

COVER SHEET

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S.E.C. Registration Number

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(Company's Full Name)

1	2		F	L	R	.		G	O	T	E	S	C	O		C	O	R	P	.		C	T	R	.	1	9	5	8
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C	.	M	.		R	E	C	T	O	,		Q	U	I	A	P	O	,		M	A	N	I	L	A				
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(Business Address: No. Street City/Town Province)

CYNTHIA T. DIZON

Contact Person

735-69-01 LOCAL 366

Company Telephone Number

1	2
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Month

3	1
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Day

Fiscal Year

S	E	C		F	O	R	M		1	7	Q		
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FORM TYPE

August-Last Friday

Month

Annual Meeting

Day

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Secondary License Type, If Applicable

C	R	M	D
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Dept. Requiring this Doc.

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Amended Articles Number/Section

Total Amount of Borrowings

5.621

Total No. of Stockholders

Php 50,000,000

Domestic

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Foreign

To be accomplished by SEC Personnel concerned

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File Number

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Document I.D.

Cashier

STAMPS

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 **September 30,**
2020
2. SEC Identification Number **AS 094-8752**
3. BIR TIN **032-004-817-595**
4. Exact name of issuer as specified in its charter: **EVER GOTESCO RESOURCES &
HOLDINGS, INC.**
5. **Manila, Philippines**
Province, Country or other jurisdiction of incorporation or organization
6. Industry Classification Code: _____ (SEC Use Only)
7. **12 Flr. Ever Gotesco Corporate Center 1958 CM. Recto Ave. Quiapo Manila 1001**
Address of issuer's principal office Postal Code
8. **735-6901, 735-0271 loc. 366/248**
Issuer's telephone number, including area code
9. Securities issued pursuant to Sections 8 and 12 of the Code, or Section 4 and 8 of the RSA.

<u>Title of Each Class</u>	<u>Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding</u>
Common Stock, ₱ 1.00 par value	5,000,000,000 shares
	Amount of Debt Outstanding: 1.6 billion

10. Are any or all of these securities listed on the Philippine Stock Exchange? Yes (X) No ()

If yes, state the name of such Stock Exchange and the classes of securities listed therein:

Philippine Stock Exchange / Common Stock.

11. Indicate by check whether the issuer:

(a) has filled all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder of Section 11 of the RSA and RSA Rule 11(a)-1 there under and Sections 26 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 reports):

Yes (X) No ()

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

Yes (X) No ()

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PART 1 - FINANCIAL INFORMATION

Item 1. Financial Statements

EVER GOTESCO RESOURCES AND HOLDINGS, INC. AND SUBSIDIARY

UNAUDITED CONSOLIDATED BALANCE SHEETS

SEPTEMBER 30, 2020 & DECEMBER 31, 2019

(In Philippine Peso)

	CONSOLIDATED		PARENT COMPANY	
	SEP 30, 2020	DEC. 31, 2019 *	SEP 30, 2020	DEC. 31, 2019 *
ASSETS				
CURRENT ASSETS				
Cash	1,006,306	1,201,283	966,432	1,020,014
Receivables	-	-	-	-
Other Current assets	-	-	-	-
	1,006,306	1,201,283	966,432	1,020,014
NONCURRENT ASSETS				
Receivables - noncurrent	1,578,244,811	1,578,244,811	1,159,034,405	1,159,034,405
Investments In & Advances To Subsidiary	-	-	204,386,846	204,386,846
Other Noncurrent Assets	693,772	588,674	461,951	372,002
	1,578,938,583	1,578,833,485	1,363,883,202	1,363,793,253
TOTAL ASSETS	1,579,944,889	1,580,034,768	1,364,849,633	1,364,813,267
LIABILITIES AND STOCKHOLDERS' EQUITY				
CURRENT LIABILITIES				
Bank loans	50,000,000	50,000,000	50,000,000	50,000,000
Accounts Payable and other liabilities	1,456,209,111	1,454,474,659	1,073,445,800	1,071,711,847
TOTAL LIABILITIES	1,506,209,111	1,504,474,659	1,123,445,800	1,121,711,847
STOCKHOLDERS' EQUITY	73,735,778	75,560,109	241,403,833	243,101,420
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	1,579,944,889	1,580,034,768	1,364,849,633	1,364,813,267

* Based on Audited Financial Statements

See accompanying notes to Unaudited Financial Statements

EVER GOTESCO RESOURCES AND HOLDINGS, INC. AND SUBSIDIARY
UNAUDITED CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS

For the Nine-Month Period ended September 30,

(In Philippine Peso)

	CONSOLIDATED						PARENT COMPANY					
	Third Quarter Ended September 30			Nine-Month Period Ended September 30			Third Quarter Ended September 30			Nine-Month Period Ended September 30		
	2020	2019	2018	2020	2019	2018	2020	2019	2018	2020	2019	2018
REVENUES	-	-	-	-	-	-	-	-	-	-	-	-
OPERATING COSTS AND EXPENSES	699,148	463,442	485,970	1,824,332	2,578,328	2,817,416	572,403	463,442	485,970	1,697,587	2,501,818	2,817,416
INCOME FROM OPERATIONS	(699,148)	(463,442)	(485,970)	(1,824,332)	(2,578,328)	(2,817,416)	(572,403)	(463,442)	(485,970)	(1,697,587)	(2,501,818)	(2,817,416)
OTHER INCOME (EXPENSE)-NET												
Accretion of Interest due PAS 32 & 39, net	-	-	-	-	-	-	-	-	-	-	-	-
Other income(Charges)	-	-	-	-	-	-	-	-	-	-	-	-
INCOME BEFORE INCOME TAX	(699,148)	(463,442)	(485,970)	(1,824,332)	(2,578,328)	(2,817,416)	(572,403)	(463,442)	(485,970)	(1,697,587)	(2,501,818)	(2,817,416)
PROVISION FOR INCOME TAX	-	-	-	-	-	-	-	-	-	-	-	-
NET INCOME (LOSS)	(699,148)	(463,442)	(485,970)	(1,824,332)	(2,578,328)	(2,817,416)	(572,403)	(463,442)	(485,970)	(1,697,587)	(2,501,818)	(2,817,416)
RETAINED EARNINGS AT BEGINNING OF PERIOD	(4,925,565,075)	(3,990,867,862)	(3,242,341,742)	(4,924,439,891)	(3,988,752,976)	(3,240,010,296)	(4,758,023,764)	(4,147,948,767)	(3,576,055,161)	(4,756,898,580)	(4,145,910,391)	(3,573,723,715)
RETAINED EARNINGS AT END OF PERIOD	(4,926,264,223)	(3,991,331,304)	(3,242,827,711)	(4,926,264,223)	(3,991,331,304)	(3,242,827,712)	(4,758,596,167)	(4,148,412,209)	(3,576,541,131)	(4,758,596,167)	(4,148,412,209)	(3,576,541,131)
EARNINGS PER SHARE:												
BASIC EARNINGS PER SHARE (A/B)	(0.0001)	(0.0001)	(0.0001)	(0.0004)	(0.0005)	(0.0006)	(0.0001)	(0.0001)	(0.0001)	(0.0003)	(0.0005)	(0.0006)
Computation -												
Net Income (Loss) for the Period (A)	(699,148)	(463,442)	(485,970)	(1,824,332)	(2,578,328)	(2,817,416)	(572,403)	(463,442)	(485,970)	(1,697,587)	(2,501,818)	(2,817,416)
Weighted Ave. No. of Common Shares												
Outstanding during the Period (B)	5,000,000,000	5,000,000,000	5,000,000,000	5,000,000,000	5,000,000,000	5,000,000,000	5,000,000,000	5,000,000,000	5,000,000,000	5,000,000,000	5,000,000,000	5,000,000,000
DILUTED EARNINGS PER SHARE	*	*	*	*	*	*	*	*	*	*	*	*
* There are no factors that would have dilutive effects on Earnings per Share of the Common Shares, thus, no computation. See accompanying notes to unaudited financial statements												

EVER GOTESCO RESOURCES AND HOLDINGS, INC. AND SUBSIDIARY**UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**

(In Philippine Peso)

	CONSOLIDATED			PARENT		
	September 30			September 30		
	2020	2019	2018	2020	2019	2018
CAPITAL STOCK	5,000,000,000	5,000,000,000	5,000,000,000	5,000,000,000	5,000,000,000	5,000,000,000
RETAINED EARNINGS, BEGINNING	(4,924,439,891)	(3,988,752,976)	(3,240,010,296)	(4,756,898,580)	(4,145,910,391)	(3,573,723,715)
Net Income (Loss) for the period	(1,824,332)	(2,578,328)	(2,817,416)	(1,697,587)	(2,501,818)	(2,817,416)
RETAINED EARNINGS, ENDING	(4,926,264,223)	(3,991,331,304)	(3,242,827,712)	(4,758,596,167)	(4,148,412,209)	(3,576,541,131)
REMEASUREMENT LOSSES ON RETIREMENT BENEFIT	-	-	-	-	-	-
TOTAL STOCKHOLDERS' EQUITY	73,735,778	1,008,668,696	1,757,172,288	241,403,833	851,587,791	1,423,458,869

see accompanying notes to unaudited financial statements

EVER GOTESCO RESOURCES AND HOLDINGS, INC. AND SUBSIDIARY
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

For Nine-Month Period ended September 30,

(In Philippine Peso)

	CONSOLIDATED						PARENT COMPANY					
	First Quarter Ended September 30			Nine-Month Period Ended September 30			First Quarter Ended September 30			Nine-Month Period Ended September 30		
	2020	2019	2018	2020	2019	2018	2020	2019	2018	2020	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES												
Net Income (Loss)	(699,148)	(463,442)	(485,970)	(1,824,332)	(2,578,328)	(2,817,416)	(572,403)	(463,442)	(485,970)	(1,697,587)	(2,501,818)	(2,817,416)
Adjustments to reconcile net income to net cash provided by operating activities:												
Depreciation and amortization	-	-	-	-	-	-	-	-	-	-	-	-
Interest Expense	-	-	-	-	-	-	-	-	-	-	-	-
Accretion Income/Expense - PAS 32 & 39	-	-	-	-	-	-	-	-	-	-	-	-
Changes in operating assets and liabilities	504,170	462,242	992,357	1,629,354	2,549,862	2,751,097	518,821	462,242	237,450	1,644,004	2,473,351	2,228,950
Net cash provided by(used in) operating activities	(194,978)	(1,200)	506,387	(194,978)	(28,466)	(66,319)	(53,581)	(1,200)	(248,520)	(53,582)	(28,467)	(588,466)
CASH FLOWS FROM INVESTING ACTIVITIES												
Additions to property and equipment	-	-	-	-	-	-	-	-	-	-	-	-
Net cash provided by (used in) investing activities	-	-	-	-	-	-	-	-	-	-	-	-
CASH FLOWS FROM FINANCING ACTIVITIES												
Proceeds from:												
Capital stock subscription	-	-	-	-	-	-	-	-	-	-	-	-
Loans	-	-	-	-	-	-	-	-	-	-	-	-
Payments to Creditor Banks	-	-	-	-	-	-	-	-	-	-	-	-
Net cash provided by(used in) financing activities	-	-	-	-	-	-	-	-	-	-	-	-
NET INCREASE (DECREASE) IN CASH	(194,978)	(1,200)	506,387	(194,978)	(28,466)	(66,319)	(53,581)	(1,200)	(248,520)	(53,582)	(28,467)	(588,466)
CASH AT BEGINNING OF PERIOD	1,201,283	1,174,016	1,162,275	1,201,283	1,201,283	1,211,374	1,020,014	992,748	1,213,766	1,020,014	1,020,014	1,030,105
CASH AT END OF PERIOD	1,006,305	1,172,816	1,668,663	1,006,305	1,172,817	1,145,055	966,432	991,549	965,246	966,432	991,547	441,639
see accompanying notes to unaudited financial statements												

SCHEDULE A

EVER GOTESCO RESOURCES AND HOLDINGS, INC. AND SUBSIDIARY
BALANCE SHEET SCHEDULES
As of September 30, 2020

	CONSOLIDATED	PARENT
<u>CURRENT ASSETS</u>		
Cash on Hand and in Banks	1,006,306	966,432
	<u>1,006,306</u>	<u>966,432</u>
<u>CURRENT LIABILITIES</u>		
Payable to Banks - current portion	50,000,000	50,000,000
Accrued Interest & financing charges	264,000,000	264,000,000
Accounts Payable - Trade (Contractors)	587,303,523	375,841,854
Customers Deposit	-	-
Operating Lease Payable	-	-
Provision for Losses	271,649,900	181,876,348
Retentions Payable	40,507,222	40,297,158
Other Accounts Payable & Accrued Expenses	292,748,466	211,430,440
	<u>1,506,209,111</u>	<u>1,123,445,800</u>
Note:		
Other Accounts Payable and Accrued Expenses includes accrual for operating expenses like: utilities, realty taxes and other government payables.		
<u>STOCKHOLDERS' EQUITY</u>		
Capital Stock	5,000,000,000	5,000,000,000
Retained Earnings		
Beginning	(4,924,439,891)	(4,756,898,580)
Net Income for the period	(1,824,332)	(1,697,587)
Total	<u>(4,926,264,223)</u>	<u>(4,758,596,167)</u>
Remeasurement loss on retirement benefits - net	-	-
	<u>73,735,778</u>	<u>241,403,833</u>

SCHEDULE B**EVER GOTESCO RESOURCES & HOLDINGS, INC. AND SUBSIDIARY****SCHEDULE OF LOANS PAYABLE****As of September 30, 2020**

Date of Loan/ Credit Line Granted	Name of Bank	Type of Loan	Terms	Collateral/ Security	Loan Purpose	Interest Rate	Outstanding Balance
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EVER GOTESCO RESOURCES & HOLDINGS, INC. (PARENT CO.)

December 24, 1998	Land Bank	short term	1 year		add'l. working capital		50,000,000
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TOTAL							50,000,000
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Ever-Gotesco Resources and Holdings, Inc. and Subsidiary

Notes to Consolidated Financial Statements

Summary of Significant Accounting and Financial Reporting Policies

Basis of Preparation

The consolidated financial statements have been prepared on a historical cost basis and are presented in Philippine peso (Peso), which is the Group's functional and presentation currency. All values are rounded to the nearest peso, except when otherwise indicated.

Statement of Compliance

The consolidated financial statements of the Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRS).

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary as of December 31, 2018 and 2016 and for each of the three years in the period ended December 31, 2018.

Subsidiaries are all entities over which the Company or its subsidiary has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

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

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

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

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

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins from the date of acquisition, being the date on which control is transferred to the Group and continue to be consolidated until the date that such control ceases. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the parent company loses control over its subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any noncontrolling interests
- Derecognizes the cumulative translation differences recorded in equity
- Recognizes the fair value of the consideration received
- Recognizes the fair value of any investment retained
- Recognizes any surplus or deficit in profit or loss

- Reclassifies the parent's share of components previously recognized in Other Comprehensive Income (OCI) to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. Adjustments, where necessary, are made to ensure consistency with the policies adopted by the Group.

The financial statements of the subsidiary are prepared for the same reporting period as the Company.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated but are considered as an impairment indicator of the assets transferred.

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except that the Group has adopted the following new accounting pronouncements starting January 1, 2017. Adoption of these pronouncements did not have any significant impact on the Group's financial position or performance.

- Amendments to PFRS 12, *Disclosure of Interests in Other Entities, Clarification of the Scope of the Standard* (Part of *Annual Improvements to PFRSs 2014 - 2016 Cycle*)
- Amendments to PAS 7, *Statement of Cash Flows, Disclosure Initiative*
- Amendments to PAS 12, *Income Taxes, Recognition of Deferred Tax Assets for Unrealized Losses*

Accounting Standards, Amendments to Existing Standards and Interpretations Effective Subsequent to December 31, 2018

Pronouncements issued but not yet effective are listed below. The Group intends to adopt the following pronouncements when they become effective. Adoption of these pronouncements is not expected to have a significant impact on the Group's consolidated financial statements.

Effective beginning on or after January 1, 2018

- Amendments to PFRS 2, *Share-based Payment, Classification and Measurement of Share-based Payment Transactions*
- PFRS 9, *Financial Instruments*
- Amendments to PFRS 4, *Insurance Contracts, Applying PFRS 9, Financial Instruments, with PFRS 4*
- PFRS 15, *Revenue from Contracts with Customers*
- Amendments to PAS 28, *Measuring an Associate or Joint Venture at Fair Value* (Part of *Annual Improvements to PFRSs 2014 - 2016 Cycle*)
- Amendments to PAS 40, *Investment Property, Transfers of Investment Property*
- Philippine Interpretation on IFRIC-22, *Foreign Currency Transactions and Advance Consideration*

Effective beginning on or after January 1, 2019

- Amendments to PFRS 9, *Prepayment Features with Negative Compensation*
- PFRS 16, *Leases*
- Amendments to PAS 28, *Long-term Interests in Associates and Joint Ventures*
- Philippine Interpretation on IFRIC-23, *Uncertainty over Income Tax Treatments*

Deferred effectivity

- Amendments to PFRS 10 and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

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 by 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 reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at each balance sheet date.

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 asset or liability and the level of the fair value hierarchy.

Financial Instruments

Date of recognition

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

Initial recognition and classification of financial instruments

Financial assets and financial liabilities are recognized initially at fair value. Transaction costs are included in the initial measurement of all financial assets and financial liabilities, except for financial instruments measured at fair value through profit or loss (FVPL). Financial assets are classified as either financial assets at FVPL, loans and receivables, held-to-maturity (HTM) investments, or available-for-sale (AFS) financial assets. Financial liabilities on the other hand, are classified as financial liabilities at FVPL or other financial liabilities. The Group determines the classification at initial recognition and, where allowed and appropriate, reevaluates this designation at every balance sheet date.

Financial instruments are classified as liability or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity, net of any related income tax benefits.

As of December 31, 2018 and 2016, the Group has no financial assets and financial liabilities at FVPL, HTM investments and AFS financial assets.

Day 1 gain or loss

Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and fair value (a Day 1 gain or loss) in profit or loss unless it qualifies for recognition as some other type of asset. The Group recognizes the Day 1 gain or loss on loans to entities that are under common control with the Group directly in equity.

In cases where data used is not observable, the difference between the transaction price and model value is recognized only when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the Day 1 gain or loss.

Loans and receivables

Loans and receivables are nonderivative financial assets with fixed or determinable payments that 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. After initial measurement, loans and receivables are carried at amortized cost using the effective interest method less any allowance for impairment. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process. Loans and receivables (or portions of loans and receivables) are included in current assets if maturity is within 12 months from the balance sheet date. Otherwise, these are classified as noncurrent assets.

As of December 31, 2018 and 2016, the Group's loans and receivables include cash in banks and receivables.

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 or borrowings. These 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 method of amortization or accretion for any related premium, discount and any directly attributable transaction costs. Other financial liabilities (or portions of other financial liabilities) are included in current liabilities when they are expected to be settled within 12 months from the balance sheet date or the Group does not have an unconditional right to defer settlement of the liabilities for at least 12 months from the balance sheet date.

As of December 31, 2018 and 2016, the Group's other financial liabilities include bank loans, payables to banks and accounts payable and other liabilities.

Impairment of Financial Assets

An assessment is made at each balance sheet date to determine whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset is impaired if its carrying amount is greater than its estimated recoverable amount.

Loans and receivables

The Group first assesses whether an 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 is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

If 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 the use of an allowance account. The amount of the loss shall be recognized in profit or loss.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognized in profit or loss. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral, if any, has been realized or has been transferred to the Group. If in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance for impairment losses account. If a future write-off is later recovered, the recovery is recognized in profit or loss. Any subsequent reversal of an impairment loss is recognized in profit or loss to the extent that the carrying value of the asset does not exceed its amortized cost at reversal date.

In relation to receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Group will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through the use of an allowance account. Impaired debts are derecognized when they are assessed as uncollectible.

Derecognition of Financial Assets and Financial Liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired; or
- 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,
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) 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 from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired.

Where an 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 profit or loss.

Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated balance sheet 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. The Group assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Group and all of the counterparties.

Creditable Withholding Tax

Creditable withholding tax represents the amount withheld from income payments and is deducted from income tax payable on the same year the revenue was recognized. Unused creditable withholding taxes can be carried forward to the ensuing years. The balance of creditable withholding tax is reviewed at each balance sheet date to determine if an objective evidence exists that amounts are no longer recoverable and reduced to the amount the Group expects to recover.

Property and Equipment

The initial cost of property and equipment consists of its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use and any estimated cost of dismantling and removing the property and equipment item and restoring the site on which it is located to the extent that the Group had recognized the obligation of that cost. Such cost includes the cost of replacing part of the property and equipment if the recognition criteria are met. When significant parts of property and equipment are required to be replaced in intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of property and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred. Subsequent to initial recognition, property and equipment, is carried at cost less accumulated depreciation and amortization, and any impairment losses.

When assets are retired or otherwise disposed of, their costs and related accumulated depreciation and any impairment in value are removed from the accounts and any resulting gain or loss is recognized in profit or loss.

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

	Number of Years
Furniture, fixtures and equipment	5
Cinema furniture and equipment	5
Transportation equipment	5 to 10
Other equipment	5

Depreciation of property and equipment begins when it becomes available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation ceases at the earlier of the date that the item is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with PFRS 5, and the date the item is derecognized.

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

Investment Properties

Investment properties are measured initially at cost, including transaction costs. The cost of investment properties is the amount of cash or cash equivalents paid or the fair value of other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognized in accordance with the specific requirements of PFRS. Accordingly, investment properties acquired under the asset-for-share swap agreement in 1995 were initially measured at the assigned values as approved by the Philippine SEC. These assigned values were deemed costs of the investment properties acquired. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property.

Subsequent to initial recognition, investment properties, except for land, are carried at cost less accumulated depreciation and amortization, and any impairment losses. Land is carried at cost less any impairment in value. Interests on funds borrowed to partially finance the investment property during the construction period are capitalized to the respective property accounts.

The Group assesses if an item of property other than a piece of land or a building is regarded as part of an investment property. If an item is an integral part of an investment property, is being leased to the lessee together with the land and building as a whole and the entire group of assets is generating the income stream from the lease contract, the item is included as part of investment property.

Depreciation and amortization of investment properties is computed using the straight-line method over the following useful lives of the assets, regardless of utilization:

	Number of Years
Commercial complex and improvements	25
Machinery and equipment	10
Cinema furniture and equipment	5

Investment properties and improvements located in leased parcels of land are depreciated and amortized using the straight-line method over their useful lives, or the term of the lease, whichever is shorter.

The estimated useful lives and depreciation and amortization method are reviewed periodically to ensure that the periods and method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of investment properties.

Investment properties are derecognized when they have been either disposed of or when the investment properties are permanently withdrawn from use and no future economic benefits are expected from disposal. Any gain or loss on the retirement or disposal of investment properties is recognized in profit or loss in the year of retirement or disposal.

Transfers are made to investment properties when, and only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment properties when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale.

Impairment of Nonfinancial Assets

The carrying values of property and equipment, investment properties and other current and noncurrent 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 where the carrying values exceed the estimated recoverable amounts, the assets or cash-generating units (CGU) are written down to their recoverable amounts. The recoverable amount of property and equipment, investment properties and other current and noncurrent assets is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a

pretax 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 inflows, the recoverable amount is determined for the CGU to which the asset belongs. Any impairment loss is recognized in profit or loss.

An assessment is made at each balance sheet date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the 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 asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, 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, on a systematic basis over its remaining useful life.

Value-added tax (VAT)

Revenues, expenses, and assets are recognized net of the amount of VAT, if applicable.

When VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the consolidated balance sheet. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset in the consolidated balance sheet to the extent of the recoverable amount.

Customers' Deposits

Customers' deposits are recognized upon receipt of advance rental payments from new tenants, which can be applied to unpaid rental receivables upon termination of the tenant's contract.

Other Comprehensive Income (OCI)

OCI comprises items of income and expense (including items previously presented under the parent company statement of changes in equity) that are not recognized in profit or loss for the year in accordance with PFRS. Other comprehensive income pertaining to remeasurements on the Group's defined benefit plans is recognized under "Remeasurement gain on retirement benefits - net" account in the consolidated balance sheet. Other items are closed directly to retained earnings (deficit).

Revenue

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as a principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognized:

Mall rental income

Rent income from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and is included in revenue due to its operating nature. Rent income from fixed tenants is generally recognized on a straight-line basis over the lease term. Rental income from percentage tenants is recognized at the end of every month based on a minimum agreed rental or certain percentage of the tenant's gross sales, whichever is higher.

Cinema ticket sales

Revenue from cinema ticket sales is recognized upon receipt of cash from the customers.

Interest income

Interest income is recognized as it accrues, using the effective interest method.

Direct Costs and Expenses

Direct costs and expenses are expenses directly related to the performance of services, which are recognized as incurred.

General and Administrative Expenses

General and administrative expenses include costs of administering the business, which are recognized as incurred.

Borrowing Costs

Borrowing costs are capitalized if they are directly attributable to the acquisition and development of qualifying assets as part of the cost of such assets. Capitalization of borrowing cost commences when the activities to prepare the assets for their intended use are in progress and expenditures and borrowing costs are being incurred; is suspended during extended periods in which active development is interrupted; and, ceases when substantially all the activities necessary to prepare the assets for their intended use are complete. All other borrowing costs are expensed as incurred.

Retirement Benefits Costs

Retirement benefits costs are actuarially determined using the projected unit credit method. This method considers each period of service as giving rise to an additional unit of benefit entitlement and measures each separately to build up the final obligation.

Retirement benefit costs comprise the following:

- service cost;
- net interest on the net defined benefit liability or asset; and
- remeasurements of net defined benefit liability or asset.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

The amount recognized as retirement benefits liability is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets, if any, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Leases

The determination of whether an arrangement is, or contains a lease, is based on the substance of the arrangement at inception date of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

- (a) there is a change in contractual terms, other than a renewal or extension of the arrangement;
- (b) a renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term;
- (c) there is a change in the determination of whether fulfillment is dependent on a specified asset;

or,
(d) there is a substantial change to the asset.

Where reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios (a), (c) or (d) and at the date of renewal or extension period for scenario (b).

The Group determines whether arrangements contain a lease to which lease accounting must be applied. The costs of the agreements that do not take the legal form of a lease but convey the right to use an asset are separated into lease payments if the entity has the control of the use or access to the asset, or takes essentially all of the outputs of the asset. The said lease component for these arrangements is then accounted for as finance or operating lease.

The Group as a lessor

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

The Group as a lessee

Finance leases that transfer substantially all the risks and benefits incidental to ownership of the leased item to the Group, are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in profit or loss. Operating lease expense is recognized in the profit or loss on a straight-line basis over the lease term.

Operating lease expense is recognized in the profit or loss on a straight-line basis over the lease term.

Income Taxes

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax

Deferred income tax is provided, using the balance sheet liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax assets are recognized for all deductible temporary differences and carryforward benefits of unused net operating loss carryover (NOLCO) and excess of minimum corporate income tax (MCIT) over regular corporate income tax (RCIT), to the extent that it is probable that sufficient future taxable profits will be available against which the deductible temporary differences and carry forward benefits of unused NOLCO and excess of MCIT over RCIT can be utilized. Deferred income tax liabilities are recognized for all taxable temporary differences.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred income tax assets to be utilized. Unrecognized deferred income tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that sufficient future taxable profits will allow the deferred income tax assets to be recovered.

Deferred income tax assets and deferred income tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates

and tax laws that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Deferred income tax relating to items recognized directly in equity is recognized directly in equity and not in profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Provisions and Contingencies

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and the amount of obligation can be reliably estimated.

Contingent liabilities are not recognized in the consolidated financial statements but disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

Capital Stock

The proceeds from the issuance of ordinary or common shares are presented in equity as capital stock to the extent of the par value of the issued and outstanding shares and any excess of the proceeds over the par value of shares issued, less any incremental costs directly attributable to the issuance, net of tax, is presented in equity as "Additional paid-in capital".

Deficit

Deficit represents the cumulative balance of periodic total comprehensive income or loss, dividend distributions, correction of prior year's errors, effect of changes in accounting policy and other capital adjustments. A deficit is not an asset but a deduction from equity.

Basic/Diluted Earnings (Loss) Per Share

Basic earnings (loss) per share is computed by dividing net income (loss) for the year by the weighted average number of shares outstanding during the year.

Diluted earnings (loss) per share is calculated by dividing the income (loss) for the year attributable to stockholders by the weighted average number of shares outstanding during the year, excluding treasury shares and adjusted for the effects of all potential dilutive shares, if any.

In determining both the basic and diluted earnings (loss) per share, the effect of stock dividends, if any, is accounted for retroactively.

Segment Information

The Group is engaged in building shopping malls and leasing out to commercial tenants and considers such as its primary activity and only business segment. Management monitors the operating results of the Group for the purpose of making decisions about resource allocation and performance assessment.

Events After the Balance Sheet Date

Events after the balance sheet date that provide additional information about the Group's position at the balance sheet date (adjusting events) are reflected in the consolidated financial statements. Events after the balance sheet date that are not adjusting events are disclosed when material.

4. Receivables

EVER GOTESCO RESOURCES & HOLDINGS, INC. AND SUBSIDIARY COMPANY
Consolidated Aging Schedule of Accounts Receivable - Trade
As of September 30, 2020

SCHEDULE C

	TOTAL	Current	PAST DUE ACCOUNTS			
			31-60 Days	61-90 Days	91-120 Days	120 Days & Over
<u>CONSOLIDATED</u>						
Trade Receivable -Affiliate	1,182,879,138	-	-	-	-	1,182,879,138
Trade Receivable -Non Affiliate	-	-	-	-	-	-
TOTAL	1,182,879,138	-	-	-	-	1,182,879,138
<u>PARENT</u>						
Trade Receivable -Affiliate	1,124,406,367	-	-	-	-	1,124,406,367
Trade Receivable -Non Affiliate	-	-	-	-	-	-
TOTAL	1,124,406,367	-	-	-	-	1,124,406,367

Note: The accounts are presented in the Balance Sheet under Noncurrent Assets

5. Causes for any material changes (+/-5% or more) in the financial statements

Income Statement items – Nine Months 2020 versus Nine Months 2019

There was no revenue generated for the first nine months of 2020 and 2019 due to the cessation of operation of the mall at Ever Gotesco Commonwealth Center.

29% decrease in Operating Costs and Expenses

Operating costs and expenses decreased by 29% from ₱2.6 million in 2019 to ₱1.8 million in 2020, both for the six months period.

Balance Sheet items – September 30, 2020 versus December 31, 2019

16% decrease in Cash

Cash decreased by 16% or ₱0.19 million from ₱1.2 million in 2019 to ₱1.0 million in 2020 due to the payment of necessary expenses incurred for the nine months period.

18% increase in Other Noncurrent Assets

Other current assets increased by 18% from ₱0.59 million in 2019 to ₱0.69 million in 2020 representing the input tax claimed from the operating expenses incurred for the six months period.

The company has no other significant fluctuation in its balance sheet items during the third quarter of 2020.

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

Results of Operations for Nine Months of 2020

1. Financial discussion

Ever Gotesco Resources and Holdings, Inc. (EGRHI) and its wholly owned subsidiary has a no revenue for the period January to September, 2020 and 2019 respectively due to the cessation of the Company's Mall operation since March 31, 2017.

Operating costs and expenses decreased 29% as the direct effect of the Company's cessation of operation.

For the nine months ended September 30, 2020, the Company posted a Net loss of ₱1.8 Million.

PART II – OTHER INFORMATION

Item 3. 3Q 2020 Developments

A. New project or investments in another line of business of corporation	None.
B. Performance of the corporation or result / progress of operations	Please see unaudited consolidated financial statements and management's discussion on results of operations.
C. Declaration of Dividends	None.
D. Contracts of merger, consolidation or joint venture; contract of management, licensing, marketing, distributorship, technical assistance or similar agreements	None.
E. Offering of rights, granting of Stock Options and corresponding plans therefore	None.
F. Acquisition of additional mining claims or other capital assets or patents, formula, real estate	None.
G. Other information, material events or happenings that may have affected or may affect market price of security	None.
H. Transferring of assets, except in normal course of business	None.

Item 4. Other Notes to 3Q 2020 Operations and Financials

I. Nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size, or incidents	Please see Notes to Financial Statements
J. Nature and amount of changes in estimates of amounts reported in prior periods and their material effect in the current period	None.
K. New financing through loans / issuances, repurchases, and repayments of debt and equity securities	Borrowings and repayments of loans are being undertaken on a number of creditor banks.
L. Material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period	None.
M. The effect of changes in the composition of the issuer during the interim period including business combinations, acquisition, or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations	None.
N. Changes in contingent liabilities or contingent assets since the last annual balance sheet date	None.
O. Existence of material contingencies and other material events or transactions during the interim period	None.
P. 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	None.
Q. Material commitments for capital expenditures, general purpose and expected sources of funds	None.
R. Known trends, events or uncertainties that have had or that are reasonably expected to have impact on sales / revenues / income from continuing operations	Uncertainties remain as to whether the country will continue to be affected by regional trends in the coming months. The financial statements do not include any adjustments that might result from these uncertainties. Related effects will be reported in the financial statements,

	as they become known and estimable.
S. Significant elements of income or loss that did not arise from continuing operations	None.
T. Causes for any material change/s from period to period in one or more line items of the financial statements	Please see Notes to Financial Statements
U. Seasonal aspects that had material effect on the financial condition or results of operations	Not applicable.
V. Disclosures not made under SEC Form 17-C	None.

Item 5. Key Performance Indicators

The table below sets forth the comparative key performance indicators of the Company and its majority-owned subsidiaries.

	<i>End-3Q 2020</i>	<i>End-December 2019</i>
Current Ratio ¹	0.00 :1.00	0:1.00
Debt to Assets Ratio ²	0.95:1.00	0.95:1.00
	<i>September, 2020</i>	<i>September, 2019</i>
Net Profit Ratio ³	0.00%	0.00%
Return on Equity ⁴	-2.47%	-2.80%
Return on Assets ⁵	-0.04%	-0.13%

Manner of calculating the above indicators is as follows:

Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$
Debt to Assets Ratio	$\frac{\text{Total Liabilities}}{\text{Total Assets}}$
Net Profit Ratio	$\frac{\text{Net income for the period}}{\text{Net revenues for the period}}$
Return on equity	$\frac{\text{Net Income}}{\text{Total Equity}}$
Return on Assets	$\frac{\text{Net Income}}{\text{Total Assets}}$

Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise cash and cash equivalents, receivables, due from related parties, bank loans, accounts payable and accrued expenses, due to related parties, lease liability and long-term debt. The main purpose of these financial instruments is to raise finances for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are liquidity risk, credit risk, and market risk. The Board of Directors reviews and agrees on the policies for managing these risks, as well as approving and authorizing risk limits set by management, summarized as follows:

Liquidity Risk

The group seeks to manage its liquidity risk to be able to meet its operating cash flow requirements, finance capital expenditures and service maturing debts. As an inherent part of its liquidity risk management, the Group regularly evaluates its projected and actual cash flows. To cover its short-term and long-term funding requirements, the Group intends to use internally generated funds and available short-term and long-term credit facilities.

Market Risk

Market risk is the risk of loss to future earnings, to fair values or to future cash flows that may result from changes in the price of a financial instrument. The value of a financial instrument may change as a result of changes in interest rates.

Interest Rate Risk

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's short-term and long-term obligations. In order to effectively manage its interest risk and its financing costs, the Group closely monitors the movements of interest rates, as well as, economic factors affecting the trends of these movements. In certain cases, depending on its assessment of future movements of interest rates, the Group would pre-terminate its debt and obtain a new loan facility which provides for either floating or fixed interest rates. This is intended to minimize its financing costs.

Credit Risk

The Group's exposure to credit risk on its receivables relates primarily to the inability of the debtors to pay and fully settle the unpaid balance of receivables owed to the Group. The Group manages its credit risk in accordance with its credit risk policies which requires the evaluation of the creditworthiness of the debtors. The Group's exposure to credit risk on its other receivables from debtors and related parties is managed through close account monitoring and setting limits.

Discussion and Analysis of Material Events

EGRHI, in 2009, recorded the total purchase price amounting to P622.9 million as an addition to land of a certain parcel of land in Calamba, Laguna amounting to P622.9 million, acquired as a result of the compromise agreement with certain banks.

Property and equipment include the property of GTMDI in Pasig City (land and mall), which secure certain loans from a syndicated lender banks led by PNB. The company has defaulted in its loan obligations, which led to the foreclosure and sale through public auction in July 30, 1999. GTMDI is currently in possession and in complete control of the properties. It continues to operate the mall and draws rental income there from. However, on September 17, 2009, GTMDI and PNB entered into a compromise agreement which was approved by the Court on August 14, 2009. GTMDI shall pay PNB an amount of P565 million, of which P80 million shall be paid upon the execution of the agreement.

The remaining amount payable to PNB shall be settled within seven years at 8% interest per annum. The compromise agreement provides that upon GTMDI's full payment of the compromise amount and all advances, taxes, fees and expenses, and both parties' compliance with all their respective obligations under the agreement, each party therefore releases and discharges the other party, their directors, officers, agents and employees from any and all claims arising from PNB's foreclosure and consolidation of the property subject of MTL.

The adverse impact of movie piracy has taken its toll on the movie industry. Gotesco Investments, Inc. (GII), a major player in the cinema business and an anchor tenant of the Company, was no exception. GII originally occupied and operated ten (10) cinemas at GTMDI, a wholly owned subsidiary of EGRHI, and twelve (12) cinemas at EGRHI, the parent company. Towards the end of 2002, GII closed five (5) out of ten (10) cinemas at GTMDI and expected to consolidate patrons in its five (5) remaining cinemas. However, GII continued to experience a deteriorating traffic of movie-goers and the consequential drop of its ticket revenues. As a result, GII management decided to totally close the five (5) remaining cinemas and three (3) cinemas in 2003 and turned over the same to GTMDI and EGRHI, respectively.

In 2004, GII turned over nine (9) remaining cinemas to EGRHI, the parent company. EGRHI generates an average monthly rental revenue of P1.227 million or P14.727 million annually for the said remaining cinemas. The closure translates to an annual rental revenue loss for EGRHI by P14.7 million or 9% of its total annual revenue generation, and 4.6% to the consolidated rental revenue.

Disclosure on the Garnishment of Lease Rental Receivables

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

Foreclosure of Mortgaged Properties

The property of GTMDI in Pasig City (land and mall), which secure certain loans from a syndicated lender banks led by PNB. The company has defaulted in its loan obligations, which led to the foreclosure and sale through public auction in July 30, 1999. GTMDI is currently in possession and in complete control of the properties. It continues to operate the mall and draws rental income there from.

On September 17, 2009, GTMDI and PNB entered into a compromise agreement which was approved by the Court on August 14, 2009. GTMDI shall pay PNB an amount of P565 million, of which P80 million shall be paid upon the execution of the agreement. The remaining amount payable to PNB shall be settled within seven years at 8% interest per annum.

The compromise agreement provides that upon GTMDI's full payment of the compromise amount and all advances, taxes, fees and expenses, and both parties' compliance with all their respective obligations under the agreement, each party therefore releases and discharges the other party, their directors, officers, agents and employees from any and all claims arising from PNB's foreclosure and consolidation of the property subject of MTI.

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

EGRHI entered into a compromise agreements with PNB, Security Bank Corporation (SBC) and DBP for the purchase of their 50%, 33.33% and 16.67% respective share in the undivided ownership/interest in the same parcel of land in Calamba, Laguna which gave EGRHI the right to acquire the whole undivided ownership/interest over the subject parcel of land payable in seven year at 8% interest per annum for PNB and five years at 8% interest per annum for SBC and DBP. EGRHI recorded the total purchase price amounting to P622.9 million as an addition to land.

OTHER INFORMATION

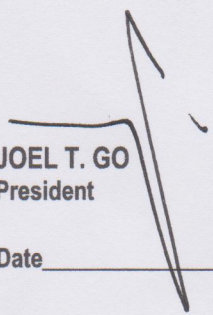
No significant events happened which were not disclosed under SEC FORM

SIGNATURES

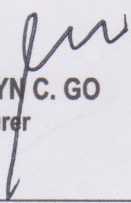
Pursuant to the requirements of Section 17 of SRC and Section 141 of the Corporation Code, this report signed on behalf of the issuer by the undersigned, thereto duly authorized, in the City of Manila.

EVER-GOTESCO RESOURCES AND HOLDINGS, INC.

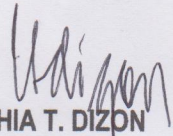
Issuer


JOEL T. GO
President

Date _____


EVELYN C. GO
Treasurer


Date _____


CYNTHIA T. DIZON
AVP - Controller

Date _____

SUBSCRIBED AND SWORN TO BEFORE
ME THIS NOV 11 2020
AT MANILA, PHILIPPINES

DOC. NO. 75
PAGE NO. 15
BOOK NO. LXXXV
SERIES OF 2020


ATTY. JOHN EDWARD TRINIDAD ANG
Notary Public for City Manila- Valid 12/31/2021
Notarial Commission No. 2020 - 033
2/F Midland Plaza Hotel, Adreatico st., Ermita, Mla.
IBP NO. 101538 / Jan. 6, 2020 - Pasig City
PTR. NO. 9115583 / Dec. 27, 2019 - Manila
Roll No. 68731/MCLE COMPLIANCE NO. VI-0017186 12-24-2019