stated at cost less any impairment in value. The advances are mainly for the acquisitions of steel structures, machinery and equipment to be used for the construction of waste recycling facilities. The facilities will be transferred to property and equipment and shall be subject to depreciation and impairment upon their completion and put into operation.

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 net realizable value.

Advances to Officers and Employees

Advances to officers and employees represent unsecured and noninterest-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.

Other Current Assets

This account comprises the following:

- *Prepayments* are costs and expenses which are paid in advance of actually incurring them and regularly recurring in the normal course of the business. Prepaid expenses are initially recorded at actual amount paid for expenses and are amortized as the benefits of the payments are received by the Group and are charged to expense in the applicable period of expiration.
- *Input value added tax (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 cost (actual amount paid for) and subsequently stated at its recoverable amount (unutilized amount of input VAT less impairment).

Deposits for Land Acquisition

Deposits for land acquisition mainly represents usufruct rights over a property and its stated initially at actual amount paid for as deposit and subsequently at cost less any impairment.

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 (loss) reflect 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. Equity in net losses of an associate is recognized only up to the extent of acquisition costs. Equity in net income of an associate is not available for dividends declaration until actually received.

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 shall discontinue the use of the equity method from the date when it ceases to have significant influence over an associate and shall account for the retained investment in accordance with PFRS 9 from that date, provided the associate does not become a subsidiary or a joint venture as defined in PAS 31. On the loss of significant influence, the Group shall measure at fair value any investment the investor retains in the former associate. The Group shall recognize in profit or loss any difference between:

a. The fair value of any retained investment and any proceeds from disposing of the part interest in the associate; and
b. The carrying amount of the investment at the date when significant influence is lost.

When an investment ceases to be an associate and is accounted for in accordance with PFRS 9, the fair value of the investment at the date when it ceases to be an associate shall be recognized as its fair value on initial recognition as a financial asset in accordance with PFRS 9.

If the Group loses significant influence over an associate, the associate shall account for all amounts recognized in other comprehensive income in relation to that associate on the same basis as would be required if the associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income by an associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when it loses significant influence over the associate. If a Group's ownership interest in an associate, the investor shall reclassify to profit or loss only a proportionate amount of the gain or loss previously recognized in other comprehensive income.

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

Investment Properties

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

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

Transfers to, or from, investment property shall be made when, and only when, there is a change in use, evidenced by: (a) commencement of owner-occupation, for a transfer from investment property to owner-occupied property; (b) commencement of development with a view to sale, for a transfer from investment property to inventories; (c) end of owner occupation, for a transfer from owner-occupied property to investment property; or, (d) commencement of an operating lease to another party, for a transfer from inventories to investment property. Transfers to or from investment properties are measured at the carrying value of the assets transferred.

Property and Equipment
Property and equipment are initially recorded at cost. Subsequent to initial recognition, these are stated at cost less accumulated depreciation and any impairment in value. Land is stated at cost less 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 equipment and machineries	5
Furniture, fixtures and office equipment	5
Bearer assets	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.

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

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

Biological Assets
Biological assets comprise of breeding stocks. Breeding stocks are initially recognized at cost and subsequently carried at fair value less cost to sell. 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.

Impairment of Nonfinancial Assets
The carrying values of nonfinancial assets such as nonfinancial assets included in receivables, other current assets, deposits for land acquisition, investment in associate, advances for waste recycling project, investment properties, property and equipment, biological assets 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.
- *Cumulative unrealized gain (loss)* on fair market value of financial asset at FVOCI are recognized immediately in other comprehensive income in equity in the period in which they arise and can be reclassified to profit or loss in subsequent periods.
- *Retained earnings (deficit)* include all current and prior period results of operations as disclosed in the Group consolidated statements of comprehensive income (loss).

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
The Group recognizes revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Group applies the following five steps:

1. Identify the contract(s) with a customer;
2. Identify the performance obligations in the contract. Performance obligations are promises in a contract to transfer to a customer goods or services that are distinct;
3. Determine the transaction price. The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer. If the consideration promised in a contract includes a variable amount, an entity must estimate the amount of consideration to which it expects to be entitled in exchange for transferring the promised goods or services to a customer;
4. Allocate the transaction price to each performance obligation on the basis of the relative stand-alone selling prices of each distinct good or service promised in the contract;
5. Recognize revenue when a performance obligation is satisfied by transferring a promised good or service to a customer (which is when the customer obtains control of that good or service). A performance obligation may be satisfied at a point in time (typically for promises to transfer goods to a customer) or over time (typically for promises to transfer services to a customer). For a performance obligation satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognized as the performance obligation is satisfied.

The following specific revenue 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* is recognized when the sale transactions occur.
- *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 (loss) when decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably.

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.

Employee benefits

Short-term employee 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.

Retirement Benefits

The Group does not have a formal retirement benefit plan. However, the Group will provide retirement benefits in compliance with RA 7641. No actuarial computations were obtained during the year as the amount of provisions for retirement benefits will not materially affect the fair presentation of the financial statements considering that there were no qualified employees as of reporting date.

Foreign Currency Transactions and Translations

The Group's consolidated financial statements are presented in Philippine Pesos, which is the Group's functional and presentation currency. Items included in the Group's 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 consolidated statements of comprehensive income (loss). 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 consolidated statements of comprehensive income (loss) 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 consolidated 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.

Segment Reporting

For management purposes, the Group is organized into operating segments according to the nature of the sales and the services provided, with each segment representing a strategic business unit that offers different products and serves different markets. Financial information on business segments is presented in the consolidated financial statements (see Note 28).

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 consolidated 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 consolidated 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 consolidated 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 its control over an investee in 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.

- *Classification of Financial Instruments and Measurement Criteria*
  Under PFRS 9, the Group classifies financial assets at initial recognition depends on the financial assets contractual cash flows characteristics of the Group's business model for managing them. The adoption of PFRS 9, has not had a significant effect on the Group's policy related to financial liabilities.

  Prior to the adoption of PFRS 9, 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 a financial instrument, rather than its legal form, governs its classification in the consolidated statements of financial position.

  The Group determines the classification at initial recognition and reevaluates this designation at every reporting date.

- *Operating and Finance Leases*
  The Group has entered into a lease agreement as a lessor. Critical judgment was exercised by management to distinguish the lease agreement as either an operating or finance lease by looking at the transfer or retention of significant risk and rewards of ownership of the properties covered by the agreement. Failure to make the right judgment will result in either overstatement or understatement of assets and liabilities. As of March 31, 2019 and December 31, 2018, the Group's lease agreement is an operating lease.

- *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, 2019 and December 31, 2018 is shown in Note 24.

- *Assessment of Retirement Liability*
  Management has reviewed its obligation for retirement benefit costs in view of the requirements under Republic Act (RA) 7641. Management has assessed that the current employees have not meet the minimum requirements under RA 7641 to be eligible for retirement benefits. Accordingly, no provision for retirement benefit costs is recognized in the financial statements as at March 31, 2019 and December 31, 2018. Management, however, will continue to have a yearly assessment of its obligation, if any, to pay retirement benefit costs.

- *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.

<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 of Financial Assets*
  The Group applies general approach for determining the expected credit losses of cash in banks, nontrade receivables and due from related parties. A credit loss is the difference between the cash flows that are expected to be received discounted at the original effective interest rate and contractual cash flows in accordance with the contract. The loss allowance for financial assets are based on the assumptions about risk of default and expected loss rates. In addition, management's assessment of the credit risk on the financial assets as at the reporting date is high. Accordingly, additional impairment of due from related parties amounting to ₱11.5 million was recognized and nontrade receivable amounting to ₱140,890 were directly written off as at December 31, 2018.

  Prior to adoption of PFRS 9, the Group provides an allowance for impairment losses on trade receivable 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 the management based on best available facts and circumstances, the length of the Group's relationship with its customers and debtors, the customers or debtors' payment behavior and known market factors.

These specific reserves are re-evaluated and adjusted as additional information received affects the amount estimated to be uncollectible. Any increase in allowance would increase operating expenses and decrease related accounts.

The Group's allowance for impairment amounted to ₱52.5 million as at December 31, 2018 (see Notes 7 and 17).

The carrying values of financial assets as at March 31, 2019 and December 31, 2018 are shown in Notes 6, 7 and 17.

- *Estimation of Impairment of Financial Asset at FVOCI*
  The Group carries the financial asset at fair value, which requires the use of accounting estimates and judgment, in cases when active market quotes are not available, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net base of the instrument. The amount of changes in fair value would differ if the Group utilized different valuation methods and assumptions. Any change in fair value of these financial assets would affect other comprehensive income.

  The carrying values of financial asset at FVOCI amounted ₱2.7 billion and ₱3.1 billion as at March 31, 2019 and December 31, 2018, respectively (see Note 10).

- *Estimation of Useful Lives of Property and Equipment*
  The useful life of each of the Group's property and equipment 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 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 significant changes in the estimated useful lives of the property and equipment in 2019 and 2018. The carrying values of depreciable property and equipment are shown in 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, 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 nonfinancial assets.

The Group's allowance for impairment loss for nonfinancial assets amounted to ₱235.8 million as at December 31, 2018 (see Notes 7, 12 and 15).

- *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, NOLCO and MCIT as the management believes that these could not be utilized prior to its expiration (see Note 21).

- *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, 2019 and December 31, 2018.

6. Cash and Cash Equivalent

This account consists of:

	2019	2018
Savings and current deposits	**₱2,149,329**	₱3,414,299
Cash on hand	**50,000**	50,000
Time deposit	–	9,067,146
	₱2,199,329	₱12,531,445

Cash equivalent pertains to time deposit made for a period of three months and earns interest at 2.75% per annum. Savings and current accounts generally earn interest based on prevailing respective bank deposit rates of less than 1% annually. Interest income on cash in banks and cash equivalent recognized in the Group's consolidated statements of comprehensive income (loss) amounted to ₱25,375 in 2019 and ₱547 in 2018.

Cash in banks denominated in foreign currency as at March 31, 2019 and December 31, 2018 amounted to $1,078 with Peso equivalents of ₱57,066 and ₱56,816, respectively. The balances have been translated at a rate of ₱52.78 to US$1 and ₱52.724 to US$1 as at March 31, 2019 and December 31, 2018, respectively.

On May 11, 2015, the CA ordered the freezing of two (2) bank accounts of the Parent Company. Thereafter, the said bank accounts with a total deposit of ₱80,261 was subsequently included in the civil forfeiture case docketed as Anti-Money Laundering Council Case No. 15-007-53 pending with the Regional Trial Court (RTC) of Manila, Branch 53.

The bank account became the subject of a Provisional Asset Preservation Order and subsequently an Asset Preservation Order (APO) issued by the RTC on November 13, 2015 and December 15, 2015, respectively.

In an Order dated July 9, 2018 (Order), the RTC categorically ruled that “the funds in the subject accounts of respondent Greenergy et al. are not related to the unlawful activity of violation of R.A. 3019 and R.A. 7080”. Thus, the Parent Company and the said bank accounts were “ordered Discharged from the effects of the APO dated December 31, 2015.

With the Order, which was immediately executory, the Parent Company regained access and control over the Subject Bank Accounts (see Note 28).

7. **Receivables**

This account consists of:

	2019	2018
Nontrade receivables	**₱251,395,700**	₱251,395,700
Advances to officers and employees	**4,096,720**	3,479,936
	255,492,420	254,875,636
Allowance for impairment loss:		
Nontrade receivables	**(1,253,070)**	(1,253,070)
Advances	**(32,863)**	(32,863)
	₱254,206,487	₱253,589,703

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. (ZFTC) on December 29, 2014, subject to the consent of the Parent Company. The Parent Company agreed to the assignment of receivables to ZFTC 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 ZFTC and the Parent Company.

As at March 31, 2019, the nontrade receivables from ZFTC are not yet settled. However, management assessed that these are still fully recoverable this year.

Advances to officers and employees are unsecured and noninterest-bearing advances made for various business-related expenses which are subject to liquidation on demand. Impaired advances to employees and other advances amounting ₱315,627 and ₱32,000, respectively as at December 31, 2017 were written off in 2018. Further, nontrade receivable amounting to ₱140,890 was directly written off in 2018.

The movement of allowance for impairment losses is shown below:

	2019	2018
Balance at beginning of year	**₱1,285,933**	₱347,627
Provision during the year	–	1,285,933
Written off during the year	–	(347,627)
Balance at end of year	**₱1,285,933**	₱1,285,933

8. **Deposits 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 SREDC's 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 17):

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 SREDC was extended for another three years or until January 17, 2018. No liquidation was made until January 17, 2018. To allow Mr. Gregorio more time to meet the conditions of the Agreement, on January 5, 2018, the Agreement was extended for another five years from January 17, 2018 or until January 16, 2023.

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 2018, the following several properties were acquired as partial liquidation of the advances made to SREDC's stockholder (see Note 13):

Land improvements	₱54,257,894
Buildings and improvements	45,471,611
Machineries and equipment	10,910,841
Bearer assets	799,324
Land	641,278
	₱112,080,854

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 the last quarter 2017, SREDC started its operation which offers agri-tourism and lifestyle center activities. The Group recognized revenue amounting to ₱0.53 million in 2019 and ₱1.2 million in 2018 which includes income from field trips and other recreational events, room services and other sale of agricultural products.

On February 22, 2019, the Parent Company was authorized to enter in a joint venture agreement with a third party and the landowners he represents, for the acquisition of land and/or real estate development, including but not limited to a transport hub. Accordingly, the Parent Company made a deposit amounting to ₱4.6 million.

9. Other Current Assets

This account consists of:

	2019	2018
Input VAT	**₱856,721**	₱785,334
Prepaid tax	**33,230**	33,230
	₱889,951	₱818,564

10. Financial Asset at FVOCI

Below is the rollforward analysis of this account:

	2019	2018
Balance at beginning of year	**₱3,101,013,543**	₱370,000
Increase in fair value	**450,000**	1,600,000
Loss on revaluation during the period	**(375,531,159)**	3,099,043,543
Balance at end of year	**₱2,725,932,384**	₱3,101,013,543

Investment in shares of stocks as at December 31, 2017 represent quoted equity investments of a subsidiary. These investments were acquired in 2014. As at March 31, 2019 and December 31, 2018, these amounted to ₱2.42 million and ₱1.97 million representing 1.0 million shares with a quoted market price of ₱2.42 and ₱1.97, respectively.

Additions during the year pertain to the reclassification of the Parent Company's investment in an associate after a partial sale and cease of significant influence during the year. The balance consists of 182,296,679 shares representing 17.90% ownership (see Note 11). The fair value of this investment amounted to ₱2.7 billion billion at ₱14.94 per share as at March 31, 2019 based on the quoted price published by the PSE.

Details of additions by way of reclassification is shown below:

Carrying value at date of deemed disposal	₱485,506,276
Gain on reclassification of investment in associate to financial assets at FVOCI	2,613,537,267
Balance at end of year – as financial asset at FVOCI	₱3,099,043,543

Reconciliation of the change in fair market value of this investment, which is shown as "Cumulative fair value gain (loss) on financial asset at FVOCI" in the equity section of the consolidated statements of financial position is shown below:

	2019	2018
Balance at beginning of year	**₱970,000**	(₱630,000)
Fair value gain during the year	**450,000**	1,600,000
Balance at end of year	**₱1,420,000**	₱970,000

11. **Investment in Associate**

This account pertains to investment in ANI, a company incorporated in the Philippines. The Group holds 188,125,379 shares or 30.26% equity ownership with carrying value amounting to ₱319,154,639 as at December 31, 2017.

In May and June 2018, the Parent Company sold 5,828,700 shares of its investment in ANI for net proceeds of ₱88.9 million at an average price of ₱15.24 per share. Gain on sale recognized in the Group's consolidated statements of comprehensive income amounted to ₱79.0 million. The sale resulted to the decrease in the Parent Company's ownership in ANI from 28.16% to 23.73%.

Furthermore, the Parent Company waived its right to subscribe additional shares in ANI when the SEC approved ANI's increase in authorized capital stock from 1.0 billion common shares with par value of ₱1.00 per share to 2.0 billion common shares with par value of ₱1.00 per share on December 28, 2018. This resulted to the decrease in its ownership to 17.90%.

On the date the Parent Company's investment ceased to be an associate, it re-measured the investment balance at fair value. The Parent Company recognized as gain on reclassification from investment in associate to financial asset at FVOCI in profit or loss the difference between:

a. The fair value of the retained investment; and
b. The carrying amount of the investment at the date when significant influence is lost.

As at December 31, 2018, the remaining investment in ANI at fair value is accounted for in accordance with PFRS 9. Accordingly, the fair value of the remaining investment in ANI was reclassified to financial asset at FVOCI (see Note 10). The fair value of the remaining investment at the date it ceases to be an associate is the amount recognized on initial recognition as financial asset at FVOCI.

As at March 31, 2019 and December 31, 2018, the market value of investment in ANI amounted to₱2.7 billion and ₱3.10 billion, respectively, based on the price per share of

₱14.94 and ₱17.0 as at March 31, 2019 and December 31, 2018, respectively. As at May 10, 2019, the market value of investment in ANI amounted to ₱2.86 billion at a price per share of ₱15.68.

The fair value of remaining investment in ANI at the date it ceases to be an associate amounted to ₱3.10 billion based on the quoted price per share is the amount recognized on initial recognition as financial asset at FVOCI.

12. Advances for Waste Recycling Project

Advances for waste recycling project amounting to ₱235.0 million as at December 31, 2013 represents TWMRSI's machinery and 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 TWMRSI 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.

However, management believed that the cost of advances for the Facility may no longer be recovered. Accordingly, a full impairment provision was made in 2014.

13. **Property and Equipment**

The rollforward analysis of this account is shown below:

	2019						
	Land	Land improvements	Building improvements	Transportation equipment and machineries	Furniture, fixtures and office equipment	Bearer assets	Total
Cost:							
Balance at beginning of year	317,451,278	55,720,907	45,515,296	13,271,882	159,119	4,032,131	436,150,613
Reclassification (Note 14)	–	–	–	–	–	–	–
Additions during the year	–	–	–	–	–	–	–
Balance at end of year	317,451,278	55,720,907	45,515,296	13,271,882	159,119	4,032,131	436,150,613
Accumulated depreciation and amortization:							
Balance at beginning of year	–	4,007,329	6,104,339	4,520,929	155,720	806,426	15,594,743
Depreciation and amortization	–	904,299	1,524,409	543,593	3,399	201,607	3,177,307
Balance at end of year	–	4,911,628	7,628,748	5,064,522	159,119	1,008,033	18,772,050
Net book value	₱317,451,278	₱50,809,279	₱37,886,548	₱8,207,360	₱–	₱3,024,098	₱417,378,563

	2018						
	Land	Land improvements	Building improvements	Transportation equipment and machineries	Furniture, fixtures and office equipment	Bearer assets	Total
Cost:							
Balance at beginning of year	₱–	₱1,463,013	₱43,685	₱2,361,135	₱159,119	₱–	₱4,026,952
Reclassification (Note 14)	–	–	–	–	–	3,232,807	3,232,807
Additions during the year	641,278	54,257,894	45,471,611	10,910,747	–	799,324	112,080,854
Balance at end of year	641,278	55,720,907	45,515,296	13,271,882	159,119	4,032,131	119,340,613
Accumulated depreciation and amortization:							
Balance at beginning of year	–	292,602	4,952	2,332,605	150,063	–	2,780,222
Depreciation and amortization	–	3,714,727	6,099,387	2,188,324	5,657	806,426	12,814,521
Balance at end of year	–	4,007,329	6,104,339	4,520,929	155,720	806,426	15,594,743
Net book value	₱641,278	₱51,713,578	₱39,410,957	₱8,750,953	₱3,399	₱3,225,705	₱103,745,870

Transportation equipment with an original cost of ₱2,293,176 are fully depreciated but still in use as at December 31, 2018.

Depreciation and amortization expense for the years ended March 31, 2019 and December 31, 2018 are shown as part of general and administrative expenses in the Group consolidated statements of comprehensive income (loss) (see Note 20).

The Group's management had reviewed the carrying values of the property and equipment as at March 31, 2019 and December 31, 2018 for any impairment. Based on the evaluation, there are no indications that the property and equipment might be significantly 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

This account consists of the Group's livestock and poultry originally intended for sale amounting to ₱3.2 million as at December 31, 2017. In 2018, the Group changed its intention of holding the assets to using these assets in its operations. Accordingly, these were reclassified to property and equipment in 2018.

The rollforward analysis of this account in 2017 is shown below:

	Note	Amount
Balance at beginning of year		₱2,679,692
Increase in fair value due to price changes		553,115
Carrying value		3,232,807
Reclassification	13	(3,232,807)
Balance at end of year		₱–

15. Investment Properties

This account consists of the following:

	2019		
Property	Location	Area	Cost
Land	Batangas	35,084 sq. m	₱3,157,560
Land	Laguna	335 sq. m	2,400,000
Land	Olongapo	467 sq. m	1,500,000
			7,057,560
Allowance for impairment			(737,095)
			₱6,320,465

	2018		
Property	Location	Area	Cost
Land	Batangas	35,084 sq. m	₱3,157,560
Land	Laguna	335 sq. m	2,400,000
Land	Olongapo	467 sq. m	1,500,000
			7,057,560
Allowance for impairment			(737,095)
			₱6,320,465

The land located in Rosario, Batangas, and in Cabuyao Laguna and Olongapo City were acquired in 2013 and 2008, respectively. These properties with total land area of 35,886 square meters are intended to be held for capital appreciation. The estimated fair value as of March 31, 2019 and December 31, 2018 amounted to ₱6.32 million using the Market Data Approach based on available market information. This approach was used for the land as it is commonly used in the property market since inputs and data for this approach are available.

The Group's management had reviewed the carrying values of the investment properties for any impairment as of March 31, 2019 and December 31, 2018.

16. **Trade and Other Payables**

This account consists of:

	Note	**2019**	2018
Trade		**₱13,540,592**	₱13,564,571
Accrued expenses		**631,541**	713,547
Refundable deposit	20	**270,000**	270,000
Advances from officers and employees		**251,028**	251,028
Government payables		**108,953**	119,529
		₱14,802,114	₱14,918,675

Trade payables are unsecured and noninterest-bearing which arise from purchases of materials, supplies and services in the ordinary course of business that are settled within 90 days.

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

Advances from officers and employees are noninterest-bearing which arise from rendering of services to the Group are payable on demand.

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.

All trade and other payables are noninterest-bearing.

17. **Related Party Transactions**

The Group entered into transactions with related parties. Details of these transactions follow:

a. The Group availed and 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). In 2019, additional advances amounting to ₱8.3 million was extended, while settlement received amounted to ₱322.03 million.

c. As at March 31, 2019 and December 31, 2018 details and outstanding balances of due to and from related parties follow:

	2019	2018
Receivables		
Stockholders	**₱482,285,581**	₱796,064,315
Affiliates*	**67,987,537**	66,234,337
	550,273,118	862,298,652
Allowance for impairment	**(51,183,326)**	(51,183,326)
	₱499,089,792	₱811,115,326
Payables		
Affiliates	**₱105,225,278**	₱104,021,909
Stockholders	**14,035,590**	14,035,590
	₱119,260,868	₱118,057,499

For financial statements disclosure purposes, an affiliate is an entity under common control of the Group's stockholders.

The rollforward analysis of related party accounts follow:

	Note	**2019**	2018
Receivables			
Balance at beginning of year		**₱811,115,326**	₱821,835,699
Settlement during the year	8	**(322,032,328)**	(149,597,960)
Advances made during the year		**10,006,794**	150,342,991
		499,089,792	822,580,730
Provision for impairment during the year		**–**	(11,465,404)
Balance at end of year		**₱499,089,792**	₱811,115,326

	Note	2019	2018
Payable			
Balance at beginning of year		**₱118,057,499**	₱46,752,073
Advances received during the year		**1,203,369**	76,686,015
Payments made during the year		**–**	(5,380,589)
Balance at end of year		**₱119,260,868**	₱118,057,499

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. The deposit will be converted into equity once proper documentation and approval from the SEC have been obtained. As at March 31, 2019, the Parent Company has not filed its application for the Increase with the SEC. The balance of the deposit for future stock subscription presented under current liabilities in the Group's consolidated statements of financial position amounted to ₱177 million as at March 31, 2019 and December 31, 2018.

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

	2019			
Category	Amount	Balance - Asset (Liability)	Terms and Conditions/Settlement	Guaranty/ Provision
Stockholders				
Receivables		₱482,285,581	Noninterest-bearing; payable on demand and to be settled through liquidation	Unsecured; no significant warranties and covenants; no impairment
• Settlement	(₱322,032,328)			
• Advances made	8,253,594			
Payable		(14,035,590)	Noninterest-bearing; payable on demand and to be settled in cash	Unsecured; no significant warranties and covenants
• Advances received	–			
Deposit for future stock subscriptions	–	(177,000,000)	Noninterest-bearing; no definite repayment dates; to be applied as future subscription of capital stock	Unsecured; no significant warranties and covenants
Affiliates				
Receivable		67,987,537	Noninterest-bearing; payable on demand and to be settled in cash	Unsecured; no significant warranties and covenants; with impairment
• Advances made	1,753,200			
• Allowance for impairment	–	(51,183,326)		
Payable		(105,225,278)	Noninterest-bearing; payable on demand and to be settled in cash	Unsecured; no significant warranties and covenants
• Advances received	(1,203,369)			
• Payments made	–			

Category	Amount	Balance - Asset (Liability)	Terms and Conditions/Settlement	Guaranty/ Provision
	2018			
Stockholders				
Receivables		₱796,064,315	Noninterest-bearing; payable on demand and to be settled through liquidation	Unsecured; no significant warranties and covenants; no impairment
• Settlement	(₱149,597,960)			
• Advances made	150,309,547			
Payable		(14,035,590)	Noninterest-bearing; payable on demand and to be settled in cash	Unsecured; no significant warranties and covenants
• Advances received	(14,035,590)			
Deposit for future stock subscriptions	–	(177,000,000)	Noninterest-bearing; no definite repayment dates; to be applied as future subscription of capital stock	Unsecured; no significant warranties and covenants
Affiliates				
Receivable		66,234,337	Noninterest-bearing; payable on demand and to be settled in cash	Unsecured; no significant warranties and covenants; with impairment
• Advances made	33,444			
• Allowance for impairment	11,465,404	(51,183,326)		
Payable		(104,021,909)	Noninterest-bearing; payable on demand and to be settled in cash	Unsecured; no significant warranties and covenants
• Advances received	(62,650,425)			
• Payments made	5,380,589			

f. Compensation paid to key management personnel for the years then ended March 31, 2019 and 2018 follows:

	2019	2018
Short term benefits		
Salaries and wages	**₱358,446**	₱138,108
13th month pay and other benefits	**31,632**	31,632
	₱390,078	₱169,740

g. There are no other related party transactions in 2019 and 2018.

18. **Equity**

Capital Stock

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 common shares.

The stockholders of the Parent Company shall have no pre-emptive rights to subscribe to or purchase any or all, issue or dispose of shares of any class of the Group.

Details of the capital stock as at March 31, 2019 and December 31, 2018 follow:

	Preferred		Common	
	Number of Shares	Amount	Number of Shares	Amount
Authorized – ₱0.10 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

There were no movements in the Group's common and preferred shares in 2019 and 2018.

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	2,900,000,000
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 1,033 as at March 31, 2019 and December 31, 2018.

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, 2019 are as follows:

	High	Low
First	₱2.45	₱2.32
Second	–	–
Third	–	–
Fourth	–	–

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. In a Correspondence dated September 26, 2018, the PSE lifted the trading suspension and on November 5, 2018, the shares in the Parent Company resumed trading in the stock exchange (see Note 28).

19. **Revenue**

Sales pertain to receipts from agri-tourism and sale of fruits and vegetables. These are currently the only sources of income of the Group.

The table shows the analysis of revenues of the Group by major sources for the period ended March 31, 2019 and 2018:

	2019	2018
Category		
Agri-tourism	**₱296,261**	₱1,085,633
Sale of fruits and vegetables	**229,681**	94,677
Total	**₱525,942**	₱1,180,310

The performance obligation to provide tourism services is satisfied at a point in time which is upon rendering of service and delivery of the goods. There are no outstanding contract balances from the Group's revenue. The Group has no liability related to these services.

Cost of sales mainly pertain to supplies and meals for the park employees.

Rental income
The Group leases its nine-hectare property situated at Rosario, Batangas effective from January 1, 2015 to December 31, 2015, and shall be automatically renewed for successive one-year periods unless terminated. Under the terms of the lease agreement, the rental shall be ₱30,000 per hectare per annum, exclusive of VAT and subject to an escalation of 10% per year starting from the second year of the lease agreement. Refundable deposit under this lease agreement amounted to ₱270,000 as at March 31, 2019 and December 31, 2018 (see Note 16). Rental income amounted to ₱89,843 in 2019 and ₱81,675 in 2018, presented in the Group's consolidated statements of comprehensive income (loss).

20. General and Administrative Expenses

This account consists of:

	Note	**2019**	2018
Depreciation and amortization	13	**₱3,177,307**	₱37,169
Contractual services		**2,705,797**	1,133,633
Salaries and wages		**1,010,500**	695,103
Utilities		**653,851**	723,492
Materials and supplies		**568,550**	532,969
Repairs and maintenance		**313,901**	230,586
Legal and professional		**264,000**	493,033
Listing and stock transfer fees		**250,000**	256,000
Taxes and licenses		**202,219**	12,000
Transportation		**189,477**	143,223
Representation and entertainment		**44,247**	64,760
Penalties and fines		**21,283**	89,286
Miscellaneous		**33,360**	31,679
		₱9,434,492	₱4,442,933

Miscellaneous expenses include advertising, service charges and other fees.

21. Income Taxes

a. The current income tax expense in 2019 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	Expiration	Applied/Expired	Balance	Tax effect
2018	2021	₱–	₱31,448,450	₱9,434,535
2017	2020	–	7,506,866	2,252,059
2016	2019	–	3,804,940	1,141,482
2015	2018	17,198,344	–	–
		₱17,198,344	₱42,760,256	₱12,828,076

c. The Group incurred MCIT which can be claimed as deduction against future tax due as follows:

Year	Expiration	Applied/Expired	Balance
2018	2021	₱–	₱28,443
2017	2020	–	231,426
2015	2018	5,633	–
		₱5,633	₱259,869

The income tax benefits of NOLCO and MCIT were not recognized in the consolidated financial statements as management believes that these could not be utilized prior to its expiration.

d. The Group opted for the itemized deduction scheme for its income tax reporting in 2019 and 2018.

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.

	2019	2018
Net loss attributable to the equity holders of the Parent Company	**(₱381,840,338)**	(₱2,776,551)
Divided by: Weighted average number of common shares	**1,703,278,572**	1,703,278,572
Basic loss per share	**(₱0.22)**	(₱0.00)

The Group has no diluted loss per share for the year ended March 31, 2019 and December 31, 2018.

23. **Non-controlling Interests**

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

	2019			
	Balance at beginning of year	Net loss	Other comprehensive loss	Balance at end of year
SREDC	₱244,732,633	(₱2,811,239)	₱169,245	₱242,090,639
LSTI	1,574	–	–	1,574
TWMRSI	(115,439,805)	(8,898)	–	(115,448,703)
	₱129,294,402	(₱2,820,137)	₱169,245	₱126,643,510

	2018			
	Balance at beginning of year	Net loss	Other comprehensive loss	Balance at end of year
SREDC	₱254,612,499	(₱10,481,626)	₱601,760	₱244,732,633
LSTI	11,557	(9,983)	–	1,574
TWMRSI	(115,394,812)	(44,993)	–	(115,439,805)
	₱139,229,244	(₱10,536,602)	₱601,760	₱129,294,402

Other comprehensive loss pertains to fair value loss on financial asset at FVOCI 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 Group's financial asset and liabilities recognized as at March 31, 2019 and December 31, 2018:

		2019			
	Note	Carrying value	Fair value	Quoted prices in active market (Level 1)	Significant Observable Inputs (Level 2)
Cash on hand	6	₱50,000	₱50,000	₱–	₱50,000
PFRS 9 measurement category:					
Financial assets at amortized cost					
Cash in banks	6	2,149,329	2,149,329	–	2,149,329
Nontrade receivables - net	7	250,142,630	250,142,630	–	250,142,630
Due from related parties – net	17	499,089,792	499,089,792	–	499,089,792
Financial asset at FVOCI	10	2,725,932,384	2,725,932,384	2,725,932,384	–
		₱3,477,364,135	₱3,794,174,135	₱2,725,932,384	₱751,431,751
Financial liabilities at amortized cost					
Trade and other payables*	16	₱14,693,161	₱14,693,161	₱–	₱14,693,161
Due to related parties	18	119,260,868	119,260,868	–	119,260,868
		₱133,954,029	₱133,954,029	₱–	₱133,954,029

**Excludes government payables amounting to ₱108,953 as at December 31, 2018.*

		2018			
	Note	Carrying value	Fair value	Quoted prices in active market (Level 1)	Significant Observable Inputs (Level 2)
Cash on hand	6	₱50,000	₱50,000	₱–	₱50,000
PFRS 9 measurement category:					
Financial assets at amortized cost					
Cash in banks	6	12,481,445	12,481,445	–	12,481,445
Nontrade receivables - net	7	250,142,630	250,142,630	–	250,142,630
Due from related parties – net	18	811,115,326	811,115,326	–	811,115,326
Financial asset at FVOCI	10	3,101,013,543	3,101,013,543	3,101,013,543	–
		₱4,174,802,944	₱4,174,802,944	₱3,101,013,543	₱1,073,789,401
Financial liabilities at amortized cost					
Trade and other payables*	16	₱14,799,146	₱14,799,146	₱–	₱14,799,146
Due to related parties	18	118,057,499	118,057,499	–	118,057,499
		₱132,856,645	₱132,856,645	₱–	₱132,856,645

**Excludes government payables amounting to ₱119,529 as at December 31, 2018.*

Methods and assumption used to estimate fair value
The carrying value of cash and cash equivalent, nontrade 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.

Financial asset at FVOCI (AFS investments) pertaining to 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.

There are no transfers to and from Levels indicated above in 2019 and 2018.

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 in banks, nontrade receivables, financial asset at FVOCI, trade and other payables, 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, equity price 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.

  Credit quality of financial assets
  Below is the credit quality per class of the Group's financial assets as at March 31, 2019 and December 31, 2018:

	2019			
	Neither past due nor impaired			
	High grade	Standard grade	Impaired	Total
Cash in banks	₱2,149,329	₱–	₱–	₱2,149,329
Nontrade receivables	–	250,142,630	1,253,070	251,395,700
Due from related parties	155,127,457	343,962,335	51,183,326	550,273,118
	₱157,276,786	₱594,104,965	₱52,436,396	₱803,818,147

	2018			
	Neither past due nor impaired			
	High grade	Standard grade	Impaired	Total
Cash in banks	₱3,082,607	₱9,398,838	₱–	₱12,481,445
Nontrade receivables	–	250,142,630	1,253,070	251,395,700
Due from related parties	150,342,991	660,772,335	51,183,326	862,298,652
	₱153,425,598	₱920,313,803	₱52,436,396	₱1,126,175,797

High grade cash in banks 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.

Credit risk exposure
With respect to credit risk arising from other financial assets of the Group, which comprise of cash and cash equivalent, nontrade 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, 2019 and December 31, 2018.

	2019	2018
Cash in banks	**₱2,149,329**	₱12,481,445
Nontrade receivables	**251,395,700**	251,395,700
Due from related parties – net	**499,089,792**	811,115,326
	₱752,634,821	₱1,074,992,471

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.

Impairment assessment
The Group was required to revise its impairment methodology under PFRS 9 for each of class of financial assets and has determined that there has been no significant impact of the change in impairment methodology on the Group's retained earnings and equity.

Upon adoption of PFRS 9, the Group applies general approach for determining the expected credit losses of cash in banks, nontrade receivables and from related parties. A credit loss is the difference between the cash flows that are expected to be received discounted at the original effective interest rate and contractual cash flows in accordance with the contract. The loss allowance for financial assets are based on the assumptions about risk of default and expected loss rates. In addition, management's assessment of the credit risk on the financial assets as at the reporting date is high.

Prior to adoption of PFRS 9, the Group applies specific/individual assessment in assessing and measuring impairment.

- 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:

	2019			
	On demand	Due within one year	Due beyond one year but not more than five years	Total
Financial assets				
Cash in banks	₱2,149,329	₱–	₱–	₱2,149,329
Nontrade receivables	251,395,700	–	–	251,395,700
Due from related parties – net	499,089,792	–	–	499,089,792
Financial asset at FVOCI	–	–	2,725,932,384	2,725,932,384
	₱752,634,8211	₱–	₱2,725,932,384	₱3,478,567,205
Financial liabilities				
Trade and other payables*	₱–	₱14,693,161	₱–	₱14,693,161
Due to related parties	119,260,868	–	–	119,260,868
	₱119,260,868	₱14,693,161	₱–	₱133,954,029

**Excludes government payable amounting to ₱119,529.*

	2018			
	On demand	Due within one year	Due beyond one year but not more than five years	Total
Financial assets				
Cash in banks	₱12,481,445	₱–	₱–	₱12,481,445
Nontrade receivables	251,395,700	–	–	251,395,700
Due from related parties – net	811,115,326	–	–	811,115,326
Financial asset at FVOCI	–	–	3,101,013,543	3,101,013,543
	₱1,074,992,471	₱–	₱3,101,013,543	₱4,176,006,014
Financial liabilities				
Trade and other payables*	₱–	₱14,799,146	₱–	₱14,799,146
Due to related parties	118,057,499	–	–	118,057,499
	₱118,057,499	₱14,799,146	₱–	₱132,856,645

- Interest rate risk
  The Group is not exposed to interest rate fluctuations on their cash in banks and cash equivalents. Other financial assets and liabilities which principally arise in the ordinary course of its operations are generally short-term and noninterest-bearing.

  Historically, the rate fluctuations relative to its cash in banks are minimal. Interest rates in 2019 and 2018 is less than 1%.

- Equity Price Risk
  The Group's exposure to equity securities price risk pertains to its equity instrument financial asset at FVOCI. Equity securities price risk arises from the changes in the levels of equity indices and the value of stocks traded in the stock market.

- Foreign Currency Risk
  Currency risk arises when transactions are denominated in foreign currency. The Group is not exposed to significant foreign currency risk given that the Group'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:

	2019	2018
Capital stocks	**₱1,803,278,572**	₱1,803,278,572
Additional paid-in capital	**268,090,531**	268,090,531
Retained earnings (deficit)	**1,411,646,303**	1,793,486,641
Due to related parties	**119,260,868**	118,057,499
	₱3,602,276,274	₱3,982,913,243

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, 2019 and December 31, 2018 follow:

	2019	2018
Total debt	**₱311,069,660**	₱309,977,130
Total equity	**3,610,547,311**	3,994,757,786
	9%	8%

The Group had not been subjected to externally imposed capital requirements in 2019 and 2018. No changes were made pin the objectives, policies, and processes during the period ended March 31, 2019 and December 31, 2018.

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 CA.

After careful review of the *Request to Lift* and the documents in support thereof as well as the conduct of a due diligence review of the Parent Company's disclosures and reports, the PSE granted the *Request to Lift* the trading suspension.

On November 5, 2018, the shares of the Parent Company resumed trading in the PSE.

On Civil Forfeiture
On December 14 and 15, 2015 the RTC 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.

On January 22, 2016, the Parent Company and the SREDC filed a *Motion for Reconsideration* of the *Order*, praying that the same be discharged on the ground that the issuance of the Order had no legal or factual basis, among others.

The rules on confidentiality and *sub judice* bar the Parent Company from publicly going into the details of the on-going 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.

On July 19, 2018, the Parent Company received an *Order* dated July 9, 2018 (the *"Discharge Order")* from the Court. In the *Discharge Order,* the Court ruled that "the funds in the subject accounts of respondents Greenergy et al. are not related to the unlawful activity of violation of R.A. 3019 and R.A. 7080." Thus, the bank accounts of the Parent Company and SREDC were "orders discharged from the effects of the *Asset Preservation Order* (APO) dated December 15, 2015." Being an interlocutory order, the *Discharge Order* is immediately executory.

On August 9, 2018, the Parent Company received a copy of the *Motion for Reconsideration* dated August 3, 2018 (the *Motion for Reconsideration")* filed by the Republic of the Philippines with the Regional Trial Court assailing the *Discharge Order.*

In an Order dated July 9, 2018 (Order), the Court categorically ruled that "the funds in the subject accounts of respondents Greenergy et al. are not related to the unlawful activity of violation of R.A. 3019 and R.A. 7080". Thus, the Parent Company and SREDC and the said bank account was "ordered Discharged from the effects of the Asset Preservation Order (APO) dated December 15, 2015."

With the Order, which was immediately executory, the Parent Company and SREDC regained access and control over its bank account.

The Office of the Solicitor General filed a *Motion for Reconsideration* (to the Order dated July 9, 2018) dated August 3, 2018 ("Motion"), while the Parent Company and SREDC filed their *Comment/Opposition* (to the Motion for Reconsideration) dated December 11, 2018 on even date.

At present, the Motion is pending resolution by the Court.