CR02528-2024

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A, AS AMENDED

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

1. For the fiscal year ended

   Dec 31, 2023

2. SEC Identification Number

   36359

3. BIR Tax Identification No.

   000-438-702-000

4. Exact name of issuer as specified in its charter

   BASIC ENERGY CORPORATION

5. Province, country or other jurisdiction of incorporation or organization

   MANDALUYONG CITY

6. Industry Classification Code(SEC Use Only)

7. Address of principal office

   GM Building, Florida St., Barangay Wack-Wack, Greenhills East, Mandaluyong City
   Postal Code
   1556

8. Issuer's telephone number, including area code

   (+63) 7917-8118

9. Former name or former address, and former fiscal year, if changed since last report

   UB 111 Paseo de Roxas Bldg., Paseo de Roxas Avenue, Legaspi Village, Makati City

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

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Shares	14,668,643,064
Listed with the Exchange	14,218,643,064

11. Are any or all of registrant's securities listed on a Stock Exchange?

   (•) Yes ( ) No

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

   Philippine Stock Exchange; Common Shares

12. Check whether the issuer:

(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 RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports)

- [x] Yes
- [ ] No

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

- [ ] Yes
- [x] No

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within sixty (60) days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form

Php2,464,332,035 (as of March 31, 2024)

APPLICABLE ONLY TO ISSUERS INVOLVED IN INSOLVENCY SUSPENSION OF PAYMENTS PROCEEDINGS DURING THE PRECEDING FIVE YEARS

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

- [ ] Yes
- [x] No

DOCUMENTS INCORPORATED BY REFERENCE

15. If any of the following documents are incorporated by reference, briefly describe them and identify the part of SEC Form 17-A into which the document is incorporated:

(a) Any annual report to security holders

-

(b) Any information statement filed pursuant to SRC Rule 20

-

(c) Any prospectus filed pursuant to SRC Rule 8.1

-

BASIC ENERGY

Basic Energy Corporation
BSC

PSE Disclosure Form 17-1 - Annual Report
References: SRC Rule 17 and
Section 17.2 and 17.8 of the Revised Disclosure Rules

For the fiscal year ended	Dec 31, 2023
Currency	PESO

Balance Sheet

	Year Ending	Previous Year Ending
	Dec 31, 2023	Dec 31, 2022
Current Assets	23,501,516,488	21,860,099,769
Total Assets	29,794,662,142	28,802,566,393
Current Liabilities	21,193,057,061	19,718,256,038
Total Liabilities	22,266,495,751	21,488,313,630
Retained Earnings/(Deficit)	4,792,258	(37,781,619)
Stockholders' Equity	7,528,166,391	7,314,252,763
Stockholders' Equity - Parent	3,990,226,483	3,824,182,406
Book Value Per Share	0.27	0.27

Income Statement

	Year Ending	Previous Year Ending
	Dec 31, 2023	Dec 31, 2022
Gross Revenue	64,073,556,426	74,636,367,811
Gross Expense	(62,490,258,102)	(72,821,004,104)
Non-Operating Income	450,872,379	289,839,121
Non-Operating Expense	(1,920,870,550)	(1,458,933,129)
Income/(Loss) Before Tax	113,300,153	646,269,699
Income Tax Expense	(13,708,649)	(60,443,767)
Net Income/(Loss) After Tax	99,591,504	585,825,932
Net Income/(Loss) Attributable to Parent Equity Holder	42,693,877	94,626,469
Earnings/(Loss) Per Share (Basic)	0	0
Earnings/(Loss) Per Share (Diluted)	0	0

Financial Ratios

	Formula	Fiscal Year Ended	Previous Fiscal Year
		Dec 31, 2023	Dec 31, 2022
Liquidity Analysis Ratios:			

Current Ratio or Working Capital Ratio	**Current Assets / Current Liabilities**	1.1	1.1
Quick Ratio	**(Current Assets - Inventory - Prepayments) / Current Liabilities**	0.86	0.82
Solvency Ratio	**Total Assets / Total Liabilities**	1.33	1.34
Financial Leverage Ratios			
Debt Ratio	**Total Debt/Total Assets**	0.74	0.74
Debt-to-Equity Ratio	**Total Debt/Total Stockholders' Equity**	2.95	2.93
Interest Coverage	**Earnings Before Interest and Taxes (EBIT) / Interest Charges**	1.17	3.64
Asset to Equity Ratio	**Total Assets / Total Stockholders' Equity**	3.95	3.93
Profitability Ratios			
Gross Profit Margin	**Sales - Cost of Goods Sold or Cost of Service / Sales**	0.02	0.02
Net Profit Margin	**Net Profit / Sales**	0	0
Return on Assets	**Net Income / Total Assets**	0	0.02
Return on Equity	**Net Income / Total Stockholders' Equity**	0.01	0.08
Price/Earnings Ratio	**Price Per Share / Earnings Per Common Share**	83.33	35.71

Other Relevant Information
Please refer to attached Annual Report as of December 31, 2023 and attachments: File Name "Basic Energy Corporation_Consolidated 2023 AFS_15April2024" - INCLUDES: Signed Statement of Management Responsibility (SMR)

Filed on behalf by:

Name	Dominique Pascua
Designation	Compliance Officer

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

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

1. For the fiscal year ended: December 31, 2023

2. SEC Identification Number: 36359 3. BIR Tax Identification No.: 000-438-702

4. Exact name of issuer as specified in its charter: BASIC ENERGY CORPORATION

5. Metro Manila, Philippines 6. [ ] (SEC Use Only)

   Province, Country or other jurisdiction of incorporation or organization — Industry Classification Code

7. GM Building, 240 EDSA, Barangay Wack Wack Greenhills East, Mandaluyong City — 1556

   Address of Principal Office — Postal Code

8. +63 2 3224 4383

   Issuer's telephone number, including area code

9.

   Former name, former address, and former fiscal year, if changed since last report

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

Title of each class	Number of shares of Common Stock Outstanding and amount of Debt Outstanding
Common shares	14,668,643,064
Loans payable	Php 10,605,332,704

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

    Yes [✓] No [ ]

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

    Philippines Stock Exchange; Common Shares

12. Check whether the issuer:

    (a) Has filed all reports to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);

Yes [✓] No [ ]

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

Yes [ ] No [✓]

State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within sixty (60) days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form.

Php2,464,332,035 (as of March 31, 2024)

APPLICABLE ONLY TO ISSUERS INVOLVED IN INSOLVENCY/SUSPENSION OF PAYMENTS PROCEEDINGS DURING THE PRECEDING FIVE YEARS

13. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

Yes [ ] No [ ] Not Applicable [✓]

DOCUMENTS INCORPORATED BY REFERENCE

2023 Audited Financial Statements (Consolidated)

PART I – BUSINESS AND GENERAL INFORMATION

Item 1. Business

(A) Description of Business

(1) Business Development

The Company was organized initially as Basic Enterprises, Inc., a stock corporation on September 19, 1968 and became an oil and gas exploration and development company on April 26, 1971. A year after, it assumed a new name, Basic Petroleum and Minerals, Inc. Over the years, the Company evolved from an operating company into a holding company under the corporate name, Basic Consolidated, Inc. As a holding company, it held equity investments in the following wholly owned subsidiaries: Basic Diversified Industrial Holdings, Inc., an investment holding company, iBasic, Inc., an information technology management company and service integrator, Basic Biofuels Corporation, which is into the development of biofuels, Basic Renewables, Inc., which is into development of renewable energy , Mabini Energy Corporation (formerly Basic Geothermal Energy Corporation), which holds the Wind Energy Service Contract for the development of a Wind Energy Project in Mabini, Batangas, Grandway Group Limited, a Hong Kong registered company which is into investments in equities abroad and in Southwest Resources, Inc., an oil exploration company, which is owned 72.58% by the Company.

On the Company's oil and gas business, the Company was a party, together with other oil exploration companies, in the exploration, development and production of natural gas under Service Contract 53, in onshore Mindoro. This service contract was, however, terminated by the Department of Energy ("DOE") in a letter dated June 14, 2019 due to non-submission by the operator of the reportorial requirements prescribed by DOE under the service contract. The remaining members of the consortium, with Philodrill Corporation as the lead, filed a request with the DOE to reconsider the termination, however, on March 10, 2020, the Company withdrew its participation in the request for reconsideration and relinquished its remaining shares to the remaining consortium members.

The Company has been awarded by the Department of Energy (DOE) a total of five (5) service contracts for the exploration and development of geothermal energy, namely: GSC No. 8 at Mabini, Batangas, which was awarded in 2007, GSC No. 2013-02-042 at Mariveles, Bataan, GSC No. 2013-02-041 at East Mankayan, Benguet, Mountain Province and Ifugao, GSC No. 2013-02-043 at Iriga, Camarines Sur and Albay and GSC No. 2013 -11-048 at West Bulusan, Sorsogon, which were awarded in 2013.

The Company surrendered to the DOE and withdrew from GSC No. 8 on May 06, 2020, while the service contracts for the East Mankayan, Mariveles and West Bulusan projects were terminated by DOE effective April 15, 2019, December 28, 2019, and

January 24, 2019, respectively. In the Iriga project, where the Company has a twenty percent (20%) participating interest, Desco, Inc. is the operator, which is currently undertaking permitting and various works preparatory to the drilling of exploratory wells.

In 2013, the Company entered into a joint venture arrangement with Petrosolve Sdn Bhd, a company registered in Malaysia, which is into the business of developing oil fields and holds a technology for enhanced chemical oil recovery. The joint venture established Grandway Group Limited (Grandway), a joint venture company in Hong Kong, as the corporate vehicle of the joint venture in entering into business relationships in connection with the management and operation of oil wells. Grandway was initially 70% owned by the Company and 30% owned by Petrosolve Sdn Bhd until 2017, when the latter transferred its shares to the Company, such that Grandway is now owned 100% by the Company. The joint venture then established PT Basic Energi Solusi (PT BES), as its operating arm in Indonesia for the management and operation of oil wells located in the Dadangilo and Wonocolo areas. In 2015, after having drilled five (5) wells, PT BES placed the project on hold until the organizational structure of local cooperatives and/or local miners which will handle the management and operation of oil wells in said areas and with whom PT BES shall enter into new cooperation agreements, have been established.

In 2018, the Company decided to invest in Vintage EPC Co. Ltd. (VEPC) and Vintage International Construction Co. Ltd. (VINTER), which are limited companies registered in Thailand. VEPC and VINTER are the first counterparties of GEP (Myanmar) Co. Limited, the owner-developer of the 220 MW solar power plant located in the Minbu District, Magway region, Myanmar, for the supply and construction service requirements of the Engineering, Procurement and Construction (EPC) subcontractor engaged for the said project. After the required due diligence work on said companies and its contracts, in 2018, the Company acquired 15% of the equities of the said companies.

In March 2021, Mabini Energy Corporation (“MEC”), a wholly owned subsidiary of the Company, was awarded by the Department of Energy (“DOE”), a Wind Energy Service Contract (“WESC”) with the contract area located in the municipality of Mabini, Batangas, giving MEC the exclusive rights to explore, develop and operate a Wind Energy Project in the aforementioned contract area. It is expected that a favorable pre-development stage of the project would lead to the construction and operation of the said power plant.

In December 2021, the Company invested in Filoil Energy Company Inc. (FEC) for an equity interest of up to 60% of the latter’s outstanding capital stock. The investment in FEC is in line with the strategic move of the Company to improve its operations. The investment in BEC gave the Company indirect participation in FEC’s downstream and midstream oil and gas activities through its existing joint venture with the Total group.

The Company continues to look for business opportunities for the development of other renewable energy resources such as but not limited to wind and solar power.

Prospects on further wind farm development are currently undertaken by the company particularly in Panay Island (Iloilo), Calatagan, Batangas, and Pasuquin, Ilocos Norte.

Solar ground-mounted power projects are also being explored in the areas of Bolinao, Pangasinan and San Rafael, Bulacan.

(2) Business of the Company and its Subsidiaries

Wind Energy Project, Mabini, Batangas

The Company, through its wholly owned subsidiary, Mabini Energy Corporation ("MEC"), has been awarded a Wind Energy Service Contract by the DOE on March 17, 2021 to explore, develop, and operate a wind energy power plant for a period of twenty-five (25) years, extensible for another twenty-five (25) years. The project shall be implemented under R.A. 9513 (Renewable Energy Act of 2008).

The exploration area to be covered is 4,860 hectares situated in Mabini, Batangas.

Currently, the Company is conducting a Wind Resource Assessment ("WRA") campaign in its contracted area to fully assess the viability of wind resource in the area. The WRA campaign is expected to be completed by June 2024 using a meteorological mast and a LIDAR to support the engineering and design of the power plant.

Upon favorable results of the WRA campaign, a full feasibility study, preliminary engineering and design, and financial closure will be done in order to secure the Declaration of Commerciality of the prospective power plant from the DOE. Such approval by the DOE will lead to the construction, testing and commissioning of the plant. Commercial operation of the said plant is expected to be by year 2027.

Wind Energy Project – Panay Island (Iloilo and Antique)

The Company, through its wholly owned subsidiary, San Joaquin Wind Energy Corporation ("SJWEC"), has been awarded with another Wind Energy Service Contract by the DOE on June 14, 2023. The contracted area covers 13,932 hectares located in San Joaquin, Iloilo and Hamtic Antique. Result of preliminary study shows that a potential of 155 MW to 194 MW power capacity can be produced in the contracted area. The project shall be implemented under R.A. 9513 (Renewable Energy Act of 2008).

Currently, the Company is preparing for the WRA campaign to fully assess the viability of wind resources in the area.

Wind Energy Project – Calatagan, Batangas

The Company, through its wholly owned subsidiary, Starfish Wind Energy Corporation ("SWEC"), has been awarded with another Wind Energy Service Contract by the DOE on June 22, 2023. The contracted area, spanning 2,835 hectares in Calatagan, Batangas, is located in shallow waters with a bathymetric depth of less than 60 meters. Result of preliminary study shows that a potential of 140 MW to 175 MW power capacity can be produced in the exploration area. The project shall be implemented under R.A. 9513 (Renewable Energy Act of 2008).

Currently, the Company is preparing for the WRA campaign to fully assess the viability of wind resource in the area.

Wind Energy Project – Pasuquin, Ilocos Norte

The Company, through its wholly owned subsidiary, Pasuquin Wind Energy Corporation ("PWEC"), has been awarded with another Wind Energy Service Contract by the DOE on September 15, 2023. The contracted area, spanning 5,502 hectares in Pasuquin, Ilocos Norte, is located in shallow waters with a bathymetric depth of less than 60 meters. Result of preliminary study shows that a potential of 90 MW to 112 MW power capacity can be produced in the exploration area. The project shall be implemented under R.A. 9513 (Renewable Energy Act of 2008).

Currently, the Company is preparing for the WRA campaign to fully assess the viability of wind resource in the area.

The Company, through its subsidiary, Basic Renewable Inc., is exploring to utilize and develop its wholly owned 41-hectare lot property into a solar PV ground-mounted power project in Barangay Balingasay, Bolinao, Pangasinan. It is expected that a capacity of 45.18 MWp will be developed in the said area based on the preliminary feasibility study done by JGC Philippines, Inc., a consulting and engineering firm procured by the company to do such study.

Solar Energy Project – Bolinao, Pangasinan

The Solar Power Plant will be connected to the local electric cooperative, Pangasinan Electric Cooperative I (PANELCO I), through an embedded set-up.

The Company has signed a Memorandum of Understanding (MOU) with Pangasinan Electric Cooperative I (PANELCO I) to jointly study and evaluate the distribution impact and the distribution assets of PANELCO I to determine the viability of the proposed embedded set-up. Currently, the Company is preparing to conduct a Distribution Impact Study (DIS) and Distribution Asset Study (DAS) to assess the existing infrastructure of PANELCO I prior to project execution.

Solar Energy Project – San Rafael, Bulacan

The Company is also exploring to utilize and develop a portion of its wholly owned 12-hectare lot property into a solar PV ground-mounted power project in San Rafael, Bulacan. The target capacity of the solar power plant is 10 MWp and is planned to be integrated with a Battery Energy Storage System ("BESS"). The Solar Power Plant will be connected to the electric company, MERALCO, through an embedded set-up.

Currently, the Company is preparing to conduct a preliminary study for the solar power plant. Also, a Letter of Interest (LOI) has been prepared and submitted to MERALCO signifying its interest to interconnect the solar power plant to the existing infrastructure. The Company will be conducting a series of discussions and negotiations with MERALCO for the interconnection and power supply aspect of the power plant.

Geothermal Energy

The Company is likewise involved in the exploration, development, and production of geothermal energy. It has been awarded service contracts for various areas by the Department of Energy ("DOE"), which prescribes the periods and programs for these service contracts pursuant to R.A. 9513 (Renewable Energy Act of 2008) for the subsequent geothermal service contract.

The Iriga Geothermal Power Project in Camarines Sur is bounded to the north by Isarog geothermal block of PNOC-RC and to the east by the highly productive Tiwi geothermal service contract area of formerly Chevron, now AP Renewables Inc. The aerial landscape is dominated by Iriga or Asog Volcano, a stratovolcano immediately southwest of Lake Buhi in southern Luzon.

In 2016, Desco Inc. entered into a Farm-in Agreement with the Company acquiring eighty (80%) percent participating interest in and operatorship of the Iriga Geothermal Project. The farm-in agreement and transfer of operatorship on the project to Desco Inc. was approved by the DOE in a letter received by the Company on November 8, 2016. In 2019, Desco Inc. received DOE's approval for the extension of its work program, which involved securing the permitting requirements for the project, NCIP certification and well site preparations for the drilling of exploratory wells. The Company has a 20% interest in the project.

Green Energy E-Transport Program

The Green Energy E-transport Program was conceptualized to address the national thrust of promoting renewable energy and the modernization of public-utility vehicles. The program will pursue the installation of rooftop solar systems on retail stations in partnership with various oil companies. The solar energy generated by the solar system will be stored in powerwall batteries to be utilized by the retail station to complement the electricity supply drawn from the grid.

Apart from the solar system, electric charging stations will be installed in the service stations to power the batteries of the modern electric buses that will replace the old jeepneys. This is designed to jumpstart the availability of e-charging networks for e-buses and other electric vehicles in the near future. The entire program is in line and underpinned by the government's direction enshrined in R.A. 9513 (Renewable Energy law) and R.A. 11697 (Electric Vehicle Development Law). The rooftop solar systems coupled with electric vehicles for public utility will contribute to the reduction of carbon emission to address global warming.

Currently, the Company has implemented the program to three different retail stations namely: Ecooil Mandaluyong, Ecooil Cainta and Phoenix Vito Cruz. The Company continues to pursue partnerships with transport cooperatives and retail stations to replicate the program to different parts of the country.

E-Hub: A Renewable Energy and Public Transport Hub

The establishment of a renewable energy and public transport hub to be called the "E-Hub" is envisioned to modernize public transportation and generate electricity from renewable energy which aims to benefit the residents of the province/city. The E-Hub is comprised of two main components.

The first component is the construction of a transport terminal. This will serve as the nexus for provincial buses, e-Jeepneys/Buses, and tricycles that will facilitate the seamless movement of the commuting public. Additionally, the transport terminal will have EV charging stations and rentable merchandising spaces. An allied company will manufacture and supply class 2 and class 3 e-Jeepneys/Buses to different transport cooperatives.

The second component is the Solar Power Plant with Battery Energy Storage System. The Solar Power Plant will supply electricity to the local electric cooperative. Also, the generated electricity can power the EV chargers located at the terminal for recharging of e-Jeepneys/Buses.

Currently, the Company has presented the concept to various local government units. Data gathering and preliminary study will be conducted to tailor-fit the E-Hub to the requirements and needs of the provinces/cities.

Risk Management

In the Geothermal, Solar and Wind Energy business, the Company is faced with the following risks, in order of importance:

(a) Probability of Exploration and Development Success. Geothermal, Solar and Wind projects are inherently high-risk undertakings. There can be no assurance that the

Company's activities will be successful in discovering commercially viable geothermal, solar or wind resources. Even if an apparently feasible resource is determined, there is no guarantee that it can be economically exploited. Despite the Company's reliance on advanced technology such as 3-D seismic data to improve the probability of success of discovery, geothermal, solar and wind energy operations are speculative businesses. Advanced technology, even with the correct interpretation, only assists in identifying the resource structures and does not ensure the certainty of the presence of commercially viable resources. Moreover, in geothermal operations, 3-D seismic data and other advanced technology require higher investments that may result in higher losses, should the drilling prove unsuccessful.

Risk of heavy financial losses if prospects would prove unsuccessful could be mitigated through:

Farming-Out of Interest: A Farm-Out Agreement is a contract whereby a third party agrees to acquire from a licensee an interest in a production license and the corresponding operating agreement for a consideration normally consisting of an undertaking to perform a specified work obligation in the drilling of one or more wells. Farming out is usually undertaken by the seller of interest as a source for funding or as part of the rationalization of a licensee's interests. The seller may want to dispose of areas or interests which are peripheral to its main operations or in which it has small equity holdings but would take up as much management time as a larger holding.

Spreading Exploration Risks through Joint Ventures in Several Exploration Blocks: Forming alliances and jointly bidding for the development of a range of opportunities in geothermal, solar and wind projects, mitigates exploration and development risks of a corporation as there is risk-sharing - the cost and responsibilities of drilling, development or production are spread over a number of entities. Joint ventures also enable companies to free up funds otherwise tied up in a single project and enable these companies to build a portfolio of prospects.

Exploring in Geological Proven Areas: The Company has been making investments and will continue to invest in geologically proven provinces only.

(b) Operating Hazards of Exploratory Drilling Activities and Environmental Risks (for geothermal projects). Drilling operations may be delayed, curtailed, or subjected to operating and technical difficulties. Unexpected drilling conditions, adverse weather conditions, unanticipated pressure or formations, equipment breakdowns, industrial and environmental accidents and other such events may occur which may have adverse effects on the Company's operations and correspondingly on its financial performance and condition. Geothermal exploration, development and drilling activities will be subject to Philippine environmental laws and regulations. Normal exploration and drilling operations involve certain operating hazards such as explosions, cratering, well blowouts, uncontrollable flows of steam, natural gas or well fluids, releases of toxic gas, accidental leakages, formations with abnormal pressures, fires, pollution and other environmental perils and risks, any of which may subject the Company to extensive liability or loss of assets.

Operating risks in the exploration and development drilling and production phases are generally directly driven by standards in design, procurement and installation, operating procedures, and contingency planning. The Company, in its investment evaluation process, considers the presence and implementation of the following measures and strategies to mitigate risk exposures: (i) hiring of technically competent staff that are adept in utilizing state-of-the-art technology and could conduct effective evaluation work; and (ii) ensuring adherence to the various environmental laws and regulations, taking into account not only local but international expectations as well.

(c) Volatility in Power Prices and Exchange Rate Risks. Revenues derived from successful operation of the projects will be affected by changes in power prices or charges. Power prices are sensitive to changes in the global supply and demand conditions, forward selling activities, domestic and foreign government regulations, environmental trends, overall global economic conditions, and other macroeconomic and political factors that are beyond the Company's control. Furthermore, if revenues are pegged to the US dollar, the Company is exposed to exchange rate risks given the volatility of the rate of exchange between the US dollar and Philippine peso.

(d) Government Regulations and Approvals. Government action such as changes in regulations may affect the Company's business and eventual operating and financial performance. Government may limit access to prospective development areas, implement stricter environmental laws to protect human health and the environment, impose higher taxes and royalties, all of which may adversely affect the Company's financial performance.

For the risks mentioned in items (c) and (d) above, these risks could be mitigated through early identification systems of risk exposures to external threats such as changes in government regulations and changes in the geo-political environment of operating locations. The Company will continue to negotiate power price agreements with inputs from experts. The Company adheres to its policy of involving competent technical professionals in the preparation and negotiations of power price agreements. The Company will also continue to involve competent technical professionals in the preparation and negotiations of power purchase agreements for its projects.

(3) Employees

The Company has fifteen (15) officers and employees, of which six (4) are executive officers, seven (9) are assigned as technical, project, accounting, administrative, IT and operations support staff and two (2) are assigned for utility and service staff. The Company expects to hire additional personnel or engage the services of consultants as may be needed. When the Company will pursue additional renewable energy projects, project managers, and engineering, technical and other support personnel may be required for its projects.

Item 2. Properties

The Company and its subsidiary, Basic Diversified Industrial Holdings Inc., own several parcels of land located in Bolinao, Pangasinan, containing an aggregate gross area of about 426,361 square meters. The property is located approximately 4.3 kilometers southwest from the Bolinao-Bani Provincial Road and is best suited for agro-industrial land development.

The Company also owns parcels of land located at Tanay, Rizal with a total area of 35,000 square meters, near the town proper with good roads and is suitable for residential housing development or for an agricultural farm project.

The Company also owns a parcel of land located at Gutalac, Zamboanga del Norte with an area of approximately 22 hectares, suitable for agricultural farm development.

To date, the Company or its subsidiaries do not have any plan to own additional properties for its projects.

Item 3. Legal Proceedings

The Company or its subsidiaries and affiliates are not involved in any pending legal proceeding(s) relative to properties or property interests of the Company, in the last five (5) years.

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

The following matters were submitted for approval of the stockholders at the annual stockholders meeting held on September 20, 2023, and were approved as follows:

a) Approval of the minutes of the annual stockholders meeting held on August 31, 2022, which contained, among others:

   i. the election of the members of the Board of Directors including Independent Directors for 2022-2023;
   ii. approval of the amendments to the Amended Articles of Incorporation and Amended By-laws of the Corporation, namely, amending Article III of the Amended Articles of Incorporation and Article I of the Amended By-Laws changing the principal address of the company to GM Building, 240 EDSA, Wack Wack Greenhills East, Mandaluyong City; and,

iii. appointment of Reyes Tacandong & Co. as External Auditors for the 2021 financial statements.

b) Approval of the President's Report for 2022 and the 2022 Audited Financial Statements of the Company;

c) Ratification of all acts of Management and the Board for the term 2022-2023;

d) Election of the following directors for the term 2022 to 2023:

Ramon F. Villavicencio	
Manuel Z. Gonzalez	
Oscar L. de Venecia, Jr.	
Luisito V. Poblete	
Beatrice Jane L. Ang	
Ma. Rosette Geraldine L. Oquias	
Ramon L. Mapa	
Jaime J. Martirez	
Kim S. Jacinto-Henares	- Independent Director
Andres B. Reyes, Jr.	- Independent Director

e) Approval of the proposed amendments in Articles I, II, II-A, III, V, and VII of the Corporation's by-laws;

f) Appointment of Reyes Tacandong & Co. as External Auditors for the 2022 financial statements.

The above items were approved by the unanimous vote of all stockholders owning 10,879,056,965 shares, present and represented in the said annual stockholders meeting, constituting 74.17 % of the total outstanding shares of the Company as of record date of the said annual stockholders meeting.

The Company received duly signed proxies submitted to the Corporate Secretary for purposes of this annual stockholders' meeting.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Issuers of Common Equity and Related Stockholders Matters

(1) Market Information

The shares of stock of the Company are traded in the Philippine Stock Exchange. The Company's high and low closing prices for each quarter of years 2023 and 2022:

	High		Low	
	2023	**2022**	**2023**	**2022**
1st Quarter	Php0.36	Php0.63	Php0.25	Php0.35
2nd Quarter	0.27	0.47	0.22	0.35
3rd Quarter	0.23	0.44	0.18	0.29
4th Quarter	0.21	0.32	0.17	0.26

Further, the last trading price for the shares of the Corporation, as of December 31, 2023, was at Php0.18 per share.

(2) Holders

Top 20 Stockholders as of December 31, 2023:

Name	Outstanding shares	Percentage
PCD Nominee Corporation (Filipino)	13,800,844,621	94.08%
PCD Nominee Corporation (Non-Filipino)	231,876,672	1.58%
PCCI Securities Brokers Inc.	450,000,000	3.06%
Horacio Rodriguez	4,408,523	0.06%
Christine Chua	3,149,221	0.02%
East West Commodities, Inc.	3,019,498	0.02%
Paic Securities Corporation	2,025,906	0.01%
Northwest Securities, Inc.	1,977,273	0.01%
Santiago Tanchan	1.940,398	0.01%
Joseph Ong	1,602,391	0.01%
Phases Realtors Inc.	1,516,002	0.01%
Victoria Duca	1,363,249	0.01%
Aquatic Ranch Development Corp	1,353,080	0.01%
F. Yap Securities, Inc.	1,317,969	0.01%
Victoria Duca	1,279,962	0.01%
David Go Sec. Corp.	1,262,676	0.01%

Ricardo Ng	1,185,000	0.01%
Christodel Phils., Inc.	1,173,745	0.01%
Chung Guat Tioc	1,170,000	0.01%
Kensington Management Corporation	1,165,427	0.01%
Santiago J. Tannchan Jr.	1,104,554	0.01%

The Company is in compliance with the minimum public ownership requirement prescribed under existing regulations of the Securities and Exchange Commission and the Philippine Stock Exchange.

The Company's level of public float as of December 31, 2023 is 24.81% of total outstanding shares.

(3) Dividends

(a) No cash/stock dividends have been declared in 2023 and 2022.
(b) There are no restrictions that limit the payment of dividend on common shares.

(4) Recent Sale of Unregistered or Exempt Securities

a. Issuance of Shares Covering Private Placements Made in 2007

As a background, the Company increased its authorized capital stock from Php500 Million to Php2.5 billion in 2007 or an increase from 2 billion shares to 10 billion shares. The capital increase was approved by the Securities and Exchange Commission ("SEC") in November 2007. Out of the increase of 8 billion shares, 25% thereof or 2 billion shares were subscribed by way of private placements, of which 537.5 million shares have been paid and were eventually listed with the Philippine Stock Exchange ("PSE"). The balance of 1,462,500,000 shares were subscribed by eighteen (18) companies and individuals, as of December 2007, at Php0.25 per share, the payment of which was subject to call by the Board of Directors.

At the meeting of the Board of Directors on December 29, 2020, the Board of Directors authorized the call on these 1,462,500,000 shares, to be payable by April 8, 2021. This due date was extended up to June 10, 2021, at which time, only 990,000,000 shares subscribed by fourteen (14) companies and individuals, have been paid in the total amount of Php247,500,000.00, and the remaining 472,500,000 shares subscribed by four (4) subscribers, were declared delinquent as of June 10, 2021.The delinquent shares were confirmed by the Board of Directors on June 24, 2021. The request for confirmation of exemption from registration of these 990,000,000 shares under Section 10.1 (i) of the Securities Regulation Code, as amended, was approved by the SEC on February 22, 2022 These shares were listed on November 8, 2022.

b. Issuance of Shares to Subscribers of Delinquent Shares Auctioned on August 23, 2021

Of the 1,462,500,000 shares subscribed in 2007 to support the capital increase of the Company in 2007 to Php2.5 billion, 990,000,000 shares have been paid and the application for listing of these shares are still pending with the PSE. The remaining 472,500,000 shares were declared delinquent as of June 10, 2021 and were auctioned on August 23, 2021. Only 22.5 million shares (the "auctioned shares") were sold to the winning bidders at said auction sale, as follows:

Myrna Felinda B. Angeles	7,500,000 shares
Jaime J. Martirez	7,500,000 shares
Oscar S. Reyes	7,500,000 shares

The total amount of the winning bids for the auctioned shares in the amount of Php6,122,736.16 were paid on August 23, 2021. The request for confirmation of exemption from registration of these 22,500,000 shares under Section 10.2 of the Securities Regulation Code, was approved by SEC on March 3, 2023, Notice of Approval for Listing of these shares was issued by PSE on March 23, 2023 subject to submission of documentary requirements for compliance on listing date.

c. Issuance of Shares Under the Company's Stock Option Plan

A stock option plan was approved by the stockholders at the 2007 annual meeting of stockholders, whereby directors and members of the Advisory Board, officers and selected employees of the Company and its subsidiaries, and other persons as determined by the Board of Directors, have been granted the option to purchase shares of stock of the Company from its unissued capital stock at par value, and exercisable on the 3rd year from approval of the plan by the stockholders, subject to such allocation of shares as may be approved by the Board of Directors, not to exceed the total of 500 million shares (SOP shares). On June 18, 2010, the stockholders approved the extension of the exercise period from July 12, 2010 to July 11, 2013. The details and mechanics of the plan have been approved by the Board of Directors on July 29, 2011. The SEC issued its Certificate of Exemption from Registration requirements on September 8, 2011.

The SOP shares subscribed by a total of seventeen (17) directors and officers of the Company were approved in principle for listing by the Philippine Stock Exchange, as follows: 26.7 million shares in December 2012 and 473.3 million shares in July 2013. All the SOP shares have been fully paid as of April 2021 and have been actually listed in the Philippine Stock Exchange as of July 31, 2021.

d. Issuance of Shares to Meta Corporation Public Company Limited of Thailand

Meta Corporation Public Company Limited (formerly Vintage Engineering Public Company Limited), a publicly listed company registered in Thailand, and a stockholder of the Company, subscribed to 106,892,000 additional shares at the total subscription price of Php26,723,000.00, which were issued as of December 31, 2018 and these shares were confirmed by the Securities and Exchange Commission as exempt transactions under said Section 10.1 (k) of the Securities Regulation Code, while the application for listing of these shares is still pending with PSE. Additionally, the Company subscribed to 180,384,497 shares at the total subscription price of Php45,096,124.25 on November 15, 2021. The issuance of said shares is pending confirmation by the Securities and Exchange Commission ("SEC") as an exempt transaction under Section 10.1 (k) of the Securities Regulation Code, and the application for listing of these shares has been submitted to and is likewise still pending with the PSE.

e. **Issuance of Shares to Map 2000 Development Corporation**

The Company and Map 2000 Development Corporation (M2DC) executed on December 18, 2020, a Memorandum of Agreement covering the subscription by M2DC to 9,827,990,853 primary shares of stock of the Company, to be issued out of the increase in the authorized capital stock of the Company from Php2.5 billion to Php5 billion, representing 67% of the issued and outstanding capital stock of the Company post-increase. The subscription was subject to the fulfillment of certain conditions, including the approval by the Securities and Exchange Commission ("SEC") of the application for said increase in capital. On September 10, 2021, the SEC approved the capital increase of the Company to Php5 Billion. The total subscription price for the said shares of M2DC at par value per share of Php0.25 was fully paid in the amount of Php2,456,997,713.25 on December 10, 2021. These subscribed shares of M2DC represent 67% of the total outstanding capital stock of the Company, constituting more than majority control of the Company.

The Company has yet to request for confirmation by SEC of the exemption from registration of the subscribed shares of M2DC under Section 10.1 (i) of the Securities Regulation Code. Likewise, the Company has yet to apply for backdoor listing of the said shares with the Philippine Stock Exchange.

Item 6. Management Discussion and Analysis or Plan of Operations

Plan of Operations 2024

Wind Energy Operations

For 2024, the Company will still focus on wind project development. In particular, the Mabini power plant project is expected to complete the WRA campaign by June 2024. The favorable result of this campaign would support and lend further credence to the viability of the project that would attract partners and investors.

On the other hand, the Company will pursue the implementation of WRA campaign on the three other awarded wind energy service contracts.

Green Energy E-Transport Program

For 2024, the Company will still focus on implementing and replicating the program to various locations in the Philippines through establishment of partnership with transport cooperatives and retail stations. The Company will continue on the construction of the rooftop solar system, e-charging stations and electric buses as planned based on the agreed timetable with the project management team.

Geothermal Energy Operations

For 2024, the Company will continue to monitor developments in its remaining project, the Iriga Geothermal project, and the implementation of the work program as approved by the DOE and as undertaken by its operator, Desco Inc.

Business Development

The Company continues to pursue business opportunities for the development of renewable energy resources whether in the Philippines or abroad.

The Company will pursue the development of the Bolinao solar ground-mounted project in its wholly owned property in Bolinao Pangasinan. The Company is expected to provide at least 45MWp energy to the grid after 1.5 to 2 years.

The Company is also pushing for a solar ground-mounted power plant San Rafael, Bulacan.

Furthermore, the Company continues to present and discuss the E-Hub project to different local government units and aims to establish a pilot site.

Moreover, the Company is exploring to acquire possible run-of-river hydro plant projects that are currently operating in the Philippines.

The above possible equity investment is part of the Company's plans to be a major renewable energy and power company. With this objective, BEC was tasked to develop a robust portfolio of renewable energy projects such as solar, wind and biomass energy projects, in the Philippines, that will provide the Company with a continuing stream of revenues in the short and mid-terms.

Management's Discussion and Analysis of Financial Condition and Results of Operations for 2023

Key Performance Indicators

The following table shows the top 5 Key Performance Indicators for the past two years:

Key Performance Indicators			
	2023	**2022**	**2021**
Return on Investment	2.55%	2.09%	0.77%
Net Profit Margin	0.16%	0.79%	2.91%
Current Ratio	1.11:1	1.16:1	1.29:1
Asset Turnover	218.69%	309.54%	40.54%
Solvency Ratios			
Debt to Equity Ratio	295.78%	293.75%	189.11%
Asset to Equity Ratio	395.78%	393.75%	289.11%

ROI (Net Income/Average Stockholders' Equity) measures the profitability of stockholders' investment. Profit Margin (Net Income/Net Revenue) measures the net income produced by each peso of revenue. Investment in Projects as a % of Total Assets, measures how much the Company invested in its committed work programs. Current Ratio (Current Assets/Current Liabilities) measures the short-term debt paying ability of the Company. Asset Turnover (Net Revenue/Average Total Assets) measures how efficiently assets are used to produce profit.

ROI was 2.55% in 2023, 2.09% in 2022, 0.77% in 2021, and -3.12% in 2020. The reversal from negative ROI in 2020 to 0.77% in 2021 was due to the net income recognized in 2021 and the increase in 2023 is due the increase in net income recognized during the year.

Profit Margin was 0.16% in 2023, 0.79% in 2022, and 2.91% in 2021. The decrease of profit margins in 2022 and 2023 were due to the decrease of net income recognized in 2022 and 2023.

Current ratio decreased to 1.11:1 in 2023 from 1.16:1 in 2022 and was 1.29:1 in 2021. The decrease in ratio in 2023 and 2022 was due to the higher increase in current liabilities compared to the increase in current assets.

Asset Turnover increase to 218.69% in 2023 from 309.54% in 2022 and from 40.54% in 2021. The increase in ratio in 2022 was primarily due to increase in net revenue recognized in 2022 while the decrease in ratio in 2023 is due to the decrease in net revenue recognized in 2023.

Debt to Equity Ratio increased to 295.78% in 2023 from 293.75% in 2022 and from 189.11% in 2021. The increase in 2023 and 2022 in ratio was due to the bigger increase in liability compared to the increase in equity.

Asset to Equity Ratio increased to 395.78% in 2023 from 393.75% in 2022 and from 289.11% in 2021. The increase in ratio in 2023 & 2022 was due to the higher increase in assets over equity.

2023

For 2023, the Company's total assets stood at Php29.8 billion, an increase of Php1 billion from its previous year balance of Php28.8 million. Current assets with a balance of Php23.5 billion in 2023 increased by Php1.64 billion from Php21.86 billion in 2022. The increase in current assets is primarily attributable to the increases in trade & other receivables of Php1.06 billion, cash and cash equivalents of Php688.6 million and other current assets of Php351.5 million which were partially offset by the decreases in inventories of Php462.7 million. Non-current assets decreased by Php649.3 million from Php6.9 billion in 2022 to Php6.3 billion in 2023 primarily due to decreases in property & equipment of Php527.3 million, receivable from sale of investment in associate net of current portion of Php136.2 million and other noncurrent assets of Php68 million which were partially offset by the increases in investment properties of Php73.1 million and investment in associates and joint venture of Php9.2 million.

Total liabilities in 2023 closed at Php22.3 billion, an increase of Php778.2 million from the balance of Php21.5 billion in 2022. Current liabilities amounting to Php21.2 billion increased by Php1.5 billion from the balance of Php19.7 billion in 2022. The increase in current liabilities is primarily attributable to the increases in current portion of loans payable of Php5.2 billion which was partially offset by the increase decrease in trade and other payables by Php2.5 billion and trust receipts payable of Php1.2 billion. Noncurrent liabilities amounting to Php1.1 billion decreased by Php696.6 from the balance of Php1.8 billion in 2022. This was due to the decreases in loans payable – net of current portion of Php492.5 million, net deferred tax liability of Php68.8, lease liability – net of current portion of Php124.8 million and net retirement benefit liability of Php10.6 million.

Total equity recorded in 2023 was Php7.5 billion, an increase of Php213.9 million from the balance of Php7.3 billion in 2022. This was primarily due to the increases in capital stock of Php112.5 million, additional paid in capital of Php17.1 million, retained earnings of Php42.6 million and equity attributable to non-controlling interest of Php47.9 million which was partially offset by the decrease in other equity reserves of Php6.2 million.

For 2023, net sales generated amounted to Php64.1 billion with cost of sales of Php62.5 billion resulting to a gross profit of Php1.6 billion. Compared to 2022, wherein the Company recognized Php74.6 billion with cost of sales of Php72.8 billion, resulting to a gross profit of Php1.8 billion. The decreases in net sales, cost of sales and gross profit are primarily due to the decrease in sales volumes during the year. Other income and expense earned or incurred in 2023 are general & administrative expenses of Php1.3 billion, finance costs of Php660.7

million, share in net income of associates of Php9.1 million, other income – net of Php291 million and interest income of Php150.7 million.

For the year 2023, the Company recorded a consolidated net income of Php99.6 million, Php42.7 million of which is attributable to equity holders of the parent company and Php56.9 million to non-controlling interest. Including other comprehensive income of Php15.2 million, the total comprehensive income for the year amounted to Php84.4 million.

2022

For 2022, the Company's total assets stood at Php28.8 billion, an increase of Php9.4 billion from its previous year balance of Php19.4 million. Current assets with a balance of Php23.0 billion in 2022 increased by Php9.1 billion from Php13.9 billion in 2021. The increase in current assets is primarily attributable to the increases in trade & other receivables of Php5.9 billion, inventories of Php4.4 billion and other current assets of Php508.5 million which were partially offset by the decreases in cash & cash equivalents of Php604.6 million and non-current asset held for sale of Php1.2 billion. Non-current assets increased by Php377.6 million from Php5.4 billion in 2021 to Php5.8 billion in 2022 primarily due to increases in property & equipment of Php423.4 million and investment properties of Php49.3 million which were partially offset by the decreases in financial assets at FVOCI of Php17.2 million and investment in associates and joint venture of Php81.6 million.

Total liabilities in 2022 closed at Php21.5 billion, an increase of Php8.8 billion from the balance of Php12.7 billion in 2021. Current liabilities amounting to Php19.8 billion increased from the balance of Php10.8 billion in 2021. The increase in current assets is primarily attributable to the increases in trade and other payables of Php3.6 billion and trust receipts payable of Php5.6 billion. Non-current liabilities amounting to Php1.7 billion decreased from the balance of Php1.8 billion in 2021. This was due to the decreases in loans payable – net of current portion of Php390.5 million and net deferred tax liability of Php48.5 million which were partially offset by the increase in lease liability – net of current portion of Php327.8 million.

Total equity recorded in 2022 was Php7.3 billion, an increase of Php616.0 million from the balance of Php6.7 billion in 2021. This was primarily due to the increases in retained earnings of Php94.6 million, other equity reserves of Php28.5 million and equity attributable to non-controlling interest of Php492.9 million.

For 2022, net sales generated amounted to Php74.5 billion with cost of sales of Php72.9 billion resulting to a gross profit of Php1.7 billion. Compared to 2021, wherein the Company only recognized a resulting gross profit of Php90.7 million, the increases in net sales, cost of sales and gross profit are primarily due to the consolidation of the full-year performance of the investment in FECI. Other income and expense earned or incurred in 2022 are general & administrative expenses of Php1.2 billion, finance costs of Php224.9 million, share in net income of associates of Php19.5 million, other income – net of Php154.3 million, gain on disposal of investment in associate of Php156.0 million and interest income of Php49.0 million.

For the year 2022, the Company recorded a consolidated net income of Php585.8 million, Php94.6 million of which is attributable to equity holders of the parent company and Php491.2 million to non-controlling interest. Including net comprehensive income of Php30.2 million, the total comprehensive income for the year amounted to Php616.0 million.

In 2022, despite the continued global economic situation due to the COVID-19 pandemic and the Ukraine-Russia conflict, the Company continued to explore opportunities for investments in various energy projects as well as explore possible partnership that could bring value to the company.

The Company, with its Wind Energy Service Contract (“WESC”) for the Mabini Wind Power Project located in Mabini, Batangas has taken a further step in the development of the aforementioned wind project and has begun the Wind Resource Assessment (“WRA”) in the service area as well as other preliminary technical, commercial and permitting works necessary to bring the project to commercial operations. The Company is also in discussion with several interested entities that can be brought in as strategic partners to enhance the technical and financial capability of the proponent.

In December 2021, the Company acquired 60% ownership interest in Filoil Energy Company Incorporated (“FEC”). The acquisition of 60% interest in FEC provides indirect interest in the joint venture companies of FEC with Total Marketing Services, the Philippine subsidiary of Total France. For the year 2022, the Company is realizing the full-year benefit of its investment in FEC with the significant increase in the consolidated net income recognized during the year.

The Company is also involved in the Green Energy E-Transport Program (“GEEP”) which intends to revolutionize and modernize the existing Public Utility Transport through the use of environmentally friendly energy sources and vehicles. The Company’s has taken a significant step in its role in GEEP as the primary installer of solar energy producing facilities and charging stations for electric vehicles for public transport. Towards the end of 2022, the Company has started the establishment of pilot sites that would provide access for e-buses and private e-vehicles to charge at Basic’s e-charging facilities located at traditional fuel stations.

2021

For 2021, the Company’s total assets stood at Php19.4 billion, an increase of Php18.9 billion from its previous year balance of Php482.9 million. Current assets with a 2021 balance of Php13.9 billion increased by Php13.8 billion from the balance of Php137.1 million in 2020. The increase in current assets is primarily attributable to the increases in cash and cash equivalents of Php1.7 billion, receivables of Php8.9 billion, and other assets of Php906.8 million as well as recognition in 2021 of inventories amounting to Php1.2 billion and non-current asset held-for-sale amounting to Php1.2 billion. Non-current assets increased by Php51 billion from Php345.7 million in 2020 to Php5.4 billion in 2021 primarily due to increases investments in associates and joint venture of Php131.8 million, investment properties of Php57.7 million, property and equipment of Php4.7 billion, and other non-current assets of Php212.6 million.

Total liabilities in 2021 closed at Php12.7 billion, an increase of Php122.6 billion from the balance of Php25.2 million in 2020. Current liabilities amounting to Php10.8 billion increased from the balance of Php19.6 million in 2020. Non-current liabilities amounting to Php1.8 billion increased from the balance of Php22.5 million in 2020. This was due to the increases in accounts payable and accrued expenses of 9.5 billion, income tax payable of Php5 million, lease liability of Php86.3 million, loans payable of Php2.2 billion, and net deferred tax liability of Php847 million.

Total equity recorded in 2021 was Php6.7 billion, an increase of Php6.2 billion from the balance of Php457.6 million in 2020. This was primarily due to the increases in capital stock of Php2.9 billion, additional paid-in capital of Php310.9 million, retained earnings of Php81.4 million, equity attributable to non-controlling interest of Php3 billion.

For 2021, revenue generated amounted to Php3.7 billion. Revenue for the year came from sales revenue of Php3.7 million and service revenue of Php25.2 million. Other income for the year 2021 amounted to Php276.6 million composed primarily of fair value adjustment on investment properties of Php24 million, interest income of Php7.1 million, foreign exchange gain of Php2.8 million, gain on bargain purchase of Php137.2 million, income from penalty on delayed payment of receivables of Php9.9 million, gain from insurance claim of Php1.9 million and unrealized gain from change in fair value of derivative asset and liability of Php2.5 million. Compared to 2020, revenue and other income in 2021 increased by Php3.9 million primarily because of the sales revenue and service revenues recognized during the year.

Cost and expenses for 2021 amounted to Php3.7 billion, Php3.6 billion of which is cost of sales and services, Php121.3 million is general and administrative expenses, Php11.7 million is share in net losses of associates, and Php25.9 million is interest expense. Compared to 2020, cost and expenses in 2021 increased by Php3.8 billion primarily because of the cost of sales and services recognized in 2021 of Php3.7 million.

For the year 2021, the Company recorded a consolidated net income of Php109.8 million, Php81.4 million of which is attributable to equity holders of the parent company and Php28.4 million to non-controlling interest. Including net comprehensive loss of Php2 million, the total comprehensive income for the year amounted to Php107.8 million.

In 2021, despite the continued global economic situation due to the COVID-19 pandemic, the Company continued to explore opportunities for investments in various energy projects as well as explore possible partnership that could bring value to the company.

The Company was awarded the Wind Energy Service Contract ("WESC") for the Mabini Wind Power Project located in Mabini, Batangas. The Mabini Wind Power Project is in the development stage and is currently conducting the Wind Resource Assessment ("WRA") in the service area as well as other preliminary technical, commercial and permitting works necessary to bring the project to commercial operations.

In 2021, MAP 2000 Development Corporation ("M2DC") acquired least 67% of the outstanding capital stock of the Company. M2DC's acquisition of 67% interest in the Company opened various investment opportunities for the Company in the oil and gas sector and further opportunities in the renewable energy sector.

In December 2021, the Company acquired 60% ownership interest in Filoil Energy Company Incorporated ("FEC"). The acquisition of 60% interest in FEC provides indirect interest in the joint venture companies of FEC with Total Marketing Services, the Philippine subsidiary of Total France. The joint venture companies of FEC with TMS are Filoil Logistics Corporation, Total Philippines, and La Defense Filipinas Holdings Incorporated.

The Company is also involved in the Green Energy E-Transport Program ("GEEP") which intends to revolutionize and modernize the existing Public Utility Transport through the used of environmentally friendly energy sources and vehicles. The Company's role in GEEP is primarily to install solar energy producing facilities and charging stations for electric vehicles for public transport.

Item 7. Financial Statements

The Company's Consolidated Financial Statements and Schedules to Financial Statements are filed as part of this SEC Form 17-A.

Item 8. Changes and Disagreements with Accountants and Financial Closure

External Auditor

Upon the recommendation of the Audit Committee and the Board of Directors, the Company's external auditor, Reyes Tacandong & Co. ("RT&Co.") was appointed at the annual stockholders' meeting on September 20, 2023 as the Company's external auditor for the year 2023.

Audit services of RT&Co. for the fiscal year ended December 31, 2023 included the examination of books and consolidated financial statements of the Corporation and its subsidiaries, assistance in the preparation of the Corporation's final income tax returns and other services related to filing of reports made with the SEC and the BIR.

There was no event in the past three (3) years where RT&Co. had any disagreement with regard to any matter relating to accounting principles or practices, financial statement disclosures or auditing scope or procedures.

External Audit Fees

The Company paid the following fees to the external auditors for professional fees rendered in the last three (3) years:

Period Covered	Nature of Audit	Amount (in Php'000)
31 December 2023	Annual audit for regular reportorial requirement	1,650.0
31 December 2022	Annual audit for regular reportorial requirement	1,589.2
31 December 2021	Annual audit for regular reportorial requirement	1,555.4

RT&Co. has no shareholdings in the Company or any right, whether legally enforceable or not, to nominate persons or to subscribe for the securities in the Company, in accordance with the professional standards on independence set by the Board of Accountancy and approved by the Professional Regulation Commission.

The Audit Committee reviews the audit scope and coverage, strategy, and results for the approval of the Board. It ensures that audit services rendered shall not impair or derogate the independence of the external auditors or violate SEC regulations. Likewise, the Audit Committee evaluates and determines any non-audit work performed by external auditors, including the fees therefore, and ensures that such work will not conflict with the duties of the external auditors or threaten their independence.

Disagreements with External Auditors on Accounting and Financial Disclosure

There has been no event in the past three (3) years where the External Auditors and the Company had any disagreement with regard to any matter relating to accounting principles or practices, financial statement disclosures or auditing scope or procedures.

There were no disagreements with the Company's external auditors on any accounting and financial disclosures in the 2023 Audited Financial Statements of the Company.

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following amended PFRS:

Effective January 1, 2022:

Amendments to PFRS 3, Reference to Conceptual Framework – The amendments replace the reference of PFRS 3 from the 1989 Framework to the current 2018 Conceptual Framework. The amendments included an exception that specifies that, for some types of liabilities and contingent liabilities, an entity applying PFRS 3 should refer to PAS 37, Provisions, Contingent Liabilities and Contingent Assets, or IFRIC 21, Levies, instead of the Conceptual Framework. The requirement would ensure that the liabilities recognized in a business combination would remain the same as those recognized applying the current requirements in PFRS 3. The amendment also added an explicit statement that contingent assets acquired in a business combination should not be recognized by an acquirer. The amendments should be applied prospectively.

Amendments to PAS 16, Property, Plant and Equipment - Proceeds Before Intended Use – The amendments prohibit deducting from the cost of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for its intended use. Instead, the proceeds and related costs from such items shall be recognized in profit or loss. There is no transition relief for first-time adopters.

Amendments to PAS 37, Onerous Contracts – Cost of Fulfilling a Contract – The amendments specify which costs shall be included when assessing whether a contract is onerous or loss-making. The 'costs of fulfilling' a contract comprise the 'costs that relate directly to the contract'. These costs can either be incremental (e.g., the costs of direct labor and materials) or can be an allocation of costs directly related to fulfilling a contract (e.g., depreciation of fixed assets). At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other component of equity, as applicable. Accordingly, the comparatives are not restated.

Annual Improvements to PFRS 2018 to 2020 Cycle:

Amendments to PFRS 9, Financial Instruments - Fees in the '10 per cent' Test for Derecognition of Financial Liabilities – The amendment clarifies which fees an entity shall include when it applies the '10 per cent' test in assessing whether to derecognize a financial liability (i.e. whether the terms of a new or modified financial liability is substantially different from the terms of the original financial liability). These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or the lender on the other's behalf. The amendment applies to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applied the amendment.

Amendments to PFRS 16, Leases - Lease Incentives – The amendments remove from the Illustrative Example 13 the illustration of the reimbursement of leasehold improvements by the lessor. The objective of the amendment is to avoid any potential confusion regarding the treatment of lease incentives because of how the requirements for lease incentives are illustrated.

Under prevailing circumstances, the adoption of the foregoing amendments to PFRS did not have any material effect on the consolidated financial statements of the Group.

PART III – CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Issuer

Board of Directors

The following are the members of the Board of Directors of the Company as of December 31, 2023:

Ramon F. Villavicencio	Chairman
Manuel Z. Gonzalez	Vice Chairman
Oscar L. de Venecia, Jr.	Vice Chairman
Luisito V. Poblete	
Beatrice Jane L. Ang	
Ramon L. Mapa	
Jaime J. Martirez	
Ma. Rosette Geraldine L. Oquias	
Gil A. Buenaventura	Independent Director
Andres B. Reyes, Jr.	Independent Director
Kim S. Jacinto - Henares	Independent Director

Background Information

The following are the names, ages, positions, and period of service in the Company of the incumbent directors and key officers of the Company:

Directors

Ramon F. Villavicencio, 80 years old, Filipino, and is the Chairman of the Board of Basic Energy Corporation. He has more than 50 years' experience in the petroleum industry and is currently a Director of San Miguel Corporation. He was Chairman of Insular Oil Corporation, the Independent Philippine Petroleum Companies Association, and was President of the Philippine-Venezuelan Economic Council from 2011-2012. Among his milestones, he pioneered in oil recycling, hydro fuel technology, blended biodiesel availability for Flying V stations and the utilization of double hull/double bottom tankers way before the government's mandate for the usage of these type of tankers in 2010. He obtained his Bachelor of Commerce degree in 1962 and his Master's degree in Business Administration in 1964, both from De La Salle University.

Manuel Z. Gonzalez, 56 years old, Filipino, is the Vice Chairman of the Board of Basic Energy Corporation. He was elected as director of the Corporation on May 12, 2021 and holds that position up to the present. He is a Senior Partner in Martinez Vergara Gonzalez & Serrano Law Office since 2006 up to the present. Prior to co-founding MVGS Law, Atty. Gonzalez was a partner with the Picazo Buyco Tan Fider & Santos Law Office until 2006. Atty. Gonzalez has been involved in corporate practice for over 20 years and has extensive experience and has been recognized by “The Legal 500” for his practice in the areas of capital markets, energy, mergers & acquisitions and banking and finance. Atty. Gonzalez currently serves as Director and Corporate Secretary to many corporations including companies in the Century Pacific Group since 1995, Nomura Holdings Philippines since 2006 and ADP (Philippines) Inc. since 2010. He has attended continuing legal education programs required for the practice of law and a seminar on corporate governance in 2021. Atty. Gonzalez graduated cum laude with a Bachelor of Arts degree in Political Science and Economics from New York University and received a Bachelor of Laws from the University of the Philippines, College of Law.

Oscar L. De Venecia Jr., 54 years old, Filipino, is a director and the President and CEO of the Corporation. He was the Executive Vice President & COO of the Corporation since April 04, 2007 and was appointed as President & CEO of the Corporation in August 2011. He has served the Corporation in various executive positions, namely, as SVP and COO from June,1997 up to June 2001 and was the President and CEO from December 2002 up to November 2005. He is the President of Basic Geothermal Energy Corporation, Basic Renewables, Inc. and Basic Biofuels Corporation, and Basic Diversified Industrial Holdings, Inc., the Chairman and President of iBasic, Inc., director of Basic Consolidated International, Inc. and President of Southwest Resources, Inc.

He was the President of Forum Energy Philippines, Inc. from November 2005 to April 2007, Chairman and CEO of Blue Bamboo Solutions, Inc. from September 2002 to December 2005, a Consultant for Strategic Alliance Development Corporation from March 2002 and moved as Business Development Manager of Stradcom Corporation from May to November 2002. He was the President of the Rotary Club of Makati East for the Rotary Year 2010-2011 and is a member of the Management Association of the Philippines. He was appointed Honorary Vice Consul of the Consulate of Ukraine in the Philippines covering the Clark-Subic Economic Zone on February 18, 2011.

He obtained his degree in Bachelor of Arts in Economics from Fordham University, New York City, in 1996.

Luisito V. Poblete, 62 years old, Filipino, is the Director, President and Chief Operating Officer. He started doing general management consultancy work from 2018 and continues to do so up to the present. From 2016 to 2017, he was the President & Managing Director for Total (Philippines) Corporation and previous to that stint, he was the Vice President for Operations and HSEQ from 2013 to 2016 and the Vice President for Operations from 2002-2007. He was also assigned as Health, Safety and Environmental Manager from 2007 to 2009 and as Vice President for HSEQ and Technical from 2009 to 2013 at Total Oil Asia Pacific (Singapore Regional Office).

Prior to his work at Total (Philippines) Corporation, he worked with Pilipinas Shell Petroleum Corporation from 1980 to 1997, handling various operations and engineering positions at the Pandacan installation of the said company.

He attended the corporate governance seminar conducted by the Institute of Corporate Directors for new directors and officers of listed companies in December 2021.

He earned the degree of Bachelor of Science in Mechanical Engineering from the Mapua Institute of Technology and placed Eighth in the PRC Board of Examination for Mechanical Engineers in 1982.

Beatrice Jane L. Ang, Filipino, 39 years old. Dr. Ang is presently a Director and Corporate Secretary of Quindecim Holdings, Inc., a venture providing for healthcare and related services, a position she held since 2017, and the Managing Director and Treasurer of BA Securities, Inc., from 2003 up to the present. She is also the Managing Director of CLMC Group of Companies, which is into manufacturing, import and export of telecommunication facilities, software development, information technology and real estate, among others, from 2003 up to the present. Her international diplomatic experience consists of her being presently the Honorary Consul Designate of the Honorary Consulate of Ukraine and the Special Assistant to the Consul of the Honorary Consulate of Tanzania. She was the Special Assistant to the Consul General of the Honorary Consulate of Peru from 2007 to 2010. Her socio-civic work experience includes being the Administrator of the Buddhist Tzu Chi Medical Foundation Philippines, Inc., since 2019 to the present and the Commissioner of the Tzu Chi Buddhist Compassion Relief Foundation from 1995 to the present. She is an active volunteer in Sagip Bayan Foundation, Inc. since 2006 to the present and has more than 20 years of social leadership experience in various institutions such as the Red Cross, UNICEF, Habitat for Humanity, and other NGOs.

She obtained her Bachelor of Science in Biology degree from the University of the Philippines in 2004, a Doctor of Medicine degree in 2011 from St. Luke College of Medicine and a Master of Business Administration in General Management in 2014 from the Northwestern University and Hongkong University of Science & Technology.

Ramon L. Mapa, 76 years old, Filipino, is a director of the Corporation since 1976 and a Vice Chairman of the Board of Directors since October 2007 and director of the various subsidiaries of Corporation. He is the Vice Chairman and Treasurer of Sicogon Development Corporation, Treasurer of Optimum Asia Realty & Development Corporation, Director of Sta. Elena Properties, Inc., since 2002, and Director and Treasurer of Maple Agricultural Corporation, and Maple Realty Corporation since 2002.

He obtained his degree in Bachelor of Arts, major in Economics from the Ateneo University in 1965 and earned MBA credits also at the Ateneo University in 1966.

Jaime J. Martirez, 66 years old, Filipino, is a director of the Corporation and its subsidiaries since October 2007. He is the President & CEO of Unicapital Finance and Investments, Inc., Managing Director and Treasurer of Unicapital, Inc., Treasurer and Director of Unicapital Securities, Inc., Chairman, and President & CEO of Unoventure, Inc., a PEZA registered enterprise facilities provider. He is the Chairman of the Executive Committee of the Unicapital Group of Companies. He is a director in Majalco, Inc., a diversified holding corporation, in

Malayan Savings Bank and in MJ Holdings, Inc., a real estate company engaged in commercial property development in the Makati Central Business District. He is a past director of the Philippine Finance Association, a member of the Makati Business Club and the European Chamber of Commerce (ECCP). He has acquired and developed professional expertise in the field of Investment Banking for the last 41 years, since 1976.

He obtained his degree in Bachelor of Science in Management from De La Salle University in 1975 and completed the academic units for a Master's degree in Business Administration from the Ateneo Graduate School of Business in 1979.

Ma. Rosette Geraldine L. Oquias, 54 years old, Filipino and is a director of Basic Energy Corporation since May 12, 2021. She is presently the Vice President for Corporate Affairs and Chief Finance Officer of the FilOil Logistics Corporation, a position she held since 2016. Previous to this assignment, she was Financial Consultant to FilOil Energy Company, Inc. from 2015-2016.

She previously worked with the Equis Funds Group as Business Partner to the CEO and Divisional Presidents and as Financial and Operations Manager/ Team Manager, from 2014 to 2015. She worked with MDI Systems for almost 11 years, handling Integration/Microwarehouse/Wolfpac and Microserve, and was Chief Financial Officer for Biogstar Philippines. She was also the Chief Finance Officer for 2 years in Pillsbury Philippines, Inc., and the AVP-Comptroller for Empire East Properties, Inc. for 2 years. Her prior work experiences include her work as Financial Controller at Pepsi-Cola Products Philippines Inc., as Manager for Budget Financial Planning at Fil Pacific Apparel Corporation and as Auditor at the audit firm, Carlos Valdes & Co.

She has registered her attendance in the corporate governance seminar to be conducted by the Institute of Corporate Directors for new directors of listed companies in December 2021.

She graduated with a BSBA degree from the Miriam College Foundation and studied at the Graduate School of Business and Economics of De La Salle University. She is currently a candidate for certification as Chartered Financial Analyst.

Gil A. Buenaventura is a highly experienced professional in banking and general management with over 40 years of expertise. He served as President and CEO of RIZAL COMMERCIAL BANKING CORPORATION (RCBC) from July 2016 to June 2019, where he led the bank through challenges and oversaw its growth. He also held concurrent positions in various RCBC subsidiaries and affiliated companies.

Before RCBC, Buenaventura served as President and CEO of the DEVELOPMENT BANK OF THE PHILIPPINES (DBP) from October 2012 to June 2016. Under his leadership, DBP experienced significant growth and played a crucial role in financing initiatives for infrastructure development and environmental protection.

Prior to DBP, he held senior management positions in BANK OF THE PHILIPPINE ISLANDS (BPI) for over 16 years, where he managed major revenue-generating businesses and oversaw various subsidiaries and key management committees.

He also had significant roles in other banks, including PRUDENTIAL BANK and CITYTRUST BANKING CORPORATION. He started his career with CITIBANK North America and CITICORP INTERNATIONAL, Philippines.

He holds a Bachelor of Arts degree in Economics from the University of San Francisco and a Master of Business Administration degree from the University of Wisconsin, Madison.

Andres B. Reyes, Jr., 72 years old, Filipino, is an Independent Director of Basic Energy Corporation from November 26, 2020 up to the present. He is a retired Associate Justice of the Supreme Court of the Philippines where he served as Associate Justice from July 2017 to May 2020. Prior to his appointment as Associate Justice of the Supreme Court, he served as Associate Justice of the Court of Appeals from May 1999 to February 2010, after which he was appointed as Presiding Justice of the Court of Appeals from February 2010 until his appointment as Associate Justice of the Supreme Court. He was a Judge of the Metropolitan Trial Court -Makati and thereafter, a Judge of the Regional Trial Court- San Mateo, Rizal, before his appointment as Associate Justice of the Court of Appeals.

He is a member of the Integrated Bar of the Philippines, the Philippine Bar Association, and the Philippine Judges Association, was a Director/President of the Rizal Judges Association and is a member of the Asean Law Association. For his civic and social work, he is the Chairman of the LSGH Lawyers League Association.

He attended the corporate governance conducted by the Center for Global Best Practices in March 2021 and he has registered his attendance in the corporate governance seminar to be conducted by the Institute of Corporate Directors for new directors of listed companies in December 2021.

He obtained his Bachelor of Laws degree from the Ateneo Law School in 1978. He was admitted to the Bar in 1979. He took special courses like the Top Management Program at the Asian Institute of Management in 1986, Program Instruction for Lawyers at the Ateneo Law School in 2005, and Harvard Negotiation Intensive Workshop at the Harvard Law School in 2015. He obtained his Bachelor of Science major in Economics degree, from St. Mary’s College in California, USA, in 1972, Master of Public Administration degree from the Philippine Women’s University in 2002 and gained partial units in Master of Laws at the Manuel L. Quezon University in 2002.

Kim S. Jacinto - Henares, 61 years old, Filipino, is an Independent Director of Basic Energy Corporation from May 12, 2021 to the present. She is currently a Director of Reg Tek, Inc. and serves as Senior International Advisor/Consultant to various groups and projects, like Albright Stonebridge Group. She is a Board Member of the Tribute Foundation for International Tax Dispute Resolution (The Hague, Netherlands) and a Commissioner of the Independent

Commission for Reform of International Corporate Taxation. She served as a Member of the United Nations Economic & Social Commission for Asia and Pacific (Eminent Expert Group on Tax Policy and Public Expenditure Management, Bangkok, Thailand) and UN Committee on Experts on International Cooperation in Tax Matters (Geneva, Switzerland). She was appointed Commissioner of the Bureau of Internal Revenue and held office from 2010 to 2016, after being a Deputy Commissioner for the Special Concerns Group of the Bureau from 2003 to 2005. Prior to BIR, she served as Governor of the Board of Investment. She was Vice Chairperson of the Ad Hoc Group for Action 15 (Multilateral Instrument to Implement Tax Treaty Related Measures to Tackle Base Erosion Action Plan (BEPS) (Paris, France). She used to be connected also with ING Bank N.V. Manila Branch as its Vice President and as Deputy to the Vice Chairman of Security Banking Corporation. She was employed by Romulo, Mabanta, Buenaventura, Sayoc & Delos Angeles Law Office as Senior Associate and by Sycip, Gorres, Velayo & Co. as Tax Lawyer. Early in her career, she was General Manager of St. J. Square Marketing Corporation. She was also an Accounting Lecturer in De La Salle University, Manila.

She obtained her degree in Bachelor of Science in Commerce major in Accounting at De La Salle University Manila, and her Bachelor of Laws at the Ateneo de Manila University, consistently with flying colors. She further studied and obtained her degree in Master of Laws, major in International and Comparative Law at the Georgetown University (Washington DC, USA). She also attended the University of New Brunswick (Fredericton, New Brunswick, Canada), McGill University, Faculty of Law (Montreal, Quebec, Canada) and University of Toronto. Faculty of Law (Toronto, Ontario, Canada) as Fulfillment of the Requirement of the Joint Accreditation Committee. Finally, she obtained her Postgraduate Diploma in International Dispute Resolution at the Queen Mary University of London.

She registered her attendance in the corporate governance seminar to be conducted by the Institute of Corporate Directors for new directors of listed companies in December 2021.

Having served the government as an accountant and lawyer, she was a recipient of the Lingkod Bayan Award by the Civil Service Commission and Order of Lakandula (Bayani).

Officers

Oscar L. De Venecia Jr., 54 years old, Filipino, is a director and the President and CEO of the Corporation. He was the Executive Vice President & COO of the Corporation since April 04, 2007 and was appointed as President & CEO of the Corporation in August 2011. He has served the Corporation in various executive positions, namely, as SVP and COO from June,1997 up to June 2001 and was the President and CEO from December 2002 up to November 2005. He is the President of Basic Geothermal Energy Corporation, Basic Renewables, Inc. and Basic Biofuels Corporation, and Basic Diversified Industrial Holdings, Inc., the Chairman and President of iBasic, Inc., director of Basic Consolidated International, Inc. and President of Southwest Resources, Inc.

He was the President of Forum Energy Philippines, Inc. from November 2005 to April 2007, Chairman and CEO of Blue Bamboo Solutions, Inc. from September 2002 to December 2005, a Consultant for Strategic Alliance Development Corporation from March 2002 and moved as Business Development Manager of Stradcom Corporation from May to November 2002. He was the President of the Rotary Club of Makati East for the Rotary Year 2010-2011 and is a member of the Management Association of the Philippines. He was appointed Honorary Vice Consul of the Consulate of Ukraine in the Philippines covering the Clark-Subic Economic Zone on February 18, 2011.

He obtained his degree in Bachelor of Arts in Economics from Fordham University, New York City, in 1996.

Luisito V. Poblete, 62 years old, Filipino, who joined the Company as Chief Operating Officer in May 2021. He started doing general management consultancy work from 2018 and continues to do so up to the present. From 2016 to 2017, he was the President & Managing Director for Total (Philippines) Corporation and previous to that stint, he was the Vice President for Operations and HSEQ from 2013 to 2016 and the Vice President for Operations from 2002-2007. He was also assigned as Health, Safety and Environmental Manager from 2007 to 2009 and as Vice President for HSEQ and Technical from 2009 to 2013 at Total Oil Asia Pacific (Singapore Regional Office).

Prior to his work at Total (Philippines) Corporation, he worked with Pilipinas Shell Petroleum Corporation from 1980 to 1997, handling various operations and engineering positions at the Pandacan installation of the said company.

He attended the corporate governance seminar conducted by the Institute of Corporate Directors for new directors and officers of listed companies in December 2021.

He earned the degree of Bachelor of Science in Mechanical Engineering from the Mapua Institute of Technology and placed Eighth in the PRC Board of Examination for Mechanical Engineers in 1982.

Alain S. Pangan, 43 years old, Filipino, a Certified Public Accountant, was engaged as Vice President for Finance effective January 2018. Prior to joining the Company, he was the Investment and Treasury Manager of Enfinity Asia Pacific Holdings Limited – Manila ROHQ and Enfinity Philippines Technology Services, Inc., a renewable energy company with international activities in solar and wind energy, for more than three (3) years. He has more than seven (7) years of audit, compliance, and advisory work with reputable Philippine audit/advisory firms. He obtained his Bachelor of Science degree in Accountancy from the Far Eastern University.

He attended the seminars on corporate governance conducted by SGV & Co. in 2018 and 2019. He attended the corporate governance seminar conducted by the Institute of Corporate Directors for directors and officers of listed companies in December 2021.

Gwyneth S. Ong, 47 years old, Filipino, is the Corporate Secretary of the Corporation and was appointed on February 28, 2023. She is a Partner at Martinez Vergara & Gonzalez Sociedad from 2015 up to the present, with extensive experience in a broad range of securities and capital market transactions. She graduated with a Bachelor of Science degree in Management major in Legal Management from the Ateneo de Manila University and a Bachelor of Laws degree from the University of the Philippines.

Janice L. Co, 40 years old, Filipino, is the is the Assistant Corporate Secretary of the Corporation and was appointed on February 28, 2023. She is a partner at Martinez Vergara & Gonzalez Sociedad from 2021 up to the present. She earned her Bachelor's degree in Political Science from the Ateneo de Manila University and has a Juris Doctor degree from the Ateneo de Manila University School of Law. She was admitted to the Philippine Bar in 2009.

Dominique P. Pascua, 35 years old, Filipino, is the Compliance Officer of the Corporation starting July 29, 2021. He is a Junior Partner at the Calleja Peralta Jimenez San Luis Uy & Ulibas Law Firm (Calleja Law Firm); prior to his appointment as the Company's Compliance Officer, he served as the Legal Manager for Filoil Logistics Corporation from 2016 to 2020. He has also been serving the Filoil group of companies for more than seven years as its Assistant Legal Counsel.

He has attended continuing legal education programs for the practice of law, and he attended the corporate governance seminar conducted by the Institute of Corporate Directors for directors and officers of listed companies in December 2021.

He obtained his degree in Bachelor of Arts, major in Consular and Diplomatic Affairs, from the De La Salle College of Saint Benilde in 2004 and his degree in Bachelor of Laws from Far Eastern University in 2010.

Darius Efren A. Marasigan, 49 years old, Filipino, is the Business Development Officer of the Corporation. He rendered consultancy services on renewable energy projects for Restored Energy Development Corporation of the Armadillo Group of Companies from August 2012 to April 2014, and for PNOC Renewables Corporation from November 2010 to August 2013. He was Senior Planning Officer at the PPP Center of the Philippines of NEDA from July 2007 to October 2010. Prior thereto, he was employed as Officer-in-Charge, Contracts & Claims Unit of the Meralco Industrial Engineering Services Corporation. He graduated from the Mapua Institute of Technology with a Bachelor of Science degree in Electrical Engineering, in 1994.

Julianne Khristina B. Beltran, a 29-year-old Filipino, has been serving as the Legal Counsel of the Company since October 19, 2023. She also holds the position of Corporate Secretary in the Company's subsidiaries. Prior to joining the Company, she held the role of Attorney IV at the Philippine Ports Authority, a government-owned and controlled corporation under the Department of Transportation. Additionally, she served as a Case Decongestion Officer in the Zero Backlog Task Force at the Department of Environmental and Natural Resources.

In December 2023, she attended a corporate governance seminar conducted by the Institute of Corporate Directors, tailored for directors and officers of listed companies.

She earned her Bachelor of Arts in Development Studies from De La Salle University in 2015 and her Juris Doctor degree from the DLSU Tañada-Diokno School of Law in 2021.

Involvement in Legal Proceedings

There were no reported pending cases, actions or proceedings, whether judicial, quasi-judicial or administrative in nature, bankruptcy petitions or proceedings filed or pending, conviction in criminal cases by final judgment, or any adverse court order decree or judgment, or violation of any securities or commodities law or regulation involving any of the directors and officers of the Company for the last five (5) years.

Family Relationships

There are no family relationships, whether by consanguinity or affinity, among the other directors and executive officers of the Company.

Board Committees

The members of the Audit Committee, which reviews the audit plans, report, and findings of the internal and external auditors of the Corporation, are:

Kim S. Jacinto-Henares, Independent Director	-	Chairman
Gil A. Buenaventura, Independent Director	-	Member
Andres B. Reyes, Jr. Independent Director	-	Member
Ma. Rosette Geraldine L. Oquias	-	Member
Jaime J. Martirez	-	Member

The members of the Nominating Committee, which reviews the qualifications of nominees to the Board of Directors and the key officers of the Corporation, are:

Manuel Z. Gonzalez	-	Chairman
Oscar L. de Venecia, Jr.	-	Member
Ramon L. Mapa	-	Member
Luisito V. Poblete	-	Member
Kim S. Jacinto - Henares, Independent Director	-	Member

The members of the Risk Committee, which reviews the financial reports of the Corporation, reviews all project and investment proposals, and undertakes risk evaluation and management, are:

Gil A. Buenvaventura, Independent Director	-	Chairman
Kim S. Jacinto-Henares, Independent Director	-	Member
Andres B. Reyes, Jr. Independent Director	-	Member
Manuel Z. Gonzalez	-	Member
Jaime J. Martirez	-	Member

The members of the Corporate Governance Committee, which is responsible for maintaining and ensuring good governance of the Corporation, are:

Andres B. Reyes, Jr. Independent Director	-	Chairman
Kim S. Jacinto - Henares, Independent Director	-	Member
Gil A. Buenaventura - Independent Director	-	Member
Manuel Z. Gonzalez	-	Member
Beatrice Jane L. Ang	-	Member

The members of the Compensation and Remuneration Committee, which is responsible for determining the salaries and other remuneration for the executives within the company, are:

Ramon L. Mapa	-	Chairman
Andres B. Reyes, Jr., Independent Director	-	Member
Gil A. Buenaventura - Independent Director	-	Member
Ma. Rosette Geraldine L. Oquias	-	Member
Jaime J. Martirez	-	Member

The members of the Related Third-Party Transaction Committee, which responsible for assessing all significant Related Party Transactions (RPTs) to guarantee that dealings with affiliated parties are conducted fairly and responsibly, adhering to appropriate business practices, are:

Kim S. Jacinto-Henares., Independent Director	-	Chairman
Andres B. Reyes, Jr., Independent Director	-	Member
Gil A. Buenaventura - Independent Director	-	Member
Jaime J. Martirez	-	Member

Item 10. Executive Compensation

Directors' Compensation

The Directors of the Corporation do not receive compensation from the Company, except per diems for attendance at Board and Committee Meetings at Php20,900.00 and Php10,500.00 per attendance, respectively. There is no existing compensatory plan or arrangement for directors of the Company.

Executive Officers' Compensation

Name / Position	Year	Salary	Bonus	Other Compensation
Oscar L. De Venecia CEO		Php5,100,000	Php850,000	Php508,800
Luisito V. Poblete President & COO		3,672,000	612,000	460,800

Alain S. Pangan VP, Finance		3,450,000	575,000	108,800
Darius A. Marasigan Ops. & Bus. Dev. Manager		1,274,880	212,480	56,800
Total	2024	Php13,496,880 (estimated)	Php2,249,480 (estimated)	Php1,135,200 (estimated)
	2023	12,684,745	2,109,073	922,914
	2022	11,851,651	1,975,550	458,860
All other officers as a group	2024	Php3,217,800 (estimated)	Php536,300 (estimated)	156,000 (estimated)
	2023	1,460,991	275,705	71,500
	2022	677,927	112,492	34,000

Except for the stock option plan as above mentioned and the existing retirement plan for officers and employees of the Corporation, there is no existing compensatory plan or arrangement covering bonuses, profit-sharing, warrants and other rights for directors and officers of the Corporation, or which will arise from the resignation, retirement, expiration of term of employment, change in control or change in the officer's responsibilities.

Item 11. Security Ownership of Certain Beneficial Owners and Management

(1) Security Ownership of more than Five Percent (5%) of the Company Shares

As of December 31, 2023, the entity known to the Company to be directly or indirectly the record and beneficial owner of more than five (5%) percent of the Company's common shares, is as follows:

Class	Name, Address of Record Owner, and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percentage
Common Shares	PCD Nominee Corporation / 37F Tower I, Enterprise Center, Ayala Avenue, Makati City / No relationship with the Company	Various participants of PCD	Filipino	13,798,253,019	94.07%
	Unicapital, Inc 3/F Majalco Bldg.		Filipino	450,000,000	3.06%

	Benavidez St., Legaspi Village, Makati No relationship with the company			
	Meta Corporation Public Company Limited / 33/4, 36th floor, Building A, The Ninth Towers Grand Rama 9, Rama 9 Road, Huai Khwang, Bangkok, Thailand / No relationship with the Company	Thai	287,276,497	1.95%

(2) Security Ownership of Management

The following are the number of common shares known to the Corporation to be owned beneficially and/or of record by the incumbent directors of the Corporation, and the percentage of shareholdings of each, as of December 31, 2023:

Class	Name	Direct	Indirect	Citizenship	Percentage
Common	Oscar L. de Venecia, Jr.	200,000	46,181,330	Filipino	0.32%
Common	Ramon L. Mapa	268,311	13,384,249	Filipino	0.09%
Common	Jaime J. Martirez	0	467,500,000	Filipino	3.19%
Common	Andres B. Reyes, Jr.	10,000	0	Filipino	0.00%
Common	Beatrice Jane L. Ang	1,000	150,944,248	Filipino	1.03%
Common	Manuel Z. Gonzalez	1	0	Filipino	0.00%
Common	Ma. Rosette Geraldine L. Oquias	1	0	Filipino	0.00%
Common	Kim S. Jacinto-Henares	1	0	Filipino	0.00%
Common	Luisito V. Poblete	10,000	0	Filipino	0.00%
Common	Ramon F. Villavicencio	10,000	0	Filipino	0.00%
Total		**499,314**	**678,009,827**		**4.63%**

(1) Voting Trust Holders of 5% of more

None of the directors and officers owns 5% or more of the outstanding capital stock of the Corporation. The Corporation is not also aware of any person holding 5% or more of the Corporation's outstanding shares under a voting trust agreement or similar agreement.

(2) Changes in Control

The Company and Map 2000 Development Corporation (M2DC) executed on December 18, 2020, a Memorandum of Agreement covering the subscription by M2DC to 9,827,990,853 primary shares of stock of the Company to be issued out of the increase in the authorized capital stock of the Company from Php2.5 billion to Php5 Billion, representing 67% of the issued and outstanding capital stock of the Company post-increase. On May 12, 2021, the Board of Directors approved the execution of the covering Subscription Agreement, subject to the fulfillment of certain conditions, including the approval by the Securities and Exchange Commission (SEC) of the application for said increase in capital. On September 10, 2021, the SEC approved the capital increase of the Company to Php5 Billion. The subscribed shares of M2DC were fully paid on December 10, 2021. These subscribed shares of M2DC represent 67% of the total outstanding capital stock of the Company, constituting more than majority control of the Company.

(3) Shares owned by Foreigners

Citizenship	No. of Shares	% Holdings
Thai	20,000	0.00%
American	1,516,972	0.01%
Chinese	1,502,196	0.01%
British	366,051	0.00%
Others	235,382,394	1.61%
Total	**238,787,613**	**1.63%**

Item 12. Certain Relationships and Related Transactions

The Company has transactions with Meta Corporation Public Company Limited (formerly Vintage Engineering Public Company Limited), a public company registered in Thailand, a stockholder of the Company, relating to equity investments in Vintage EPC Company Limited (Thailand) and VTE International Construction Company Limited (Thailand) up to fifteen per cent (15%) of the outstanding capital of said companies, which were implemented after satisfactory due diligence on the said companies and its projects. Vintage EPC Company Limited and VTE International Construction Company Limited are the EPC contractors in the Myanmar 220 MW Solar Power Plant Project of GEP (Myanmar) Company Ltd.

Likewise, after considering the fair opinion and valuation report from a third-party evaluator and its compliance with the requirements of the Material Related Party Transaction Policy, in

December 2021, the Company invested in 60% of the equity of Filoil Energy Company Inc., an independent oil industry participant with existing joint venture with the Total group since mid-2016. The joint venture is known in the industry to be active in the downstream oil business of fuel retailing, importation, bulk supplies and depot operations and allied logistics services.

Other than the above transactions, there were no material transactions during the past two years, nor was there any material transaction, contractual or other commitments, currently on-going or being proposed, to which the Company was or is to be a party with any stockholder, incumbent director and/or executive officer of the Company, disclosed or required to be disclosed in the financial statements of the Company pursuant to SFAS/IAS No. 24. In the normal course of business, the Company has transactions with its subsidiaries consisting of non-interest-bearing advances to finance the working capital requirements of these subsidiaries, and provides assistance to its subsidiaries in carrying out certain administrative functions in connection with its business operations

PART IV – CORPORATE GOVERNANCE

Item 13. Corporate Governance

The Company has an established evaluation system to determine the level of compliance of the Board and Management with its Manual on Corporate Governance, which consists of a feedback mechanism from the shareholders as well as an annual Board Performance Assessment which is accomplished by the Board through self-assessment and properly indicating the compliance rating. Said assessment includes the performance of the Chairman, the individual directors and the Committees and is conducted and monitored by the Corporate Governance Committee.

To further advance good governance, the Company – through its Board – has established its vision, objectives, policies and management of the Company based on an adequate internal control system and enterprise risk management network with the aim of ensuring integrity, transparency and proper governance in the conduct of all its affairs.

There have been no deviations from the Company's Manual on Corporate Governance and full compliance thereto has been made since the adoption of the Manual. All directors (both new and veteran) and key officers have complied with the annual continuing training program on corporate governance requirement under the Corporate Governance Code and the Company's own Manual on Corporate Governance for the year 2022, to ensure that all directors are continuously informed of the developments in the business and regulatory environment relevant to the Company. Proper disclosure of the annual compliance of Directors and Key Officers to the Corporate Governance training has been made to the respective regulatory agencies.

The Company continues to take steps further enhancing its adherence to the practice and internationally and locally accepted leading principles of good corporate governance.

PART V – EXHIBITS AND SCHEDULES

Item 14. Exhibits and Reports on SEC Form 17C

(a) Exhibit 1 - Consolidated Financial Statements and Schedules thereto.

(b) Exhibit 2 - Current Reports under Sec Approval of the 2023 Audited Financial Statements of Basic Energy Corporation and its Subsidiaries – after a report and recommendation from the Audit Committee and discussion among the Directors, the Board resolved to approve the 2023 Audited Financial Statements of the Company and its subsidiaries and authorize the subsequent acts of filing with the relevant regulatory agencies, as well as authorizing the respective officers to sign relevant documents – Statement of Management's Responsibility and Income Tax Returns,

(c) SEC Form 17-C submitted during the period from January 01, 2023 to December 31, 2023.

Date of Report	Particulars
Jan 16	Public Ownership Report
Jan 16	List of Top 100 Stockholders (Common Shares)
Jan 17	Certificate of Attendance of Directors
Jan 17	Certificate of Corporate Governance Compliance for 2022
Jan 17	Certificate of Corporate Governance Compliance
Feb 27	Press Release on updates on the Mabini Wind Power Project
Mar 01	Results of Board Meeting of February 28, 2023
Mar 01	Resignation of Corporate Secretary and appointment of Atty. Gwyneth S. Ong and Atty. Janice L. Co as the new Corporate Secretary and Assistant Corporate Secretary
Mar 01	Initial Statement of Beneficial Ownership of Securities
Mar 01	Initial Statement of Beneficial Ownership of Securities
Mar 24	Press Release - Development Update on Green Energy E-Vehicle Program (GEEP)
Apr 17	Public Ownership Report
Apr 17	List of Top 100 Stockholders (Common Shares)
Apr 18	Annual Report – SEC Form 17A
Apr 20	Change in Directors and/or Officers - retirement of Mr. Alberto P. Morillo from his position as the Company's VP-Operations.
May 15	Quarterly Report – SEC Form 17Q
May 16	Change in Shareholdings of Director
May 26	Notice of the schedule of the Annual Stockholders' Meeting for 2023
May 26	Results of Regular Board Meeting of May 25, 2023
May 31	2023 Integrated Annual Corporate Governance Report of Basic Energy Corporation for Fiscal Year ending December 31, 2022
Jun 20	Postponement of the 2023 Annual Stockholders' Meeting (ASM) of the Corporation from July 12 to September 20, 2023
Jun 20	Change in Shareholdings of Director

Jun 20	Amendment – Notice of 2023 Annual Stockholders' Meeting
Jun 22	Quarterly Report
Jun 28	Press Release - Basic Energy Corporation Includes Panay Onshore Wind Power Project to its Renewable Energy Projects Pipeline
Jul 18	Public Ownership Report
Jul 18	List of Top 100 Stockholders (Common Shares)
Jul 21	Press Release - Basic Energy Corporation Continues to Add Wind Energy Prospects to its Project Pipeline with Balayan Nearshore Wind Power Project
Jul 25	Statement of Changes in Beneficial Ownership of Securities
Aug 02	Statement of Changes in Beneficial Ownership of Securities
Aug 04	Statement of Changes in Beneficial Ownership of Securities
Aug 11	Results of Special Board Meeting August 10, 2023
Aug 11	Amendment – Notice of 2023 Annual Stockholders' Meeting
Aug 11	Preliminary Information Statement
Aug 11	Results of Special Board Meeting 11 August 2023 - Re-Auction of Delinquent Shares
Aug 14	Receipt of SEC approved Certificate of filing of Amended Articles of Incorporation of BSC with approval date of 2 August 2023.
Aug 14	Receipt of SEC approved Certificate of filing of By-Laws of Incorporation of BSC with approval date of 2 August 2023.
Aug 15	Quarterly Report
Aug 15	Change in Corporate Contact Details - Company Principal Office Address
Aug 29	Change in Directors of the Company - passing of director Reynaldo D. Gamboa on August 25, 2023.
Aug 31	Information Statement for Annual Stockholders' Meeting
Sep 01	Results of Regular Board Meeting 31 August 2023
Sep 13	Results of auction of delinquent shares held on 12 September 2023
Sep 21	Results of Basic Energy Corporation's Annual Stockholders Meeting held on 20 September 2023 – 1. Approval of Minutes of the Meeting of the 2022 Annual Stockholders Meeting held on August 31, 2022 2. President's Report with highlights of the 2022 Consolidated Audited Financial Statements 3. Ratification of all acts of the Board of Directors and Management during the term 2022-2023 4. Approval of amendment of the Amended By-Laws of the Corporation pertaining to - Article I Sections 1 to 6; Article II Sections 1, 5, 6, 8 and 9; Article II Section 11; Article II-A Sections 1 to 6; Article III Sections 1 and 11; Article III Section 13; Article V Sections 1 and 2; Article VII and Article X; 5. Appointment of Reyes Tacandong & Co. as the external auditors for the 2023 Financial Statements of the Company and appointment of Mr. Joseph C. Bilangbilin and Mr. Manuel P. Buensuceso as the engagement partners.

	6. Election of the members of Board of Directors 2023-2024 as follows: 1. Ramon F. Villavicencio 2. Manuel Z. Gonzalez 3. Ramon L. Mapa 4. Oscar L. De Venecia Jr. 5. Beatrice Jane L. Ang 6. Maria Rosette Geraldine L. Oquias 7. Jaime J. Martirez 8. Luisito V. Poblete 9. Kim S. Jacinto-Henares (Independent Director) 10. Andres B. Reyes Jr. (Independent Director)
Sep 21	Results of the Organizational Meeting of the Board of Basic Energy Corporation held September 20, 2023
Sep 21	Disclosure on Amendments to By-Laws of Basic Energy Corporation as disclosed last 31 August 2023 is being updated to reflect the date of approval by the Stockholders of the Company during its Annual Stockholders Meeting held on 20 September 2023.
Oct 11	Amendment – Result of Annual Stockholders' Meeting held on 20 September 2023
Oct 11	Change in Shareholdings of Director
Oct 12	Change in Shareholdings of Director
Oct 16	Public Ownership Report
Oct 16	List of Top 100 Stockholders (Common Shares)
Oct 25	General Information Sheet (GIS) 2023
Nov 03	Change in Shareholdings of Director
Nov 13	Statement of Changes in Beneficial Ownership of Securities
Nov 14	Quarterly Report
Nov 20	Change in Shareholdings of Director
Nov 23	Change in Shareholdings of Director
Nov 28	Press Release - Updates to the Green Energy E-Transport Program (GEEP)
Dec 07	Press Release on latest Wind Energy Service Contract (WESC) received by Basic Energy from the Department of Energy on its prospective Ilocos Norte wind project.
Dec 07	Change in Shareholdings of Director
Dec 07	Statement of Changes in Beneficial Ownership of Securities
Dec 07	Statement of Changes in Beneficial Ownership of Securities
Dec 07	Amendment - Statement of Changes in Beneficial Ownership of Securities
Dec 11	Amendment - Statement of Changes in Beneficial Ownership of Securities
Dec 15	Change in Shareholdings of Director
Dec 15	Change in Shareholdings of Director
Dec 21	Change in Shareholdings of Director
Dec 28	Change in Shareholdings of Director

(d) Schedules as required by paragraph 4.e of SRC Rule 68 "Annex M"

BASIC ENERGY CORPORATION

"STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS"

The Management of **BASIC ENERGY CORPORATON and SUBSIDIARIES** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2023 and 2022, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as the Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the 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 financial statements, including schedules attached therein, and submits the same to the stockholders.

Reyes Tacandong & Co., the independent auditor appointed by the stockholders for the period December 31, 2023 and 2022, have audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in their reports to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such audit.

Manuel Antonio Z. Gonzalez
Acting Chairman of the Board

Oscar L. De Venecia Jr.
Chief Executive Officer

Luisito V. Poblete
President

Alain S. Pangan
Vice President, Finance

Signed this 11th day of April 2024

BASIC ENERGY
CORPORATION

SUBSCRIBED AND SWORN to before me this _______ day of APR 15 2024, 2024 affiant having exhibited to me their TIN as follows:

Name	TIN
Manuel Antonio Z. Gonzales	166-201-040-000
Oscar L. De Venecia, Jr.	146-709-049-000
Luisito V. Poblete	136-622-576-000
Alain S. Pangan	215-611-246-000

Notary Public

Doc. No. 037
Page No. 19
Book No. I
Series of 2024

HAROLD BRYANT V. PASION
Appointment No. 148 (2024-2025)
Notary Public for Pasig and Pateros
Until December 31, 2025
Attorney Roll No. 90844
IBP OR No. 300904; 01.02.24; RSM
PTR OR No. 1634521; 01.02.24; Pasig City
33rd Flr., The Orient Square
F Ortigas, Jr. Road, Ortigas Center
Pasig City, Metro Manila 1600
Admitted to the Bar in 2023

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

3 6 3 5 9

COMPANY NAME

BASIC ENERGY CORPORATION AND SUBSIDIARIES

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

UB 111 Paseo de Roxas Building, Legaspi Village, San Lorenzo, Makati City

Form Type	Department requiring the report	Secondary License Type, If Applicable
AACFS	CRMD	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
basic@basicenergy.ph	(02) 8-892-9100	0920-938-3647

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
6,526	Last Wednesday 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
Alain S. Pangan	aspangan@basicenergy.ph	(02) 8-892-9100	0999-227-8352

CONTACT PERSON'S ADDRESS

709 Coronado St., Hulo, Mandaluyong City

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

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

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Basic Energy Corporation and Subsidiaries
UB 111 Paseo de Roxas Building
Legaspi Village, San Lorenzo
Makati City

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Basic Energy Corporation and Subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2023 and 2022, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years ended December 31, 2023, 2022 and 2021, and notes to the consolidated financial statements, including a summary of material accounting policy information.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2023, 2022 and 2021 in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). 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 audits of the consolidated financial statements of the current period. These matters were addressed in the context of our audits 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.

<u>Revenue Recognition</u>
The Group sells and distributes petroleum products and is engaged in fuel depot, terminal and storage operations. As discussed in Note 16 to the consolidated financial statements, revenues of the Group from the sale of fuel products amounted to ₱63,900.0 million in 2023. The Group recognizes sale of fuel when goods are delivered, the title to the goods has passed to the buyer, and the amount of revenue can be measured reliably.

We determined that the revenue recognition of the Group is a key audit matter because of the inherent risk related to the completeness and occurrence of the revenue recognition arising from the Group's arrangements with its key customers. We have performed an understanding of the revenue cycle and revenue recognition policy and tested the reliability of its information system in capturing transactions related to revenue. Further, we have reviewed the arrangement with customers vis-à-vis its transactions during the year to determine the completeness and proper timing of revenue recognition. In addition, we have performed substantive analytical procedures and applicable test of details. We also reviewed the appropriateness of relevant disclosures in the consolidated financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report including the sustainability report for the year ended December 31, 2023, but does not include the financial statements and our auditors' report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report including the sustainability report are expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we 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 when it becomes available 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 PFRS, 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 PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, these 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 PSA, we exercise professional judgment and maintain professional skepticism throughout the audits. 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of 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 reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Joseph C. Bilangbilin.

REYES TACANDONG & CO.

JOSEPH C. BILANGBILIN
Partner
CPA Certificate No. 102884
Tax Identification No. 210-181-965-000
BOA Accreditation No. 4782; Valid until April 13, 2024
BIR Accreditation No. 08-005144-011-2023
Valid until January 24, 2026
PTR No. 10072411
Issued January 2, 2024, Makati City

March 21, 2024
Makati City, Metro Manila

BASIC ENERGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	December 31 2023	2022
ASSETS			
Current Assets			
Cash and cash equivalents	5	**₱1,836,923,389**	₱1,148,310,922
Trade and other receivables	6	**14,771,560,467**	13,707,546,339
Inventories	7	**5,131,020,877**	5,593,745,265
Other current assets	8	**1,762,011,755**	1,410,497,243
Total Current Assets		**23,501,516,488**	21,860,099,769
Noncurrent Assets			
Property and equipment	11	**4,699,489,821**	5,226,821,741
Investment properties	10	**342,860,757**	269,742,772
Investments in associates and a joint venture	9	**182,837,429**	173,677,397
Receivable from sale of investment in an associate – net of current portion	6	**901,408,183**	1,037,640,740
Other noncurrent assets	12	**166,549,464**	234,583,974
Total Noncurrent Assets		**6,293,145,654**	6,942,466,624
		₱29,794,662,142	₱28,802,566,393
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	13	**₱10,587,724,357**	₱13,069,077,038
Current portion of loans payable	14	**10,605,332,704**	5,449,179,000
Trust receipts payable	14	**–**	1,200,000,000
Total Current Liabilities		**21,193,057,061**	19,718,256,038
Noncurrent Liabilities			
Lease liability - net of current portion	22	**342,399,321**	467,150,538
Net deferred tax liabilities	24	**731,039,369**	799,813,213
Loans payable - net of current portion	14	**–**	492,493,904
Net retirement benefit liability	21	**–**	10,599,937
Total Noncurrent Liabilities		**1,073,438,690**	1,770,057,592
Total Liabilities		**22,266,495,751**	21,488,313,630
Equity			
Capital stock	15	**3,667,160,766**	3,554,660,766
Additional paid-in capital		**370,064,055**	352,939,718
Retained earnings (deficit)		**4,792,258**	(37,781,619)
Treasury stock	15	**(3,240,000)**	(3,240,000)
Other equity reserves		**(48,550,596)**	(42,396,459)
Equity Attributable to Equity Holders of the Parent Company		**3,990,226,483**	3,824,182,406
Equity Attributable to Non-controlling Interests	4	**3,537,939,908**	3,490,070,357
Total Equity		**7,528,166,391**	7,314,252,763
		₱29,794,662,142	₱28,802,566,393

See accompanying Notes to Consolidated Financial Statements.

BASIC ENERGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		Years Ended December 31		
	Note	**2023**	2022	2021
REVENUES	16	**₱64,073,556,426**	₱74,636,367,811	₱3,745,672,885
COST OF SALES AND SERVICES	17	**62,490,258,102**	72,821,004,104	3,654,974,768
GROSS PROFIT		**1,583,298,324**	1,815,363,707	90,698,117
GENERAL AND ADMINISTRATIVE EXPENSES	18	**(1,260,143,914)**	(1,214,230,183)	(121,324,237)
FINANCE COSTS	14	**(660,726,636)**	(244,702,946)	(25,863,220)
INTEREST INCOME	5	**150,749,706**	49,021,779	7,110,623
SHARE IN NET INCOME (LOSSES) OF ASSOCIATES AND A JOINT VENTURE	9	**9,092,237**	18,748,566	(11,731,017)
GAIN ON DISPOSAL OF INVESTMENTS IN ASSOCIATES	9	**–**	155,977,882	–
OTHER INCOME - Net	19	**291,030,436**	66,090,894	178,158,152
INCOME BEFORE INCOME TAX		**113,300,153**	646,269,699	117,048,418
INCOME TAX EXPENSE (BENEFIT)	24			
Current		**78,133,216**	109,263,486	6,354,516
Deferred		**(64,424,567)**	(48,819,719)	900,118
		13,708,649	60,443,767	7,254,634
NET INCOME		**₱99,591,504**	₱585,825,932	₱109,793,784
NET INCOME ATTRIBUTABLE TO:				
Equity holders of the Parent Company		**₱42,693,877**	₱94,626,469	₱81,383,718
Non-controlling interests	4	**56,897,627**	491,199,463	28,410,066
		₱99,591,504	₱585,825,932	₱109,793,784
Basic/Diluted Income Per Share (EPS)	25	**₱0.003**	₱0.007	₱0.006

(Forward)

	Note	2023	2022	2021
		Years Ended December 31		
NET INCOME		**₱99,591,504**	₱585,825,932	₱109,793,784
OTHER COMPREHENSIVE INCOME (LOSS)				
To be reclassified to profit or loss in subsequent periods				
Translation gains (losses) on consolidation of foreign operation		**(1,943,278)**	9,886,170	(2,157,570)
Share in cumulative gains (losses) on translation of associates (net of deferred income tax)	9	**67,795**	13,061,126	(6,829,631)
Unrealized loss on changes in fair value of debt securities at FVOCI	12	**–**	(190,148)	(379,326)
Reclassification to profit or loss of cumulative gain on translation of disposed investments in associates	9	**–**	(159,315)	–
		(1,875,483)	22,597,833	(9,366,527)
Not to be reclassified to profit or loss in subsequent periods				
Unrealized gain on changes in fair value of equity securities at FVOCI	12	**129,710**	5,081,954	954,155
Remeasurement gains (losses) on net retirement benefit liability - net of deferred tax	21	**(13,436,440)**	5,468,950	(355,443)
		(13,306,730)	10,550,904	598,712
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)		**(15,182,213)**	33,148,737	(8,767,815)
TOTAL COMPREHENSIVE INCOME		**₱84,409,291**	₱618,974,669	₱101,025,969
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Equity holders of the Parent Company		**₱36,539,740**	₱124,417,460	₱71,182,562
Non-controlling interests		**47,869,551**	494,557,209	29,843,407
		₱84,409,291	₱618,974,669	₱101,025,969

See accompanying Notes to Consolidated Financial Statements.

BASIC ENERGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021

				Other Equity Reserves								
	Capital Stock	Additional Paid-in Capital	Retained Earnings (Deficit)	Equity Reserve on Acquisition of Non-controlling Interest	Cumulative Gain (Loss) on Translation of Investments in Associates	Cumulative Unrealized Gain on Changes in Fair Value of Financial Asse ts at FVOCI	Cumulative Translation Gain (Loss) on Consolidation of a Foreign Operation	Cumulative Remeasurement Gain (Loss) on Net Retirement Benefit Liability	Treasury Stock	Equity Attributable to Equity Holders of the Parent Company	Equity Attributable to Non-controlling Interests	Total Equity
Balances as at December 31, 2022	₱3,554,660,766	₱352,939,718	(₱37,781,619)	(₱53,945,929)	₱–	₱8,961,947	₱2,440,838	₱146,685	(₱3,240,000)	₱3,824,182,406	₱3,490,070,357	₱7,314,252,763
Net income	–	–	42,693,877	–	–	–	–	–	–	42,693,877	56,897,627	99,591,504
Stock issuance	112,500,000	17,124,337	(120,000)	–	–	–	–	–	–	129,504,337	–	129,504,337
Other comprehensive income	–	–	–	–	40,677	129,710	(1,943,278)	(4,381,246)	–	(6,154,137)	(9,028,076)	(15,182,213)
Balances as at December 31, 2023	₱3,667,160,766	₱370,064,055	₱4,792,258	(₱53,945,929)	₱40,677	₱9,091,657	₱497,560	(₱4,234,561)	(₱3,240,000)	₱3,990,226,483	₱3,537,939,908	₱7,528,166,391
Balances as at December 31, 2021	₱3,554,660,766	₱352,939,718	(₱132,408,088)	(₱53,945,929)	(₱12,901,811)	₱4,070,141	(₱7,445,332)	(₱1,964,519)	(₱3,240,000)	₱3,699,764,946	₱2,995,509,648	₱6,695,274,594
Net income	–	–	94,626,469	–	–	–	–	–	–	94,626,469	491,199,463	585,825,932
Stock issuance	–	–	–	–	–	–	–	–	–	–	3,500	3,500
Other comprehensive income	–	–	–	–	12,901,811	4,891,806	9,886,170	2,111,204	–	29,790,991	3,357,746	33,148,737
Balances as at December 31, 2022	₱3,554,660,766	₱352,939,718	(₱37,781,619)	(₱53,945,929)	₱–	₱8,961,947	₱2,440,838	₱146,685	(₱3,240,000)	₱3,824,182,406	₱3,490,070,357	₱7,314,252,763
Balances as at December 31, 2020	₱703,848,178	₱42,021,503	(₱213,791,806)	(₱53,945,929)	(₱6,072,180)	₱3,495,312	(₱5,287,762)	(₱175,735)	(₱3,240,000)	₱466,851,581	(₱9,228,967)	₱457,622,614
Stock issuance	2,850,812,588	324,736,183	–	–	–	–	–	–	–	3,175,548,771	–	3,175,548,771
Stock issuance costs	–	(13,817,968)	–	–	–	–	–	–	–	(13,817,968)	–	(13,817,968)
Effect of acquisition of a subsidiary	–	–	–	–	–	–	–	–	–	–	2,974,895,208	2,974,895,208
Net income	–	–	81,383,718	–	–	–	–	–	–	81,383,718	28,410,066	109,793,784
Other comprehensive income (loss)	–	–	–	–	(6,829,631)	574,829	(2,157,570)	(1,788,784)	–	(10,201,156)	1,433,341	(8,767,815)
Balances as at December 31, 2021	₱3,554,660,766	₱352,939,718	(₱132,408,088)	(₱53,945,929)	(₱12,901,811)	₱4,070,141	(₱7,445,332)	(₱1,964,519)	(₱3,240,000)	₱3,699,764,946	₱2,995,509,648	₱6,695,274,594

See accompanying Notes to Consolidated Financial Statements.

BASIC ENERGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	Years Ended December 31 2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		**₱113,300,153**	₱646,269,699	₱117,048,418
Adjustments for:				
Depreciation and amortization	11	**627,220,420**	571,084,798	51,220,474
Finance costs	14	**660,726,636**	244,702,946	25,863,220
Interest income	5	**(150,749,706)**	(49,021,779)	(7,110,623)
Unrealized foreign exchange gains		**(140,403,515)**	(36,246,628)	(1,350,070)
Loss on derivative liability		**93,432,781**	64,825,709	2,449,680
Fair value changes on investment properties	10	**(73,117,985)**	(30,543,772)	(23,973,000)
Gain on reversal of provision	13	**(39,405,712)**	–	–
Retirement expense	21	**20,190,611**	18,350,265	6,259,018
Share in net loss (income) of associates and a joint venture	9	**(9,092,237)**	(18,748,566)	11,731,017
Gain on termination of lease liability	22	**(53,191)**	–	–
Gain on disposal of investments in associates	9	–	(155,977,882)	–
Impairment losses on trade and other receivables	6	–	8,143,358	196,151
Realization of OCI from disposal of investments in associates	9	–	(159,315)	–
Gain on bargain purchase	19	–	–	(137,218,345)
Gain on disposal of property and equipment		–	–	(159,570)
Operating income before working capital changes		**1,102,048,255**	1,262,678,833	44,956,370
Decrease (increase) in:				
Trade and other receivables		**(785,641,454)**	(4,563,961,582)	(296,129,764)
Inventories		**462,724,388**	(4,423,354,436)	(3,596,613,249)
Other current assets		**195,995,814**	(353,286,880)	(4,680,365)
Other noncurrent assets		**94,781,466**	4,790,261	34,145,494
Increase (decrease) in trade and other payables		**(2,342,942,656)**	5,416,521,464	3,912,014,703
Net cash generated from (used for) operations		**(1,273,034,187)**	(2,656,612,340)	93,693,189
Income taxes paid		**(641,415,888)**	(210,060,809)	(1,308,513)
Interest received		**16,610,527**	17,107,304	2,076,193
Contributions to retirement plan and benefit paid	21	**(32,943,058)**	(21,897,620)	–
Provisions paid	13	**(1,002,031)**	–	–
Net cash provided by (used in) operating activities		**(1,931,784,637)**	(2,871,463,465)	94,460,869

(Forward)

	Note	Years Ended December 31 2023	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to:				
Property and equipment	11	**(₱86,834,657)**	(₱181,055,970)	(₱209,445)
Refundable deposits		**(39,382,125)**	–	–
Long-term placements		**–**	(6,059,651)	(107,089,806)
Collections of long-term placements		**2,971,256**	6,304,035	–
Proceeds from disposal of property and equipment	11	**3,740,208**	–	182,271
Redemption of debt securities at FVOCI	12	**–**	22,100,000	–
Acquisition of a subsidiary, net of cash		**–**	–	(1,435,190,488)
Net cash used in investing activities		**(119,505,318)**	(158,711,586)	(1,542,307,468)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from:				
Availments of loans payable	14	**44,277,756,000**	26,151,554,000	–
Issuance of capital stock	15	**129,982,337**	–	3,175,548,771
Advances from related parties		**134,496**	4,298,078	–
Liabilities on receivable financing		**–**	18,973,808,038	–
Availments of trust receipts payable		**–**	2,327,748,892	–
Payments of:				
Loans payable		**(39,614,580,831)**	(22,418,898,936)	–
Trust receipts payable		**(1,200,000,000)**	(1,127,748,892)	–
Interest	14	**(628,353,196)**	(203,504,276)	(18,464,730)
Lease liabilities	22	**(223,482,456)**	(182,439,780)	(17,739,477)
Stock issuance costs		**(478,000)**	–	(13,817,968)
Liabilities on receivable financing		**–**	(20,951,402,809)	–
Advances from related parties		**–**	(122,662,054)	–
Dividends payable		**–**	(30,380,000)	–
Issuance of capital stock attributable to noncontrolling interests		**–**	3,500	–
Net cash provided by financing activities		**2,740,978,350**	2,420,375,761	3,125,526,596
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**689,688,395**	(609,799,290)	1,677,679,997
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**(1,075,928)**	5,170,806	1,390,235
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**1,148,310,922**	1,752,939,406	73,869,174
CASH AND CASH EQUIVALENTS AT END OF YEAR		**₱1,836,923,389**	₱1,148,310,922	₱1,752,939,406

See accompanying Notes to Consolidated Financial Statements.

BASIC ENERGY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2023 AND 2022
AND FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021

1. General Information

Corporate Information

Basic Energy Corporation (the Parent Company or BEC) was incorporated under the laws of the Republic of the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on September 19, 1968. On April 10, 2018, the SEC approved the Parent Company's amendment of its Articles of Incorporation for the extension of its corporate life for another 50 years starting from September 19, 2018. However, as prescribed by the Revised Corporation Code of the Philippines, effective February 23, 2019, the Parent Company shall have a perpetual existence.

The Parent Company is a holding company with diversified business interests in various fields of renewable energy and alternative fuels, wholesale and distribution of petroleum products, and in oil and gas exploration and development.

On September 30, 2021, MAP 2000 Development Corporation (M2DC or the Ultimate Parent Company) acquired 67% ownership of the Parent Company. M2DC is registered with the Philippine SEC and is engaged in the business of real estate acquisition, development, and management. Effectively, the Parent Company became a subsidiary of M2DC.

The Parent Company shares are listed in the Philippine Stock Exchange (PSE) under the trading symbol "BSC".

The registered business address of the Parent Company is UB 111 Paseo de Roxas Building, Legaspi Village, San Lorenzo, Makati City.

The Parent Company and its subsidiaries are collectively referred to herein as "the Group". The details of the subsidiaries are as follows:

		Effective Percentage of Ownership (%)		
Subsidiaries	Nature of Business	2023	2022	2021
Basic Diversified Industrial Holdings, Inc. (BDIHI)	Holding Company	100.00	100.00	100.00
Basic Biofuels Corporation (BBC)	Development of Biofuels	100.00	100.00	100.00
Basic Renewables, Inc. (BRI)	Development of Renewable Energy Resources	100.00	100.00	100.00
iBasic, Inc. (iBasic)	Development and Maintenance of Computer Software	100.00	100.00	100.00
Grandway Group Limited (GGL)	Holding Company	100.00	100.00	100.00
Mabini Energy Corporation (MEC) (Formerly Basic Geothermal Energy Corporation)	Development of Renewable Energy Resources	100.00	100.00	100.00
Basic Energy Renewables Corporation (BERC)	Solarization projects	100.00	100.00	–
San Joaquin Wind Energy Corporation	Development of Renewable Energy Resources	100.00	–	–
Starfish Wind Energy Corporation	Development of Renewable Energy Resources	100.00	–	–
Pasuiquin Wind Energy Corporation	Development of Renewable Energy Resources	100.00	–	–
Southwest Resources, Inc. (SRI)	Oil Exploration	72.58	72.58	72.58
Filoil Energy Company, Inc. (FECI)	Holding Company	60.00	60.00	60.00
PT Basic Energy Solusi (PT BES)*	Oil Exploration	95.00	95.00	95.00

Subsidiaries	Nature of Business	Effective Percentage of Ownership (%) 2023	2022	2021
La Defense Filipinas Holdings Corporation (LDFHC)**	Hold and invest in real properties	36.00	36.00	36.00
Filipinas Third Millenium Realty Corporation (FTMRC)***	Fuel terminalling and storage services	36.00	36.00	36.00
Map 2000 Terminals, Inc. (M2TI)***	Fuel terminalling and storage services	36.00	36.00	36.00
Filoil Logisitics Corporation (FLC)**	Wholesale and distribution of petroleum products	30.60	30.60	30.60
Peninsula Land Bay Realty Corp. (PLBRC)***	Management services	18.00	18.00	18.00

**Indirect ownership through GGL*
***Indirect ownership through FECI*
****Indirect ownership through LDFHC*

All subsidiaries were incorporated and domiciled in the Philippines except GGL and PT BES which were incorporated and domiciled in Hong Kong and Indonesia, respectively.

Approval of the Consolidated Financial Statements
The consolidated financial statements of the Group as at December 31, 2023 and 2022, and for the years ended December 31, 2023, 2022 and 2021 were approved and authorized for issuance by the Board of Directors (BOD) of the Parent Company on March 21, 2024.

2. Summary of Material Accounting Policy Information

Basis of Preparation and Statement of Compliance
The consolidated financial statements of the Group have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) issued by the Philippine Financial and Sustainability Reporting Standards Council and adopted by the SEC, including SEC pronouncements. This financial reporting framework includes PFRS, Philippine Accounting Standards (PAS) and Philippine interpretations from International Financial Reporting Interpretations Committee (IFRIC).

Measurement Bases
The consolidated financial statements are presented in Philippine Peso, the Parent Company's functional currency. The Parent Company and its subsidiaries determine their own functional currencies, which best reflect the economic substance of the underlying transactions, events and conditions relevant to each entity. All values are rounded to the nearest Peso, unless otherwise indicated.

At each reporting date, the assets and liabilities of GGL and PT BES are translated from their functional currencies (US Dollar and Indonesian Rupiah, respectively) to the Parent Company's functional and presentation currency (Philippine Peso) using the closing rate at each reporting date, while its comprehensive income is translated using weighted average exchange rates during the year.

The exchange differences arising on translation of a foreign operation are recognized in other comprehensive income (OCI).

The consolidated financial statements of the Group have been prepared on the historical cost basis, except for the following:

	Measurement Bases
Financial assets at fair value through other comprehensive income (FVOCI)	Fair Value
Investment properties	Fair Value
Derivative financial instruments	Fair Value

Historical cost is generally based on the fair value of the consideration given in exchange for an asset and fair value of the consideration received in exchange for incurring a liability.

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 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 market observable data to the extent possible when measuring the fair value of an asset or a liability. Fair values are categorized into different levels in a fair value hierarchy based on inputs used in the following valuation techniques:

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

Further information about the assumptions made in measuring fair values is included in the following notes to the consolidated financial statements:

- Note 10 – Investment Properties
- Note 12 – Financial Assets at FVOCI
- Note 26 – Fair Value Measurement

Adoption of Amendments to PFRS

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of Amendments to PAS 1, *Presentation of Financial Statements,* and PFRS Practice Statement 2, *Making Materiality Judgments - Disclosure Initiative - Accounting Policies,* effective January 1, 2023. The amendments require an entity to disclose its material accounting policies, instead of its significant accounting policies and provide guidance on how an entity applies the concept of materiality in making decisions about accounting policy disclosures. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and its nature. The amendments clarify (1) that accounting policy information may be material because of its nature, even if the related amounts are immaterial, (2) that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements, and (3) if an entity discloses immaterial accounting policy information, such information should not obscure material accounting policy information. In addition, PFRS Practice Statement 2 is amended by adding guidance and examples to explain and demonstrate the application of the 'four-step materiality process' to accounting policy information.

Disclosures of the accounting policies were updated in accordance with the definition of "material information" in the Amendments to PAS 1 and PFRS Practice Statement 2.

Amendments in Issue But Not Yet Effective or Adopted

There are no amendments to PFRS issued which are not effective as at December 31, 2023 that will have an impact on the Company's financial statements.

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries.

Subsidiaries are entities controlled by the Parent Company. Control is achieved when the Parent Company 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 Parent Company controls an investee if and only if the Parent Company has:

- Power over investee;
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and 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 arrangements 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 reassesses 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.

Subsidiaries are consolidated from the date of acquisition or incorporation, being the date on which the Parent Company obtains control, and continue to be consolidated until the date such control ceases.

The financial statements of the subsidiaries are prepared using the same reporting period of the Parent Company. 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 in full.

A change in ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction. Upon the loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising from the loss of control is recognized in profit or loss. If the Group retains interest in the previous subsidiary, then such interest is measured at fair value at the date control is lost. Subsequently, it is accounted for as an equity-accounted investee or as financial assets at FVOCI depending on the level of influence retained.

Non-controlling Interests

Non-controlling interests represent the portion of profit or loss and net assets not held by the Parent Company and are presented separately in the Group's consolidated statements of comprehensive income and within equity in the Group's consolidated statements of financial position, separate from equity attributable to equity holders of the Parent Company, respectively.

Non-controlling interests represent the following as at December 31, 2023 and 2022:

	Type of Interest	% of Interest
FECI	Direct	40.00
SRI	Direct	27.42
PT BES	Indirect	5.00
LDFHC	Indirect	64.00
FTMRC	Indirect	64.00
M2TI	Indirect	64.00
PLBRC	Indirect	82.00
FLC	Indirect	69.40

Business Combination and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree either at fair value or at the proportionate share of the fair value of the acquiree's identifiable net assets. Transaction costs are expensed as incurred and included in general and administrative expenses.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organized workforce with the necessary skills, knowledge or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the Group acquires a business, it assesses the financial assets and financial liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree, if any.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date at fair value and any resulting gain or loss is recognized in the consolidated statements of comprehensive income.

Any contingent consideration to be transferred by the Group will be recognized at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of PFRS 9, *Financial Instruments*, is measured at fair value with changes in fair value recognized in the consolidated statements of comprehensive income in accordance with PFRS 9. Other contingent consideration that is not within the scope of PFRS 9 is measured at fair value at each financial reporting date with changes in fair value recognized in the consolidated statements of comprehensive income.

If the initial measurement of the fair value of net identifiable assets acquired in a business combination is incomplete by the end of the reporting period in which the business combination occurs, the Group recognizes in its consolidated financial statements provisional amounts for the items for which the measurement is incomplete. During the measurement period, the Group retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognized as of that date. During the measurement period, the Group recognizes additional assets or liabilities if new information is obtained about facts and circumstances that existed as of the acquisition date and, if known, would have resulted in the recognition of those assets and liabilities as of that date. The measurement period ends as soon as the Group receives the information it was seeking about facts and circumstances that existed as of the acquisition date or learns that more information is not obtainable. However, the measurement period shall not exceed one year from the acquisition date.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred, the amount recognized for non-controlling interest and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts recognized at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in the consolidated statements of comprehensive income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating unit (CGU) or group of CGUs that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a CGU and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the disposed operation and the portion of the CGU retained.

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

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

"Day 1" Difference. Where the transaction price in a non-active market is different from the fair value of 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" difference) in profit or loss. In cases where there are no observable data on inception, the Group deems the transaction price as the best estimate of fair value and recognizes "Day 1" difference in profit or loss 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" difference.

Financial Assets

Initial Recognition and Measurement. Financial instruments are recognized initially at fair value, which is the fair value of the consideration given. The initial measurement of financial assets, except for those designated at fair value through profit or loss (FVPL), includes transaction cost.

Financial Assets at FVPL. Financial assets at FVPL are either classified as held for trading or designated at FVPL. A financial instrument is classified as held for trading if it meets any of the following conditions:

- It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- On initial recognition, it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

The Group may, at initial recognition, designate a financial asset meeting the criteria to be classified at amortized cost or at FVOCI, as a financial asset at FVPL, if doing so eliminates or significantly reduces accounting mismatch that would arise from measuring these assets.

After initial recognition, financial assets at FVPL are subsequently measured at fair value. Unrealized gains or losses arising from the fair valuation of financial assets at FVPL are recognized in the consolidated statements of comprehensive income.

Financial Assets at Amortized Cost. Financial assets shall be measured at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less allowance for impairment, if any. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are derecognized and through amortization process.

As at December 31, 2023 and 2022, the Group's cash and cash equivalents, trade and other receivables, receivable from sale of an investment in an associate, refundable deposits, and long-term placements are included in this category (see Notes 5, 6, 8, and 12).

Cash and cash equivalents include cash on hand, cash in banks and short-term placements. Short-term placements are highly liquid investments with original maturities of three (3) months or less that are readily convertible to known amounts of cash, which are subject to an insignificant risk of changes in value.

Financial Assets at FVOCI – Equity Instruments. For equity instruments that are not held for trading, the Group may irrevocably designate, at initial recognition, a financial asset to be measured at FVOCI when it meets the definition of equity instrument under PAS 32, *Financial Instruments: Presentation.* This option is available and made on an instrument by instrument basis.

Dividends from equity instruments held at FVOCI are recognized in profit or loss when the right to receive payment is established, unless the dividend clearly represents a recovery of part of the cost of the investment.

All other gains or losses from equity instruments are recognized in OCI and are presented in the equity section of the consolidated statements of financial position and are not reclassified to profit or loss in subsequent periods, but instead, these are transferred directly to retained earnings.

As at December 31, 2023 and 2022, the Group has investments in quoted equity securities which were irrevocably designated as financial assets at FVOCI (see Note 12).

Reclassification. The Group reclassifies its financial assets when, and only when, it changes its business model for managing those financial assets. The reclassification is applied prospectively from the first day of the first reporting period following the change in the business model (reclassification date).

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at amortized cost, its fair value at the reclassification date becomes its new carrying amount.

For a financial asset reclassified out of the financial assets at FVPL category to financial assets at FVOCI, its fair value at the reclassification date becomes its new carrying amount. Meanwhile, for a debt instrument reclassified out of the financial assets at FVOCI category to financial assets at FVPL, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss as a reclassification adjustment at the reclassification date.

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVPL, any gain or loss arising from the difference between the previous amortized cost of the financial asset and fair value is recognized in profit or loss.

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVOCI, any gain or loss arising from a difference between the previous amortized cost of the financial asset and fair value is recognized in other comprehensive income.

For a financial asset reclassified out of the financial assets at FVOCI category to financial assets at amortized cost, any gain or loss previously recognized in OCI, and any difference between the new amortized cost and maturity amount, are amortized to profit or loss over the remaining life of the investment using the effective interest method. If the financial asset is subsequently impaired, any gain or loss that has been recognized in OCI is reclassified from equity to profit or loss.

In the case of a financial asset that does not have a fixed maturity, the gain or loss shall be recognized in profit or loss when the financial asset is sold or disposed. If the financial asset is subsequently impaired, any previous gain or loss that has been recognized in OCI is reclassified from equity to profit or loss.

For equity instruments which were irrevocably designated at initial recognition as financial assets at FVOCI, no reclassification in another category is allowed.

For a financial asset reclassified out of the financial assets at FVOCI category to financial assets at FVPL, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss as a reclassification adjustment at the reclassification date.

Impairment Financial Assets at Amortized Cost. The Group recognizes an allowance for expected credit losses (ECL) for all debt instruments not held at FVPL. ECL is based on the difference between the cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation to the asset's 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.

For trade receivables, the Group has applied the simplified approach and has calculated ECL based on lifetime ECL. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to its customers and the economic environment.

For other financial assets measured at amortized cost, the ECL is based on the 12-month ECL, which pertains to the portion of lifetime ECL that result from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. The Group also considers reasonable and supportable information that is available without undue cost or effort and is indicative of significant increases in credit risk since initial recognition.

The Group considers a financial asset in default when contractual payments are 30 days past due unless it is demonstrated that the non-payment was an administrative oversight rather than resulting from financial difficulty of the counterparty. 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 in its entirety or a portion thereof. This is generally the case when the Group determines that the borrower does not have assets or source of income that could generate sufficient cash flows to repay the amount of financial asset for write-off. This assessment is carried out at the individual financial asset level.

Derecognition. 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 right to receive cash flows from the asset has expired;
- The Group retains the right to receive cash flows from the financial 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 right to receive cash flows from the financial 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.

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

Financial Liabilities

Initial Recognition and Measurement. Financial liabilities are recognized initially at fair value, which is the fair value of the consideration received. In case of financial liabilities at amortized cost, the initial measurement is net of any directly attributable transaction costs.

Financial Liabilities at FVPL. Financial liabilities at FVPL include financial liabilities that are (a) held for trading or (b) designated upon initial recognition at FVPL. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

After initial recognition, financial instruments at FVPL are subsequently measured at fair value. Gains or losses arising from the fair valuation of financial liabilities at FVPL are recognized in profit or loss.

As at December 31, 2023, the Group classified its derivative liability on outstanding foreign exchange forward contracts and embedded commodity price derivative liability under this category (see Note 13).

The Group uses derivative financial instruments such as foreign exchange forward contracts to manage its exposure to foreign currency risks. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gain or loss arising from changes in fair value of derivatives that do not qualify for hedge accounting is recognized in profit or loss.

A derivative embedded in a hybrid contract, with financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognized in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit of loss category.

Financial Liabilities at Amortized Cost. Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue, and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or through the amortization process.

As at December 31, 2023 and 2022, the Group's trade and other payables (excluding nonfinancial liabilities and derivative liability), loans payable, trusts receipts payable and lease liabilities are classified under this category (see Notes 13, 14, and 22).

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

Inventories

Inventories are valued at the lower of cost and net realizable value (NRV). Cost includes all costs of purchase and other costs incurred in bringing the inventories to their present location and condition, and it is calculated using the moving average method.

The NRV of inventories is the estimated selling price in the ordinary course of business, less the estimated cost necessary to make the sale. In determining the NRV, the Group considers any adjustment necessary for obsolescence.

When the NRV of the inventories is lower than their cost, the inventories are written-down to its NRV and the difference between the cost and NRV of the inventories is charged in profit or loss.

Property and Equipment

Land is stated at cost less any accumulated impairment losses, if any.

The following property and equipment are stated at cost less accumulated depreciation, amortization and any accumulated impairment losses:

- Depot tanks
- Building and improvements
- Furniture, fixtures, and office equipment
- Transportation equipment
- ROU asset

The initial cost of property and equipment consists of its purchase price after deducting trade discounts and rebates, import duties, nonrefundable purchase taxes, and any other costs directly attributable in bringing the asset to its working condition and location for its intended use. The cost of self-constructed assets includes the cost of materials, direct labor, any other costs directly attributable in bringing the assets to the working condition for their intended use, and costs of dismantling and removing the items and restoring the site on which they are located.

Expenditures incurred after the property and equipment have been put into operation, such as repairs, maintenance and overhaul costs, are normally recognized in profit or loss in the year the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment. The cost of replacing a component of an item of property and equipment is recognized if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognized.

When parts of an item of property and equipment have different useful lives, these are accounted for as separate items (major components) of property and equipment.

Depreciation and amortization of property and equipment begin when it is in the location and condition necessary for it to be capable of operating in the manner intended by the management. Depreciation and amortization are calculated on a straight-line basis over the following estimated useful lives of the property and equipment:

	Number of Years
Depot tanks	15
Building and building improvements	15
Furniture, fixtures and office equipment	3
Transportation equipment	5
ROU asset	25

The estimated useful lives, depreciation and amortization method are reviewed at each reporting date to ensure that these are consistent with the expected pattern of economic benefits from items of property and equipment.

Fully depreciated assets are retained in the accounts until they are no longer in use.

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

Construction in progress represents properties under construction and is stated at cost, including costs of construction and other direct costs. Construction in progress is not depreciated until such time that the relevant assets are completed and ready for operational use.

Investments in Associates and a Joint Venture

These consist of investments in a joint arrangement classified as a joint venture and associates that are accounted for at equity method.

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. The considerations made in determining joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in associates and a joint venture are accounted for under the equity method. The investments are initially recognized at cost and adjusted to recognize the Group's share in the changes in the net assets of the associates since the acquisition date. Goodwill relating to the joint venture or associate is included in the carrying amount of the investment and is not tested for impairment separately. Dividends received by the Group from the associates and joint venture will reduce the carrying amount of the investments when the right to receive the dividend is established. Dividends received from associates and joint venture whose carrying values have been reduced to zero are recognized as income in the consolidated statement of income. The Group recognizes its share in net income or loss of the associates in profit or loss. Any change in OCI of the associates is presented as part of the Group's OCI. In addition, where there has been a change recognized directly in equity of the associate, the Group recognizes its share in these changes, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the joint venture or associate are eliminated to the extent of the Group's interest in the joint venture or associate.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in the joint venture or associate. At each financial reporting date, the Group determines whether there is objective evidence that the investment in the joint venture or associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture or associate and its carrying value, then recognizes the loss within share in earnings from investments in associates and joint ventures in the consolidated statement of income.

Upon loss of significant influence over the associate, the Group measures and recognizes any retained investment at fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

The financial statements of the associates are prepared in the same reporting period and using the uniform accounting policies used by the Group.

Investment Properties

Investment properties pertain to land held either to earn rental income or for capital appreciation or both, but not for sale in the ordinary course of business or for administrative purposes.

Investment properties are accounted for using fair value model. Under the fair value model, investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are recognized in profit or loss in the period in which they arise.

An investment property is derecognized either when the asset has been disposed of or when the investment property has been permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in profit or loss in the year of retirement or disposal. In determining the amount of consideration from the derecognition of investment property, the Group considers the effects of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the buyer, if any.

Transfers are made to or from investment property only when there is a change in use, evidenced by the ending of owner-occupation, commencement of an operating lease to another party or ending of the construction or development. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Other Nonfinancial Assets
Other nonfinancial assets pertain to excess tax credits, input value-added tax (VAT), deferred input VAT, and prepayments.

Excess Tax Credits. Excess tax credits pertain to the Group's excess income tax payments. These include taxes withheld and remitted to the Bureau of Internal Revenue (BIR) by customers which can be applied to the Group's income tax payable in the same year the related income was recognized. Excess tax credits are carried forward and can be utilized in succeeding years. These are measured at face amount, less any impairment in value.

VAT. VAT is a tax on consumption levied on the sale, barter, exchange, or lease of goods or properties and services, and on importation of goods in the Philippines. It is an indirect tax, which may be shifted or passed on to the buyer, transferee or lessee of goods, properties or services.

Revenue, expenses, and assets are recognized net of the amount of VAT, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that include the amount of VAT.

The net amount of VAT recoverable from the taxation authority is presented as "Input VAT" under "Other current assets" account in the consolidated statements of financial position.

Deferred Input VAT. In accordance with Revenue Regulations (RR) No. 16-2005, input VAT on purchases or imports of capital goods (depreciable assets for income tax purposes) with an aggregate acquisition cost (exclusive of VAT) in each of the calendar month exceeding ₱1.0 million is claimed as credit against output VAT over 60 months or the estimated useful lives of capital goods, whichever is shorter.

Deferred input VAT represents the unamortized amount of input VAT on capital goods and input VAT on the unpaid portion of availed services, including the use or lease of properties.

Where the aggregate acquisition cost (exclusive of VAT) of the existing or finished depreciable capital goods purchased or imported during any calendar month does not exceed ₱1.0 million, the total input VAT will be allowable as credit against output VAT in the month of acquisition.

Based on Revenue Memorandum Circular (RMC) 21-2022, effective January 1, 2022, all input tax on purchases of capital goods shall no longer be deferred, but allowed to be claimed upon purchase or payment. Remaining unutilized input VAT shall be allowed to be amortized as scheduled until fully utilized.

Deferred input VAT that are expected to be claimed against output VAT within 12 months after the reporting date are classified as current assets. Otherwise, these are classified as noncurrent assets.

Prepayments. Prepayments are expenses paid in advance and recorded as assets before these are utilized. Prepayments are apportioned over the period covered by the payment and included in profit or loss when incurred. Prepayments that are expected to be utilized within 12 months after the reporting date are classified as current assets. Otherwise, these are classified as noncurrent assets.

Impairment of Nonfinancial Assets
The carrying amounts of nonfinancial assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable. If such indication exists and when the carrying amounts exceed the estimated recoverable amounts, the assets or cash-generating units (CGU) are written down to their recoverable amounts. The recoverable amount of the asset is the greater of the fair value less cost of disposal or value in use. The fair value less cost of disposal is the amount obtainable from the sale of an asset in an arm's-length transaction less cost of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessment 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. Impairment losses are recognized in profit or loss.

An assessment is made at each reporting 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. In such instance, the carrying amount of the asset is increased to its recoverable amount. However, that increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized for the asset in prior years. Such reversal is recognized in profit or loss. After such reversal, the depreciation and amortization charges are adjusted prospectively to allocate the asset's revised carrying amount on a systematic basis over its remaining useful life.

Equity

Capital Stock. Common stock is measured at par value for all shares issued and subscribed. Unpaid subscriptions are recognized as reduction to subscribed capital stock.

Additional Paid-in Capital (APIC). APIC represents the proceeds and/or fair value of consideration received in excess of the par value of the shares issued. Incremental costs directly attributable to the issuance of new common stock are recognized as a deduction from APIC, net of any tax effects.

Deficit. Deficit represents the cumulative balance of the Group's profit or loss.

Treasury Stock. Treasury stock represents the Parent Company's shares held by its subsidiary, which are carried at cost and deducted from equity until the shares are cancelled or sold.

When the shares are subsequently sold, the difference between the cost and consideration received, net of any directly attributable transaction costs, is included in equity attributable to the equity holders of the Parent Company.

Other Equity Reserves. Other equity reserves consist of cumulative balances of items of income and expense that are not recognized in profit or loss in accordance with PFRS. Other equity reserves of the Group pertain to equity reserve on acquisition of NCI, cumulative loss on translation of investments in associates, cumulative unrealized gain on changes in fair value of financial assets at FVOCI, cumulative translation gain (loss) on consolidation of a foreign operation, and cumulative remeasurement loss on net retirement benefit liability.

Revenue Recognition

Revenue from contract with customers is recognized when the performance obligation in the contract has been satisfied, either at a point in time or over time. Revenue is recognized over time if one of the following criteria is met: (a) the customer simultaneously receives and consumes the benefits as the Group performs its obligations; (b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Otherwise, revenue is recognized at a point in time.

The Group also assesses its revenue arrangements to determine if it is acting as a principal or as an agent. The Group has assessed that it acts as a principal in its revenue arrangements.

The following specific recognition criteria must also be met before revenue is recognized.

Sale of Fuel. Sales revenue is recognized at the point in time when control of the asset is transferred to the customer upon delivery. The normal credit term is 15 to 120 days.

Service Income. Service income pertaining to port service income is recognized over the period that the related service is provided.

Other Income. Income from other sources is recognized as revenue when earned.

The following are the specific recognition criteria for other revenues outside the scope of PFRS 15, *Revenues*:

Rental Income. Revenue on rental under non-cancellable and cancellable leases are recognized on a straight-line basis over the lease term.

Interest Income. Interest income is recognized as the interest accrues taking into account the effective yield on the asset, net of final tax.

Expense Recognition

Expenses are recognized in profit or loss when a decrease in future economic benefit related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably.

Cost of Sales. Cost of sales includes the purchase price of the products sold as well as costs that are directly attributable in bringing the inventory to its intended condition and location. Costs of sales is recognized when the related goods are delivered to the customers.

Cost of Services. Cost of services are recognized as expense when the related services are rendered.

General and Administrative Expenses. General and administrative expenses constitute costs of administering the business. These are expensed when incurred.

Finance Costs. Finance costs are recognized in profit or loss using the effective interest method.

Leases

The Group assesses whether the contract is, or contains a lease at the commencement date. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether, throughout the period of use, it has both of the following:

i. The right to obtain substantially all of the economic benefits from use of the identified asset; and
ii. The right to direct the use of the identified asset.

If the Group has the right to control the use of an identified asset for only a portion of the term of the contract, the contract contains a lease for that portion of the term. The Group also assesses whether a contract contains a lease for each potential separate lease component.

Group as Lessor. Leases where the Group retains substantially all the risks and rewards of ownership are classified as operating leases. Rental income is recognized in profit or loss when earned upon the fulfilment of the variable considerations which are mutually agreed by the parties in the arrangement.

Group as a Lessee. At the commencement date, the Group recognizes right of use (ROU) asset and lease liability for all leases, except for leases with lease terms of 12 months or less (short-term leases) and leases for which the underlying asset is of low value in which case the lease payments associated with those leases are recognized as an expense on a straight-line basis.

The Group elected to apply the recognition exemption on short-term leases. The related lease expenses on these lease agreements are recognized in profit or loss on a straight-line basis.

ROU Asset. At commencement date of the lease contracts, the Group measures ROU asset at cost. The initial measurement of ROU asset includes the following:

- the amount of the initial measurement of lease liability;
- lease payments made at or before the commencement date less any lease incentives received;
- initial direct costs; and
- an estimation of costs to be incurred by the Group in dismantling and removing the underlying asset, when applicable.

After the commencement date, the ROU asset is carried at cost less any accumulated amortization and any accumulated impairment losses, and adjusted for any remeasurement of the related lease liabilities.

ROU asset is presented under Property and equipment account. Amortization is computed using the straight-line method over the estimated useful life of 25 years.

Lease Liabilities. At commencement date, the Group measures lease liabilities at the present value of future lease payments using the interest rate implicit in the lease, if that rate can be readily determined. Otherwise, the Group uses its incremental borrowing rate (IBR).

Lease payments included in the measurement of lease liabilities comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the lessee under residual value guarantees; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonable certain not to terminate early.

Lease liabilities are subsequently measured at amortized cost. Interest on the lease liabilities and any variable lease payments not included in the measurement of lease liabilities are recognized in profit or loss unless these are capitalized as costs of another asset. Variable lease payments not included in the measurement of the lease liabilities are recognized in profit or loss when the event or condition that triggers those payments occurs.

If there is a change in the lease term or if there is a change in the assessment of an option to purchase the underlying asset, the lease liabilities are remeasured using a revised discount rate considering the revised lease payments on the basis of the revised lease term or reflecting the change in amounts payable under the purchase option. Lease liabilities are also remeasured using the revised lease payments if there is a change in the amounts expected to be payable under a residual value guarantee or a change in future lease payments resulting from a change in an index or a rate used to determine those payments.

Employee Benefits

Short-term Benefits. The Group recognizes short-term employee benefits based on contractual arrangements with employees. The unpaid portion of the short-term employee benefits is measured on an undiscounted basis and is included as part of "Trade and other payables" account in the consolidated statements of financial position.

Retirement Benefit. Retirement benefit costs are actuarially determined using the projected unit credit method. This method reflects services rendered by employees up to the date of valuation and incorporates assumptions concerning employees' projected salaries. The calculation of net retirement benefits costs is performed annually by a qualified actuary. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in the future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

The net retirement benefit liability recognized by the Group is the aggregate of the present value of the defined benefit obligation reduced by the fair value of plan assets out of which the obligations are to be settled directly. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using risk-free interest rates of government bonds that have terms to maturity approximating the terms of the related net retirement benefit liability.

The net retirement benefit asset recognized by the Group is the aggregate of the fair value of plan assets out of which the obligations are to be settled directly reduced by the present value of the retirement benefit liability. The present value of the net retirement benefit asset is determined by discounting the estimated future cash outflows using risk-free interest rates of government bonds that have terms to maturity approximating the terms of the related net retirement benefit liability.

Plan assets are assets that are held in trust and managed by a trustee bank. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. The fair value of the plan assets is based on the market price information. When no market price is available, the fair value of plan assets is estimated by discounting the estimated future cash flows using discount rates that reflect both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the retirement benefit liability, the measurement of the resulting net retirement benefit is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The Group recognizes retirement benefit costs, comprising of current service cost and net interest income or expense in profit or loss. The Group determines the net interest cost by applying the discount rate to the defined benefit liability at the beginning of the reporting period, taking into account any changes in the defined benefit liability during the period as a result of benefit payments.

Remeasurements of the net retirement benefit liability, which consist of actuarial gains and losses and the return on plan assets (excluding interest), and the effect of asset ceiling (if any, excluding interest) are recognized immediately in OCI and are not reclassified to profit or loss in subsequent periods.

Foreign Currency-Denominated Transactions

Transactions denominated in foreign currencies are recorded using the exchange rate at the date of the transaction. Outstanding monetary assets and liabilities denominated in foreign currencies are translated using the closing exchange rate at the reporting date. Differences arising on settlement or translation of monetary assets and liabilities are recognized in profit or loss.

Translation of a Foreign Operation. A foreign operation is a subsidiary, associate, joint arrangement or branch whose activities are based or conducted in a country or currency other than those of the reporting entity.

At each reporting date, the assets and liabilities of the foreign operation are translated from its functional currency to the Parent Company's functional and presentation currency using the closing rate at each reporting date, while its comprehensive income is translated using weighted average exchange rates during the year.

The exchange differences arising on translation of a foreign operation are recognized in OCI. Upon disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

Income Taxes

Current Tax. Current tax assets and liabilities are measured at the amounts expected to be recovered from or paid to the taxation authorities. The tax rate and tax laws used in the computation are those that have been enacted or substantively enacted at the reporting date.

Deferred Tax. Deferred tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits from the excess of minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carryforward benefits of unused tax credits and unused tax losses can be utilized. Deferred tax, however, is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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

Deferred tax assets and 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 reporting date.

Deferred tax is recognized in profit or loss except to the extent that it relates to a business combination, or items directly recognized to equity or in OCI.

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

Related Party Transactions

Related party relationships exist when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting enterprise, or between and/or among the reporting enterprise and its key management personnel, directors, or its stockholders. Related parties may be individual or corporate entities.

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

Segment Reporting
The Group reports separate information about its operating segment.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same Group) and whose operating results are regularly reviewed to make decisions about resources to be allocated to the segment and assess its performance; and for which discrete information is available.

Provisions and Contingencies

Provisions. 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 obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

The expense relating to any provision is presented in profit or loss net of any reimbursement. If the effect of the time value of money is material, the estimated cash flows are discounted using a current pre-tax rate that reflects the 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 the passage of time is recognized as interest expense.

Contingencies. Contingent liabilities are not recognized in the consolidated financial statements. These are 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 are disclosed in the notes to the consolidated financial statements when an inflow of economic benefits is probable.

Basic and Diluted Income per Share

Basic Income per Share. Basic income per share is calculated by dividing the net income for the period attributable to equity holders of the Parent Company by the weighted average number of issued and outstanding shares and subscribed shares, with retroactive adjustment for any stock dividends, stock splits or reverse stock splits during the year.

Diluted Income per Share. Diluted income per share is calculated in the same manner as basic income per share, adjusted for the effects of any potentially dilutive, convertible securities.

Events After the Reporting Date
Post year-end events that provide additional information about the Group's financial position at reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

3. Judgments, Accounting Estimates and Assumptions

The preparation of the consolidated financial statements requires management to exercise judgments and make accounting estimates and assumptions that affect the amounts reported in the consolidated financial statements and related notes. The judgments, accounting estimates and assumptions used in the consolidated financial statements are based upon management's evaluation of relevant facts and circumstances at the reporting date.

While the Group believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the estimated amounts. Actual results could differ from such estimates. The accounting estimates and underlying assumptions are reviewed on an ongoing basis.

The following are the judgments, accounting estimates and assumptions made by the Group:

Judgments

Determination of Functional and Presentation Currency. The Group's consolidated financial statements are presented in Philippine Peso, the Parent Company's functional currency, which mainly influences labor, material and other costs of providing goods or services. The Parent Company and its subsidiaries determine their own functional currencies, which best reflect the economic substance of the underlying transactions, events and conditions relevant to each entity.

Based on the economic substance of the underlying circumstances, the functional currency of the Group's subsidiaries, except GGL and PT BES, is the Philippine Peso. The functional currency and presentation currency of GGL and PT BES are US Dollar and Indonesian Rupiah, respectively.

Classification and Measurement of Financial Assets. Classification and measurement of financial assets depend on the results of the contractual cash flow and the business model tests. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgment reflecting all relevant evidence including how the performance of the assets is evaluated, the risks that affect the performance of the assets, and how these risks are managed.

At initial recognition, the Group designated its investments in quoted equity and debt securities as financial assets at FVOCI.

Cash and cash equivalents, trade and other receivables, refundable deposits and long-term placements were classified as financial assets at amortized cost since the Group's primary business model in relation to these assets is to hold the financial assets to collect contractual cash flows solely for principal and interest.

Determination of Operating Lease – Group as Lessor. The Group, as a lessor, has entered into property leases for its investment properties. The Group has determined that it retains all the significant risks and rewards of ownership of these properties. Accordingly, the leases are accounted as operating leases.

Classification of Investment Properties. The Group determines whether a property qualifies as an investment property or an item of property and equipment. In making its judgment, the Group considers whether the property is held primarily to earn rentals or capital appreciation or used for operations and administrative purposes by the Group.

The Group classifies land held to earn rentals and for capital appreciation as investment properties. The carrying amount of investment properties as at December 31, 2023 and 2022 are disclosed in Note 10.

Determination of Lease Term for Contracts with Extension and Termination Options – Group as a Lessee. The Group determines the term of its lease contracts as non-cancellable, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group's lease contracts includes extension and termination options subject to mutual agreement between the Group and its lessors. The Group applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease, considering all relevant factors that create an economic incentive for it to exercise either the renewal or termination. The management assessed that the option to extend or terminate the lease is not reasonably certain to be exercised. Accordingly, the Group did not include the periods covered by the extension option as part of the lease term, since these are not enforceable at the reporting date (see Note 22).

Amortization of ROU assets and interest expense on lease liability and the carrying amounts of ROU assets and lease liabilities as at December 31, 2023 and 2022 are disclosed in Note 22.

Fair Value Measurement of Financial Instruments. The fair values of securities that are actively traded in organized financial markets are determined by reference to unadjusted quoted market prices at the close of business on the reporting date.

The fair values of financial instruments that are not quoted in active markets are determined by using generally accepted valuation techniques, such as discounted cash flow models. The models are validated and periodically reviewed by qualified personnel independent of the area that created them and are approved by the BOD before these are used. The models are calibrated to ensure that outputs reflect actual data and comparative market prices. Further, inputs used in these models are from observable data and quoted market prices in respect of similar financial instruments. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility.

While significant components of fair value measurement were determined using verifiable objective evidence, such as foreign exchange rates, 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 the financial statements.

In accordance with the amendments to PFRS 7, disclosures about the level in the fair value hierarchy are required in which the fair value measurements are categorized for assets and liabilities measured in the consolidated statements of financial position.

Assumptions and methods of determining the fair values of financial instruments are presented in Note 26 to the consolidated financial statements.

Determination of Interest in a Joint Arrangement. A joint venture is an arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Group classified its interest in joint arrangement with Mariveles Joint Venture Corporation (MJVC), as a joint venture in accordance with under PFRS 11, *Joint Arrangements* after considering the following factors:

- The structure and form of the arrangement;
- The terms agreed by the parties in the arrangement; and
- The Group's rights and obligations arising from the arrangement.

Accordingly, the Group accounts for its equity interests in a joint venture using the equity method. The carrying amount of investment in a joint venture as at December 31, 2023 and 2022 are disclosed in Note 9.

Existence of Significant Influence over FAP, MJVC, EIAC and ANRDC. The Group assessed that it has significant influence where significant influence is presumed under PAS 28, *Investments in Associates and a Joint Venture* having interest ownership of at least 20%. Significant influence has been established by the Group over the investees because of its participation in the decision making process of the investees' significant activities, through its representation in the investees' BOD.

The carrying amount of investments in associates and a joint venture as at December 31, 2023 and 2022 are disclosed in Note 9.

Assessment of Control on PLBRC. An entity is considered as a subsidiary when it is controlled by the Group. Control is established when the Group 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 entity.

The Group considers PLBRC as a subsidiary even though it has less than 51% equity ownership because it can exercise control over the management and operations of PLBRC. Moreover, majority of PLBRC's assets are being utilized in the Group's operations. Accordingly, the consolidated financial statements of the Group include those of PLBRC.

<u>Accounting Estimates and Assumptions</u>

Assessment for ECL on Trade Receivables. The Group, applying the simplified approach in the computation of ECL, initially uses a provision matrix based on historical default rates for trade receivables. The provision matrix specifies provision rates depending on the number of days that a trade receivable is past due. The Group also uses appropriate groupings if its historical credit loss experience shows significantly different loss patterns for different customer segments. The Group then adjusts the historical credit loss experience with forward-looking information on the basis of current observable data to reflect the effects of current and forecasted economic conditions.

The Group adjusts historical default rates to forward-looking default rates by determining the closely related economic factor affecting each customer segment. The Group regularly reviews the methodology and assumptions used for estimating ECL to reduce any differences between estimates and actual credit loss experience.

The determination of the relationship between historical default rates and forecasted economic conditions is a significant accounting estimate. Accordingly, the provision for ECL on trade receivables is sensitive to changes in assumptions about forecasted economic conditions.

Allowance for ECL and carrying amount of trade receivables as at December 31, 2023 and 2022 are disclosed in Note 6.

Assessment for ECL on Other Financial Assets at Amortized Cost. The Group determines the allowance for ECL using the general approach based on the probability-weighted estimate of the present value of all cash shortfalls over the expected life of financial assets at amortized cost. ECL is provided for credit losses that result from possible default events within the next 12 months unless there has been a significant increase in credit risk since initial recognition in which case ECL is provided based on lifetime ECL.

When determining if there has been a significant increase in credit risk, the Group considers reasonable and supportable information that is available without undue cost or effort and that is relevant for the particular financial instrument being assessed such as, but not limited to, the following factors:

- actual or expected external and internal credit rating downgrade;
- existing or forecasted adverse changes in business, financial or economic conditions; and
- actual or expected significant adverse changes in the operating results of the counterparty.

The Group also considers financial assets that are more than 30 days past due to be the latest point at which lifetime ECL should be recognized unless it can demonstrate that this does not represent a significant risk in credit risk such as when non-payment was an administrative oversight rather than resulting from financial difficulty of the counterparty.

For financial assets at amortized cost, the Group assessed that the ECL is not material because the transactions with respect to these financial assets were entered only with banks and counterparties with good credit standing and relatively low risk of default. Accordingly, no provision for ECL on these financial assets was recognized in 2023, 2022 and 2021.

The carrying amounts of other financial assets at amortized cost as at December 31, 2023 and 2022 are disclosed in Notes 5, 6, 8 and 12.

Valuation of Inventories at the Lower of Cost or NRV. The Group writes down the cost of inventories whenever NRV becomes lower than cost due to damage, physical deterioration, obsolescence, changes in price levels or other causes. The lower of cost or NRV is reviewed regularly to reflect the accurate valuation in the financial records. Inventory items identified to be obsolete and unusable are also written off and charged as expense for the period.

The carrying amount of inventories as at December 31, 2023 and 2022 are disclosed in Note 7.

Estimation of the Useful Lives of Property and Equipment (Excluding Land and Construction in Progress and Equipment for Installation). The Group estimates the useful lives of property and equipment based on the period over which the assets are expected to be available for use. The estimates are based on a collective assessment of industry practice, internal technical evaluation and experience with similar assets. The estimated useful lives of property and equipment are reviewed at each reporting date and are 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 assets.

Future results of operations could be materially affected by changes in estimates brought about by changes in the factors mentioned above. The amount and timing of recording of depreciation expense for any period would be affected by changes in these factors and circumstances. There were no changes in the estimated useful lives of property and equipment in 2023, 2022 and 2021.

The carrying amounts of depreciation and amortization of property and equipment in 2023 and 2022 are disclosed in Note 11.

Determination of the Fair Value of Investment Properties. Land classified as part of investment properties are measured at fair values. The Group works closely with external qualified appraisers who performed the valuation using appropriate valuation techniques. The comparable market data were adjusted as necessary to reflect the specific assets' size, location and other characteristics. The valuation techniques and inputs used in the fair value measurement of investment properties are disclosed in Note 10 to the consolidated financial statements.

The fair value changes and carrying amount of investment properties as at December 31, 2023 and 2022 are disclosed in Note 10.

Assessment for the Impairment of Nonfinancial Assets. The Group assesses impairment on nonfinancial assets whenever events or changes in circumstances indicate that the carrying amount of the assets or group of assets may not be recoverable. The relevant factors that the Group considers in deciding whether to perform an asset impairment review include, among others, the following:

- significant underperformance of a business in relation to expectations;
- significant negative industry or economic trends; and
- significant changes or planned changes in the use of the assets.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized. Recoverable amounts are estimated for individual assets or, if it is not possible, for the CGU to which the asset belongs.

The recoverable amount of the asset is the greater of the fair value less cost of disposal or value in use. The fair value less cost of disposal is the amount obtainable from the sale of an asset in an arm's-length transaction, less the cost of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset.

The carrying amounts of nonfinancial assets as at December 31, 2023 and 2022 are disclosed in Notes 8, 9, 11, and 12.

Determination of the Retirement Benefits. The determination of the net retirement benefit liability and expense is dependent on the assumptions used by the actuary in calculating such amounts. These assumptions are described in Note 21 to the consolidated financial statements and include discount rates and salary increase rates among others. Actual results that differ from the Group's assumptions are accumulated and amortized over future periods and therefore, generally affect the recognized expense and recorded liability in such future periods. While the Group believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the net retirement benefit liability.

Information about net retirement asset and net retirement liability are disclosed in Note 21.

Estimation of the Incremental Borrowing Rate on Lease Liabilities. The Group uses its incremental borrowing rate to measure lease liabilities. The incremental borrowing rate is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the ROU asset in a similar economic environment. The Group estimates the incremental borrowing rate using available observable inputs (such as the prevailing Bloomberg Valuation Service interest rates) adjusted for entity-specific estimates, to reflect the terms and conditions of the lease.

The Group has applied incremental borrowing rate ranging from 3.28% to 6.54% for the computation of lease liabilities and ROU assets. Carrying amounts of lease liabilities and ROU assets are disclosed in Note 22.

Estimation of Provisions. The Group is currently involved in certain claims and assessments. The Group determined the probable costs for these claims and assessments based upon an analysis of potential results. As allowed under the PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors,* Management opted not to further disclose details regarding the claims and assessments because it can prejudice seriously the outcomes.

Information about provision are disclosed in Note 13.

Recognition of Deferred Tax Assets. The Group reviews the carrying amount of deferred tax assets at each reporting date and reduces the balance to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax assets to be utilized.

Information about the carrying amount of deferred tax assets as at December 31, 2023 and 2022 are disclosed in Note 24.

4. Material Noncontrolling Interest

The Group's non-controlling interests on net assets as at December 31, 2023 and 2022 amounting to ₱3,537.9 million and ₱3,490.1 million, respectively, pertain to non-controlling interests in FECI, SRI and PT BES. The Group considers FECI as a subsidiary having material non-controlling interests representing 40% ownership amounting to ₱3,553.3 million and ₱3,496.4 million as at December 31, 2023 and 2022, respectively. The net income allocated to non-controlling interest in FECI amounted to ₱56.9 million and ₱491.2 million in 2023 and 2022, respectively. In 2022, the Group paid dividends to the material noncontrolling interest of FECI amounting to ₱30.4 million.

The summarized financial information of FECI are as follows (amounts in millions):

	December 31, 2023	December 31, 2022
Current assets	**₱23,214.8**	₱21,745.0
Noncurrent assets	**3,247.9**	3,619.7
Current liabilities	**20,722.8**	19,740.2
Noncurrent liabilities	**877.8**	948.6
Net assets	**₱4,862.1**	₱4,675.9

	2023	2022
Revenue	**₱64,068.7**	₱74,515.7
Expenses	**63,456.3**	73,947.1
Other income - net	**(286.2)**	250.4
Income before income tax	**326.2**	819.0
Income tax expense	**(109.2)**	(34.7)
Net income	**217.0**	784.3
Other comprehensive income	**(13.0)**	1.9
Total comprehensive income	**₱204.0**	₱786.2
Cash flows from (used in):		
Operating activities	**(₱1,936.6)**	(₱4,949.1)
Investing activities	**23.3**	(87.8)
Financing activities	**2,538.1**	4,501.3
Net decrease in cash and cash equivalents	**624.8**	(535.6)
Cash and cash equivalents at beginning of year	**1,029.2**	1,564.8
Cash and cash equivalents at end of year	**₱1,654.0**	₱1,029.2

5. Cash and Cash Equivalents

This account consists of:

	2023	2022
Cash on hand	**₱646,729**	₱605,042
Cash in banks	**1,693,402,671**	1,057,795,117
Short-term placements	**142,873,989**	89,910,763
	₱1,836,923,389	₱1,148,310,922

Cash in banks earn interest at the prevailing bank deposit rates and are immediately available for use in the current operations.

Short-term placements are made for varying periods of up to three months depending on the immediate cash requirements of the Group and earn annual interest at rates ranging from 0.25% to 5.20% and 0.38% to 1.75% in 2023 and 2022, respectively.

The sources of the Group's interest income for the years ended December 31, 2023, 2022 and 2021 are as follows:

	Note	2023	2022	2021
Receivables from sale of investment in an associate	6	**₱109,435,006**	₱9,238,276	₱–
Notes receivables	6	**27,511,539**	27,070,341	3,489,018
Cash and cash equivalents		**13,021,636**	11,982,743	2,869,517
Long-term placements	12	**781,525**	475,616	96,328
Financial assets at FVOCI	12	**–**	254,803	655,760
		₱150,749,706	₱49,021,779	₱7,110,623

6. **Trade and Other Receivables**

This account consists of:

	Note	2023	2022
Trade receivables from:			
Related parties	20	**₱11,464,919,985**	₱7,216,634,576
Third parties		**1,505,144,250**	5,121,335,426
Current portion of notes receivable		**856,405,429**	828,076,851
Advances to related parties	20	**630,861,607**	315,690,000
Current portion of receivable from sale of investment in an associate		**245,667,563**	189,140,671
Interest receivable		**58,845,420**	34,141,247
Nontrade receivables	8	**19,960,637**	12,771,992
		14,781,804,891	13,717,790,763
Less allowance for expected credit losses		**(10,244,424)**	(10,244,424)
		₱14,771,560,467	₱13,707,546,339

Trade Receivables

Trade receivables are noninterest-bearing and are generally on a 15 to 120 days credit term. As a policy, the Group imposes an interest on delayed payment by customers. The interest rate is based on the prevailing bank lending rate at the date that the related trade receivable becomes past due, which ranged from 5.50% to 8.0% per annum in 2023 and 2022. Income from penalty on delayed payment by customers amounted to ₱105.5 million, ₱64.0 million and ₱9.9 million in 2023, 2022 and 2021, respectively, classified under "Other income - Net" account in the consolidated statements of comprehensive income (see Note 19).

Notes Receivable
This account consists of the following:

	Note	2023	2022
Notes receivable from:			
Related parties	20	**₱724,471,674**	₱724,502,639
Third parties		**146,560,193**	140,015,040
		871,031,867	864,517,679
Less noncurrent portion of notes receivable from third parties	12	**14,626,438**	36,440,828
Current portion of notes receivable		**₱856,405,429**	₱828,076,851

Notes receivable includes receivables that are collectible on demand and a note receivable with a term of five (5) years collectible in equal monthly installments. These receivables are unsecured and bears interest ranging from 3.00% to 10.00%.

Interest income on notes receivable in 2023, 2022 and 2021 amounted to ₱27.5 million, ₱27.1 million and ₱3.5 million respectively (see Note 5).

Advances to Related Parties
Advances to related parties amounted to ₱630.9 million and ₱315.7 million as of December 31, 2023 and 2022, respectively. These advances are non-interest bearing and are payable on demand and in cash (see Note 20).

Receivable from Sale of Investment in an Associate
On December 29, 2022, the Group entered into a sale agreement with Filoil Philippines Corporation (FPC) (formerly Filoil Gas and Energy, Inc.) for the sale of its investment in associate amounting to ₱1,157.5 million, for a total consideration of ₱1,675.6 million which is payable in installment until October 31, 2029. This consideration was discounted at a rate of 9.0% as at the date of the transaction resulting to the computation of gain on sale of the investment as follows:

	Note	Amounts
Present value of the proceeds from sale of investment		₱1,226,781,411
Carrying value of noncurrent asset held for sale		(1,157,542,172)
Gain on sale of investment in associate	9	₱69,239,239

This transaction is considered as noncash financial information in the 2022 consolidated statements of cash flows.

Details and classification of the receivables from sale of investment as at December 31, 2023 and 2022 are as follows:

	2023	2022
Current	**₱245,667,563**	₱189,140,671
Noncurrent	**901,408,183**	1,037,640,740
	₱1,147,075,746	₱1,226,781,411

On December 2023, FPC issued a promissory note to the Group for the amount due and demandable during the year amounting to ₱198.4 million and is collectible within one (1) year. Accordingly, this amount was reclassified to advances to related parties.

Interest income from sale of investment in associate recognized in 2023 and 2022 amounted to ₱109.4 million and ₱9.2 million, respectively (see Note 5).

Allowance for ECL on Trade and other Receivables

The balances and movements in the allowance for ECL on trade and other receivables as at and for the years ended December 31, 2023 and 2022 are as follows:

	Note	2023	2022
Balance at beginning of year		**₱10,244,424**	₱2,101,066
Provision	18	**–**	8,143,358
Balance at end of year		**₱10,244,424**	₱10,244,424

7. Inventories

This account consists of fuels inventory measured at cost amounting to ₱5,131.0 million and ₱5,593.7 million as at December 31, 2023 and 2022, respectively. As at December 31, 2023 and 2022, costs of these inventories are lower than the NRV.

The cost of inventories recognized in profit or loss amounted to ₱61,720.5 million, ₱72,101.6 million and ₱3,596.6 million as at December 31, 2023, 2022, and 2021, respectively (see Note 17).

The carrying amount of inventories used as collateral for the Group's trust receipts payables amounted to ₱1,200.0 million as at December 31, 2022. There were no outstanding trust receipts payable as at December 31, 2023 (see Note 14).

8. Other Current Assets

This account consists of:

	Note	2023	2022
Excess tax credits		**₱1,570,346,318**	₱1,007,063,646
Prepayments for:			
Taxes		**87,627,410**	11,012,454
Insurance		**34,857**	–
Input VAT		**77,628,257**	345,601,681
Current portion of long-term placements	12	**10,000,000**	–
Current portion of deferred input VAT		**3,287,725**	12,828,318
Refundable deposits		**–**	24,808,787
Others		**13,087,188**	9,182,357
		₱1,762,011,755	₱1,410,497,243

Refundable Deposits

Refundable deposit amounting to US$444,960 (₱24.8 million) pertains to an amount paid for the equity investment opportunity in a power generation company in Taiwan which was not pursued by the Group. In 2023, the Group collected US$284,067 (₱16.1 million) of the refundable deposit. The remaining balance amounting to US$160,893 (₱8.9 million) was assumed by a potential business partner of the Group and was reclassified to nontrade receivable (see Note 6). This transaction is considered as noncash financial information in the consolidated statements of cash flows.

Deferred Input VAT

Deferred input VAT pertains to services and capital goods. This is presented in the consolidated statements of financial position as follows:

	Note	2023	2022
Current		**₱3,287,725**	₱12,828,318
Noncurrent	12	**26,003,816**	28,728,432
		₱29,291,541	₱41,556,750

9. Investments in Associates and a Joint Venture

The Group's investments in associates and a joint venture are measured using the equity method. The balances and movements in this account are as follows:

	2023	2022
Cost		
Balance at beginning of year	**₱150,342,415**	₱322,627,446
Disposal	**–**	(172,285,031)
Balance at end of year	**150,342,415**	150,342,415
Accumulated Share in Net Income (Losses)		
Balance at beginning of year	**23,334,982**	(54,494,533)
Share in net income	**9,092,237**	18,748,566
Disposal	**–**	59,080,949
Balance at end of year	**32,427,219**	23,334,982
Cumulative Translation Gain (Loss)		
Balance at beginning of year	**–**	(12,901,811)
Translation gain	**67,795**	13,061,126
Reclassified to profit or loss	**–**	(159,315)
Balance at end of year	**67,795**	–
	₱182,837,429	₱173,677,397

The details of the investments in associates and a joint venture of the Parent Company are as follows:

	Place of Incorporation	Nature of Business	Percentage of Ownership 2023	2022
Associates:				
Amlan Negros Development Realty Corp. (ANDRC)	Philippines	Holding of real properties	**14.40**	14.40
Ecology Insurance Agency Corp. (EIAC)	Philippines	Agency and brokering services	**14.25**	14.25
Filoil Asia Pacific, Ltd. (FAP)	Singapore	Sale of petroleum products	**12.00**	12.00
Joint Venture -				
Mariveles Joint Venture Corporation (MJVC)	Philippines	Management services	**18.00**	18.00

The carrying amounts of investments in associates and a joint venture are as follows:

	2023	2022
Associate -		
FAP	**₱118,584,756**	₱107,949,819
Joint Venture -		
MJVC	**64,252,673**	65,727,578
	₱182,837,429	₱173,677,397

The balances and movements in the cumulative gain (loss) on translation of investments in associates and a joint venture, included under "Other equity reserves" account in the consolidated statements of financial position are as follows:

	2023	2022	2021
Balances at beginning of year	**₱–**	(₱12,901,811)	(₱6,072,180)
Translation gain	**67,795**	13,061,126	(6,829,631)
Reclassified to profit or loss	**–**	(159,315)	–
	₱67,795	₱–	(₱12,901,811)

The tables below show the summarized financial information of the associates and joint venture as at and for the years ended December 31, 2023 and 2022:

	2023			
	FAP	MJVC	EIAC	ANRDC
Current assets	**₱416,048,664**	**₱115,737,697**	**₱2,772,245**	**₱1,000,000**
Noncurrent assets	**582,151,567**	**28,014,876**	**95,848**	**75,873,649**
Current liabilities	**808,598,210**	**2,630,169**	**2,430,708**	**77,108,300**
Equity	**189,602,021**	**141,122,404**	**437,385**	**(234,651)**
Revenue	**9,814,483,599**	**32,780,968**	**–**	**–**
Net income	**54,884,273**	**6,360,299**	**–**	**–**

	2022			
	FAP	MJVC	EIAC	ANRDC
Current assets	₱1,689,786,568	₱107,414,596	₱2,747,130	₱1,000,000
Noncurrent assets	558,116,987	31,080,374	640,451	75,873,649
Current liabilities	2,107,974,367	3,732,865	4,415,850	77,108,300
Equity	139,929,188	134,762,105	(1,028,269)	(234,651)
Revenue	5,039,012,796	34,014,955	4,393,970	–
Net income (loss)	27,977,355	4,103,340	(2,020,770)	(747,388)

Asset Swap Agreement

On October 17, 2022, the Group sold its investments and advances to VEPC and VINTER in exchange for solar panels through an asset swap transaction with a stockholder. The details of the asset swap transaction are as follows:

	Note	Amount
Value of asset received from the arrangement	11	₱210,396,999
Less value of asset given:		
Investment in VEPC		79,196,064
Investment in VINTER		34,167,333
Advances to VINTER and VEPC		10,294,959
		123,658,356
Gain on disposal of investments in associates		₱86,738,643

These transactions are considered as noncash financial information in the 2022 consolidated statements of cash flows.

Total gain on disposal of investments in associate includes the following:

	Note	2022
Arising from disposal of:		
Investments in and advances to VINTER and VEPC		₱86,738,643
Investment in associate classified as noncurrent asset held for sale	6	69,239,239
Gain on disposal of investments in associates		₱155,977,882

10. Investment Properties

The balances and movements in this account are as follows:

	2023	2022
Balances at beginning of year	**₱269,742,772**	₱239,199,000
Fair value changes	**73,117,985**	30,543,772
Balance at end of year	**₱342,860,757**	₱269,742,772

The Group earned rental income amounting to ₱74.8 million, ₱62.3 million, and ₱6.6 million from its investment properties in 2023, 2022, and 2021, respectively.

Direct operating expenses arising from these investment properties amounted to ₱38.7 million, ₱41.1 million and ₱2.5 million in 2023, 2022 and 2021, respectively.

The fair values of land classified as investment properties were estimated by an independent appraiser using the market data approach which involves the comparison of the properties to those that are more or less located within the vicinity of the appraised properties and are subject of recent sales and offerings. Adjustments were made to arrive at the market value by considering the location, size, shape, utility, desirability and time element. The latest appraisal report was dated January 9, 2024.

The fair value of land classified as investment properties is categorized under Level 3 (significant unobservable inputs) (see Note 26).

The significant inputs to fair valuation are as follows:

- *Price per square meter* - estimated value prevailing in the real estate market depending on the location, area, shape and time element.
- *Value adjustments* - adjustments are made to bring the comparative values in approximation to the investment property taking into account the location, size, shape and road frontage, among others.

The range of inputs used in the fair valuation is as follows:

	2023	2022
Price per square meter	**₱26 to ₱12,750**	₱23 to ₱7,650
Value adjustments	**-30% to 5%**	-40% to 0%

Sensitivity Analysis. Generally, significant increases (decreases) in price per square meter and any value adjustments would result in a significantly higher (lower) fair value measurement. Further, choosing comparables with different inputs would result in a significantly different fair value measurement.

11. Property and Equipment

The balances and movements in this account as at and for the years ended December 31, 2023 and 2022 are as follows:

	2023							
	Land	Depot Tanks	Building and Improvements	Furniture, Fixtures, and Office Equipment	Transportation Equipment	ROU Assets (see Note 22)	Construction in Progress and Equipment for Installation	Total
Cost								
Balances at beginning of year	₱1,364,138,172	₱4,285,971,173	₱135,824,102	₱116,941,661	₱15,952,509	₱1,179,776,540	₱295,008,185	₱7,393,612,342
Additions	–	76,624,449	779,883	9,430,325	–	25,062,459	–	111,897,116
Effect of lease modification	–	–	–	–	–	(8,015,978)	–	(8,015,978)
Reclassification	–	53,141,471	–	324,320	–	–	(53,465,791)	–
Disposals/Write-off	–	–	–	(45,470,566)	–	–	–	(45,470,566)
Termination	–	–	–	–	–	(1,544,627)	–	(1,544,627)
Balances at end of year	1,364,138,172	4,415,737,093	136,603,985	81,225,740	15,952,509	1,195,278,394	241,542,394	7,450,478,287
Accumulated Depreciation and Amortization								
Balances at beginning of year	–	1,575,169,105	44,188,898	106,302,177	14,126,476	427,003,945	–	2,166,790,601
Depreciation and amortization	–	383,916,622	12,144,115	1,537,376	1,063,058	228,559,249	–	627,220,420
Disposals/Write-off	–	–	–	(41,730,358)	–	–	–	(41,730,358)
Terminal	–	–	–	–	–	(1,292,197)	–	(1,292,197)
Balances at end of year	–	1,959,085,727	56,333,013	66,109,195	15,189,534	654,270,997	–	2,750,988,466
Carrying Amounts	₱1,364,138,172	₱2,456,651,366	₱80,270,972	₱15,116,545	₱762,975	₱541,007,397	₱241,542,394	₱4,699,489,821

	2022							
	Land	Depot Tanks	Building and Improvements	Furniture, Fixtures, and Office Equipment	Transportation Equipment	ROU Assets (see Note 22)	Construction in Progress and Equipment for Installation	Total
Cost								
Balances at beginning of year	₱1,364,138,172	₱4,191,311,025	₱129,839,080	₱113,542,525	₱23,969,349	₱425,971,059	₱30,351,570	₱6,279,122,780
Additions	–	61,283,969	6,075,614	3,518,057	–	423,544,631	298,032,794	792,455,065
Effect of lease modification	–	–	–	–	–	340,062,175	–	340,062,175
Reclassification	–	33,376,179	–	–	–	–	(33,376,179)	–
Disposals/Write-off	–	–	(90,592)	(118,921)	(8,016,840)	(9,801,325)	–	(18,027,678)
Balances at end of year	1,364,138,172	4,285,971,173	135,824,102	116,941,661	15,952,509	1,179,776,540	295,008,185	7,393,612,342
Accumulated Depreciation and Amortization								
Balances at beginning of year	–	1,150,528,022	30,326,863	100,464,536	20,997,264	311,416,796	–	1,613,733,481
Depreciation and amortization	–	424,641,083	13,952,627	5,956,562	1,146,052	125,388,474	–	571,084,798
Disposals/Write-off	–	–	(90,592)	(118,921)	(8,016,840)	(9,801,325)	–	(18,027,678)
Balances at end of year	–	1,575,169,105	44,188,898	106,302,177	14,126,476	427,003,945	–	2,166,790,601
Carrying Amounts	₱1,364,138,172	₱2,710,802,068	₱91,635,204	₱10,639,484	₱1,826,033	₱752,772,595	₱295,008,185	₱5,226,821,741

Asset Swap Agreement
As discussed in Note 9 to the consolidated financial statements, additions to property and equipment includes solar panels amounting to ₱210.4 million that were received in exchange for the Group's investment in and advances to VEPC and VINTER.

On October 17, 2022, the Company entered into an asset swap agreement with a stockholder for the sale of investment in and advances to VEPC and VINTER amounting to ₱87.2 million and ₱36.5 million, respectively in exchange for solar panels with carrying amount of ₱187.9 million (exclusive of VAT) resulting to a gain on sale of ₱86.7 million. The acquired solar panel is recorded as part of Construction in Progress and equipment for installation.

These are considered as noncash information in the separate statements of cash flows in 2022.

Lease Modification
In 2023 and 2022, certain lease agreements were amended to extend the lease terms for another two (2) to three (3) years. The extension of lease terms is considered as a lease modification which resulted in a decrease in ROU assets and lease liabilities by ₱8.0 million in 2023 and an increase by ₱340.1 million in 2022 (see Note 22).

Depreciation and Amortization
Depreciation and amortization are distributed in the consolidated statements of comprehensive income as follows:

	Note	**2023**	2022	2021
Cost of sales and services	17	**₱275,535,016**	₱264,455,739	₱40,658,164
General and administrative expenses	18	**351,685,404**	306,629,059	10,562,310
		₱627,220,420	₱571,084,798	₱51,220,474

The Group has no contractual commitment for its construction projects as at December 31, 2023 and 2022.

12. Other Noncurrent Assets

This account consists of:

	Note	**2023**	2022
Long-term placements		**₱18,628,480**	₱105,056,515
Refundable deposits	22	**73,456,779**	18,235,070
Noncurrent portion of:			
Deferred input VAT	8	**26,003,816**	28,728,432
Notes receivable	6	**14,626,438**	36,440,828
Financial assets at FVOCI		**12,144,795**	12,015,085
Net retirement benefit asset	21	**4,999,171**	20,632,378
Others		**16,689,985**	13,475,666
		₱166,549,464	₱234,583,974

Long-term Placements

Long-term placements as at December 31, 2023 and 2022, amounting to ₱28.6 million and ₱105.1 million, respectively, represent money market placements with a term of two (2) to five (5) years and earn interest at prevailing rates. Long-term placement amounting to ₱10.0 million that will mature within one (1) year is reclassified as current portion of long-term placement under "Other current assets" account. Interest income on long-term placements in 2023, 2022, and 2021 amounted to ₱0.8 million, ₱0.5 million, and ₱0.1 million respectively (see Note 5).

Financial Assets at FVOCI

The movements in financial assets at FVOCI are as follows:

	2023	2022
Balance at beginning of year	**₱12,015,085**	₱29,223,279
Net unrealized gain (loss) during the year on:		
Equity securities	**129,710**	5,081,954
Debt securities	**–**	(190,148)
Redemption of debt securities	**–**	(22,100,000)
Balance at end of year	**₱12,144,795**	₱12,015,085

The balance and movements of cumulative unrealized gains on financial assets at FVOCI are as follows:

	2023	2022	2021
Balance at beginning of year	**₱8,961,947**	₱4,070,141	₱3,495,312
Unrealized gains	**129,710**	4,891,806	574,829
Balance at end of year	**₱9,091,657**	₱8,961,947	₱4,070,141

In 2022, the Group's quoted debt securities was redeemed at cost.

The Group's quoted debt securities bear annual interest rates of 4.84% in 2022 and 2021. Interest income earned on these securities amounted to ₱0.3 million and ₱0.7 million in 2022 and 2021, respectively (see Note 5).

The Group's financial assets at FVOCI as at December 31, 2023 and 2022 are carried at fair values based on quoted market prices or bidding dealer price quotations from active markets at the reporting date. This fair valuation is classified under the Level 1 category (see Note 26).

13. Trade and Other Payables

This account consists of:

	Note	2023	2022
Trade payables to:			
Third parties		**₱9,154,552,317**	₱11,502,363,247
Related parties	20	**190,325,853**	300,163,834
Advances from related parties	20	**330,476,138**	330,341,642
Dividends payable		**274,308,714**	274,308,714
Interest payable		**213,013,241**	212,528,610
Current portion of lease liabilities	22	**180,178,199**	247,660,261
Derivative liability	26	**158,258,490**	64,825,709
Statutory payables		**31,082,510**	32,844,849
Provision		**–**	40,407,743
Others		**55,528,895**	63,632,429
		₱10,587,724,357	₱13,069,077,038

Trade Payables

Trade payable to third parties pertains to local and imported fuel purchases that are noninterest-bearing and are generally on a 30 to 120 days' term.

Dividends Payable

Dividends payable pertains to unpaid cash dividends to non-controlling interests declared by a subsidiary in 2021 prior to the acquisition of the Group amounting to ₱274.3 million as at December 31, 2023 and 2022.

Derivative Liability

Derivative liability pertains to the Group's foreign exchange forward contracts to manage foreign currency risk on its US Dollar-denominated trade payables. Derivative liability and unrealized loss on derivative liability as at and for the year ended December 31, 2023 and 2022 arising from outstanding foreign exchange forward contracts and embedded commodity price derivative aggregated ₱158.3 million and ₱64.8 million, respectively (see Note 26).

Provisions

The Group has possible obligations arising from legal cases as at December 31, 2023 and 2022. The details of the provisions are not disclosed as it may prejudice the outcome of these legal cases.

The movement of provisions for the years ended December 31, 2023 and 2022 follows:

	Note	2023	2022
Balance at beginning of year		**₱40,407,743**	₱53,451,300
Payments		**(1,002,031)**	(13,043,557)
Reversal	19	**(39,405,712)**	–
Balance at end of year		**₱–**	₱40,407,743

Statutory Payables

Statutory payables pertain to amounts payable to various government agencies. These are unsecured, and are normally settled within 30 days.

14. Loans and Trust Receipts Payable

Loans Payable

This account consists of:

	2023	2022
Local banks	**₱10,153,423,344**	₱5,489,763,544
Related party	**451,909,360**	451,909,360
	10,605,332,704	5,941,672,904
Less noncurrent portion	**–**	492,493,904
Current portion	**₱10,605,332,704**	₱5,449,179,000

Details of the loans payable as at December 31, 2023 and 2022 are as follows:

Purpose	Terms and Conditions	Effective Interest Rate (p.a.)	2023	2022
To finance the acquisition of inventories	Payable in 17 days to 90 days	3.8% to 7.8%	**₱10,008,650,000**	₱5,266,179,000
To finance the acquisition of assets	Payable in 18 months and may be extended for another 18 months as may be agreed by the parties	91-day treasury bill plus a specified margin	**451,909,360**	451,909,360
To finance working capital requirements	Payable in one (1) year	4.75%-10.50%	**144,773,344**	175,000,000
To finance the acquisition of assets	Payable on a monthly basis starting from December 28, 2018 until November 28, 2028.	6.00% for the first 30 days, to be repriced every 30 to 180 days.	**–**	47,122,047
To finance the acquisition of transportation equipment	Payable in equal monthly installment for five years; secured by transportation equipment with carrying amount of ₱1.6 million	6.00%	**–**	1,462,497
			₱10,605,332,704	₱5,941,672,904

Borrowings with Local Banks

The Group has credit facilities with local banks to finance its acquisition of inventories. As at December 31, 2023 and 2022, the outstanding loans payable from short-term credit facilities with local banks aggregated ₱10,008.7 million and ₱5,266.2 million, respectively. These loans are unsecured, bear annual interest rates ranging from 5.8% % to 7.80% and 3.86% to 6.0% in 2023 and 2022, and payable in 17 days to 90 days.

In addition, the Group has credit facilities with local banks to finance its working capital requirements. As at December 31, 2023 and 2022, the outstanding loans payable from short-term credit facilities with local banks aggregated ₱144.8 million and ₱175.0 million, respectively. These loans are unsecured, bear annual interest rates ranging from 4.75% to 10.5% and 3.86% to 10.5% in 2023 and 2022, and payable in one (1) year.

Standby Credit Facility Agreement with a Related Party
The Group has an existing Standby Credit Facility Agreement (SCFA) from a related party amounting to ₱1,045.0 million. As at December 31, 2023 and 2022, the outstanding loans payable arising from the SCFA amounted to ₱451.9 million. These loans are unsecured, noninterest-bearing and shall be payable in 18 months which may be extended for another 18 months subject to agreement of the parties. In 2023, the outstanding loans payable arising from the SCFA were not extended and accordingly, the outstanding balance became due and was reclassified as current liability (see Note 20).

Note Payable
The Group has a note payable with a local bank bearing interest of 6.00% per annum for the first 30 days to be repriced every 30 to 180 days. As at December 31, 2022, the outstanding payable amounted to ₱47.1 million. The proceeds were used to settle the liability in acquiring a parcel of land in 2017. The principal and interest will be paid on a monthly basis starting from December 28, 2018 until November 28, 2028. The note payable is secured by the Group's parcel of land amounting to ₱72.7 million. The note payable was fully paid in November 2023.

Debt Covenant
The Group is not covered by any restrictive loan covenant.

Trust Receipts Payables
Trust receipts payable amounting to ₱1,200.0 million as at December 31, 2022 was obtained from local banks and had a maturity of 30 to 60 days. Trust receipts payable have an annual interest rate 5.0% in 2022.

Under the terms of the agreement, trust receipts payable are secured by inventories equivalent to the carrying amount of the trust receipts payables (see Note 7). The Group is also accountable to the local banks for the trusted inventories or its sales proceeds upon maturity of the trust receipts payable.

Finance Costs
This account consists of interest expense and bank charges arising from letters of credit with local banks. The details are as follows:

	Note	**2023**	2022	2021
Interest expense on:				
Loans payable		**₱625,430,464**	₱193,072,527	₱7,989,138
Lease liabilities	22	**31,888,809**	28,821,362	7,398,490
Trust receipts payable		**3,200,000**	9,527,678	–
Debt issuance cost		**207,363**	76,818	10,475,592
Others		**–**	13,204,561	–
		₱660,726,636	₱244,702,946	₱25,863,220

Reconciliation of Liabilities Arising from Financing Activities

The table below details the cash and noncash changes in the Group's liabilities arising from financing activities as at December 31, 2023 and 2022.

	2023					
	Loans Payable	Trust Receipts Payables	Lease Liabilities	Advances from Related Parties	Dividends Payable	Total
Balances at beginning of year	₱5,941,672,904	₱1,200,000,000	₱714,810,799	₱330,341,642	₱274,308,714	₱8,461,134,059
Noncash changes:						
Interest expense	625,637,827	3,200,000	31,888,809	–	–	660,726,636
Additions*	–	–	17,046,481	–	–	17,046,481
Terminations	–	–	(305,621)	–	–	(305,621)
Reclassification to accrued expenses	–	–	(17,380,492)	–	–	(17,380,492)
Cash changes:						
Availment	44,277,756,000	–	–	134,496	–	44,277,890,496
Payment of liabilities	(39,614,580,831)	(1,200,000,000)	(223,482,456)	–	–	(41,038,063,287)
Payment of interest	(625,153,196)	(3,200,000)	–	–	–	(628,353,196)
Balances at end of year	₱10,605,332,704	₱–	₱522,577,520	₱330,476,138	₱274,308,714	₱11,732,695,076

	2022						
	Liabilities on Receivables Financing	Loans Payable	Trust Receipts Payables	Lease Liabilities	Advances from Related Parties	Dividends Payable	Total
Balances at beginning of year	₱1,977,594,771	₱2,196,640,532	₱–	₱104,822,411	₱448,705,618	₱304,688,714	₱5,032,452,046
Noncash changes:							
Interest expense	13,204,561	193,149,345	9,527,678	28,821,362	–	–	244,702,946
Additions*	–	–	–	763,606,806	–	–	763,606,806
Cash changes:							
Availment	18,973,808,038	26,151,554,000	2,327,748,892	–	4,298,078	–	47,457,409,008
Payment of liabilities	(20,951,402,809)	(22,418,898,936)	(1,127,748,892)	(182,439,780)	(122,662,054)	(30,380,000)	(44,833,532,471)
Payment of interest	(13,204,561)	(180,772,037)	(9,527,678)	–	–	–	(203,504,276)
Balances at end of year	₱–	₱5,941,672,904	₱1,200,000,000	₱714,810,799	₱330,341,642	₱274,308,714	₱8,461,134,059

**Includes additional lease liabilities and effect of lease modification (see Note 22).*

15. Equity

Capital Stock

The details of the capital stock as of December 31, 2023 and 2022 are as follows:

	2023		2022		2021	
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount
Authorized – ₱0.25 par value						
Balance at beginning of year	20,000,000,000	₱5,000,000,000	20,000,000,000	₱5,000,000,000	10,000,000,000	₱2,500,000,000
Increase in authorized capital stock	–	–	–	–	10,000,000,000	2,500,000,000
Balance at end of year	20,000,000,000	5,000,000,000	20,000,000,000	₱5,000,000,000	20,000,000,000	₱5,000,000,000
Issued						
Balance at beginning of year	14,218,643,064	₱3,554,660,766	14,218,643,064	₱3,554,660,766	2,815,392,714	₱703,848,178
Issuance	450,000,000	112,500,000	–	–	11,403,250,350	2,850,812,588
Balance at end of year	14,668,643,064	₱3,667,160,766	14,218,643,064	₱3,554,660,766	14,218,643,064	₱3,554,660,766
Treasury Stock						
Balance at beginning and end of year	18,000,000	₱3,240,000	18,000,000	₱3,240,000	18,000,000	₱3,240,000
Subscribed Capital Stock						
Balance at beginning of year	14,668,643,064	₱3,667,160,766	14,668,643,064	₱3,667,160,766	4,660,267,714	₱1,165,066,928
Subscription during the year	–	–	–	–	10,008,375,350	2,502,093,838
Balance at end of year	14,668,643,064	3,667,160,766	14,668,643,064	3,667,160,766	14,668,643,064	3,667,160,766
Subscription Receivable						
Balance at beginning of year	450,000,000	112,500,000	450,000,000	112,500,000	1,844,875,000	461,218,750
Subscription during the year	–	–	–	–	10,008,375,350	2,502,093,838
Issuance during the year	(450,000,000)	(112,500,000)	–	–	(11,403,250,350)	(2,850,812,588)
Balance at end of year	–	–	450,000,000	112,500,000	450,000,000	112,500,000
	14,668,643,064	₱3,667,160,766	14,218,643,064	₱3,554,660,766	14,218,643,064	₱3,554,660,766

Increase in Authorized Capital Stock

On October 23, 2020, the Parent Company's BOD approved the increase in authorized capital stock from ₱2,500.0 million divided into 10,000.0 million shares with a par value of ₱0.25 per share, to ₱5,000.0 million divided into 20,000.0 million shares with the same par value. On September 10, 2021, the SEC approved the increase in the Parent Company's authorized capital stock.

Memorandum of Agreement with M2DC

On December 18, 2020, a MOA was executed between the Parent Company and M2DC for M2DC's subscription to 9,800.0 million shares, representing 67% of the issued and outstanding capital stock of the Parent Company post-increase, for ₱0.285 per share. The shares were issued out of the Parent Company's increase in authorized capital stock.

The total consideration of ₱2,800.0 million was paid in cash, 25% upon fulfillment of the conditions precedent, and the remainder was paid upon the SEC approval for the increase in authorized capital stock. On September 30, 2021, the Parent Company has fulfilled the conditions precedent, and the investment of M2DC was completed.

Treasury Stock

This pertains to the Parent Company's 18.0 million shares held by its subsidiary, Mabini Energy Corporation amounting to ₱3,240,000.

Sale of Delinquent Shares

On September 12, 2023, the Company sold 450.0 million delinquent shares of stock through an auction sale at a bid price of ₱0.2888 per share for a total consideration of ₱130.0 million recorded as follows:

Collection of subscription receivable	₱112,500,000
Additional paid-in capital	17,482,337
	₱129,982,337

16. Revenues

This account consists of:

	Note	2023	2022	2021
Revenue within the scope of PFRS 15:				
Sale of fuel		**₱63,899,987,305**	₱74,524,188,640	₱3,722,618,584
Port service income		**98,291,834**	49,756,110	15,887,418
Others		**461,340**	116,869	594,689
		63,998,740,479	74,574,061,619	3,739,100,691
Revenue outside the scope of PFRS 15 -				
Rental income	22	**74,815,947**	62,306,192	6,572,194
		₱64,073,556,426	₱74,636,367,811	₱3,745,672,885

The Group's revenue within the scope of PFRS 15 are recognized as follows:

	2023	2022	2021
At a point in time	**₱63,900,448,645**	₱74,524,188,640	₱3,722,618,584
Over a period of time	**98,291,834**	49,872,979	16,482,107
	₱63,998,740,479	₱74,574,061,619	₱3,739,100,691

17. Cost of Sales and Services

This account consists of:

	Note	2023	2022	2021
Cost of inventories	7	**₱61,720,508,582**	₱72,101,587,803	₱3,596,613,249
Depreciation and amortization	11	**275,535,016**	264,455,739	40,658,164
Fuel and oil		**241,608,148**	225,465,000	13,745,671
Taxes and licenses		**14,874,684**	14,205,917	2,440,883
Rent	22	**12,515,320**	3,714,144	1,055,580
Others		**225,216,352**	211,575,501	461,221
		₱62,490,258,102	₱72,821,004,104	₱3,654,974,768

18. General and Administrative Expenses

This account consists of:

	Note	2023	2022	2021
Depreciation and amortization	11	**₱351,685,404**	₱306,629,059	₱10,562,310
Personnel costs:				
Salaries, wages and benefits		**235,279,475**	222,626,689	42,813,633
Retirement expense	21	**20,190,611**	18,350,265	6,259,018
Outside services		**106,394,631**	80,393,059	6,244,359
Business support service fees		**105,042,546**	149,372,151	4,705,882
Taxes and licenses		**99,769,083**	64,762,001	5,616,138
Rent	22	**90,013,824**	58,910,160	6,650,290
Transportation and travel		**68,809,387**	41,632,421	4,897,714
Repairs and maintenance		**53,957,809**	48,839,440	4,239,127
Insurance		**41,137,000**	28,192,058	4,381,769
Professional fees		**35,062,512**	27,208,194	7,249,251
Representation		**10,140,561**	11,451,774	5,389,452
Bank charges		**2,759,643**	114,342,134	36,914
Communication		**440,233**	727,293	498,055
Provision for ECL	6	**–**	8,143,358	196,151
Others		**39,461,195**	32,650,127	11,584,174
		₱1,260,143,914	₱1,214,230,183	₱121,324,237

Others include utilities, supplies and training-related expenses.

19. Other Income - Net

This account consists of:

	Note	2023	2022	2021
Foreign exchange gain - net		**₱140,685,273**	₱7,171,980	₱2,754,603
Income from penalty on delayed payment of receivables	6	**105,548,197**	63,959,513	9,910,048
Gain (loss) on derivative liability		**(93,432,781)**	(64,825,709)	2,449,680
Gain on reversal of provision	13	**39,405,712**	–	–
Fair value gains on investment property		**73,117,985**	30,543,772	23,973,000
Gain on bargain purchase		**–**	–	137,218,345
Others		**25,706,050**	29,241,338	1,852,476
		₱291,030,436	₱66,090,894	₱178,158,152

Gain on Bargain Purchase

On December 7, 2021, the Group entered in a Subscription Agreement with FECI. Under the Agreement, the Group subscribed to 60% of the total issued and outstanding shares of FECI for ₱3,000.0 million. The excess of the fair value of the net assets acquired over the consideration amounting to ₱137.2 million represents gain on bargain purchase arising from the acquisition of the business.

20. Related Party Transactions

In the normal course of business, the following table summarizes the related party transactions of the Group as at and for the years ended December 31, 2023 and 2022:

		Amount of Transaction		Outstanding Balance	
Nature of Relationship	Nature of Transaction	**2023**	2022	**2023**	2022
Trade Receivable (see Note 6)					
Entities under common ownership	Sale of fuel	**₱20,832,060,904**	₱24,326,164,911	**₱11,464,919,985**	₱7,216,634,576
	Rental income	**980,556**	980,556	**–**	–
Associates	Management fee	**–**	116,869	**–**	–
Entity under common key management	Rental income	**18,000,000**	18,000,000	**–**	–
				₱11,464,919,985	₱7,216,634,576
Receivable from Sale of an Investment in an Associate (see Note 6)					
Entity under common key management	Sale of an investment in an associate	**₱–**	₱1,226,781,411	**₱1,147,075,746**	₱1,226,781,411
	Interest income	**109,435,006**	9,238,276	**–**	–
				₱1,147,075,746	₱1,226,781,411
Sale of investments in associates (see Note 9)					
Stockholder	Sale of investments in associates	**₱–**	₱210,396,999	**₱–**	₱–

Nature of Relationship	Nature of Transaction	Amount of Transaction 2023	2022	Outstanding Balance 2023	2022
Notes Receivable (see Note 6)					
Entity under common control	Advances for financing	**₱15,636,721**	₱20,613,240	**₱521,224,038**	₱521,255,003
Entity under common key management	Advances for financing	–	–	**203,247,636**	203,247,636
				₱724,471,674	₱724,502,639
Interest Receivable					
Entities under common control	Interest income	**₱12,240,582**	₱12,240,582	**₱–**	₱–
Advances to Related Parties (see Note 6)					
Entities under common control	Working capital advances	**₱–**	₱–	**₱432,482,659**	₱315,690,000
Entities under common control	Borrowing	**198,378,948**	₱–	**198,378,948**	–
				₱630,861,607	₱315,690,000
Trade Payables (see Note 13)					
Entity under common control	Purchase of fuel	**₱7,118,452**	₱2,244,794,276	**₱185,787,240**	₱296,262,097
	Cost of services	**241,608,148**	89,032,041	**4,538,613**	3,901,737
Joint venture	Service fees	**25,000,000**	25,000,000	**–**	–
				₱190,325,853	₱300,163,834
Interest Payable					
Entity under common control	Interest on loans	**₱–**	₱–	**₱212,528,610**	₱212,528,610
Loans Payable (see Note 14)					
Entity under common control	Borrowings	**₱–**	₱–	**₱451,909,360**	₱451,909,360
Business Support Service Fees					
Entity under common control	Business support service fees	**₱105,042,546**	₱149,372,151	**₱–**	₱–
Advances from Related Parties (see Note 13)					
Entity under common ownership	Working capital advances	**₱–**	₱–	**₱329,998,642**	₱329,998,642
Associates	Working capital advances	**134,496**	–	**477,496**	343,000
				₱330,476,138	₱330,341,642
Retirement Benefit Plan (see Note 21)	Contribution	**₱28,377,358**	₱21,897,620	**₱131,026,942**	₱119,641,062
Personnel Costs					
Key management personnel	Short-term benefits	**₱1,445,700**	₱97,670,544	**₱36,659**	₱87,428
	Retirement benefits	**2,825,319**	12,788,660	**8,884,000**	21,187,285
				₱8,920,659	₱21,274,713

Terms and Conditions of Transactions and Balances with Related Parties

a. Trade receivable and payables, interest receivable and payable, and advances from and to related parties are unsecured, unimpaired, noninterest-bearing and to be collected or settled in cash and on demand. Assessment is undertaken each reporting year through examining financial position of the related party and the market in which the related party operates.

b. Receivable from sale of an investment in an associate is collectible in installment until October 31, 2029.

c. Notes receivable are collectible on demand with a term of five (5) years collectible in equal monthly installments. These are unsecured and bears interest ranging from 3.00% to 10.00%.

d. Loans payable are generally unsecured, noninterest-bearing and are to be settled in cash.

e. Business support service fees are unsecured, noninterest-bearing and normally settled within 30 days following the receipt of invoice.

All related party transactions are in compliance with the related party transactions policy of the Group including the required approval process. This includes review of the related party committee and approval of the BOD for transactions exceeding certain thresholds and approval criteria.

Eliminated Related Party Transactions
Related party transactions eliminated in the consolidation pertains to due to/from related parties and rental income/expense. Total due to/from related parties eliminated as at December 31, 2023 and 2022 amounted to ₱43.7 million and ₱455.7 million, respectively. Total eliminated intercompany rental income and expense amounted to ₱4.9 million and ₱2.2 million in December 31, 2023 and 2022.

21. Retirement Benefits

The Group has a funded, noncontributory defined benefit retirement benefit plan (the Plan) covering all regular employees of the Parent Company and its operating subsidiary. The retirement benefits are based on a certain percentage of the final monthly basic salary for every year of credited service of the employees. The benefits to be received by the employees under the Group's defined benefit retirement plan meet the minimum mandated benefit under Republic Act No. 7641, *The Retirement Pay Law.*

The defined benefit obligation under the defined benefit retirement plan is determined using the projected unit credit method. The latest actuarial valuation report of the Group was as at and for the year ended December 31, 2023.

Net Retirement Liability of the Parent Company
Movements in net retirement benefit liability (asset) of the Parent Company recognized in the consolidated statements of financial position are as follows:

	2023	2022
Balance at beginning of year	**₱10,599,937**	₱12,593,638
Retirement expense	**3,178,036**	4,134,618
Net remeasurement gains (loss) recognized in OCI	**388,610**	(630,699)
Contributions paid	**(10,333,615)**	(5,497,620)
Benefits paid from operating fund	**(4,565,700)**	–
Balance at end of year	**(₱732,732)**	₱10,599,937

The funded status of the Parent Company's net retirement liability (asset) is as follows:

	2023	2022
Present value of defined benefit obligation	**₱13,845,846**	₱33,020,698
Fair value of plan assets	**(14,578,578)**	(22,420,761)
Net retirement benefit liability (asset)	**(₱732,732)**	₱10,599,937

The balances and movements of the present value of defined benefit obligation are as follows:

	2023	2022
Balance at beginning of year	**₱33,020,698**	₱32,130,202
Current service cost	**2,568,852**	3,508,715
Interest expense	**998,254**	1,319,443
Benefits paid from retirement fund	**(19,799,848)**	(805,649)
Benefits paid from operating fund	**(4,565,700)**	–
Actuarial losses (gains) recognized in OCI:		
Experience adjustments	**1,280,434**	(961,196)
Change in financial assumptions	**343,156**	(2,170,817)
Balance at end of year	**₱13,845,846**	₱33,020,698

The balances and movements of the fair value of plan assets are as follows:

	2023	2022
Balance at beginning of year	**₱22,420,761**	₱19,536,564
Benefits paid from operating fund	**(19,799,848)**	(805,649)
Contributions paid	**10,333,615**	5,497,620
Return on assets excluding interest income	**1,234,980**	(2,501,314)
Interest income	**389,070**	693,540
Balance at end of year	**₱14,578,578**	₱22,420,761

Net Retirement Asset of the Operating Subsidiary

Movements of net retirement asset of the operating subsidiary included under "Other noncurrent assets" account in the consolidated statements of financial position as at December 31 are as follows (see Note 12):

	2023	2022
Balance at beginning of year	**(₱20,632,378)**	(₱11,997,023)
Retirement expense	**17,012,575**	14,215,647
Contribution paid	**(18,043,743)**	(16,400,000)
Net remeasurement loss (gain) recognized in OCI	**17,397,107**	(6,451,002)
Balance at end of year	**(₱4,266,439)**	(₱20,632,378)

The funded status of the operating subsidiary's net retirement asset as at December 31, 2023 and 2022 is as follows:

	2023	2022
Fair value of plan assets	**₱116,448,364**	₱98,614,920
Effect of the asset ceiling	**(259,400)**	(1,394,619)
Present value of defined benefit obligation	**(111,922,525)**	(76,587,923)
Net retirement asset	**₱4,266,439**	₱20,632,378

The balances and movements of the present value of defined benefit obligation as at and for the years ended December 31, 2023 and 2022 are as follows:

	2023	2022
Balance at beginning of year	₱76,587,923	₱70,537,162
Current service cost	19,004,130	15,274,446
Interest expense	5,529,648	3,590,342
Benefits paid from operating fund	(4,140,766)	(12,210)
Actuarial gains recognized in OCI:		
Change in financial assumptions	2,107,781	(14,142,044)
Experience adjustments	12,833,809	1,340,227
Balance at end of year	₱111,922,525	₱76,587,923

The balances and movements of the fair value of plan assets as at and for the years ended December 31, 2023 and 2022 are as follows:

	2023	2022
Balance at beginning of year	₱97,220,301	₱82,534,185
Contribution paid	18,043,743	16,400,000
Interest income	7,665,983	4,649,141
Return on assets excluding interest income	(4,346,164)	(4,956,196)
Benefits paid from operating fund	(4,140,766)	(12,210)
Effect of asset ceiling	2,005,267	(1,394,619)
Balance at end of year	₱116,448,364	₱97,220,301

Retirement Expense

The components of the retirement expense included under "General and administrative expenses" account in the consolidated statements of comprehensive income (see Note 18) are as follows:

	2023	2022	2021
Current service cost	₱21,572,982	₱18,783,161	₱6,099,659
Net interest expense (income)	(1,527,151)	(432,896)	159,359
Amortization of the net asset ceiling	144,780	–	–
	₱20,190,611	₱18,350,265	₱6,259,018

Cumulative Remeasurement Gain (Loss) on Retirement Benefit Liability (Asset)

The balances and movements of the cumulative remeasurement gain or loss on net retirement benefit liability (asset), included under "Other equity reserves" account in the consolidated statements of financial position, are as follows:

Attributable to Parent Company

	2023		
	Cumulative Remeasurement Gain (Loss)	Deferred Tax Liability (Asset)	Net
Balances at beginning of year	₱749,542	(₱602,857)	₱146,685
Remeasurement loss	(5,712,125)	1,330,879	(4,381,246)
Balances at end of year	(₱4,962,583)	₱728,022	(₱4,234,561)

	2022		
	Cumulative Remeasurement Gain (Loss)	Deferred Tax Liability	Net
Balances at beginning of year	(₱1,855,164)	(₱109,355)	(₱1,964,519)
Remeasurement gain	2,604,706	(493,502)	2,111,204
Balances at end of year	₱749,542	(₱602,857)	₱146,685

	2021		
	Cumulative Remeasurement Loss	Deferred Tax Liability	Net
Balances at beginning of year	(₱175,735)	₱–	(₱175,735)
Remeasurement loss	(1,679,429)	(109,355)	(1,788,784)
Balances at end of year	(₱1,855,164)	(₱109,355)	(₱1,964,519)

Attributable to Non-Controlling Interests

	2023		
	Cumulative Remeasurement Gain (Loss)	**Deferred Tax Liability (Asset)**	**Net**
Balances at beginning of year	**₱6,388,116**	**(₱1,597,029)**	**₱4,791,087**
Remeasurement loss	**(12,073,592)**	**3,018,398**	**(9,055,194)**
Balances at end of year	**(₱5,685,476)**	**₱1,421,369**	**(₱4,264,107)**

	2022		
	Cumulative Remeasurement Gain	Deferred Tax Liability	Net
Balances at beginning of year	₱1,911,121	(₱477,780)	₱1,433,341
Remeasurement gain	4,476,995	(1,119,249)	3,357,746
Balances at end of year	₱6,388,116	(₱1,597,029)	₱4,791,087

	2021		
	Cumulative Remeasurement Gain	Deferred Tax Liability	Net
Balances at beginning of year	₱–	₱–	₱–
Remeasurement gain	1,911,121	(477,780)	1,433,341
Balances at end of year	₱1,911,121	(₱477,780)	₱1,433,341

The major categories of plan assets of the Parent Company as a percentage of the fair value of total plan assets are as follows:

	2023	2022
Investments in unit investment trust fund	**68.45%**	66.09%
Investments in government securities	**17.57%**	32.75%
Other securities and debt instruments	**11.76%**	0.90%
Others	**2.22%**	0.26%
	100.00%	100.00%

The major categories of plan assets of the Operating Subsidiary as a percentage of the fair value of total plan assets are as follows:

	2023	2022
Investments in government securities	**73.29%**	77.36%
Other securities and debt instruments	**20.18%**	17.14%
Investments in unit investment trust fund	**4.20%**	3.26%
Others	**2.33%**	2.24%
	100.00%	100.00%

The principal assumptions used in determining the present value of the defined benefit obligation are as follows:

	2023	2022
Discount rate	**6.49%**	7.22%
Salary increase rate	**5.00%**	5.00%

Sensitivity analysis on the net retirement benefit liability as at December 31, 2023 and 2022 are as follows:

		Effect on Net Retirement Benefit Liability	
	Change in Assumption	2023	2022
Discount rate	+1.00%	**₱10,907,131**	(₱5,976,475)
	-1.00%	**(11,032,668)**	6,929,686
Salary increase rate	+1.00%	**₱11,084,318**	₱7,095,531
	-1.00%	**(14,677,216)**	(6,221,044)

The sensitivity analysis above has been determined based on a method that extrapolates the impact on net retirement benefit liability as a result of reasonable changes in key assumptions occurring at the reporting date.

Risks Associated with the Retirement Plan

The plan exposes the Group to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk.

Investment and Interest Rate Risks. The present value of the defined benefit obligation is calculated using a discount rate determined by reference to market yields of government bonds. Generally, a decrease in the interest rate of a reference government bonds will increase the plan obligation. However, this will be partially offset by an increase in the return on the Plan's investments in debt securities, and if the return on plan asset falls below this rate, it will create a deficit in the plan. Currently, the plan has relatively balanced investments in cash and cash equivalents, equity and debt securities. Due to the long-term nature of the plan obligation, diversifying its investments is an appropriate element of the Group's long-term strategy to manage the plan efficiently.

Longevity and Salary Risks. The present value of the defined benefit obligation is calculated by reference to the best estimate of the mortality of the plan participants both during and after their employment, and to their future salaries. Consequently, increases in the life expectancy and salary of the plan participants will result in an increase in the plan obligation.

Funding Arrangements and Expected Contributions

The plan of the Parent Company is currently overfunded by ₱0.7 million based on the latest funding valuation. The Group is not required to pre-fund the future defined benefits payable under the retirement plan before these become due. For this reason, the amount and timing of contributions to the retirement fund are at the Group's discretion. The Group expects to contribute ₱19.1 million to the fund in 2024.

As at December 31, 2023, the maturity analysis of the undiscounted net retirement benefit liability is as follows:

Within one (1) year	₱7,145,528
More than one (1) year to five (5) years	88,306,560
More than five (5) years to 10 years	54,673,902
More than 10 years to 15 years	14,094,822
More than 15 years to 20 years	28,826,111
More than 20 years to 25 years	20,493,683
	₱213,540,606

The average duration of the retirement benefit liability as at December 31, 2023 is approximately 11.27 years.

22. Leases

Group as a Lessee

The Group entered into various lease agreements for the lease of terminals and depots, service vehicles and office spaces. The term of the leases ranges from one (1) year to 25 years. In most cases, no escalation was incorporated in the terms of the leases. Other leases have an annual 5% escalation rate.

ROU Assets

The balance and movements in the Group-occupied ROU assets as at and for the year ended December 31, 2023 and 2022 are as follows:

	2023	2022
Cost		
Balance at beginning of year	**₱1,179,776,540**	₱425,971,059
Additions	**25,062,459**	423,544,631
Effect of lease modification	**(8,015,978)**	340,062,175
Write-off of expired lease	**–**	(9,801,325)
Terminations	**(1,544,627)**	–
Balance at end of year	**1,195,278,394**	1,179,776,540
Accumulated Amortization		
Balance at beginning of year	**427,003,945**	311,416,796
Terminations	**(1,292,197)**	–
Amortization	**228,559,249**	125,388,474
Write-off of expired lease	**–**	(9,801,325)
Balance at end of year	**654,270,997**	427,003,945
Carrying Amount	**₱541,007,397**	₱752,772,595

The Group-occupied ROU asset is classified as property and equipment in the consolidated statements of financial position (see Note 11).

Lease Liabilities

The balance and movements of lease liabilities as at December 31 are as follows:

	Note	2023	2022
Balance at beginning of year		**₱714,810,799**	₱104,822,411
Payments		**(223,482,456)**	(182,439,780)
Interest expense	14	**31,888,809**	28,821,362
Additions		**25,062,459**	423,544,631
Reclassification to accrued expenses		**(17,380,492)**	–
Effect of lease modifications		**(8,015,978)**	340,062,175
Terminations		**(305,621)**	–
Balance at end of year		**₱522,577,520**	₱714,810,799

The lease liabilities are presented in the consolidated statements of financial position as at December 31 as follows:

	Note	2023	2022
Current	13	**₱180,178,199**	₱247,660,261
Noncurrent		**342,399,321**	467,150,538
		₱522,577,520	₱714,810,799

Future minimum rental payments under existing non-cancellable lease payments as at December 31, 2023 are as follows:

	Amount
Within one (1) year	₱210,407,844
After one (1) year but not more than five (5) years	194,307,219
More than five (5) years	258,766,505
	₱663,481,568

Lease Modification

In 2022, the certain lease agreements were amended to extend the lease terms for another two (2) to three (3) years. The extension of lease terms is considered as a lease modification which resulted in a decrease in ROU assets and lease liabilities by ₱8.0 million in 2023 and an increase by ₱340.1 million in 2022 (see Note 11).

Refundable Deposit

Refundable deposits which are to be refunded at the end of the lease term amounted to ₱73.5 million and ₱18.2 million as at December 31, 2023 and 2022, respectively (see Note 12).

Short-term Lease

The Group has certain short-term and low value leases. The Group applies the recognition exemption for these leases. Rental expense is recognized in the consolidated statements of comprehensive income as follows:

	Note	**2023**	2022	2021
Cost of sales and services	17	**₱12,515,320**	₱3,714,144	₱1,055,580
General and administrative expenses	18	**90,013,824**	58,910,160	6,650,290
		₱102,529,144	₱62,624,304	₱7,705,870

The lease-related expenses (income) recognized in the consolidated statements of comprehensive income are as follows:

	2023	2022	2021
Rent expense on short-term leases	**₱102,529,144**	₱62,624,304	₱7,705,870
Interest expense	**31,888,809**	28,821,362	7,398,490
Amortization of ROU assets	**228,559,249**	125,388,473	7,052,938
Gain on termination of lease liability	**(53,191)**	–	–
	₱362,924,011	₱216,834,139	₱22,157,298

The total cash outflows for leases in 2023, 2022 and 2021 amounted to ₱315.8 million, ₱209.4 million and ₱102.4 million, respectively.

Group as Lessor

The Group entered into various operating lease agreements to lease out office spaces and its facility to related parties and third parties ranging from one (1) to ten years.

Rental income amounted to ₱74.8 million, ₱62.3 million and ₱6.6 million in 2023, 2022 and 2021, respectively.

Future minimum lease receivables under the non-cancellable operating leases are as follows:

Within one (1) year	₱57,558,308
After one (1) year but not more than five (5) years	241,726,757
More than five (5) years	128,085,804
	₱427,370,869

23. Segment Reporting

The Group is organized into one reportable segment which is the downstream oil operations particularly the sale of petroleum products. Accordingly, all significant operating decisions are based upon analysis of the Group as one segment. The financial information about the sole business segment is equivalent to the consolidated financial statements of the Group.

24. Income Taxes

The components of income taxes as reported in the consolidated statements of comprehensive income are as follows:

	2023	2022	2021
Reported in Profit or Loss			
Current tax expense	**₱78,133,216**	₱109,263,486	₱6,354,516
Deferred tax expense (benefit)	**(64,424,567)**	(48,819,719)	900,118
	₱13,708,649	₱60,443,767	₱7,254,634
Reported in OCI			
Deferred tax expense (benefit) on:			
Remeasurement losses (gains) on net retirement benefit asset	**(₱4,349,277)**	₱4,600,192	(₱357,370)
Loss on translation of Investments in associates and a joint venture	**–**	–	(1,707,408)
	(₱4,349,277)	₱4,600,192	(₱2,064,778)

The component of the Group's net deferred tax liabilities as presented in the consolidated statements of financial position as at December 31 are as follows:

	2023	2022
Deferred tax assets:		
Lease liabilities	**₱130,644,380**	₱178,702,700
Derivative liability	**39,564,623**	16,206,427
Retirement benefit liability	**–**	2,649,984
	170,209,003	197,559,111
Deferred tax liabilities:		
Fair value adjustments in property and equipment arising from business combination	**686,051,924**	769,644,992
ROU assets	**135,251,849**	188,193,149
Unrealized foreign exchange gain	**35,100,879**	9,061,657
Retirement plan asset	**1,249,793**	5,158,095
Fair value of investment properties	**43,593,927**	25,314,431
	901,248,372	997,372,324
	₱731,039,369	₱799,813,213

Unrecognized deferred tax assets consist of the following:

	2023	2022
NOLCO	**₱41,071,152**	₱29,060,583
Unamortized past service cost	**4,069,220**	2,685,582
Unrealized foreign exchange loss	**1,957,156**	4,344,225
Excess of MCIT over RCIT	**1,540,579**	1,742,361
Allowance for ECL on trade receivables	**525,267**	2,561,106
	₱49,163,374	₱40,393,857

The management assessed that there may be no sufficient future taxable income against which benefits of the deductible temporary differences and carryforward benefits can be utilized.

Details of the Group's NOLCO as at December 31, 2023 are as follows:

Year Incurred	Year of Expiration	Amount
2023	2026	₱48,042,275
2022	2025	26,288,124
2021	2026	49,609,425
2020	2025	40,344,782
		₱164,284,606

Under Revenue Regulations No. 25-2020, net operating loss incurred for the taxable years 2020 and 2021 will be carried over for the next five (5) consecutive taxable years immediately following the year such loss was incurred.

Details of the Group's excess of MCIT over RCIT as at December 31, 2023 are as follows:

Year Incurred	Year of Expiration	Amount	Applied/Expired	Balance
2023	2026	₱377,191	₱–	₱377,191
2022	2025	847,894	–	847,894
2021	2024	315,494	–	315,494
2020	2023	578,973	578,973	–
		₱2,119,552	₱578,973	₱1,540,579

The reconciliation between the provision for income tax based on statutory income tax rate and effective income tax rate is as follows:

	2023	2022	2021
Income tax expense at statutory tax rate	**₱28,325,038**	₱161,567,425	₱29,262,105
Increase (decrease) in income tax resulting from:			
Nontaxable income	**(47,225,366)**	(74,094,681)	(2,083,552)
Change in unrecognized deferred tax assets	**8,769,517**	(49,523,394)	7,603,914
Nondeductible expenses	**5,333,210**	95,089,237	1,313,429
Income subjected to final tax	**(3,450,790)**	(3,178,291)	(1,777,656)
Expired excess of MCIT over RCIT	**578,973**	2,113,075	216,908
Taxable income subject to income tax holiday	**–**	(115,786,035)	–
Expired NOLCO	**–**	44,347,725	9,161,807
Others	**21,378,067**	(91,294)	(36,442,321)
Income tax expense at effective tax rate	**₱13,708,649**	₱60,443,767	₱7,254,634

FLC is registered with the Board of Investments (BOI) in accordance with the provisions of the Omnibus Investments Code of 1987, as amended, as a new participant with new investments for storage and bulk marketing of petroleum products and enjoys income tax holiday (ITH) for a period of six (6) years or until January 4, 2023. The Company, however, did not avail of the ITH incentive for the period January 1 to 4, 2023. ITH incentive availed in 2022 and 2021 amounted to ₱68.7 million and ₱50.9 million, respectively.

25. Basic and Diluted Income per Share

The following reflects the income and share data used in the basic and diluted income per share computation:

	2023	2022	2021
Net income attributable to shareholders of the Parent Company	**₱42,693,877**	₱94,626,469	₱81,383,718
Divided by: Weighted average number of outstanding shares	**14,650,643,064**	14,200,643,064	14,200,643,064
Basic and diluted income per share	**₱0.003**	₱0.007	₱0.006

There have been no other transactions involving common shares or potential common shares between the end of financial reporting period and the date of issuance of these consolidated financial statements. There are no potential dilutive shares as of December 31, 2023 and 2022.

26. Fair Value Measurement

The following tables present the carrying amounts and fair values of the Group's assets and liabilities measured at fair value, for which fair values are disclosed, and the corresponding fair value hierarchy:

		2023			
			Fair Value		
	Note	Carrying Amount	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets Measured at Fair Value:					
Financial assets at FVOCI -					
Quoted equity securities	12	₱12,144,795	₱12,144,795	₱–	₱–
Investment properties at fair value	10	342,860,757	–	–	342,860,757
		₱355,005,552	₱12,144,795	₱–	₱342,860,757
Liability Measured at Fair Value -					
Derivative liability*	13	₱158,258,490	₱–	₱–	₱158,258,490
Liability for which Fair Value is Disclosed -					
Loans payable	14	10,605,332,704	–	10,726,027,224	–
		₱10,763,591,194	₱–	₱10,726,027,224	₱158,258,490

		2022			
			Fair Value		
	Note	Carrying Amount	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets Measured at Fair Value:					
Financial assets at FVOCI -					
Quoted equity securities	12	₱12,015,085	₱12,015,085	₱–	₱–
Investment properties at fair value	10	269,742,772	–	–	269,742,772
		₱281,757,857	₱12,015,085	₱–	₱269,742,772
Liability Measured at Fair Value -					
Derivative liability*	13	₱64,825,709	₱–	₱–	₱64,825,709
Liability for which Fair Value is Disclosed -					
Loans payable	14	5,941,672,904	–	6,050,135,346	–
		₱6,006,498,613	₱–	₱6,050,135,346	₱64,825,709

**Included under "Trade and Other Payables" account*

The Group used the following techniques to determine fair value measurements:

Financial Assets at FVOCI. The fair values of financial assets at FVOCI are based on quoted market prices or bidding dealer price quotations from active markets at the reporting date.

Land Classified as Investment Properties. The fair values of land classified as investment properties were determined based on latest appraisal report. The appraisal was carried out using the market data or direct sales comparison approach which uses significant unobservable inputs such as recent sale transactions or offerings of similar properties which have occurred and offered with close proximity to the subject property. The Group has determined that the highest and best use of the investment properties as at December 31, 2023 and 2022 would be to hold it for capital appreciation.

Loans Payable. The fair values of loans payable were determined as the sum of all future cash flows discounted using the prevailing market rates of interest for instruments with similar maturities. The discount rates used ranging from 3.9% to 10.5% and 2.8% to 10.5% in 2023 and 2022, respectively.

Derivative Asset (Liability). The fair value of foreign exchange forward contracts is calculated by reference to projected forward exchange rates for contracts with similar maturity profiles.

There were no transfers between Level 1, Level 2, and Level 3 fair value hierarchy measurements in 2023 and 2022.

The table below presents the Group's financial assets and liabilities whose carrying amounts approximate their fair values due to their short-term nature as at December 31, 2023 and 2022:

	2023	2022
Financial assets at amortized cost:		
Cash and cash equivalents*	**₱1,836,276,660**	₱1,147,705,880
Trade and other receivables	**14,771,560,467**	13,707,546,339
Receivable from sale of investments – net of current portion	**901,408,183**	1,037,640,740
Refundable deposits**	**73,456,779**	43,043,857
Long-term placements	**28,628,480**	105,056,515
	₱17,611,330,569	₱16,040,993,331
Financial liabilities at amortized cost:		
Trade and other payables***	**₱10,084,169,299**	₱12,741,759,296
Trust receipts payable	**–**	1,200,000,000
	₱10,084,169,299	₱13,941,759,296

**Excluding cash on hand amounting to ₱0.6 million as at December 31, 2023 and 2022.*
***Includes current and noncurrent refundable deposits*
****Excluding nonfinancial liabilities amounting to ₱31.1 million and ₱32.8 million as at December 31, 2023 and 2022, respectively.*

27. Financial Risk Management Objectives and Policies

The Group's financial instruments consist of cash and cash equivalents, trade and other receivables (excluding nonfinancial assets), receivable from sale of investment in an associate, derivative asset (included under other current assets), financial assets at FVOCI, long-term placements, refundable deposits, notes receivable (included under other noncurrent assets) and trade and other payables (excluding nonfinancial liabilities), trust receipts payable, loans payable and lease liabilities.

The main financial risks arising from the Group's use of financial instruments include credit risk, liquidity risk, and market risks. The BOD regularly reviews and approves the appropriate policies for managing these financial risks, as summarized below.

<u>Credit Risk</u>
The Group's exposure to credit risk arises from the failure of its counterparty in fulfilling its financial commitments to the Group under the prevailing contractual terms. Financial instruments that potentially subject the Group to credit risk consist primarily of financial assets at amortized cost and financial assets at FVOCI.

The carrying amounts of financial assets at amortized cost and financial assets at FVOCI represent the Group's maximum credit exposure.

Trade Receivables
Trade receivables arise mainly from transactions with customers. The Group limits its exposure to credit risk by transacting with pre-approved and credit-worthy customers that have undergone stringent financial credit and legal evaluation processes. In addition, trade receivable balances are strictly monitored on an ongoing basis to ensure timely collections. Generally, trade receivables are written off if determined to be uncollectible.

There are no guarantees against trade receivables but the management closely monitors the receivable balance on a monthly basis and is in regular contact with this customer to mitigate risk.

The Group uses a provision matrix to calculate the ECL for trade receivables. The provision rates are based on days past due for groupings of various customer segments analyzed by customer type, credit terms, and number of days outstanding. The Group adjusts historical default rates to forward-looking default rate by determining the closely related economic factor affecting each customer segment. At each reporting date, the observed historical default rates are updated and changes in the forward-looking estimates are analyzed.

Allowance for expected credit losses on trade receivables amounted to ₱10.2 million as at December 31, 2023 and 2022, respectively (see Note 6).

Financial Assets at Amortized Cost
The Group limits its exposure to credit risk by depositing its cash and cash equivalents only with banks that have good credit standing and reputation in the local and international banking industry. In addition, the trade and other receivables and refundable deposit are transacted with counterparties with good credit standing and a relatively low risk of default.

It is the Group's policy to measure ECL on the above instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

When determining if there has been a significant increase in credit risk, the Group considers reasonable and supportable information that is available without undue cost or effort and that is relevant for the particular financial instrument being assessed such as, but not limited to, the following factors:

- Actual or expected external and internal credit rating downgrade;
- Existing or forecasted adverse changes in business, financial or economic conditions; and
- Actual or expected significant adverse changes in the operating results of the counterparties.

The Group also considers financial assets that are more than 30 days past due to be the latest point at which lifetime ECL should be recognized unless it can demonstrate that this does not represent significant credit risk such as when non-payment arising from administrative oversight rather than resulting from financial difficulty of the counterparty.

Debt Securities at FVOCI
The Group's quoted debt securities at FVOCI is subject to credit risk. The Group limits its exposure to credit risk by acquiring quoted debt securities from companies with good credit standing and a relatively low risk of default. The Group recognizes changes in the fair value of the debt securities, whether attributable to changes in market conditions or changes in credit risk, in other comprehensive income.

The table below shows the carrying amounts of financial assets at amortized cost classified under 12-month ECL and lifetime ECL as at December 31, 2023 and 2022:

	2023			
	Financial Assets at Amortized Cost			
	12-month ECL	Lifetime ECL - Not Credit Impaired	Lifetime ECL - Credit Impaired	Total
Cash and cash equivalents*	₱1,836,276,660	₱–	₱–	₱1,836,276,660
Trade and other receivables	13,392,302,470	1,379,257,997	10,244,424	14,781,804,891
Receivable from sale of investment in an associate - net of current portion	901,408,183	–	–	901,408,183
Refundable deposits	73,456,779	–	–	73,456,779
Long-term placements	28,628,480	–	–	28,628,480
Noncurrent portion of notes receivable	–	14,626,438	–	14,626,438
	₱16,232,072,572	₱1,393,884,435	₱10,244,424	₱17,636,201,431

**Excluding cash on hand amounting to ₱0.6 million as at December 31, 2023.*

	2022			
	Financial Assets at Amortized Cost			
	12-month ECL	Lifetime ECL - Not Credit Impaired	Lifetime ECL - Credit Impaired	Total
Cash and cash equivalents*	₱1,147,705,880	₱–	₱–	₱1,147,705,880
Trade and other receivables	12,657,544,424	1,050,001,915	10,244,424	13,717,790,763
Receivable from sale of investment in an associate - net of current portion	1,037,640,740	–	–	1,037,640,740
Refundable deposits	43,043,857	–	–	43,043,857
Long-term placements	105,056,515	–	–	105,056,515
Noncurrent portion of notes receivable	–	36,440,828	–	36,440,828
	₱14,990,991,416	₱1,086,442,743	₱10,244,424	₱16,087,678,583

**Excluding cash on hand amounting to ₱0.6 million as at December 31, 2022.*

Liquidity Risk

Liquidity risk arises from the possibility that the Group may encounter difficulties in raising adequate funds to meet its financial commitments at a reasonable cost. The Group's objectives in effectively managing its liquidity are: (a) to ensure that adequate funding is available at all times; (b) to meet the commitments as they arise without incurring unnecessary costs; and (c) to be able to access funding when needed at the least possible cost.

To manage this exposure and to ensure sufficient liquidity levels, the Group closely monitors its collections and expenditures by preparing cash position reports that present actual and projected cash flows for the subsequent month.

The table below summarizes the maturity profile of the Group's financial liabilities as at December 31, 2023 and 2022 based on contractual undiscounted payments.

	2023					
	On Demand	1 to 3 Months	>3 to 12 Months	>1 to 5 Years	More than 5 Years	Total
Trade and other payables*	₱9,344,878,170	₱56,013,526	₱975,571,952	₱–	₱–	₱10,376,463,648
Lease liabilities	–	–	253,561,609	139,898,457	129,117,454	522,577,520
Loans payable**	–	–	10,008,650,000	596,682,704	–	10,605,332,704
	₱9,344,878,170	₱56,013,526	₱11,237,783,561	₱736,581,161	₱129,117,454	₱21,504,373,872

**Excluding nonfinancial liabilities and current portion of lease liabilities amounting to ₱31.1 million and ₱180.2 million as at December 31, 2023, respectively.*
***Including future interest payable*

	2022					
	On Demand	1 to 3 Months	>3 to 12 Months	>1 to 5 Years	More than 5 Years	Total
Trade and other payables*	₱11,755,658,612	₱85,425,827	₱947,487,489	₱–	₱–	₱12,788,571,928
Trust receipts payable	1,200,000,000	–	–	–	–	1,200,000,000
Lease liabilities	–	52,359,761	219,948,532	347,303,031	260,935,997	880,547,321
Loans payable**	–	–	5,449,179,000	600,956,346	–	6,050,135,346
	₱12,955,658,612	₱137,785,588	₱6,616,615,021	₱948,259,377	₱260,935,997	₱20,919,254,595

**Excluding nonfinancial liabilities and current portion of lease liabilities amounting to ₱32.8 million and ₱247.7 million as at December 31, 2022, respectively.*
***Including future interest payable*

Market Risks

The Group is exposed to market risks, primarily those related to foreign currency risk, equity price risk and interest rate risk.

Foreign Currency Risk. Foreign currency risk arises on financial instruments that are denominated in a foreign currency other than the functional currency.

The Group's transactional currency exposures arise from its transactions denominated in United States Dollar (USD) and Indonesian Rupiah (IDR). The Group periodically reviews the trend of the changes in foreign exchange rates to address its exposure to foreign currency risk. The Group's policy is to maintain foreign currency exposure within acceptable limits and within the existing regulatory guidelines.

The following table shows the Group's foreign currency-denominated monetary financial assets and liabilities, and their Philippine Peso equivalents:

	2023		2022	
	Original Currency	**Philippine Peso**	Original Currency	Philippine Peso
Denominated in USD				
Financial assets at amortized cost:				
Cash and cash equivalents	**$999,252**	**₱55,328,597**	$1,074,394	₱59,902,837
Nontrade receivables	**160,893**	**8,908,637**	–	–
Refundable deposit	**–**	**–**	444,960	24,808,745
	$1,160,145	**₱64,237,234**	$1,519,354	₱84,711,582
Financial liability at amortized cost -				
Trade payables	**$71,771,657**	**₱3,973,996,648**	$123,311,434	₱6,875,845,550
Denominated in IDR				
Financial assets at amortized cost:				
Cash and cash equivalents	**IDR25,197,330**	**₱90,710**	IDR38,566,878	₱138,841
Trade receivable	**126,589,426**	**455,722**	126,571,277	455,657
	IDR151,786,756	**₱546,432**	IDR165,138,155	₱594,498
Financial liabilities at amortized cost -				
Trade and other payables	**IDR50,363,634,663**	**₱181,309,085**	IDR50,363,634,663	₱181,309,085

For purposes of translating the foreign-currency-denominated monetary assets and liabilities as of December 31, the exchange rates applied were as follows:

	2023	2022
USD	**₱55.37 to USD1**	₱55.76 to USD1
IDR	**₱0.0036 to IDR1**	₱0.0036 to IDR1

The following table demonstrates the sensitivity to a reasonably possible change in the foreign currency exchange rates, with all other variables held constant, of the Group's income before tax and equity in 2023 and 2022.

	US Dollar		
	Increase (Decrease) in Exchange Rates	Effect on Income Before Tax	Effect on Equity
2023	**0.80**	**₱56,489,210**	**₱42,366,907**
	(0.80)	**(56,489,210)**	**(42,366,907)**
2022	2.61	₱317,877,329	₱238,407,997
	(2.61)	(317,877,329)	(238,407,997)

The Group enters into foreign exchange forward contracts to manage its foreign currency risk on its US Dollar-denominated trade payables, whereby the Group purchases certain amount of US Dollars at a fixed forward rate to facilitate the settlement of the Group's foreign-currency denominated fuel purchases. Derivative liability as at December 31, 2023 and unrealized loss on derivative liability in 2023 arising from outstanding foreign exchange forward contacts amounted to ₱154.3 million. Derivative liability as at December 31, 2022 and unrealized loss on derivative asset in 2022 arising from outstanding foreign exchange forward contracts amounted to ₱19.5 million (see Note 13).

As at December 31, 2023 and 2022, the Group's exposure to the possible changes in IDR is insignificant.

Commodity Price Risk. Commodity price risk is the risk that future cash flows from a financial instrument will fluctuate because of changes in market prices of commodities. The Group's commodity price risk results primarily from fluctuations of the commodity prices of fuel purchases from the date of delivery until the date of agreed price setting with the suppliers. Accordingly, derivative liability and unrealized loss on derivative liability on commodity price risk, which is embedded in outstanding fuel purchase contracts, amounted to ₱4.0 million and ₱45.3 million as at and for the years ended December 31, 2023 and 2022, respectively.

The Group manages its commodity price risk on its fuel purchases by considering the agreed price with the suppliers in its price build-up for its fuel sale transactions.

The following table demonstrates the sensitivity of income before income tax and equity for the year ended December 31, 2023 due to a reasonably possible change in commodity prices of fuel purchases, with all other variables held constant.

	Increase (Decrease)	Effect on Income Before Tax	Effect on Equity
2023	**9.70%**	**₱328,697,355**	**₱246,523,016**
	(9.70%)	**(328,697,355)**	**(246,523,016)**
2022	18.15%	₱227,236,531	₱170,427,398
	(18.15%)	(227,236,531)	(170,427,398)

Interest rate risk. The Group's exposure to the risk of changes in market interest rates is minimal since the Group's interest-bearing financial assets consist primarily of notes receivable and long-term placements which have fixed interest rates. The Group also has short-term loan arrangements with its creditors which bear annual interest rates ranging from 3.80% to 10.0% in 2023 and 2022, respectively.

The Group regularly monitors interest rate movements and on the basis of current and projected economic and monetary data, decides on the best alternative to take. No sensitivity analysis is needed as future interest rate changes are not expected to significantly affect the Group's consolidated net income.

Capital Management

The primary objective of the Group's capital management is to ensure that it maintains strong and healthy financial position to drive its expansion and growth in the future.

The Group considers its capital stock and additional paid-in capital aggregating to ₱4,037.2 million and ₱3,907.6 million as at December 31, 2023 and 2022 as its capital employed. The Group manages the capital structure and will make adjustments when there are changes in the economic conditions, business activities, expense programs and the risk characteristics of underlying assets. No changes were made in the objectives, policies or in 2023 and 2022.

The Group is not subject to externally-imposed capital requirements.

28. Contingencies

In December 2022, the Group filed a request for arbitration before the International Chamber of Commerce Singapore in relation to the deed of assignment of lease contract with its related party, and the original lease agreement. Further, in February 2023, the Group and its related party responded to an unlawful detainer/forcible entry filed against it before a municipal trial court (MTC). The Group, in its response, filed a motion to suspend the complaint and refer the parties to Arbitration which was subsequently granted by the municipal trial court. In November 2023, the plaintiff filed a petition to nullify such court decision.

As at March 21, 2024, the MTC's standing decision on the foregoing legal cases is to suspend the local case filed (an unlawful detainer/forcible entry) and to refer the Parties to resolve their issues first through arbitration.

Management and its legal counsels do not believe that any current proceedings will have material adverse effects on its financial position and results of operations. It is possible, however, that future results of operations could be materially affected by changes in estimates or in the effectiveness of strategies relating to these proceedings.

BOA/PRC Accreditation No. 4782
August 16, 2021, valid until April 13, 2024
SEC Registration No. PP201007009

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REPORT OF INDEPENDENT AUDITORS ON SUPPLEMENTARY SCHEDULES FOR FILING WITH THE SECURITIES AND EXCHANGE COMMISSION

The Stockholders and the Board of Directors
Basic Energy Corporation and Subsidiaries
UB 111 Paseo de Roxas Building,
Legaspi Village, San Lorenzo
Makati City

We have audited in accordance with the Philippine Standards on Auditing, the consolidated financial statements of Basic Energy Corporation and Subsidiaries (the Group) as at and for the years ended December 31, 2023, 2022 and 2021 and have issued our report dated March 21, 2024. Our audit was made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The accompanying supplementary schedules are the responsibility of the Group's management. These supplementary schedules include the following:

- Financial Assets
- Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders
- Amounts Receivable from Related Parties which are Eliminated during Consolidation of Financial Statements
- Long-term Debt
- Indebtedness to Related Parties
- Guarantees of Securities and Other Issuers
- Capital Stock
- Reconciliation of the Retained Earnings Available for Dividend Declaration under the Revised SRC Rule 68
- Supplementary Schedule of the Map of the Conglomerate

The supplementary schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic consolidated financial statements. The supplementary schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the financial data required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

REYES TACANDONG & CO.

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Valid until January 24, 2026
PTR No. 10072411
Issued January 2, 2024, Makati City

March 21, 2024
Makati City, Metro Manila

BASIC ENERGY CORPORATION AND SUBSIDIARIES

SCHEDULE A
FINANCIAL ASSETS
DECEMBER 31, 2023

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet	Income received and accrued
Cash in Banks			
BDO Unibank, Inc.	–	₱795,315,819	₱1,383,085
Rizal Commercial Banking Corporation	–	477,963,848	5,972,580
Bank of the Philippine Islands	–	249,536,250	762,527
China Banking Corporation	–	138,670,003	66,748
United Overseas Bank	–	20,357,070	48,627
Metropolitan Bank and Trust Company	–	11,110,476	17,170
Security Bank Corporation	–	195,897	88
CTBC Bank	–	147,506	218
Bank Negara Indonesia	–	65,803	–
Landbank of the Philippines	–	39,999	18
	–	₱1,693,402,671	₱8,251,061
Short-Term Placements			
China Banking Corporation	–	43,673,263	2,339,408
BDO Private Bank	–	12,514,492	29,095
Bank of the Philippine Islands	–	66,272,862	1,988,700
Rizal Commercial Banking Corporation	–	20,413,372	413,372
	–	142,873,989	4,770,575
	–	₱1,836,276,660	₱13,021,636
Trade Receivables			
Total (Philippines) Corporation	–	₱8,292,562,152	₱20,942,915,726
Ecology Energy Corp.	–	3,172,357,833	14,227,943,486
Phoenix Petroleum Philippines, Inc.	–	561,314,708	2,037,338,210
Petron Corporation	–	283,884,182	3,486,453,482
Powerzone Petroleum Products	–	135,349,572	1,058,847,983
Insular Oil Corp.	–	123,734,748	3,676,338,370
Gasso Fuel Trading, Inc.	–	86,592,359	502,715,679
Pilipinas Shell Petroleum Corp.	–	37,271,949	485,135,808
Others	–	276,996,732	17,369,029,689
	–	₱12,970,064,235	₱63,786,718,433
Notes Receivable			
Filoil Philippines Corporation	–	₱521,224,038	₱15,636,721
Ecology Marine Transport Specialist, Inc.	–	203,247,636	6,097,429
Gasso Fuel Trading, Inc	–	38,355,616	3,532,914
Brothers Burger, Inc.	–	39,589,632	1,187,689
Homegrown Olympic Management Enterprises	–	35,226,207	598,391
Others	–	33,388,738	458,395
	–	₱871,031,867	₱27,511,539
Advances to Related Parties			
Filoil Philippines Corporation		₱630,861,607	₱–
Receivable from Sale of Investment in an Associate			
Filoil Philippines Corporation		₱1,147,075,746	₱109,435,006

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet	Income received and accrued
Financial Assets at Fair Value through Other Comprehensive Income (FVOCI):			
Quoted Equity Securities:			
Alabang Country Club, Inc	1	₱12,000,000	₱–
FEC Resources Inc.	1,000,000	94,129	–
Metropolitan Bank & Trust Co.	489	25,086	–
PLDT Inc.	20	25,580	–
		₱12,144,795	₱–
Long-term Placements			
Malayan Bank		₱18,628,480	₱341,525
Rizal Commercial Banking Corporation		10,000,000	440,000
		₱28,628,480	₱781,525
Total		₱17,496,083,390	₱63,937,468,139

BASIC ENERGY CORPORATION AND SUBSIDIARIES

SCHEDULE B
AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS
DECEMBER 31, 2023

Name and Designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Current	Noncurrent	Balance at end of period
			Not applicable				

BASIC ENERGY CORPORATION AND SUBSIDIARIES

SCHEDULE C
AMOUNTS RECEIVABLE FROM
RELATED PARTIES WHICH ARE ELIMINATED DURING
CONSOLIDATION OF FINANCIAL STATEMENTS
DECEMBER 31, 2023

Name and Designation of Debtor	Balance at Beginning of Year	Additions	Amounts Collected	Amounts Written Off	Current	Noncurrent	Balance at End of Year
PT Basic Energy Solusi	₱193,962,545	₱–	₱1,767,849	₱–	₱192,194,696	₱–	₱192,194,696
Grandway Group Limited	221,495,671	–	45,760,784	–	175,734,887	–	175,734,887
Basic Diversified Industrial Holdings, Inc.	22,753,218	138,451	–	–	22,891,669	–	22,891,669
Mabini Energy Corporation	9,213,112	2,556,670	–	–	11,769,782	–	11,769,782
Basic Biofuels Corporation	6,557,678	86,372	–	–	6,644,050	–	6,644,050
Starfish Wind Energy Corporation	–	1,359,694	–	–	1,359,694	–	1,359,694
San Joaquin Wind Energy Corporation	–	1,346,151	–	–	1,346,151	–	1,346,151
Pasuiquin Wind Energy Corporation	–	807,797	–	–	807,797	–	807,797
Southwest Resources, Inc.	692,524	45,585	–	–	738,109	–	738,109
iBasic, Inc.	651,841	–	512,798	–	139,043	–	139,043
Basic Energy Renewables Corporation	182,140	45,508	–	–	227,648	–	227,648
Basic Renewables, Inc.	178,220	50,020	–	–	228,240	–	228,240
	₱455,686,949	₱6,436,248	₱48,041,431	₱–	₱414,081,766	₱–	₱414,081,766

BASIC ENERGY CORPORATION AND SUBSIDIARIES

SCHEDULE D
LONG-TERM DEBT
DECEMBER 31, 2023

Title of issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of loans payable" in related balance sheet	Amount shown under caption "Loans Payable - net of current portion" in related balance sheet	Interest rate	Maturity dates
		Not applicable			

BASIC ENERGY CORPORATION AND SUBSIDIARIES

SCHEDULE E
INDEBTEDNESS TO RELATED PARTIES
DECEMBER 31, 2023

Name of related party	Balance at beginning of period	Balance at end of period
Total (Philippines) Corporation	₱451,909,360	₱451,909,360

BASIC ENERGY CORPORATION AND SUBSIDIARIES

SCHEDULE F
GUARANTEES OF SECURITIES AND OTHER ISSUERS
DECEMBER 31, 2023

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which statement is filed	Nature of guarantee
		Not applicable		

BASIC ENERGY CORPORATION AND SUBSIDIARIES

SCHEDULE G
CAPITAL STOCK
DECEMBER 31, 2023

Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Treasury Stock	Directors, officers and employees	Others
Common stock	20,000,000,000	14,668,643,064	–	18,000,000	18,000,000	763,843,205	13,868,799,859

BASIC ENERGY CORPORATION AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS UNDER THE REVISED SECURITIES AND REGULATIONS CODE RULE 68

DECEMBER 31, 2023 AND 2022

	2023	2022
Current assets	**₱23,501,516,488**	₱21,860,099,769
Divided by: Current liabilities	**21,193,057,061**	19,718,256,038
Current/liquidity ratio	**1.11**	1.11
Net income before depreciation and amortization	**₱726,811,924**	₱1,156,910,730
Divided by: Total liabilities	**22,266,495,751**	21,488,313,630
Solvency ratio	**0.03**	0.05
Total liabilities	**₱22,266,495,751**	₱21,488,313,630
Divided by: Total equity	**7,528,166,391**	7,314,252,763
Debt to equity ratio	**2.96**	2.94
Quick assets	**₱16,608,483,856**	₱14,855,857,261
Divided by: Current liabilities	**21,193,057,061**	19,718,256,038
Quick ratio	**0.78**	0.75
Total assets	**₱29,794,662,142**	₱28,802,566,393
Divided by: Total equity	**7,528,166,391**	7,314,252,763
Asset-to-equity ratio	**3.96**	3.94
Net income before interest expense and taxes	**₱774,026,789**	₱890,972,645
Divided by: Interest expense	**660,726,636**	244,702,946
Interest rate coverage ratio	**1.17**	3.64
Net income before interest expense after-tax	**₱760,318,140**	₱830,528,878
Divided by: Average total assets	**29,298,614,268**	24,079,767,655
Return on asset ratio	**0.03**	0.03
Net income	**₱99,591,504**	₱585,825,932
Divided by: Average total equity	**7,421,209,577**	7,004,763,679
Return on equity ratio	**0.01**	0.08
Net income	**₱99,591,504**	₱585,825,932
Divided by: Revenues	**64,073,556,426**	74,636,367,811
Net profit margin	**0.002**	0.008

BOA/PRC Accreditation No. 4782
August 16, 2021, valid until April 13, 2024
SEC Registration No. PP201007009

BDO Towers Valero
8741 Paseo de Roxas
Makati City 1226 Philippines
Phone : +632 8 982 9100
Fax : +632 8 982 9111
Website : www.reyestacandong.com

REPORT OF INDEPENDENT AUDITORS ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Basic Energy Corporation
UB 111 Paseo de Roxas Building
Legaspi Village, San Lorenzo
Makati City

We have audited in accordance with the Philippine Standards on Auditing, the consolidated financial statements of Basic Energy Corporation and Subsidiaries (the Group) as at and for the years ended December 31, 2023, 2022 and 2021 and have issued our report thereon dated March 21, 2024. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The accompanying Supplementary Schedule of the Parent Company's Reconciliation of Retained Earnings Available for Dividend Declaration is the responsibility of the Group's management.

The schedule is presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and is not part of the basic consolidated financial statements. This information has been subjected to the auditing procedures applied in the audits of the basic consolidated financial statements, including comparing such information directly to the underlying accounting and other records used to prepare the basic consolidated financial statements or to the consolidated financial statements themselves. In our opinion, the information is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

REYES TACANDONG & CO.

JOSEPH C. BILANGBILIN
Partner
CPA Certificate No. 102884
Tax Identification No. 210-181-965-000
BOA Accreditation No. 4782; Valid until April 13, 2024
BIR Accreditation No. 08-005144-011-2023
Valid until January 24, 2026
PTR No. 10072411
Issued January 2, 2024, Makati City

March 21, 2024
Makati City, Metro Manila

RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
FOR THE REPORTING PERIOD ENDED DECEMBER 31, 2023

BASIC ENERGY CORPORATION
UB 111 Paseo de Roxas Building
Legaspi Village, San Lorenzo, Makati City

Deficit, beginning of reporting period		(₱516,354,671)
Add: Net loss for the current year		(38,946,703)
Add: Unrealized fair value changes in investment properties	(₱11,097,814)	
Unrealized foreign exchange gain except for cash	(7,344)	(11,105,158)
Adjusted net loss		(50,051,861)
Deficit, end of reporting period		(₱566,406,532)

BOA/PRC Accreditation No. 4782
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Makati City 1226 Philippines
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Fax : +632 8 982 9111
Website : www.reyestacandong.com

REPORT OF INDEPENDENT AUDITORS
ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and the Board of Directors
Basic Energy Corporation and Subsidiaries
UB 111 Paseo de Roxas Building
Legaspi Village, San Lorenzo
Makati City

We have audited in accordance with Philippine Standards on Auditing, the basic consolidated financial statements of Basic Energy Corporation and Subsidiaries (the Group) as at December 31, 2022 and 2021 and for the years ended December 31, 2023, 2022 and 2021, and have issued our report thereon dated March 21, 2024. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole.

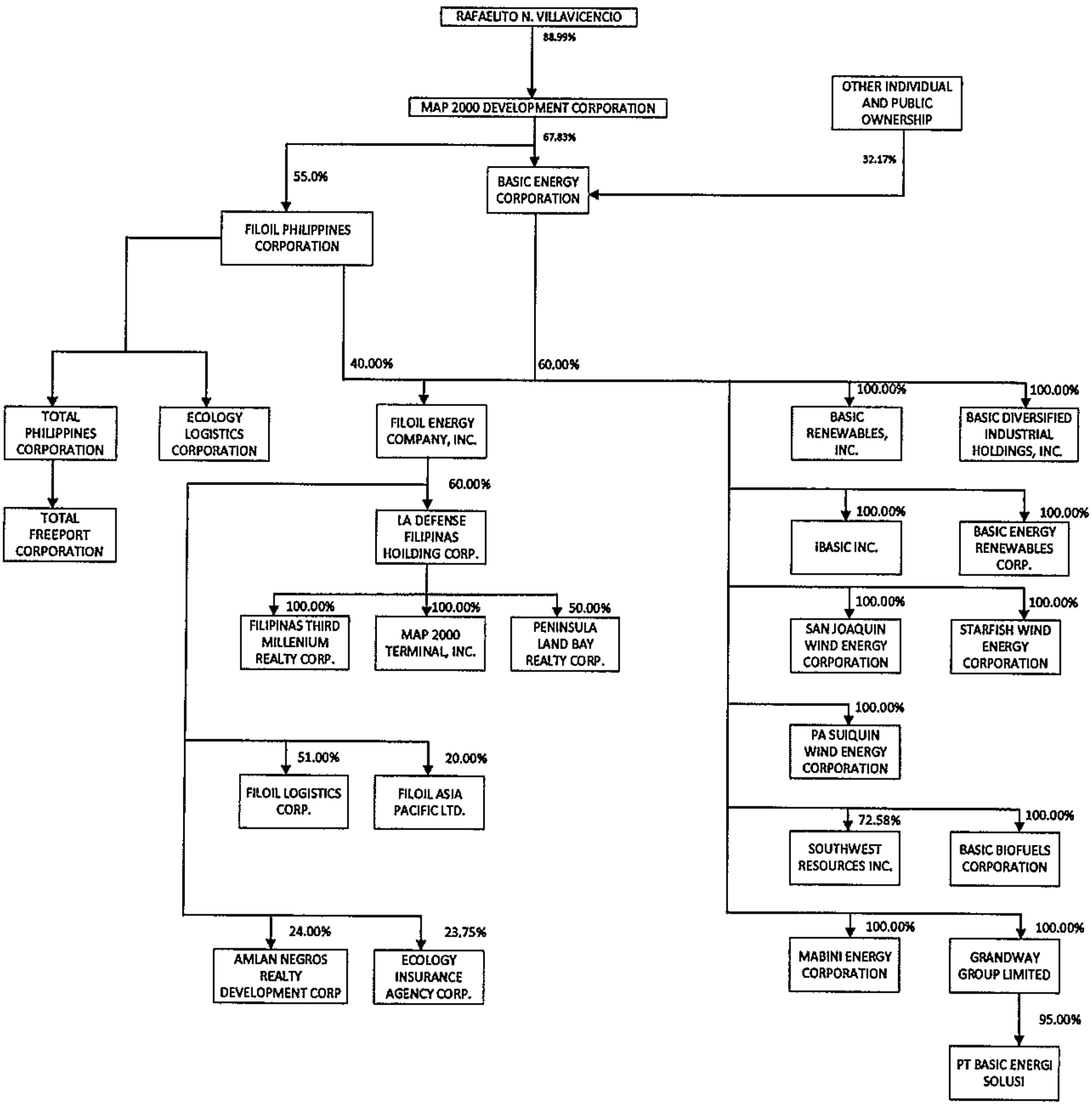
The supplementary schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for purposes of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS. The components of the financial soundness indicators contained in the supplementary schedule have been subjected to the auditing procedures applied in the audits of the consolidated financial statements and in our opinion, are fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

REYES TACANDONG & CO.

JOSEPH C. BILANGBILIN
Partner
CPA Certificate No. 102884
Tax Identification No. 210-181-965-000
BOA Accreditation No. 4782; Valid until April 13, 2024
BIR Accreditation No. 08-005144-011-2020
Valid until January 1, 2023
PTR No. 10072411
Issued January 2, 2024, Makati City

March 21, 2024
Makati City, Metro Manila

BASIC ENERGY CORPORATION
SUPPLEMENTARY SCHEDULE OF THE MAP OF THE CONGLOMERATE
DECEMBER 31, 2023



BASIC ENERGY
CORPORATION

"STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS"

The Management of **BASIC ENERGY CORPORATON** is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended December 31, 2023 and 2022, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as the Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the 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 financial statements, including schedules attached therein, and submits the same to the stockholders.

Reyes Tacandong & Co., the independent auditor appointed by the stockholders for the period December 31, 2023 and 2022, have examined the financial statements of the Company in accordance with Philippine Standards on Auditing, and in their reports to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such examination.

Manuel Antonio Z. Gonzalez
Acting Chairman of the Board

Oscar L. De Venecia Jr.
Chief Executive Officer

Luisito V. Poblete
President

Alain S. Pangan
Vice President, Finance

Signed this 11th day of April 2024

SUBSCRIBED AND SWORN to before me this _______ day of APR 15 2024, 2024 affiant having exhibited to me their TIN as follows:

Name	TIN
Manuel Antonio Z. Gonzales	166-201-040-000
Oscar L. De Venecia, Jr.	146-709-049-000
Luisito V. Poblete	136-622-576-000
Alain S. Pangan	215-611-246-000

HAROLD BRYANT V. PASION
Appointment No. 148 (2024-2025)
Notary Public for Pasig and Pateros
Until December 31, 2025
Attorney Roll No. 90844
IBP OR No. 300904; 01.02.24; RSM
PTR OR No. 1634521, 01.02.24; Pasig City
33rd Flr., The Orient Square
F Ortigas, Jr. Road, Ortigas Center
Pasig City, Metro Manila 1600
Admitted to the Bar in 2023

Notary Public

Doc. No. 188
Page No. 19
Book No. I
Series of 2024

BASIC ENERGY CORPORATION

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR ANNUAL INCOME TAX RETURN

The Management of **BASIC ENERGY CORPORATION** is responsible for all information and representations contained in the Annual Income Tax Return for the year ended December 31, 2023. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the Management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to the value added tax, withholding tax returns, and any and all other tax returns.

In this regard, the Management affirms that the attached audited financial statements for the year ended December 31, 2023, and the accompanying Annual Income Tax Return are in accordance with the books and records of Basic Energy Corporation, and complete and correct in all material respects. Management likewise affirms that:

(a) the Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;

(b) any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards (i.e. Philippine Financial Reporting Standards, or those applicable to Non-Publicly Accountable Entities) and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances;

(c) the Company has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.

Manuel Antonio Z. Gonzalez
Acting Chairman of the Board

Oscar L. De Venecia Jr.
Chief Executive Officer

Luisito V. Poblete
President

Alain S. Pangan
Vice President, Finance

Signed this 11th day of April 2024

SUBSCRIBED AND SWORN to before me this _______ day of APR 15 2024, 2024 affiant having exhibited to me their TIN number as follows:

Name	TIN number
Manuel Antonio Z. Gonzales	166-201-040-000
Oscar L. De Venecia, Jr.	146-709-049-000
Luisito V. Poblete	136-622-576-000
Alain S. Pangan	215-611-246-000

Notary Public

HAROLD BRYANT V. PASION
Appointment No. 148 (2024-2025)
Notary Public for Pasig and Pateros
Until December 31, 2025
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33rd Flr., The Orient Square
F Ortigas, Jr. Road, Ortigas Center
Pasig City, Metro Manila 1600
Admitted to the Bar in 2023

Doc. No. 086
Page No. 19
Book No. I
Series of 2024

REYES TACANDONG & CO.
FIRM PRINCIPLES. WISE SOLUTIONS.

BOA/PRC Accreditation No. 4782
August 16, 2021, valid until April 13, 2024
SEC Registration No. PP201007009

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REPORT OF INDEPENDENT AUDITORS
TO ACCOMPANY SEPARATE FINANCIAL STATEMENTS FOR FILING WITH THE BUREAU OF INTERNAL REVENUE

The Stockholders and the Board of Directors
Basic Energy Corporation
UB 111 Paseo de Roxas Building
Legaspi Village, San Lorenzo
Makati City

We have audited the accompanying separate financial statements of Basic Energy Corporation (the Company) as at and for the years ended December 31, 2023 and 2022, on which we have rendered our report dated March 21, 2024.

In compliance with Revenue Regulations V-20, we are stating that no partner of our Firm is related by consanguinity or affinity to the president, manager or principal stockholders of the Company.

REYES TACANDONG & CO.

JOSEPH C. BILANGBILIN
Partner
CPA Certificate No. 102884
Tax Identification No. 210-181-965-000
BOA Accreditation No. 4782; Valid until April 13, 2024
BIR Accreditation No. 08-005144-011-2023
Valid until January 24, 2026
PTR No. 10072411
Issued January 2, 2024, Makati City

March 21, 2024
Makati City, Metro Manila

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

3 6 3 5 9

COMPANY NAME

BASIC ENERGY CORPORATION (A Subsidiary of MAP 2000 Development Corp.)

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

UB 111 Paseo de Roxas Building, Legaspi Village, San Lorenzo, Makati City

Form Type	Department requiring the report	Secondary License Type, If Applicable
AASFS	CRMD	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
basic@basicenergy.ph	(02) 8-892-9100	0920-938-3647

No. of Stockholders	Annual Meeting	Fiscal Year (Month / Day)
6,526	Last Wednesday of June	December 31

CONTACT PERSON'S INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Alain S. Pangan	aspangan@basicenergy.ph	(02) 8-892-9100	0999-227-8352

CONTACT PERSON'S ADDRESS

709 Coronado St., Hulo, Mandaluyong City

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

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

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INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Basic Energy Corporation
UB 111 Paseo de Roxas Building
Legaspi Village, San Lorenzo
Makati City

Opinion

We have audited the accompanying separate financial statements of Basic Energy Corporation (the Company), which comprise the separate statements of financial position as at December 31, 2023 and 2022, and the separate statements of comprehensive income, separate statements of changes in equity and separate statements of cash flows for the years then ended and notes to separate financial statements, including a summary of material accounting policy information.

In our opinion, the separate financial statements present fairly, in all material respects, the separate financial position of the Company as at December 31, 2023 and 2022, and its separate financial performance and its separate cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Separate Financial Statements* section of our report. We are independent of the Company 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 separate 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.

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

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

In preparing the separate 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.

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

Auditors' Responsibilities for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate 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 PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, these could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

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

- Identify and assess the risks of material misstatement of the separate 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 Company'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 Company'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 separate 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 Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate 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 audits.

Report on Supplementary Information Required Under Revenue Regulations No. 15-2010 of the Bureau of Internal Revenue

Our audits were conducted for the purpose of forming an opinion on the basic separate financial statements taken as a whole. The supplementary information on taxes and licenses in Note 20 to the separate financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic separate financial statements. Such information is the responsibility of the management of the Company. This information has been subjected to the auditing procedures applied in our audits of the basic separate financial statements and in our opinion, the information is fairly stated in all material respects in relation to the basic separate financial statements taken as a whole.

REYES TACANDONG & CO.

JOSEPH C. BILANGBILIN
Partner
CPA Certificate No. 102884
Tax Identification No. 210-181-965-000
BOA Accreditation No. 4782; Valid until April 13, 2024
BIR Accreditation No. 08-005144-011-2023
Valid until January 24, 2026
PTR No. 10072411
Issued January 2, 2024, Makati City

BUREAU OF INTERNAL REVENUE
REVENUE REGION NO. 8A - MAKATI
Revenue District Office No. 47
East Makati
RECEIVED
INITIAL: DATE:
RCO NAME: JEPHERSON G. DURAN
APR 15 2024

March 21, 2024
Makati City, Metro Manila

BASIC ENERGY CORPORATION
(A Subsidiary of MAP 2000 Development Corp.)

SEPARATE STATEMENTS OF FINANCIAL POSITION

		December 31	
	Note	**2023**	2022
ASSETS			
Current Assets			
Cash and cash equivalents	4	**₱175,202,363**	₱109,382,426
Accounts and other receivables	5	**49,009,540**	33,036,574
Other current assets	6	**33,043,499**	58,597,569
Total Current Assets		**257,255,402**	201,016,569
Noncurrent Assets			
Financial assets at fair value through other comprehensive income (FVOCI)	7	**12,144,795**	12,015,085
Investments in subsidiaries	8	**3,081,470,171**	3,059,472,000
Investment properties	9	**55,712,087**	44,614,273
Property and equipment	10	**199,699,580**	208,088,813
Other noncurrent assets	11	**6,746,660**	6,013,928
Total Noncurrent Assets		**3,355,773,293**	3,330,204,099
		₱3,613,028,695	₱3,531,220,668
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts and other payables	12	**₱18,737,493**	₱17,520,052
Deferred tax liability	17	**771,789**	–
Total Current Liabilities		**19,509,282**	17,520,052
Noncurrent Liability			
Net retirement benefit liability	16	**–**	10,599,937
Total Liabilities		**19,509,282**	28,119,989
Equity			
Capital stock	13	**3,667,160,766**	3,554,660,766
Additional paid-in capital	13	**372,568,759**	355,444,422
Deficit		**(452,947,347)**	(414,000,644)
Other equity reserves		**6,737,235**	6,996,135
Total Equity		**3,593,519,413**	3,503,100,679
		₱3,613,028,695	₱3,531,220,668

See accompanying Notes to Separate Financial Statements.

BASIC ENERGY CORPORATION

(A Subsidiary of MAP 2000 Development Corp.)

SEPARATE STATEMENTS OF COMPREHENSIVE INCOME

	Note	Years Ended December 31	
		2023	2022
INCOME			
Fair value changes in investment properties	9	**₱11,097,814**	₱3,828,993
Rent income	14	**4,419,643**	–
Interest income	4	**2,019,085**	1,065,788
Gain on sale of investments in associates	10	**–**	86,738,643
Foreign exchange gain - net		**–**	7,750,006
Management fee	14	**–**	116,869
Others		**2,160**	161,675
		17,538,702	99,661,974
EXPENSES			
General and administrative expenses	15	**54,868,468**	54,678,489
Foreign exchange loss - net		**678,785**	–
Share in net losses of associates		**–**	4,190,130
		55,547,253	58,868,619
INCOME (LOSS) BEFORE INCOME TAX		**(38,008,551)**	40,793,355
INCOME TAX EXPENSE	17		
Current		**166,363**	296,890
Deferred		**771,789**	–
		938,152	296,890
NET INCOME (LOSS)		**(38,946,703)**	40,496,465
OTHER COMPREHENSIVE INCOME (LOSS)			
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods			
Share in gain on translation adjustments of investments in associates		**–**	13,061,126
Reclassified to profit or loss		**–**	(159,315)
Unrealized loss on changes in fair value of quoted debt securities at FVOCI	7	**–**	(190,148)
		–	12,711,663
Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods			
Remeasurement gain (loss) on net retirement benefit asset (liability)	16	**(388,610)**	630,699
Unrealized gain on changes in fair value of quoted equity securities at FVOCI	7	**129,710**	5,081,954
		(258,900)	5,712,653
		(258,900)	18,424,316
TOTAL COMPREHENSIVE INCOME (LOSS)		**(₱39,205,603)**	₱58,920,781

See accompanying Notes to Separate Financial Statements.

BASIC ENERGY CORPORATION

(A Subsidiary of MAP 2000 Development Corp.)

SEPARATE STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2023 and 2022

					Other Equity Reserves			
	Note	Capital Stock	Additional Paid-in Capital	Deficit	Cumulative Unrealized Gains on Financial Assets at FVOCI (see Note 7)	Cumulative Remeasurement Gain (Loss) on Net Retirement Benefit Asset (Liability) (see Note 16)	Cumulative Gain (Loss) on Translation Adjustments of Investments in Associates (see Note 8)	Total Equity
Balances as at December 31, 2022	13	₱3,554,660,766	₱355,444,422	(₱414,000,644)	₱8,961,947	(₱1,965,812)	₱–	₱3,503,100,679
Issuance of capital stock	13	112,500,000	17,482,337	–	–	–	–	129,982,337
Stock issuance costs	13	–	(358,000)	–	–	–	–	(358,000)
Net loss		–	–	(38,946,703)	–	–	–	(38,946,703)
Other comprehensive income (loss)		–	–	–	129,710	(388,610)	–	(258,900)
Balances as at December 31, 2023		₱3,667,160,766	₱372,568,759	(₱452,947,347)	₱9,091,657	(₱2,354,422)	₱–	₱3,593,519,413
Balances as at December 31, 2021		₱3,554,660,766	₱355,444,422	(₱454,497,109)	₱4,070,141	(₱2,596,511)	(₱12,901,811)	₱3,444,179,898
Net income		–	–	40,496,465	–	–	–	40,496,465
Other comprehensive income		–	–	–	4,891,806	630,699	12,901,811	18,424,316
Balances as at December 31, 2022		₱3,554,660,766	₱355,444,422	(₱414,000,644)	₱8,961,947	(₱1,965,812)	₱–	₱3,503,100,679

See accompanying Notes to Separate Financial Statements.

BASIC ENERGY CORPORATION
(A Subsidiary of MAP 2000 Development Corp.)

SEPARATE STATEMENTS OF CASH FLOWS

	Note	Years Ended December 31 2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Income (loss) before income tax		**(₱38,008,551)**	₱40,793,355
Adjustments for:			
Fair value changes in investment properties	9	**(11,097,814)**	(3,828,993)
Retirement expense	16	**3,178,036**	4,134,618
Interest income	4	**(2,019,085)**	(1,065,788)
Provision for ECL on accounts and other receivables		**1,893,179**	1,347,488
Depreciation	10	**915,466**	291,818
Unrealized foreign exchange loss (gain) - net		**678,785**	(7,276,520)
Gain on sale of investments in associates		**–**	(86,738,643)
Share in the net losses of associates		**–**	4,190,130
Realization of OCI from sale of investments in associates		**–**	(159,315)
Operating loss before working capital changes		**(44,459,984)**	(48,311,850)
Increase in:			
Accounts and other receivables		**(4,646,714)**	(527,729)
Other current assets		**(1,672,239)**	(1,845,341)
Increase (decrease) in accounts and other payables		**744,011**	(241,686)
Net cash used for operations		**(50,034,926)**	(50,926,606)
Contributions to retirement plan asset	16	**(10,333,615)**	(5,497,620)
Retirement benefits paid	16	**(4,565,700)**	–
Interest received		**1,936,332**	1,188,094
Net cash used in operating activities		**(62,997,909)**	(55,236,132)
CASH FLOWS FROM INVESTING ACTIVITIES			
Collection of refundable deposit	6	**16,122,231**	–
Additions to:			
Property and equipment	10	**(11,285,888)**	(20,088,760)
Advances to subsidiaries		**(4,174,819)**	(11,030,861)
Investments in subsidiaries	8	**(987,357)**	(2,497,000)
Proceeds from redemption of financial assets at FVOCI	7	**–**	22,100,000
Net cash used in investing activities		**(325,833)**	(11,516,621)

(Forward)

	Note	Years Ended December 31 2023	2022
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of capital stock	13	**₱129,982,337**	₱–
Additional advances from related parties	12	**550,000**	–
Payments of:			
Stock issuance costs		**(358,000)**	–
Advances from related parties	12	**(76,570)**	(16,714,336)
Net cash provided by (used in) financing activities		**130,097,767**	(16,714,336)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**66,774,025**	(83,467,089)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**(954,088)**	5,289,642
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**109,382,426**	187,559,873
CASH AND CASH EQUIVALENTS AT END OF YEAR		**₱175,202,363**	₱109,382,426

See accompanying Notes to Separate Financial Statements.

NOTES TO SEPARATE FINANCIAL STATEMENTS
AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

1. General Information

Basic Energy Corporation (the Company) was incorporated under the laws of the Republic of the Philippines and registered in the Philippine Securities and Exchange Commission (SEC) on September 19, 1968. The Company is a holding company with diversified business interests in various fields of renewable energy and alternative fuels, and in oil and gas exploration and development. The Company is listed in the Philippine Stock Exchange (PSE) under the trading name "BSC."

The Company is a subsidiary of Map 2000 Development Corporation (M2DC or the Ultimate Parent). M2DC is registered in the Philippines and is engaged in the business of real estate acquisition, development, and management.

The registered business address of the Company is UB 111 Paseo de Roxas Building, Paseo de Roxas, Legaspi Village, San Lorenzo, Makati City.

Approval of the Separate Financial Statements
The separate financial statements of the Company as at and for the years ended December 31, 2023 and 2022 were approved and authorized for issuance by the Board of Directors (BOD) of the Company on March 21, 2024.

2. Summary of Material Accounting Policy Information

Basis of Preparation and Statement of Compliance
The separate financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). This financial reporting framework includes PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretation from International Financial Reporting Interpretations Committee (IFRIC) issued by the Philippine Financial and Sustainability Reporting Standards Council and adopted by the SEC, including SEC pronouncements.

Measurement Bases
The separate financial statements are presented in Philippine Peso, the Company's functional currency. All values are rounded to the nearest Peso, unless otherwise indicated.

The separate financial statements of the Company have been prepared on the historical cost basis, except for financial assets at fair value through other comprehensive income (FVOCI) and investment properties which are measured based on fair value.

Historical cost is generally based on the fair value of the consideration given in exchange for an asset and fair value of the consideration received in exchange for incurring a liability.

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 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 Company uses market observable data to the extent possible when measuring the fair value of an asset or a liability. Fair values are categorized into different levels in a fair value hierarchy based on inputs used in the following valuation techniques:

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

Further information about the assumptions made in measuring fair values is included in the following notes to separate financial statements:

- Note 7 - Financial Assets at FVOCI
- Note 9 - Investment Properties
- Note 18 - Fair Value Measurements

Adoption of Amendments to PFRS

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of Amendments to PAS 1, *Presentation of Financial Statements,* and PFRS Practice Statement 2, *Making Materiality Judgments - Disclosure Initiative - Accounting Policies* effective January 1, 2023. The amendments require an entity to disclose its material accounting policies, instead of its significant accounting policies and provide guidance on how an entity applies the concept of materiality in making decisions about accounting policy disclosures. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and its nature. The amendments clarify (1) that accounting policy information may be material because of its nature, even if the related amounts are immaterial, (2) that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements, and (3) if an entity discloses immaterial accounting policy information, such information should not obscure material accounting policy information. In addition, PFRS Practice Statement 2 is amended by adding guidance and examples to explain and demonstrate the application of the 'four-step materiality process' to accounting policy information.

Disclosures of the accounting policies were updated in accordance with the definition of "material information" in the amendments to PAS 1 and PFRS practice statement 2.

Amendments to PFRS Issued But Not Yet Effective
There are no amendments to PFRS issued which are not effective as at December 31, 2023 that will have an impact on the Company's financial statements.

Financial Instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Date of Recognition. The Company recognizes a financial asset or a financial liability in the separate statements of financial position when it becomes a party to the contractual provisions of a financial 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.

Financial Assets

Initial Recognition and Measurement. Financial assets, are recognized initially at fair value, which is the fair value of the consideration given. The initial measurement of financial assets, except for those designated at fair value through profit or loss (FVPL), includes transaction cost.

Classification. The Company classifies its financial assets at initial recognition under the following categories: (a) financial assets at amortized cost, (b) financial assets at FVOCI, and (c) financial assets at FVPL. The classification of a financial asset at initial recognition largely depends on the Company's business model for managing the asset and its contractual cash flow characteristics.

As at December 31, 2023 and December 31, 2022, the Company does not have financial assets at FVPL.

Financial Assets at Amortized Cost. Financial assets are measured at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less any allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition, and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are derecognized, impaired and through amortization process.

As at December 31, 2023 and December 31, 2022, the Company's cash and cash equivalents, accounts and other receivables (except advances to officers and employees) and refundable deposit are classified under this category (see Notes 4, 5, and 6).

Cash and cash equivalents include cash in banks and short-term placements. Short-term placements are highly liquid investments with original maturities of three (3) months or less that are readily convertible to known amounts of cash, which are subject to an insignificant risk of changes in value.

Financial Assets at FVOCI - Equity Instruments. For equity instruments that are not held for trading, the Company may irrevocably designate, at initial recognition, a financial asset to be measured at FVOCI when it meets the definition of equity instrument under PAS 32, *Financial Instruments: Presentation.* This option is available and made on an instrument by instrument basis.

Dividends from equity instruments held at FVOCI are recognized in profit or loss when the right to receive payment is established, unless the dividend clearly represents a recovery of part of the cost of the investment. All other gains or losses from equity instruments are recognized in OCI and are presented in the equity section of the separate statements of financial position. These fair value changes are recognized in equity and are not reclassified to profit or loss in subsequent periods, but instead, these are transferred directly to retained earnings.

As at December 31, 2023 and December 31, 2022, the Company has quoted equity securities pertaining to shares of stocks of corporation and club shares which were irrevocably designated as financial assets at FVOCI (see Note 7).

Impairment of Debt Instruments at Amortized Cost and FVOCI. The Company assesses on a forward-looking basis the expected credit losses (ECL) associated with all debt instruments not held at FVPL. ECL is based on the difference between the cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation to the asset's 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.

For financial assets at amortized cost and FVOCI, the ECL is based on the 12-month ECL, which pertains to the portion of lifetime ECL that result from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. The Company also considers reasonable and supportable information that is available without undue cost or effort and is indicative of significant increases in credit risk since initial recognition.

The Company considers a financial asset in default when contractual payments are 30 days past due unless it is demonstrated that the non-payment was an administrative oversight rather than resulting from financial difficulty of the counterparty. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows in its entirety or a portion thereof. This is generally the case when the Company determines that the borrower does not have assets or source of income that could generate sufficient cash flows to repay the amount of financial asset for write-off. This assessment is carried out at the individual financial asset level.

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

- The right to receive cash flows from the asset has expired;
- The Company retains the right to receive cash flows from the financial 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 Company has transferred its right to receive cash flows from the financial 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.

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

Financial Liabilities at Amortized Cost

Initial Recognition and Measurement. Financial liabilities at amortized cost are recognized initially at fair value, which is the fair value of the consideration received, net of any directly attributable transaction costs.

Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

After initial recognition, these financial liabilities are measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue, and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or through the amortization process.

As at December 31, 2023 and December 31, 2022, the Company's accounts and other payables (excluding statutory payables) is classified under this category (see Note 12).

Derecognition. A financial liability is derecognized when the obligation under the liability is discharged or cancelled, or has expired. When 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 the separate statements of comprehensive income.

Investments in Associates

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Company's investments in associates are accounted for under equity method. The investments are initially recognized at cost and adjusted to recognize the Company's share in net assets of the associates since the acquisition date. Dividends received by the Company from the associates will reduce the carrying amount of the investment when the right to receive the dividend is established. The Company recognizes its share in net income or loss of the associate in profit or loss. Any change in OCI of the associates is presented as part of the Company's OCI. In addition, where there has been a change recognized directly in equity of the associates, the Company recognizes its share in these changes, when applicable, in the separate statements of changes in equity.

Upon loss of significant influence over the associate, the Company measures and recognizes any retained investment at fair value. Any difference between the carrying amounts of the associates upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

The financial statements of the associates are prepared in the same reporting period and uniform accounting policies used by the Company.

Investments in Subsidiaries

The Company's investments in subsidiaries are carried in the separate statements of financial position at cost, less any impairment in value. A subsidiary is an entity in which the Company has control. The Company controls an entity when it is exposed, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Company takes into consideration potential voting rights that are currently exercisable.

Under the cost method, dividend income from the investment is recognized in profit or loss when the Company's right to receive dividends is established. Distributions received in excess of investment's profits are regarded as a recovery of investment and recognized as a reduction of the cost of investment.

Deposit for Future Stock Subscription

Deposit for future stock subscription represents funds paid in advance for future acquisition of the investee's capital stocks which is measured at cost less any allowance for impairment.

Investment Properties

Investment properties pertain to parcels of land held for capital appreciation or both, but not for sale in the ordinary course of business or for administrative purposes.

Investment properties are initially measured at cost which pertains to the purchase price and any directly attributable costs related to the acquisition. Subsequent to initial recognition, investment properties are carried at fair value, which is determined using market data approach by an independent real estate appraiser. Gains or losses arising from changes in the fair values of investment property are recognized in separate statements of comprehensive income in the period in which they arise.

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

Investment property is derecognized either when the asset has been disposed of or when the investment property has been permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in separate statements of comprehensive income in the year of retirement or disposal.

Property and Equipment

The following property and equipment are stated at cost less accumulated depreciation, amortization and any accumulated impairment losses:

- Machineries and equipment;
- Office equipment, furniture and fixtures; and
- Transportation equipment.

The initial cost of property and equipment consists of its purchase price after deducting trade discounts and rebates, import duties, non-refundable purchase taxes, and any other costs directly attributable in bringing the asset to its working condition and location for its intended use. The cost of self-constructed assets includes the cost of materials, direct labor, any other costs directly attributable in bringing the assets to the working condition for their intended use and costs of dismantling and removing the items and restoring the site on which they are located.

Expenditures incurred after the property and equipment have been put into operation, such as repairs, maintenance and overhaul costs, are normally recognized in profit or loss in the year the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment. The cost of replacing a component of an item of property and equipment is recognized if it is probable that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognized.

When parts of an item of property and equipment have different useful lives, these are accounted for as separate items (major components) of property and equipment.

Depreciation and amortization of property and equipment begins when it is in the location and condition necessary for it to be capable of operating in the manner intended by the management. Depreciation and amortization are calculated on a straight-line basis over the following estimated useful lives of the property and equipment:

	Number of Years
Machineries and equipment	25
Office equipment, furniture, and fixtures	3
Transportation equipment	5

The estimated useful lives, depreciation and amortization method are reviewed at each reporting date to ensure that these are consistent with the expected pattern of economic benefits from items of property and equipment.

Fully-depreciated assets are retained in the accounts until they are no longer in use.

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

Construction in progress and equipment for installation represent the properties under construction and equipment acquired but not yet installed and are stated at cost. Cost includes costs of construction, costs of equipment acquisition, installation and other direct costs. Construction in progress and equipment for installation are not depreciated until such time that the relevant assets are completed and ready for operational use.

Intangible Asset

Intangible asset pertains to exploration rights. This is stated at cost, which includes purchase price and other direct costs, less accumulated amortization and any impairment in value. Intangible asset is amortized over their useful lives on a straight-line basis and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and method for an intangible asset with a finite useful life are reviewed at least annually. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the intangible asset with finite useful lives are recognized in separate statements of comprehensive income.

The useful life of an intangible asset arising from contractual or other legal rights should not exceed the period of those rights, but may be shorter depending on the period over which the intangible asset is expected to be used by the Company. Intangible asset is amortized on a straight-line basis over two (2) years.

When intangible asset is retired or otherwise disposed of, the cost and the related accumulated amortization and any impairment in value are removed from the accounts. Any resulting gain or loss is recognized in the separate statements of comprehensive income.

Other Nonfinancial Assets

Other nonfinancial assets pertain to input value-added tax (VAT), excess tax credits, and prepayments.

Input VAT. VAT is a tax on consumption levied on the sale, barter, exchange, or lease of goods or properties and services, and on importation of goods in the Philippines. It is an indirect tax, which may be shifted or passed on to the buyer, transferee or lessee of goods, properties or services.

Revenue, expenses, and assets are recognized net of the amount of VAT, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of VAT included.

The net amount of VAT recoverable from the taxation authority is presented as "Input VAT" under "Other current assets" account in the separate statements of financial position.

Excess Tax Credits. Excess tax credits pertain to the Company's excess income tax payments. This includes taxes withheld and remitted to the Bureau of Internal Revenue (BIR) by customers which can be applied to the Company's income tax payable in the same year the related income was recognized. Excess tax credits are carried forward and can be utilized in succeeding years.

Prepayments. Prepayments are expenses paid in advance and recorded as assets before these are utilized. Prepayments are apportioned over the period covered by the payment and included in profit or loss when incurred. Prepayments that are expected to be utilized within 12 months after the financial reporting date are classified as current assets. Otherwise, these are classified as noncurrent assets.

Impairment of Nonfinancial Assets

The carrying amounts of nonfinancial assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable. If such indication exists and when the carrying amounts exceed the estimated recoverable amounts, the assets or cash-generating units (CGU) are written down to their recoverable amounts. The recoverable amount of the asset is the greater of the fair value less cost of disposal or value in use. The fair value less cost of disposal is the amount obtainable from the sale of an asset in an arm's-length transaction less cost of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessment 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. Impairment losses are recognized in profit or loss.

An assessment is made at each reporting 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. In such instance, the carrying amount of the asset is increased to its recoverable amount. However, that increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized for the asset in prior years. Such reversal is recognized in profit or loss. After such reversal, the depreciation and amortization charges are adjusted prospectively to allocate the asset's revised carrying amount on a systematic basis over its remaining useful life.

Equity

Capital Stock. Capital stock is measured at par value for all shares issued and subscribed. Unpaid subscriptions are recognized as reduction to subscribed capital stock.

Additional Paid-in Capital (APIC). APIC represents the proceeds and/or fair value of consideration received in excess of the par value of the shares issued. Incremental costs directly attributable to the issuance of new capital stock are recognized as a deduction from APIC, net of any tax effects.

Deficit. Deficit represents the cumulative balance of the Company's profit or loss.

Other Equity Reserves. Other equity reserves consist of cumulative balances of items of income and expense that are not recognized in profit or loss in accordance with PFRS. Other equity reserves of the Company pertain to cumulative unrealized gains on changes in fair value of financial assets at FVOCI, cumulative remeasurement loss on net retirement benefits liability, and cumulative loss on translation adjustments of investments in associates.

Revenue Recognition

Revenue from contract with customers is recognized when the performance obligation in the contract has been satisfied, either at a point in time or over time. Revenue is recognized over time if one of the following criteria is met: (a) the customer simultaneously receives and consumes the benefits as the Company performs its obligations; (b) the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date. Otherwise, revenue is recognized at a point in time.

The Company also assesses its revenue arrangements to determine if it is acting as a principal or as an agent. The Company has assessed that it acts as a principal in its revenue arrangements.

The following specific recognition criteria must also be met before revenue is recognized.

Management Fee. Management fee is recognized over the period the related service is provided.

Other Income. Income from other sources is recognized as revenue when earned.

The following are the specific recognition criteria for other revenues outside the scope of PFRS 15:

Rent Income. Rent income is recognized in the period in which it is earned, regardless of when it is actually received.

Interest Income. Interest income is recognized as the interest accrues taking into account the effective yield on the asset, net of final tax.

Expense Recognition

Expenses are recognized in profit or loss when a decrease in future economic benefit related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably.

General and Administrative Expenses. General and administrative expenses constitute costs of administering the business. These are recognized in profit or loss, as incurred.

Employee Benefits

Short-term Employee Benefits. The Company recognizes short-term employee benefits based on contractual arrangements with employees. The unpaid portion of the short-term employee benefits is measured on an undiscounted basis and is included as part of "Accounts and other payables" account in the separate statements of financial position.

Retirement Benefits. Retirement benefits expense are actuarially determined using the projected unit credit method. This method reflects services rendered by employees up to the date of valuation and incorporates assumptions concerning employees' projected salaries. The calculation of net retirement benefit asset (liability) is performed annually by a qualified actuary. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in the future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

The net retirement benefit asset (liability) recognized by the Company is the aggregate of the present value of the defined benefit obligation reduced by the fair value of plan assets out of which the obligations are to be settled directly. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using risk-free interest rates of government bonds that have terms to maturity approximating the terms of the related net retirement benefit asset (liability).

Plan assets are assets that are held in trust and managed by a trustee bank. Plan assets are not available to the creditors of the Company, nor can they be paid directly to the Company. The fair value of the plan assets is based on the market price information. When no market price is available, the fair value of plan assets is estimated by discounting the estimated future cash flows using discount rates that reflect both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the retirement benefits liability, the measurement of the resulting net retirement benefit is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The Company recognizes retirement expense, comprising current service cost and net interest expense in profit or loss. The Company determines the interest cost by applying the discount rate to the defined benefit liability at the beginning of the reporting period, taking into account any changes in the defined benefit liability during the period as a result of benefit payments.

Remeasurements of the net retirement benefit asset (liability), which comprise actuarial gains and losses and the return on plan assets (excluding interest) are recognized immediately in OCI and are not reclassified to profit or loss in subsequent periods.

Foreign Currency-Denominated Transactions

Transactions denominated in foreign currencies are recorded using the exchange rate at the date of the transaction. Outstanding monetary assets and liabilities denominated in foreign currencies are translated using the closing exchange rate at the reporting date. Differences arising on settlement or translation of monetary assets and liabilities are recognized in profit or loss.

Income Taxes

Current Tax. Current tax assets and liabilities are measured at the amounts expected to be recovered from or paid to the taxation authorities. The tax rate and tax laws used in the computation are those that have been enacted or substantively enacted at the reporting date.

Deferred Tax. Deferred tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits from the excess of minimum corporate income tax (MCIT) over the regular corporate income tax (RCIT) and unused net operating loss carryover (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carryforward benefits of unused tax credits and unused tax losses can be utilized. Deferred tax, however, is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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

Deferred tax assets and 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 reporting date.

Deferred tax is recognized in profit or loss except to the extent that it relates to a business combination, or items directly recognized to equity or in OCI.

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

Related Party Transactions

Related party relationships exist when one party has the ability to control, directly or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting enterprise, or between and/or among the reporting enterprise and its key management personnel, directors, or its stockholders. Related parties may be individual or corporate entities.

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

Provisions and Contingencies

Provisions. Provisions are recognized when the Company 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 obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement. If the effect of the time value of money is material, the estimated cash flows are discounted using a current pre-tax rate that reflects the 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 the passage of time is recognized as interest expense.

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

Events After the Reporting Date

Post year-end events that provide additional information about the Company's financial position at reporting date (adjusting events) are reflected in the separate financial statements. Post year-end events that are not adjusting events are disclosed in the notes to separate financial statements when material.

3. Judgments, Accounting Estimates and Assumptions

The preparation of the separate financial statements requires management to exercise judgments, and make accounting estimates and assumptions that affect the amounts reported in the separate financial statements and related notes. The judgments, accounting estimates and assumptions used in the separate financial statements are based upon management's evaluation of relevant facts and circumstances at the reporting date.

While the Company believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the estimated amounts. Actual results could differ from such estimates.

The accounting estimates and underlying assumptions are reviewed on an ongoing basis. Revisions in accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

The following are the judgments, accounting estimates and assumptions made by the Company:

Judgments

Classification and Measurement of Financial Assets. Classification and measurement of financial assets depend on the results of the contractual cash flow and the business model tests. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgment reflecting all relevant evidence including how the performance of the assets is evaluated, the risks that affect the performance of the assets, and how these risks are managed.

At initial recognition, the Company designated its investments in quoted equity securities as financial assets at FVOCI (see Note 7).

Cash and cash equivalents, accounts and other receivables (excluding advances to officers and employees), and refundable deposit were classified as financial assets at amortized cost since the Company's primary business model in relation to these assets is to hold the financial assets to collect contractual cash flows solely for principal and interest (see Notes 4, 5, and 6).

Classification of Investment Properties. The Company determines whether a property qualifies as an investment property. In making its judgment, the Company considers whether the property is held primarily to earn rentals or capital appreciation or used for operations and administrative purposes by the Company.

The Company classified land and equipment held to earn rentals as investment properties. The carrying amount of investment properties amounted to ₱55.7 million and ₱44.6 million as at December 31, 2023 and December 31, 2022, respectively (see Note 9).

Accounting Estimates and Assumptions

Determination of the Fair Value of Financial Instruments. The fair values of investments in equity securities that are actively traded in organized financial markets are determined by reference to quoted market prices at the close of business at the reporting date.

In accordance with the amendments to PFRS 7, *Financial Instruments: Disclosures,* about the level in the fair value hierarchy are required in which the fair value measurements are categorized for assets and liabilities measured in the separate statements of financial position.

The assumptions and methods used in determining the fair values of financial instruments are presented in Note 18 to the separate financial statements.

Assessment for the ECL on Financial Assets at Amortized Cost. The Company determines the allowance for ECL using the general approach based on the probability-weighted estimate of the present value of all cash shortfalls over the expected life of financial assets at amortized cost. ECL is provided for credit losses that result from possible default events within the next 12 months unless there has been a significant increase in credit risk since initial recognition in which case ECL is provided based on lifetime ECL.

When determining if there has been a significant increase in credit risk, the Company considers reasonable and supportable information that is available without undue cost or effort and that is relevant for the particular financial instrument being assessed such as, but not limited to, the following factors:

- Actual or expected external and internal credit rating downgrade;
- Existing or forecasted adverse changes in business, financial or economic conditions; and
- Actual or expected significant adverse changes in the operating results of the counterparty.

The Company also considers financial assets that are more than 30 days past due to be the latest point at which lifetime ECL should be recognized unless it can demonstrate that this does not represent a significant increase in credit risk such as when non-payment was an administrative oversight rather than resulting from financial difficulty of the counterparty.

The Company recognized provision for ECL on accounts and other receivables amounting to ₱1.9 million and ₱1.3 million as at December 31, 2023 and December 31, 2022, respectively (see Note 5).

For cash and cash equivalents, the Company assessed that the ECL is not material because the transactions with respect to these financial assets were entered only with banks and companies with good credit standing and relatively low risk of default. Accordingly, no provision for ECL was recognized for these financial assets in 2023 and 2022.

The carrying amounts of financial assets at amortized cost are as follows:

	Note	**2023**	2022
Cash and cash equivalents*	4	**₱175,184,226**	₱109,382,426
Accounts and other receivables**	5	**48,882,662**	32,784,393
Refundable deposit	6	**–**	24,808,787

**Excluding cash on hand amounting to ₱18,137 as at December 31, 2023.*

***Excluding nonfinancial assets amounting to ₱126,878 and ₱252,181 as at December 31, 2023 and 2022, respectively.*

Estimation of Useful Lives of Property and Equipment and Intangible Asset. The Company estimates the useful lives of its property and equipment and intangible asset based on the period over which the assets are expected to be available for use. The Company reviews the estimated useful lives of property and equipment and intangible asset at each reporting date based on factors that include asset utilization, internal technical evaluation, technological changes, environmental changes, anticipated use of the assets, and experience with similar assets.

There were no changes in the estimated useful lives of property and equipment and intangible asset in 2023 and 2022.

Determination of Fair Value of Investment Properties. The Company measures its investment properties at fair value. The Company engaged an independent appraiser to assess the fair value of investment properties as at December 31, 2023 and 2022. These were valued based on comparable market data adjusted as necessary to reflect the specific assets' location, condition and other characteristics.

The Company's investment properties amounted to ₱55.7 million and ₱44.6 million as at December 31, 2023 and 2022, respectively. Fair value changes in investment properties amounted to ₱11.1 million and ₱3.8 million in 2023 and 2022, respectively (see Note 9).

Assessment for Impairment of Nonfinancial Assets. The Company assesses impairment on nonfinancial assets whenever events or changes in circumstances indicate that the carrying amount of the assets or Company of assets may not be recoverable. The relevant factors that the Company considers in deciding whether to perform an asset impairment review include, among others, the following:

- Significant underperformance of a business in relation to expectations;
- Significant negative industry or economic trends; and
- Significant changes or planned changes in the use of the assets.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized. Recoverable amounts are estimated for individual assets or, if it is not possible, for the CGU to which the asset belongs.

The recoverable amount of the asset is the greater of the fair value less cost of disposal or value in use. The fair value less cost of disposal is the amount obtainable from the sale of an asset in an arm's-length transaction. 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.

In 2023 and 2022, no impairment loss on nonfinancial assets was recognized except for investment in subsidiaries. The Company's accumulated impairment losses on investment in subsidiaries amounted to ₱440.1 million as at December 31, 2023 and 2022 (see Note 8).

The carrying amounts of nonfinancial assets are as follows:

	Note	2023	2022
Other current assets*	6	**₱33,043,499**	₱33,788,782
Investments in subsidiaries	8	**3,081,470,171**	3,059,472,000
Property and equipment	10	**199,699,580**	208,088,813
Intangible asset	11	**6,013,928**	6,013,928

**Excluding refundable deposit amounting to ₱24.8 million.*

Determination of Retirement Benefits. The determination of the net retirement benefit asset (liability) and expense is dependent on the assumptions used by the actuary in calculating such amounts. These assumptions are described in Note 16 to the separate financial statements and include discount rates and salary increase rates among others. Actual results that differ from the Company's assumptions are accumulated and amortized over future periods and therefore, generally affect the recognized expense and recorded liability in such future periods. While the Company believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the net retirement benefit asset (liability).

Net retirement benefit asset amounted to ₱0.7 million as at December 31, 2023 while net retirement benefit liability amounted to ₱10.6 million as at December 31, 2022. Remeasurements on net retirement benefit asset (liability) resulted to cumulative loss of ₱2.4 million and ₱2.0 million as at December 31, 2023 and 2022, respectively (see Note 16).

Recognition of Deferred Tax Assets. The Company reviews the carrying amount of deferred tax assets at each reporting date and reduces the balance to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax assets to be utilized.

The Company's unrecognized deferred tax assets amounted to ₱45.6 million and ₱32.6 million as at December 31, 2023 and 2022, respectively. The management assessed that there may be no sufficient future taxable income against which benefits of the deferred tax assets can be utilized (see Note 17).

4. Cash and Cash Equivalents

This account consists of:

	2023	2022
Cash on hand	**₱18,137**	₱–
Cash in banks	**133,010,963**	19,471,663
Short-term placements	**42,173,263**	89,910,763
	₱175,202,363	₱109,382,426

Cash in banks earn interest at prevailing bank deposit rates and are immediately available for use in the current operations.

Short-term placements earn annual interest rates ranging from 2.5% to 4.25% and 0.38% to 1.13% as in 2023 and 2022, respectively.

The sources of the Company's interest income are as follows:

	Note	2023	2022
Cash and cash equivalents		**₱2,019,085**	₱810,985
Financial assets at FVOCI	7	**–**	254,803
		₱2,019,085	₱1,065,788

5. Accounts and Other Receivables

This account consists of:

	Notes	2023	2022
Accounts receivable from:			
Third parties		**₱24,443,825**	₱25,171,808
Related party	14	**5,500,000**	–
Advances to related parties	14	**218,367,053**	214,139,012
Nontrade receivable	6	**8,908,637**	–
Interest receivable		**133,836**	51,083
Advances to officers and employees		**126,878**	252,181
		257,480,229	239,614,084
Less allowance for ECL on:			
Accounts receivable		**2,101,066**	2,101,066
Advances to related parties	14	**206,369,623**	204,476,444
		208,470,689	206,577,510
		₱49,009,540	₱33,036,574

Accounts receivable are unsecured, noninterest-bearing and collectible within one (1) year.

Interest receivable arises from the Company's cash equivalents and investments in quoted debt securities classified as financial assets at FVOCI which are collectible within three (3) months.

Advances to officers and employees are subject to liquidation within 14 days after the date of the related transaction.

The balance and movement in the allowance for ECL are as follows:

	2023	2022
Balance at beginning of year	**₱206,577,510**	₱205,230,022
Provision	**1,893,179**	1,347,488
Balance at end of year	**₱208,470,689**	₱206,577,510

6. Other Current Assets

This account consists of:

	2023	2022
Input VAT	**₱30,294,019**	₱30,942,335
Excess tax credits	**2,116,700**	2,283,063
Prepayments	**465,186**	455,205
Refundable deposit	**–**	24,808,787
Others	**167,594**	108,179
	₱33,043,499	₱58,597,569

Refundable deposit amounting to US$444,960 (₱24.8 million) pertains to an amount paid for the equity investment opportunity in a power generation company in Taiwan which was not pursued by the Company. In 2023, the Company collected US$284,067 (₱16.1 million) of the refundable deposit. The remaining balance amounting to US$160,893 (₱8.9 million) was assumed by a potential business partner of the Company and was reclassified to nontrade receivable (see Note 5). This transaction is considered as noncash financial information in the separate statements of cash flows.

7. Financial Assets at FVOCI

As at December 31, 2023 and 2022, the Company has quoted equity securities amounting to ₱12.1 million and ₱12.0 million, respectively.

The movements in financial assets at FVOCI are as follows:

	2023	2022
Balance at beginning of year	**₱12,015,085**	₱29,223,279
Net unrealized gain (loss) during the year on:		
Quoted equity securities	**129,710**	5,081,954
Quoted debt securities	**–**	(190,148)
Redemption of debt securities	**–**	(22,100,000)
Balance at end of year	**₱12,144,795**	₱12,015,085

The balance and movements in cumulative unrealized gains on financial assets at FVOCI are as follows:

	2023	2022
Balance at beginning of year	**₱8,961,947**	₱4,070,141
Net unrealized gain during the year	**129,710**	4,891,806
Balance at end of year	**₱9,091,657**	₱8,961,947

In 2022, the Company's quoted debt securities were redeemed at cost.

The Company's quoted debt securities bear annual interest rates ranging from 4.50% to 4.84% in 2022. Interest income earned on these securities amounted to ₱0.3 million in 2022 (see Note 4).

The Company's financial assets at FVOCI as at December 31, 2023 and 2022 are carried at fair values based on quoted market prices or bidding dealer price quotations from active markets at the reporting date. This fair valuation is classified under the Level 1 category (see Note 18).

The Company's financial assets at FVOCI as at December 31, 2023 and 2022 are carried at fair values based on quoted market prices or bidding dealer price quotations from active markets at the reporting date. This fair valuation is classified under the Level 1 category (see Note 18).

8. Investments in Subsidiaries

The balance and movements in investments in subsidiaries are as follows:

	2023	2022
Cost		
Balance at beginning of year	**₱3,499,523,451**	₱3,497,026,451
Addition	**987,357**	2,497,000
Balance at end of the year	**3,500,510,808**	3,499,523,451
Accumulated Impairment losses		
Balance at beginning and end of year	**440,051,451**	440,051,451
	3,060,459,357	3,059,472,000
Deposit for future stock subscription	**21,010,814**	–
Carrying Amount	**₱3,081,470,171**	₱3,059,472,000

The details and cost of investments in subsidiaries as at December 31, 2023 and 2022 are as follows:

Company Name	Percentage of Ownership	Nature of Business	Cost of Investment 2023	Cost of Investment 2022
Filoil Energy Company, Inc. (FECI)	60.00	Holding company	**₱3,000,000,000**	₱3,000,000,000
Basic Diversified Industrial Holdings, Inc. (BDIHI)	100.00	Investment holding	**227,085,800**	227,085,800
Southwest Resources Inc. (SRI)	72.58	Exploration and development of petroleum and other mineral products	**75,341,250**	75,341,250
Basic Biofuels Corporation (BBC)	100.00	Development of biofuels	**64,000,000**	64,000,000
Basic Renewables, Inc. (BRI)	100.00	Exploration, development, utilization and production of renewable energy sources	**56,975,000**	56,975,000
IBasic, Inc. (iBasic)	100.00	Information technology	**53,547,840**	53,547,840
Mabini Energy Corporation (MEC)	100.00	Development of renewable energy resources	**20,000,000**	20,000,000
Basic Energy Renewables Corporation (BERC)	100.00	Solar energy projects	**2,500,000**	2,497,000
Grandway Group Limited (Grandway)	100.00	Investment holding	**76,561**	76,561
Pasuquin Wind Energy Corporation (PWEC)	100.00	Wind energy projects	**690,202**	–
San Joaquin Wind Energy Corporation (SJWEC)	100.00	Wind energy projects	**153,849**	–
Starfish Wind Energy Corporation (SWEC)	100.00	Wind energy projects	**140,306**	–
			₱3,500,510,808	₱3,499,523,451

All subsidiaries were incorporated and domiciled in the Philippines except Grandway which was incorporated and domiciled in Hong Kong.

On December 6, 2022, the Company subscribed to 100% shares of BERC for a total consideration of ₱2.5 million.

In 2023, the Company invested in 100% ownership of PWEC, SJWEC, and SWEC for a total consideration of ₱1.0 million.

Deposit for Future Stock Subscription

Deposit for future stock subscription to the Company's subsidiary include the following:

Conversion of receivable arising from the transfer of equipment for installation	₱18,759,655
Cash infusion	2,251,159
	₱21,010,814

Deposit for future stock subscription will be reclassified to the cost of investment in subsidiaries upon stock subscription.

The key financial information of the subsidiaries as at and for the years ended December 31, 2023 and 2022 are as follows:

	2023					
	Total Assets	**Total Liabilities**	**Revenues**	**Net Income (Loss)**	**Other Comprehensive Income (Loss)**	**Total Comprehensive Income (Loss)**
FECI	₱26,475,889,411	₱21,614,834,507	₱64,068,675,443	₱216,898,729	₱12,980,035	₱203,918,694
BDIHI	250,337,231	26,521,400	–	62,020,171	61,869,260	61,869,260
SRI	31,830	790,359	–	(42,185)	–	(42,185)
BBC	15,339,789	6,707,264	7,416,000	7,311,000	–	7,311,000
BRI	127,817	255,740	130	(56,540)	–	(56,540)
iBasic	4,081,243	55,000	61	(69,703)	–	(69,703)
MEC	37,766,764	17,551,433	4,249	(111,145)	(1,854,000)	(1,965,145)
BERC	23,705,668	21,319,218	461,340	32,162	–	32,162
Grandway	192,487,604	221,320,258	–	(207,887)	–	(207,887)
PWEC	2,050,254	717,702	–	(107,448)	–	(107,448)
SJWEC	1,500,000	181,349	–	(121,349)	–	(121,349)
SWEC	1,500,000	140,306	–	(107,448)	–	(107,448)

	2022					
	Total Assets	Total Liabilities	Revenues	Net Income (Loss)	Other Comprehensive Loss	Total Comprehensive Income (Loss)
FECI	₱25,286,491,016	₱20,096,364,948	₱74,780,973,117	₱1,303,736,106	₱–	₱1,303,736,106
BDIHI	188,317,560	26,351,161	25,842,779	25,688,121	–	25,688,121
SRI	28,430	744,774	–	(41,404)	–	(41,404)
BBC	7,920,989	6,599,464	872,000	780,570	–	780,570
BRI	134,337	205,720	136	(41,650)	–	(41,650)
iBasic	4,150,946	55,000	61	(69,451)	–	(69,451)
MEC	31,576,663	9,396,187	2,647	(90,990)	(6,300,000)	(6,390,990)
BERC	2,600,000	182,140	–	(82,140)	–	–
Grandway	193,357,150	418,967,095	–	(17,438,595)	–	(17,438,595)

9. Investment Properties

The balance and movement in this account are as follows:

	2023	2022
Balance at beginning of year	**₱44,614,273**	₱40,785,280
Fair value changes	**11,097,814**	3,828,993
Balance at end of year	**₱55,712,087**	₱44,614,273

Direct operating expenses incurred amounted to ₱52,853 and ₱52,749 in 2023 and 2022, respectively.

The Company engaged an independent appraiser to determine the fair value of the investment properties as at December 31, 2023. The latest appraisal valuation report dated January 9, 2024 was prepared using the "Sales Comparison Approach", which compares sales of similar or substitute properties, and related market data to establish an estimated value. Fair value of investment properties is categorized under Level 3 (significant unobservable inputs) (see Note 18).

Considering the foregoing and such factors as property location, desirability, neighborhood, utility, size, terrain and time element involved, the market value of the appraised land is estimated at ₱510 to ₱750 per square meter, and at ₱440 to ₱678 per square meter as at December 31, 2023 and 2022, respectively.

10. Property and Equipment

The balances and movements in this account are as follows:

		2023			
	Note	Machineries and Equipment	Office Equipment, Furniture and Fixtures	Construction in Progress and Equipment for Installation	Total
Cost					
Balances at beginning of year		₱–	₱2,406,714	₱206,726,837	₱209,133,551
Additions		5,814,460	845,547	4,625,881	11,285,888
Disposals	8	–	–	(18,759,655)	(18,759,655)
Reclassification		324,320	–	(324,320)	–
Retirement		–	(365,570)	–	(365,570)
Balances at end of year		6,138,780	2,886,691	192,268,743	201,294,214
Accumulated Depreciation					
Balances at beginning of year		–	1,044,738	–	1,044,738
Depreciation		484,538	430,928	–	915,466
Retirement		–	(365,570)	–	(365,570)
Balances at end of year		484,538	1,110,096	–	1,594,634
Carrying Amounts		₱5,654,242	₱1,776,595	₱192,268,743	₱199,699,580

	2022			
	Office Equipment, Furniture and Fixtures	Transportation Equipment	Construction in Progress and Equipment for Installation	Total
Cost				
Balances at beginning of year	₱1,190,327	₱8,016,840	₱–	₱9,207,167
Additions	1,216,387	–	206,726,837	207,943,224
Retirement	–	(8,016,840)	–	(8,016,840)
Balances at end of year	2,406,714	–	206,726,837	209,133,551
Accumulated Depreciation				
Balances at beginning of year	802,513	7,967,247	–	8,769,760
Depreciation	242,225	49,593	–	291,818
Retirement	–	(8,016,840)	–	(8,016,840)
Balances at end of year	1,044,738	–	–	1,044,738
Carrying Amounts	₱1,361,976	₱–	₱206,726,837	₱208,088,813

Transfer of Assets to a Related Party

In 2023, equipment for installation amounting to ₱18.8 million was transferred by the Company to its subsidiary. On October 31, 2023, the BOD of the Company approved the conversion of the receivable arising from the transfer to deposit for future stock subscription in its subsidiary (see Note 8). This is considered a noncash financial information in the separate statements of cash flows.

Asset Swap Agreement

On October 17, 2022, the Company entered into an asset swap agreement with a stockholder for the sale of investment in and advances to Vintage EPC Company Limited (VEPC) and VTE International Construction Company Limited (VINTER) amounting to ₱87.2 million and ₱36.5 million, respectively in exchange for solar panels with carrying amount of ₱187.9 million (exclusive of VAT) resulting to a gain on sale of ₱86.7 million. The acquired solar panel is recorded as part of Construction in Progress and equipment for installation.

These are considered as noncash information in the separate statements of cash flows in 2022.

11. Other Noncurrent Assets

This account consists of:

	Note	2023	2022
Intangible asset		**₱6,013,928**	₱6,013,928
Net retirement benefit asset	16	**732,732**	–
		₱6,746,660	₱6,013,928

Intangible Asset

As at December 31, 2023 and 2022, the Company's intangible asset amounting to ₱6.0 million pertains to exploration right related to the geothermal power project in Iriga, Camarines Sur, Philippines.

On February 26, 2013, the Department of Energy (DOE) awarded Geothermal Service Contract (GSC) No. 2013-02-043 to the Company. The GSC originally granted the Company an exclusive right to explore, develop and utilize the geothermal resources for five (5) years.

On January 22, 2016, the Company assigned its 80% participation and its capacity as operator in the Iriga project to Desco, Inc. (Desco) through a Farm-in Agreement which was approved by the DOE on November 8, 2016. On September 9, 2020, extension of the GSC was approved by the DOE for two (2) years.

As of April 11, 2023, Desco has applied to the DOE further extension of the GSC for two (2) years due to the lockdown that resulted in the postponement of the surveying and drilling of the first well. The Company will continue to monitor developments in the geothermal project and the implementation of the work program as approved by the DOE and undertaken by its operator, Desco.

As of December 31, 2023, no amortization expense was recognized since the Company has yet to start commercial operations on its geothermal project.

12. Accounts and Other Payables

This account consists of:

	Note	2023	2022
Accounts payable		**₱213,113**	₱96,581
Liabilities from terminated projects		**12,877,792**	12,877,792
Accrual for:			
Professional fees		**1,308,000**	1,304,480
Personnel costs		**61,923**	383,956
Statutory payables		**1,354,091**	1,011,798
Advances from related parties	14	**1,125,371**	651,941
Others		**1,797,203**	1,193,504
		₱18,737,493	₱17,520,052

Liabilities from terminated projects pertain to financial liabilities by the Company to a government agency which are due on demand.

Accrued expenses and other payables are normally settled within 30 days.

Reconciliation of Advances from Related Parties

	2023	2022
Balance at beginning of year	**₱651,941**	₱17,366,277
Additions	**550,000**	–
Payments	**(76,570)**	(16,714,336)
Balance at end of year	**₱1,125,371**	₱651,941

13. Equity

Capital Stock

The details of the capital stock are as follows:

	2023		2022	
	Number of Shares	**Amount**	Number of Shares	Amount
Authorized - ₱0.25 par value				
Balance at beginning and end of year	**20,000,000,000**	**₱5,000,000,000**	20,000,000,000	₱5,000,000,000
Subscribed Capital Stock				
Balance at beginning and end of year	**14,668,643,064**	**₱3,667,160,766**	14,668,643,064	₱3,667,160,766
Subscription Receivable				
Balance at beginning of year	**450,000,000**	**112,500,000**	450,000,000	112,500,000
Collection during the year	**(450,000,000)**	**(112,500,000)**	–	–
Balance at end of year	**–**	**–**	450,000,000	112,500,000
Issued capital stock	**14,668,643,064**	**₱3,667,160,766**	14,218,643,064	₱3,554,660,766

Sale of Delinquent Shares

On September 12, 2023, the Company sold 450.0 million delinquent shares of stock through an auction sale at a bid price of ₱0.2888 per share for a total consideration of ₱130.0 million recorded as follows:

Collection of subscription receivable	₱112,500,000
Additional paid-in capital	17,482,337
	₱129,982,337

14. Related Party Transactions

The following table summarizes the related party transactions of the Company:

		Amount of Transaction		Outstanding Balance	
Nature of Relationship	Nature of Transaction	**2023**	2022	**2023**	2022
Accounts Receivable (see Note 5)					
Subsidiary - MEC	Rent income	**₱5,500,000**	₱–	**₱5,500,000**	₱–
Associate - VINTER	Management fee	**–**	116,869	**–**	–
				₱5,500,000	₱–

Nature of Relationship	Nature of Transaction	Amount of Transaction 2023	Amount of Transaction 2022	Outstanding Balance 2023	Outstanding Balance 2022
Advances to Related Parties (see Note 5)					
Subsidiaries:					
Grandway	Working capital advances	**₱1,306,141**	**₱1,273,940**	**₱175,728,512**	**₱174,422,371**
BDIHI	Working capital advances	**138,451**	**166,553**	**22,891,669**	**22,753,218**
MEC	Working capital advances	**2,556,670**	**9,213,112**	**11,769,782**	**9,213,112**
BBC	Working capital advances	**86,372**	**100,055**	**6,644,050**	**6,557,678**
SRI	Working capital advances	**45,585**	**34,164**	**738,109**	**692,524**
BRI	Working capital advances	**50,020**	**39,386**	**228,240**	**178,220**
BERC	Working capital advances	**45,508**	**182,140**	**227,648**	**182,140**
iBasic	Working capital advances	**–**	**706**	**139,043**	**139,749**
				218,367,053	**214,139,012**
Less: Allowance for ECL				**206,369,623**	**204,476,444**
				₱11,997,430	**₱9,662,568**
Deposit For Future Investment (see Note 9)					
Subsidiary -					
BERC	Deposit for future investment	**₱21,010,813**	₱–	**₱21,010,813**	₱–
Accounts Payable					
Subsidiary of FECI - Filoil Logistics Corporation	Reimbursement of various expenses	**₱–**	₱2,433,478	**₱–**	₱–
Advances from Related Parties (see Note 12)					
Subsidiaries:					
iBasic	Working capital advances	**₱–**	₱–	**₱575,271**	₱651,841
MEC	Working capital advances	**550,000**	–	**550,100**	100
				₱1,125,371	₱651,941
Fair Value of Plan Asset (see Note 16)					
Plan Asset	Plan contribution	**₱10,333,615**	₱5,497,620	**₱14,578,578**	₱22,420,761
Personnel Costs					
Key management personnel	Retirement benefits	**₱2,825,319**	₱3,675,734	**₱8,884,000**	₱21,187,285
	Short-term benefits	**1,445,700**	4,499,250	**36,659**	87,428
				₱8,920,659	₱21,274,713

Accounts Receivable

Accounts receivable are unsecured, noninterest-bearing and generally collected within one (1) year.

Rent Income

The Company leases out its machinery to a related party for ₱0.6 million monthly. Rent receivable are unsecured, unimpaired, noninterest-bearing, and to be settled in cash within one (1) year.

Management Fee
The Company entered in a management service agreement with VEPC and VINTER, which provides for a fee based on a certain percentage of VEPC and VINTER's revenues.

As discussed in Note 10, investments in VEPC and VINTER were disposed in 2022. Accordingly, the management contract was terminated.

Advances to Related Parties
Advances to related parties pertain to working capital advances provided by the Company to its subsidiaries. Outstanding balances are unsecured, noninterest-bearing, due on demand and to be settled in Philippine Peso, except for the advances to Grandway which is to be settled in United States (US) Dollar.

Additional provision for ECL on advances to related parties amounted to ₱1.9 million and ₱1.3 million in 2023 and 2022, respectively.

Advances from Related Parties
Advances from related parties are unsecured, noninterest-bearing, due on demand and to be settled in Philippine Peso.

15. General and Administrative Expenses

This account consists of:

	Note	**2023**	2022
Personnel costs:			
Salaries and wages		**₱25,625,106**	₱26,131,968
Retirement expense	16	**3,178,036**	4,134,618
Professional fees		**6,657,725**	6,212,530
Taxes and licenses		**4,940,692**	3,907,022
Rent		**3,215,877**	2,600,820
Transportation and travel		**2,038,622**	3,722,486
Provision for ECL on accounts and other receivables	5	**1,893,179**	1,347,488
Depreciation	10	**915,466**	291,818
Representation		**589,995**	3,348,283
Meetings and trainings		**491,589**	587,448
Communications		**440,233**	727,293
Others		**4,881,948**	1,666,715
		₱54,868,468	₱54,678,489

16. Retirement Benefits

The Company has a funded, noncontributory defined retirement benefits plan (the Plan) covering substantially all of its employees. The retirement benefits are based on a certain percentage of the final monthly basic salary for every year of credited service of the employees. The benefits to be received by the employees meet the minimum mandated benefit under Republic Act No. 7641, *The Retirement Pay Law*.

The defined benefit obligation under the defined benefit retirement plan is determined using the projected unit credit method. The latest actuarial valuation report of the Company was as at and for the year ended December 31, 2023.

The components of the retirement expense included under "General and administrative expenses" account in the separate statements of comprehensive income are as follows (see Note 15):

	2023	2022
Current service cost	**₱2,568,852**	₱3,508,715
Net interest expense	**609,184**	625,903
	₱3,178,036	₱4,134,618

Movements in net retirement benefit liability (asset) recognized in the separate statements of financial position are as follows:

	2023	2022
Balance at beginning of year	**₱10,599,937**	₱12,593,638
Contributions paid	**(10,333,615)**	(5,497,620)
Benefits paid from company operating funds	**(4,565,700)**	–
Retirement expense	**3,178,036**	4,134,618
Net remeasurement loss (gain) recognized in OCI	**388,610**	(630,699)
Balance at end of year	**(₱732,732)**	₱10,599,937

The funded status of the Company's retirement plan are as follows:

	2023	2022
Present value of defined benefit obligation	**₱13,845,846**	₱33,020,698
Fair value of plan assets	**(14,578,578)**	(22,420,761)
	(₱732,732)	₱10,599,937

The balances and movements in the present value of defined benefit obligation are as follows:

	2023	2022
Balance at beginning of year	**₱33,020,698**	₱32,130,202
Benefits paid from retirement fund	**(19,799,848)**	(805,649)
Benefits paid from company operating funds	**(4,565,700)**	–
Current service cost	**2,568,852**	3,508,715
Interest expense	**998,254**	1,319,443
Actuarial losses (gains) recognized in OCI:		
Change in financial assumptions	**343,156**	(2,170,817)
Experience adjustments	**1,280,434**	(961,196)
Balance at end of year	**₱13,845,846**	₱33,020,698

The balances and movements in the fair value of plan assets are as follows:

	Note	2023	2022
Balance at beginning of year		**₱22,420,761**	₱19,536,564
Benefits paid		**(19,799,848)**	(805,649)
Contributions paid	14	**10,333,615**	5,497,620
Interest income		**389,070**	693,540
Return on assets, excluding interest income		**1,234,980**	(2,501,314)
Balance at end of year		**₱14,578,578**	₱22,420,761

Remeasurement gain (loss) recognized in OCI are as follows:

	2023	2022
Actuarial gains (losses) on defined benefit obligation	**(₱1,623,590)**	₱3,132,013
Return on assets, excluding interest income	**1,234,980**	(2,501,314)
	(₱388,610)	₱630,699

The balance and movements in cumulative remeasurement gain (loss) on net retirement benefit asset (liability), included under "Other equity reserves" account in the separate statements of financial position are as follows:

	2023	2022
Balance at beginning of year	**(₱1,965,812)**	(₱2,596,511)
Remeasurement gain (loss)	**(388,610)**	630,699
Balance at end of year	**(₱2,354,422)**	(₱1,965,812)

The Company did not recognize deferred tax asset on the cumulative remeasurement loss on net retirement benefit asset (liability). The management assessed that there may be no sufficient future taxable income against which benefits of the deferred tax asset can be utilized.

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	2023	2022
Investment in unit investment trust fund	**68.45%**	66.09%
Investment in government securities	**17.57%**	32.75%
Other securities and debt instruments	**11.76%**	0.90%
Others	**2.22%**	0.26%
	100.00%	100.00%

The principal assumptions used in determining the present value of the defined benefit obligation are as follows:

	2023	2022
Discount rate	**6.89%**	7.21%
Salary increase rate	**5.00%**	5.00%

Sensitivity analysis on the net retirement benefit asset (liability) are as follows:

	Change in Assumption	Effect on Net Retirement Benefit Asset (Liability) 2023	2022
Discount rate	+1.00%	**₱12,819,376**	(₱786,961)
	-1.00%	**(15,019,259)**	891,055
Salary increase rate	+1.00%	**₱15,096,901**	₱981,709
	-1.00%	**(12,734,820)**	(882,608)

The sensitivity analysis above have been determined based on a method that extrapolates the impact on net retirement benefit asset (liability) as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

Risks Associated with the Retirement Plan

The plan exposes the Company to actuarial risks such as investment risk, interest rate risk, longevity risk and salary risk.

Investment and Interest Rate Risks. The present value of the defined benefit obligation is calculated using a discount rate determined by reference to market yields of government bonds. Generally, a decrease in the interest rate of a reference government bonds will increase the plan obligation. However, this will be partially offset by an increase in the return on the Plan's investments in debt securities, and if the return on plan asset falls below this rate, it will create a deficit in the plan. Currently, the plan has relatively balanced investments in equity and debt securities. Due to the long-term nature of the plan obligation, diversifying its investments is an appropriate element of the Company's long-term strategy to manage the plan efficiently.

Longevity and Salary Risks. The present value of the defined benefit obligation is calculated by reference to the best estimate of the mortality of the plan participants both during and after their employment, and to their future salaries. Consequently, increases in the life expectancy and salary of the plan participants will result in an increase in the plan obligation.

Funding Arrangements and Expected Contributions

The plan of the Company is currently overfunded by ₱0.7 million based on the latest funding valuation. The Company is not required to pre-fund the future defined benefits payable under the retirement plan before these become due. For this reason, the amount and timing of contributions to the retirement fund are at the Company's discretion. The Company expects to contribute ₱1.5 million to the fund in 2024.

As at December 31, 2023, the maturity analysis of the undiscounted benefit payments is as follows:

Within one year	₱1,912,842
More than:	
One year to five years	8,472,056
Five years to 10 years	14,611,826
10 years to 15 years	14,094,822
15 years to 20 years	28,826,111
20 years to 25 years	20,493,683
	₱88,411,340

The average duration of the retirement benefit liability as at December 31, 2023 is approximately 11.27 years.

17. Income Taxes

The components of income tax expense as reported in the separate statements of comprehensive income are as follows:

	2023	2022
Current tax expense - MCIT	**₱166,363**	₱296,890
Deferred tax expense	**771,789**	–
	₱938,152	₱296,890

As at December 31, 2023 and 2022, the Company has the following unrecognized deferred tax assets:

	2023	2022
NOLCO	**₱38,531,925**	₱26,868,637
Unamortized past service cost	**4,069,220**	2,685,582
Unrealized foreign exchange loss	**1,957,156**	–
Allowance for ECL on accounts and other receivables	**525,267**	525,267
Excess of MCIT over RCIT	**473,034**	315,345
Net retirement benefit liability	–	2,158,531
	₱45,556,602	₱32,553,362

The management assessed that there may be no sufficient future taxable income against which benefits of the deductible temporary differences and carryforward benefits can be utilized.

In 2023, the Company incurred deferred tax liability arising from its net retirement benefit asset amounting to ₱0.8 million.

Details of the Company's NOLCO as at December 31, 2023 are as follows:

Year Incurred	Amount	Year of Expiration
2023	₱46,653,151	2026
2022	20,950,297	2025
2021	48,003,326	2026
2020	38,520,924	2025
	₱154,127,698	

Under Revenue Regulations No. 25-2020, net operating loss incurred for the taxable years 2021 and 2020 will be carried over for the next five (5) consecutive taxable years immediately following the year such loss was incurred.

Details of the Company's excess of MCIT over RCIT as at December 31, 2023 are as follows:

Year Incurred	Amount	Expired	Balance	Year of Expiration
2023	₱166,363	₱–	₱166,363	2026
2022	296,890	–	296,890	2025
2021	9,781	–	9,781	2024
2020	8,674	8,674	–	2023
	₱481,708	₱8,674	₱473,034	

The reconciliation between the provision for income tax based on statutory income tax rate and effective income tax rate is as follows:

	2023	2022
Income tax expense (benefit) at statutory tax rate	**(₱9,502,138)**	₱10,198,339
Change in unrecognized deferred tax assets	**13,180,086**	(54,269,028)
Increase (decrease) in income tax resulting from:		
Nontaxable income	**(2,774,994)**	(957,838)
Nondeductible expenses	**620,795**	1,006,804
Income subjected to final tax	**(504,771)**	(266,447)
Stock issuance costs	**(89,500)**	–
Expired excess of MCIT over RCIT	**8,674**	1,444,519
Expired NOLCO	**–**	43,140,541
Income tax expense at effective tax rate	**₱938,152**	₱296,890

18. Fair Value Measurements

The following tables present the carrying amounts and fair values of the Company's assets measured at fair value and the corresponding fair value hierarchy:

		2023			
			Fair Value		
	Note	**Carrying Amount**	**Quoted Prices in Active Markets (Level 1)**	**Significant Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Financial assets at FVOCI -					
Quoted equity securities	7	**₱12,144,795**	**₱12,144,795**	**₱–**	**₱–**
Investment properties	9	**55,712,087**	**–**	**–**	**55,712,087**
		₱67,856,882	**₱12,144,795**	**₱–**	**₱55,712,087**

			2022			
			Fair Value			
	Note	Carrying Amount	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial assets at FVOCI -					
Quoted equity securities	7	₱12,015,085	₱12,015,085	₱–	₱–
Investment properties	9	44,614,273	–	–	44,614,273
		₱56,629,358	₱12,015,085	₱–	₱44,614,273

The Company used the following techniques to determine fair value measurements:

Financial Assets at FVOCI. The fair values of financial assets at FVOCI are based on quoted market prices or bidding dealer price quotations from active markets at the reporting date. The fair valuation is classified under Level 1 category.

Investment Properties. The fair value of the investment properties were determined based on latest appraisal report. The appraisal was carried out using the market data which uses significant unobservable inputs such as recent sale transactions or offerings of similar properties which have occurred and offered with close proximity to the subject property. The fair valuation is classified under Level 3 category.

The Company has determined that the highest and best use of the investment properties as at December 31, 2023 would be to hold it for capital appreciation.

There were no transfers between Level 1, Level 2, and Level 3 fair value measurements in 2023 and 2022.

Sensitivity Analysis. Generally, significant increases (decreases) in price per sqm and any value adjustments would result in a significantly higher (lower) fair value measurement. Choosing comparables with different inputs would result in a significantly different fair value measurement.

The table below presents the financial assets and liabilities whose carrying amounts approximate their fair values due to their short-term nature as at December 31, 2023 and 2022:

	2023	2022
Financial assets at amortized cost:		
Cash and cash equivalents*	**₱175,184,226**	₱109,382,426
Accounts and other receivables**	**48,882,662**	32,784,393
Refundable deposit	**–**	24,808,787
	₱224,066,888	₱166,975,606
Financial liabilities at amortized cost -		
Accounts and other payables***	**₱17,383,402**	₱16,508,254

**Excluding cash on hand amounting to ₱18,137 as at December 31, 2023.*
***Excluding nonfinancial assets amounting to ₱0.1 million and ₱0.3 million as at December 31, 2023 and 2022, respectively.*
****Excluding nonfinancial liabilities amounting to ₱1.4 million and ₱1.0 million as at December 31, 2023 and 2022, respectively.*

19. Financial Risk and Capital Management Objectives and Policies

<u>Financial Risk Management</u>
The Company's financial instruments consist of cash and cash equivalents, accounts and other receivables (excluding nonfinancial assets), refundable deposit, financial assets at FVOCI, and accounts and other payables (excluding nonfinancial liabilities).

The main financial risks arising from the Company's use of financial instruments include credit risk, liquidity risk, and market risks. The BOD regularly reviews and approves the appropriate policies for managing these financial risks, as summarized below.

Credit Risk
The Company's exposure to credit risk arises from the failure of its counterparty in fulfilling its financial commitments to the Company under the prevailing contractual terms. Financial instruments that potentially subject the Company to credit risk consist primarily of financial assets at amortized cost and debt securities at FVOCI.

The carrying amounts of financial assets at amortized cost and debt securities at FVOCI represent the Company's maximum credit exposure.

Financial Assets at Amortized Cost
The Company limits its exposure to credit risk by depositing its cash and cash equivalents only with banks that have good credit standing and reputation in the local and international banking industry. In addition, the accounts and other receivables and refundable deposit are transacted into with counterparties with good credit standing and a relatively low risk of default.

The Company also monitors its exposure to credit risk on its accounts and other receivables (excluding nonfinancial assets) based on its existing and forecasted changes in business and financial condition. The Company recognized provision for ECL on its accounts and other receivable of ₱1.9 million and ₱1.3 million in 2023 and 2022, respectively (see Note 5).

It is the Company's policy to measure ECL on the above instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

When determining if there has been a significant increase in credit risk, the Company considers reasonable and supportable information that is available without undue cost or effort and that is relevant for the particular financial instrument being assessed such as, but not limited to, the following factors:

- Actual or expected external and internal credit rating downgrade;
- Existing or forecasted adverse changes in business, financial or economic conditions; and
- Actual or expected significant adverse changes in the operating results of the counterparties.

The Company also considers financial assets that are more than 30 days past due to be the latest point at which lifetime ECL should be recognized unless it can demonstrate that this does not represent significant increase in credit risk such as when non-payment was an administrative oversight rather than resulting from financial difficulty of the counterparty.

The following tables show the amounts of financial assets classified under 12-month ECL as at December 31, 2023 and 2022:

	2023			
	Financial Assets at Amortized Cost			
	12-month ECL	Lifetime ECL - Not Credit impaired	Lifetime ECL - Credit Impaired	Total
Cash and cash equivalents	₱175,184,226	₱–	₱–	₱175,184,226
Accounts and other receivables*	–	48,882,662	208,470,689	257,353,351
	₱175,184,226	₱48,882,662	₱208,470,689	₱432,537,577

**Excluding nonfinancial assets amounting to ₱0.1 million as at December 31, 2023.*

	2022			
	Financial Assets at Amortized Cost			
	12-month ECL	Lifetime ECL - Not Credit impaired	Lifetime ECL - Credit Impaired	Total
Cash and cash equivalents	₱109,382,426	₱–	₱–	₱109,382,426
Accounts and other receivables*	–	32,784,393	206,577,510	239,361,903
Refundable deposit	–	–	24,808,787	24,808,787
	₱109,382,426	₱32,784,393	₱231,386,297	₱373,553,116

**Excluding nonfinancial assets amounting to ₱0.3 million as at December 31, 2022.*

Liquidity Risk

Liquidity risk arises from the possibility that the Company may encounter difficulties in raising adequate funds to meet its financial commitments at a reasonable cost. The Company's objectives in effectively managing its liquidity are: (a) to ensure that adequate funding is available at all times; (b) to meet the commitments as they arise without incurring unnecessary costs; and (c) to be able to access funding when needed at the least possible cost.

To manage this exposure and to ensure sufficient liquidity levels, the Company closely monitors its collections and expenditures by preparing cash position reports that present actual and projected cash flows for the subsequent month.

The maturity profile of the accounts and other payables amounting to ₱17.4 million and ₱16.5 million, excluding nonfinancial liabilities amounting to ₱1.4 million and ₱1.0 million of the Company is based on remaining contractual undiscounted obligations or on the estimated timing of net cash flows which are within one (1) year as at December 31, 2023 and 2022, respectively.

Market Risks

The Company is exposed to market risks, primarily those related to foreign currency risk and equity price risk.

Foreign Currency Risk. Foreign currency risk arises on financial instruments that are denominated in a foreign currency other than the functional currency.

The Company's transactional currency exposures arise from its transactions denominated in US Dollar. The Company periodically reviews the trend of the changes in foreign exchange rates to address its exposure to foreign currency risk. The Company's policy is to maintain foreign currency exposure within acceptable limits and within the existing regulatory guidelines.

The following table shows the Company's foreign currency-denominated monetary financial assets and their Philippine Peso equivalents:

	2023	
	Original Currency	**Philippine Peso**
Denominated in US Dollars		
Cash and cash equivalents	**US$999,252**	**₱55,328,597**
Advances to related parties	**3,173,713**	**175,728,512**
Nontrade receivable	**160,893**	**8,908,637**
	US$4,333,858	**₱239,965,746**

	2022	
	Original Currency	Philippine Peso
Denominated in US Dollars		
Cash and cash equivalents	US$1,074,394	₱59,902,826
Advances to related parties	3,128,372	174,422,371
Nontrade receivable	444,960	24,808,787
	US$4,647,726	₱259,133,984

For purposes of translating the Company's foreign currency-denominated monetary assets to Philippine Peso, the exchange rates applied were ₱55.37 and ₱55.76 per US$1 as at December 31, 2023 and 2022, respectively.

The following table demonstrates the sensitivity to a reasonably possible change in the US Dollar exchange rates, with all other variables held constant, of the Company's income (loss) before income tax and equity in 2023 and 2022.

	Increase (Decrease) in Exchange Rates	Effect on Income (Loss) Before Income Tax	Effect on Equity
2023	**0.80**	**(₱3,467,086)**	**(₱2,600,315)**
	(0.80)	**3,467,086**	**2,600,315**
2022	2.61	₱12,130,565	₱9,097,924
	(2.61)	(12,130,565)	(9,097,924)

Equity Price Risk. Equity price risk is the risk that the Company will incur economic losses due to adverse changes in a particular stock or stock index. The Company's equity price risk arises from its equity securities which are traded in the Philippine Stock Exchange (PSE).

The Company's policy is to maintain the risk to an acceptable level. The movements in stock prices are monitored regularly to determine the impact on the Company's financial position.

The table below sets forth the impact of changes in PSE index (PSEi) in the Company's equity as at December 31, 2023 and 2022:

	2023		2022	
Changes in PSEi	**14.07%**	**(14.07%)**	20.55%	(20.55%)
Financial assets at FVOCI:				
Telecommunications	**₱2,504**	**(₱2,504)**	₱41,790	(₱41,790)
Banks	**1,294**	**(1,294)**	194	(194)
	₱3,798	**(₱3,798)**	₱41,984	(₱41,984)

Capital Management

The primary objective of the Company's capital management is to ensure that it maintains strong and healthy financial position to drive its expansion and growth in the future.

The Company considers its capital stock and additional paid-in capital aggregating to ₱4,039.7 million and ₱3,910.1 million as at December 31, 2023 and 2022, respectively, as its capital employed. The Company manages the capital structure and will make adjustments when there are changes in the economic conditions, business activities, expense programs and the risk characteristics of underlying assets. No changes were made in the objectives, policies or processes during the years ended December 31, 2023 and 2022.

REYES TACANDONG & CO.
FIRM PRINCIPLES. WISE SOLUTIONS.

BOA/PRC Accreditation No. 4782
August 16, 2021, valid until April 13, 2024
SEC Registration No. PP201007009

BDO Towers Valero
8741 Paseo de Roxas
Makati City 1226 Philippines
Phone : +632 8 982 9100
Fax : +632 8 982 9111
Website : www.reyestacandong.com

REPORT OF INDEPENDENT AUDITORS
TO ACCOMPANY SEPARATE FINANCIAL STATEMENTS FOR FILING WITH THE SECURITIES AND EXCHANGE COMMISSION

The Stockholders and the Board of Directors
Basic Energy Corporation
UB 111 Paseo de Roxas Building
Legaspi Village, San Lorenzo
Makati City

We have audited the accompanying separate financial statements of Basic Energy Corporation (the Company) as at and for the years ended December 31, 2023 and 2022, on which we have rendered our report dated March 21, 2024.

In compliance with the Revised Securities Regulation Code Rule 68, we are stating that the Company has 6,091 stockholders owning 100 or more shares each.

REYES TACANDONG & CO.

JOSEPH C. BILANGBILIN
Partner
CPA Certificate No. 102884
Tax Identification No. 210-181-965-000
BOA Accreditation No. 4782; Valid until April 13, 2024
BIR Accreditation No. 08-005144-011-2023
Valid until January 24, 2026
PTR No. 10072411
Issued January 2, 2024, Makati City

March 21, 2024
Makati City, Metro Manila

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REPORT OF INDEPENDENT AUDITORS ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Basic Energy Corporation
UB 111 Paseo de Roxas Building
Legaspi Village, San Lorenzo
Makati City

We have audited in accordance with the Philippine Standards on Auditing, the separate financial statements of Basic Energy Corporation (the Company) as at and for the years ended December 31, 2023 and 2022 and have issued our report thereon dated March 21, 2024. Our audits were made for the purpose of forming an opinion on the basic separate financial statements taken as a whole. The accompanying Supplementary Schedule of Reconciliation of Retained Earnings Available for Dividend Declaration is the responsibility of the Company's management.

The schedule is presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and is not part of the basic separate financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic separate financial statements, including comparing such information directly to the underlying accounting and other records used to prepare the basic separate financial statements or to the separate financial statements themselves. In our opinion, the information is fairly stated in all material respects in relation to the basic separate financial statements taken as a whole.

REYES TACANDONG & CO.

JOSEPH C. BILANGBILIN
Partner
CPA Certificate No. 102884
Tax Identification No. 210-181-965-000
BOA Accreditation No. 4782; Valid until April 13, 2024
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March 21, 2024
Makati City, Metro Manila

RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

FOR THE REPORTING PERIOD ENDED DECEMBER 31, 2023

BASIC ENERGY CORPORATION

UB 111 Paseo de Roxas Building
Legaspi Village, San Lorenzo, Makati City

Deficit, beginning of reporting period		(₱516,354,671)
Add: Net loss for the current year		(38,946,703)
Add: Unrealized fair value changes in investment properties	(11,097,814)	
Unrealized foreign exchange gain except for cash	(7,344)	(11,105,158)
Adjusted net loss		(50,051,861)
Deficit, end of reporting period		(₱566,406,532)

Annex A:

Contextual information

Company details	
Name of Organization	Basic Energy Corporation
Location of Headquarters	GM Building, 240 EDSA, Barangay Wack Wack Greenhills East, Mandaluyong City
Location of Operations	GM Building, 240 EDSA, Barangay Wack Wack Greenhills East, Mandaluyong City
Report Boundary: Legal entities (e.g. subsidiaries) included in this report*	Basic Energy Corporation
Business Model, including Primary Activities, Brands, Products, and Services	Basic Energy Corporation is a holding company with diversified business interest in various fields of renewable energy and alternative fuels, and in oil and gas exploration and development. As of the end of 2023, the Company's existing energy service contracts with the DOE are still in the exploratory and/or pre-development stage.
Reporting Period	January 01, 2023 to December 31, 2023
Highest Ranking Person responsible for this report	Dominique P. Pascua Compliance Officer

Materiality process

Material topics
In determining the topics that are material to our stakeholders, management took into consideration the current operating status of the Company. For the year 2023, the Company's existing energy service contracts are still in the exploratory and/or pre-development stage. In consideration of the current operation of the Company, management identified the following stakeholders that would be affected in terms of the Company's economic, social and environmental performance for the reporting period. 1. Directors 2. Employees 3. Regulators 4. Shareholders Our materiality assessment identified material topics for our 2022 Sustainability Report resulted in the corresponding items: ▪ Economic — Economic Performance: Direct Economic Value Generated and Distributed — Anti-Corruption: Training on Anti-Corruption Policies and Procedures ▪ Social

- Employee Management: Employee Hiring Benefits
- Employee Management: Employee Training and Development
- Employee Management: Diversity and Equal Opportunity
- Data Security

ECONOMIC

Economic performance

Direct economic value generated and distributed

Disclosure	Amount	Unit
Direct economic value generated (revenue)	1,583,298,324	Php
Direct economic value distributed:		Php
a. Operating costs	513,758,146	Php
b. Employee wages and benefits	255,470,086	Php
c. Payments to suppliers, other operating costs	39,461,195	Php
d. Dividends given to stockholders and interest payments to loan providers	625,153,196	Php
e. Taxes given to government	99,769,083	Php
f. Investments to community (e.g. donations, CSR)		Php

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management approach
1. Economic value distributed by the company for employee wages and benefits was around Php255.5 million. 2. Operating cost of around Php513.8 million are mostly attributed to the company's maintenance of its service contracts and submission of necessary reportorial requirements to the Department of Energy ("DOE"), Securities and Exchange Commission ("SEC"), and Philippine Stock Exchange ("PSE"). Through the maintenance of these service contracts, the Company was able to contribute additional information to the DOE on the potential energy sources of the service areas while disclosures from the company have guided shareholders on the direction of the company. A portion of the costs are also attributable to the exploration of potential projects that can contribute to the company's growth. 3. The Company paid taxes amounting to Php99.8 million. Payment of tax is a necessary	1. Employees 2. Shareholders and Regulators 3. Creditors and Regulators	1. The company policy adheres to existing labor regulations and ensures professional and personal growth of its employees through trainings and seminars. 2. The company is compliant on its responsibility to different regulators. 3. The company enforces timely payments of its taxes and licenses, and proper monitoring and recording of all costs incurred.

duty as a corporation and is essential on providing funds to the government to implement its various projects.		
What are the risks identified?	**Which stakeholders are affected?**	**Management approach**
▪ Risk of overspending that may result in further depletion of the company's operating funds and risk in understaffing for more future projects.	▪ Employees, Directors and Shareholders	▪ The Company monitors and manages the company's cost which are reviewed thoroughly and diligently to assess its relevance on the company's operations. Also, the company evaluates the job description of each employee to prevent overlapping and gaps of tasks.
What are the opportunities identified?	**Which stakeholders are affected?**	**Management approach**
▪ Focusing on renewable energy projects, such as solar and wind energy, that have faster turn-around time compared to geothermal service contracts.	▪ Regulators, Shareholders, Directors and Employees	▪ The company has a rigorous process on evaluating the viability of potential energy projects and are reviewed diligently by the management and board of directors.

Climate-related risks and opportunities[15]

Governance	Strategy	Risk Management	Metrics and Targets
Not material topic	Not material topic	Not material topic	Not material topic
Recommended disclosures			
Not material topic	Not material topic	Not material topic	Not material topic

[15] Adopted from the Recommendations of the Task Force on Climate-Related Financial Disclosures. The TCFD Recommendations apply to non-financial companies and financial-sector organizations, including banks, insurance companies, asset managers and asset owners.

[16] For this disclosure, impact refers to the impact of climate-related issues on the company.

Procurement practices

Proportion of spending on local suppliers

Disclosure	Quantity	Unit
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	100	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management approach
Not material topic	Not material topic	Not material topic
What are the risks identified?	**Which stakeholders are affected?**	**Management approach**
Not material topic	Not material topic	Not material topic
What are the opportunities identified?	**Which stakeholders are affected?**	**Management approach**
Not material topic	Not material topic	Not material topic

Anti-corruption

Training on anti-corruption policies and procedures

Disclosure	Quantity	Unit
Percentage of employees to whom the organization's anti- corruption policies and procedures have been communicated to	100	%
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	0	%
Percentage of directors and management that have received anti-corruption training	0	%
Percentage of employees that have received anti-corruption training	0	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management approach
▪ The company is engaged in energy development and exploration which deals with local government units. The company is compliant on the legal process on the permits and other paper works of its service contracts.	▪ Employees ▪ Directors ▪ Regulators	▪ The company has its own corporate governance committee and has an anti-corruption policy and program in its Code of Conduct.

What are the risks identified?	Which stakeholders are affected?	Management approach
▪ Pressure from local and national government units to speed up processing of paperwork for service contracts.	▪ Employees ▪ Regulators	▪ The company has its own corporate governance committee and has an anti-corruption policy and program in its Code of Conduct.
What are the opportunities identified?	**Which stakeholders are affected?**	**Management approach**
▪ As for the year 2023, since the company is still recovering from COVID-19, providing online or face to face trainings and seminars that will result to proactive employees and directors to be knowledgeable and compliant on anti-corruption practices.	▪ Employees ▪ Regulators	▪ In line with the recent events, the company is actively planning on providing either face to face trainings and seminars compliant with the Government's policy with regards to COVID 19 or online training and seminars to all its employee and directors on anti-corruption policies. ▪ The company is also planning to provide employees with trainings on new laws and regulation in order to avoid potential violations.

Incidents of corruption

Disclosure	Quantity	Unit
Number of incidents in which directors were removed or disciplined for corruption	0	#
Number of incidents in which employees were dismissed or disciplined for corruption	0	#
Number of incidents when contracts with business partners were terminated due to incidents of corruption	0	#

What is the impact and where does it occur? What is the organization’s involvement in the impact?	Which stakeholders are affected?	Management approach
Not material topic	Not material topic	Not material topic
What are the risks identified?	**Which stakeholders are affected?**	**Management approach**
Not material topic	Not material topic	Not material topic
What are the opportunities identified?	**Which stakeholders are affected?**	**Management approach**
Not material topic	Not material topic	Not material topic

ENVIRONMENT

Resource management

Energy consumption within the organization

Disclosure	Quantity	Unit
Energy consumption (renewable sources)	0	GJ
Energy consumption (gasoline)	0	GJ
Energy consumption (LPG)	0	GJ
Energy consumption (diesel)	0	GJ
Energy consumption (electricity)	0	kWh

Reduction of energy consumption

Disclosure	Quantity	Unit
Energy reduction (gasoline)	0	GJ
Energy reduction (LPG)	0	GJ
Energy reduction (diesel)	0	GJ
Energy reduction (electricity)	0	kWh
Energy reduction (gasoline)	0	GJ

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management approach
Not material topic	Not material topic	Not material topic
What are the risks identified?	**Which stakeholders are affected?**	**Management approach**
Not material topic	Not material topic	Not material topic
What are the opportunities identified?	**Which stakeholders are affected?**	**Management approach**
Not material topic	Not material topic	Not material topic

Water consumption within the organization

Disclosure	Quantity	Unit
Water withdrawal	0	m^3
Water consumption	0	m^3
Water recycled and reused	0	m^3

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management approach
Not material topic	Not material topic	Not material topic
What are the risks identified?	**Which stakeholders are affected?**	**Management approach**
Not material topic	Not material topic	Not material topic
What are the opportunities identified?	**Which stakeholders are affected?**	**Management approach**
Not material topic	Not material topic	Not material topic

Materials used by the organization

Disclosure	Quantity	Unit
Materials used by weight or volume		
▪ Renewable	0	kg/liters
▪ Non-renewable	0	kg/liters
Percentage of recycled input materials used to manufacture the organization's primary products and services	0	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management approach
Not material topic	Not material topic	Not material topic
What are the risks identified?	**Which stakeholders are affected?**	**Management approach**
Not material topic	Not material topic	Not material topic
What are the opportunities identified?	**Which stakeholders are affected?**	**Management approach**
Not material topic	Not material topic	Not material topic

Ecosystems and biodiversity (whether in upland/watershed or coastal/marine)

Disclosure	Quantity	Unit
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	0	#
Habitats protected or restored	0	ha
IUCN[17] Red List species and national conservation list species with habitats in areas affected by operations	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management approach
Not material topic	Not material topic	Not material topic
What are the risks identified?	**Which stakeholders are affected?**	**Management approach**
Not material topic	Not material topic	Not material topic
What are the opportunities identified?	**Which stakeholders are affected?**	**Management approach**
Not material topic	Not material topic	Not material topic

Environmental impact management

Air emissions

GHG

Disclosure	Quantity	Unit
Direct (Scope 1) GHG Emissions	0	Tonnes CO2e
Energy indirect (Scope 2) GHG Emissions	0	Tonnes CO2e
Emissions of ozone-depleting substances (ODS)	0	Tonnes CO2e

[17] International Union for Conservation of Nature

What is the impact and where does it occur? What is the organization’s involvement in the impact?	Which stakeholders are affected?	Management approach
Not material topic	Not material topic	Not material topic
What are the risks identified?	**Which stakeholders are affected?**	**Management approach**
Not material topic	Not material topic	Not material topic
What are the opportunities identified?	**Which stakeholders are affected?**	**Management approach**
Not material topic	Not material topic	Not material topic

Air pollutants

Disclosure	Quantity	Unit
NO_X	0	kg
SO_X	0	kg
Persistent organic pollutants (POPs)	0	kg
Volatile organic compounds (VOCs)	0	kg
Hazardous air pollutants (HAPs)	0	kg
Particulate matter (PM)	0	kg

What is the impact and where does it occur? What is the organization’s involvement in the impact?	Which stakeholders are affected?	Management approach
Not material topic	Not material topic	Not material topic
What are the risks identified?	**Which stakeholders are affected?**	**Management approach**
Not material topic	Not material topic	Not material topic
What are the opportunities identified?	**Which stakeholders are affected?**	**Management approach**
Not material topic	Not material topic	Not material topic

Solid and hazardous wastes

Solid waste

Disclosure	Quantity	Unit
Total solid waste generated	0	kg
▪ Reusable	0	kg
▪ Recyclable	0	kg
▪ Composted	0	kg
▪ Incinerated	0	kg
▪ Residuals/Landfilled	0	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management approach
Not material topic	Not material topic	Not material topic
What are the risks identified?	**Which stakeholders are affected?**	**Management approach**
Not material topic	Not material topic	Not material topic
What are the opportunities identified?	**Which stakeholders are affected?**	**Management approach**
Not material topic	Not material topic	Not material topic

Hazardous waste

Disclosure	Quantity	Unit
Total weight of hazardous waste generated	0	kg
Total weight of hazardous waste transported	0	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management approach
Not material topic	Not material topic	Not material topic
What are the risks identified?	**Which stakeholders are affected?**	**Management approach**
Not material topic	Not material topic	Not material topic
What are the opportunities identified?	**Which stakeholders are affected?**	**Management approach**
Not material topic	Not material topic	Not material topic

Effluents

Disclosure	Quantity	Unit
Total volume of water discharges	0	m^3
Percent of wastewater recycled	0	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management approach
Not material topic	Not material topic	Not material topic
What are the risks identified?	**Which stakeholders are affected?**	**Management approach**
Not material topic	Not material topic	Not material topic
What are the opportunities identified?	**Which stakeholders are affected?**	**Management approach**
Not material topic	Not material topic	Not material topic

Environmental compliance

Non-compliance with environmental laws and regulations

Disclosure	Quantity	Unit
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	0	Php
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	0	#
No. of cases resolved through dispute resolution mechanism	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management approach
Not material topic	Not material topic	Not material topic
What are the risks identified?	**Which stakeholders are affected?**	**Management approach**
Not material topic	Not material topic	Not material topic
What are the opportunities identified?	**Which stakeholders are affected?**	**Management approach**
Not material topic	Not material topic	Not material topic

SOCIAL

Employee management

Employee hiring and benefits

Employee data

Disclosure	Quantity	Unit
Total number of employees[18]		
a. Number of female employees	7	#
b. Number of male employees	13	#
Attrition rate[19]	0	rate
Ratio of lowest paid employee against minimum wage	0	ratio

Employee benefits

List of benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
SSS	Y	0%	0%
PhilHealth	Y	0%	0%
Pag-ibig	Y	0%	0%
Parental leaves	Y	0%	0%
Vacation leaves	Y	100%	100%
Sick leaves	Y	100%	100%
Medical benefits (aside from Philhealth)	Y	100%	100%
Housing assistance (aside from Pag-ibig)	Y	0%	0%
Retirement fund (aside from SSS)	Y	0%	15%
Further education support	Y	0%	0%
Company stock options	Y	0%	0%
Telecommuting	Y	100%	100%
Flexible-working Hours	Y	100%	100%
(Others)	N	0%	0%

[18] Employees are individuals who are in an employment relationship with the organization, according to national law or its application (GRI Standards 2016 Glossary)

[19] Attrition are = (no. of new hires – no. of turnover)/(average of total no. of employees of previous year and total no. of employees of current year)

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management approach
▪ The company provides a work life balance environment to its employees which had earned their trust and loyalty that has contributed to the company's growth for the past 50 years. And since the Philippines is slowly recovering from the spread of COVID-19, the company implemented to have a skeletal schedule with regards to reporting physically in the office.	▪ The company policy is compliant to existing labor rules and regulations.
What are the risks identified?	**Management approach**
▪ There is a risk that a vacancy in a critical role cannot be filled satisfactorily within an acceptable timeframe given that most of the employees served the company for decades.	▪ The company is actively planning to address succession issues within the company
What are the opportunities identified?	**Management approach**
▪ Creation of other benefits that will motivate employee morale and productivity on the workplace.	▪ The company is actively planning to expand its employee benefits.

Employee training and development

Disclosure	Quantity	Unit
Total training hours provided to employees		
a. Female employees	0.0	hours
b. Male employees	0.0	hours
Average training hours provided to employees		
a. Female employees	0.0	hours/employee
b. Male employees	0.0	hours/employee

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management approach
▪ Due to the COVID-19 most of the trainings provided are online and are related on learnings on proper compliance on different governmental agencies. Trainings are essential as it provide an assurance to our employees that we are committed to their growth, and they are important in building value to our company.	▪ The company identifies and encourages employees to request training relevant to their growth on their respective job designation.
What are the risks identified?	**Management approach**
▪ Risk that trainings are not in lined with company's operations or values.	▪ The company has an evaluation process on determining the capabilities each employee, the applicability of training and seminars requested by our employees.
What are the opportunities identified?	**Management approach**
▪ Creation of a detailed training and seminar schedule for the employees to be more innovative and productive that will lead to further growth of the company and the employees professionally.	▪ The company is actively planning on creating an immersive training and seminar schedules that will be relevant to the respective field of our employees and will be beneficial on their further intellectual growth. It is also considering the efficient transition of proving online trainings and seminars to consider for the effect of the COVID-19 .

Labor-management relations

Disclosure	Quantity	Unit
% of employees covered with Collective Bargaining Agreements	0	%
Number of consultations conducted with employees concerning employee-related policies	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management approach
Not material topic	Not material topic
What are the risks identified?	**Management approach**
Not material topic	Not material topic
What are the opportunities identified?	**Management approach**
Not material topic	Not material topic

Diversity and equal opportunity

Disclosure	Quantity	Unit
% of female workers in the workforce	35	%
% of male workers in the workforce	65	%
Number of employees from indigenous communities and/or vulnerable sector*	0	#

* Vulnerable sector includes children and youth, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E)

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management approach
▪ The company encourages equality and diversity among its rank. This in turn creates a sense a protection among our employees.	▪ The company policy is compliant to existing government labor rules and regulations.
What are the risks identified?	**Management approach**
▪ Risk of Gender Discrimination due to outdated views.	▪ The company's code of conduct addresses issue on discrimination.
What are the opportunities identified?	**Management approach**
▪ Additional training for gender sensitivity.	▪ The company is encouraging its employee that gender is not an issue of capability

Workplace conditions, labor standards and human rights

Occupational health and safety

Disclosure	Quantity	Unit
Safe Man-Hours	Not material topic	man-hours
No. of work-related injuries	0	#
No. of work-related fatalities	0	#
No. of work-related ill-health	0	#
No. of safety drills	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management approach
Not material topic	Not material topic
What are the risks identified?	**Management approach**
Not material topic	Not material topic
What are the opportunities identified?	**Management approach**
Not material topic	Not material topic

Labor laws and human rights

Disclosure	Quantity	Unit
No. of legal actions or employee grievances involving forced or child labor	0	#

Do you have policies that explicitly disallows violations of labor laws and human rights (e.g. harassment, bullying) in the workplace?

Topic	Y/N	If yes, cite reference in the company policy
Forced labor	Not material topic	Not material topic
Child labor	Not material topic	Not material topic
Human Rights	Not material topic	Not material topic

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management approach
Not material topic	Not material topic
What are the risks identified?	**Management approach**
Not material topic	Not material topic
What are the opportunities identified?	**Management approach**
Not material topic	Not material topic

Supply-chain management

Do you have a supplier accreditation policy? If yes, please attach the policy or link to the policy: ***Not material topic***

Do you consider the following sustainability topics when accrediting suppliers?

Topic	Y/N	If yes, cite reference in the company policy
Environmental performance	Not material topic	Not material topic
Forced labor	Not material topic	Not material topic
Child labor	Not material topic	Not material topic
Human rights	Not material topic	Not material topic
Bribery and corruption	Not material topic	Not material topic

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management approach
Not material topic	Not material topic
What are the risks identified?	**Management approach**
Not material topic	Not material topic
What are the opportunities identified?	**Management approach**
Not material topic	Not material topic

Relationship with community

Significant impacts on local communities

Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations)	Location	Vulnerable groups (if applicable*)
Not material topic	Not material topic	Not material topic
Does the particular operation have impacts on indigenous people (Y/N)?	**Collective or individual rights that have been identified that or particular concern for the community**	**Mitigating measures (if negative) or enhancement measures (if positive)**
Not material topic	Not material topic	Not material topic

*   Vulnerable sector includes children and youth, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E)

For operations that are affecting IPs, indicate the total number of Free and Prior Informed Consent (FPIC) undergoing consultations and Certification Preconditions (CPs) secured and still operational and provide a copy or link to the certificates if available: Not material topic

Certificates	Quantity	Unit
FPIC process is still undergoing	0	#
CP secured	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management approach
Not material topic	Not material topic
What are the risks identified?	**Management approach**
Not material topic	Not material topic
What are the opportunities identified?	**Management approach**
Not material topic	Not material topic

Customer management

Customer satisfaction

Disclosure	Score	Did a third party conduct the customer satisfaction study (Y/N)?
Customer satisfaction	Not material topic	N

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management approach
Not material topic	Not material topic
What are the risks identified?	**Management approach**
Not material topic	Not material topic
What are the opportunities identified?	**Management approach**
Not material topic	Not material topic

Health and safety

Disclosure	Quantity	Unit
No. of substantiated complaints on product or service health and safety*	0	#
No. of complaints addressed	0	#

* *Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management approach
Not material topic	Not material topic
What are the risks identified?	**Management approach**
Not material topic	Not material topic
What are the opportunities identified?	**Management approach**
Not material topic	Not material topic

Marketing and labeling

Disclosure	Quantity	Unit
No. of substantiated complaints on marketing and labelling*	0	#
No. of complaints addressed	0	#

* *Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management approach
Not material topic	Not material topic
What are the risks identified?	**Management approach**
Not material topic	Not material topic
What are the opportunities identified?	**Management approach**
Not material topic	Not material topic

Customer privacy

Disclosure	Quantity	Unit
No. of substantiated complaints on customer privacy*	0	#
No. of complaints addressed	0	#
No. of customers, users and account holders whose information is used for secondary purposes	0	#

* *Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management approach
Not material topic	Not material topic
What are the risks identified?	**Management approach**
Not material topic	Not material topic
What are the opportunities identified?	**Management approach**
Not material topic	Not material topic

Data security

Disclosure	Quantity	Unit
No. of data breaches, including leaks, thefts and losses of data	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management approach
▪ Data breaches may create huge impact on the company's stock price as the company is a publicly listed company and may lead to distortion on the stock market.	▪ The company is compliant with existing rules and regulation on data privacy and has a process on handling its data.
What are the risks identified?	**Management approach**
▪ Potential Data leak and Data privacy violation as backup computer for storing the company's electronic files are easily accessible by all employees.	▪ The company's code of conduct indicates that employees and officers must ensure the integrity of company records should be maintained.

What are the opportunities identified?	Management approach
▪ The use of an integrated data management system where in the files are only accessible to the designated department ▪ Creation of a data sharing procedure between departments.	▪ The management is currently planning the proper integration and management of the company's data using data management program as well as detailed policy on data sharing between the departments.

UN SUSTAINABLE DEVELOPMENT GOALS

Product or Service Contribution to UN SDGs

Key products and services and its contribution to sustainable development.

Key Products and Services	Societal Value / Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
No Product or services	No contribution as company has no product or services	No impact as company has no product or services	No impact as company has no product or services

SIGNATURE PAGE

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in Mandaluyong City on April 15, 2024.

By:

OSCAR L. DE VENECIA JR.
Vice Chairman & CEO

LUISITO V. POBLETE
President & COO

ALAIN S. PANGAN
Vice President, Finance

GWYNETH S. ONG
Corporate Secretary

SUBSCRIBED AND SWORN to before me this 15th day of April 2024 affiant(s) exhibiting to me their IDs, as follows:

Names	TIN
Oscar L. De Venecia Jr.	146-704-049
Luisito V. Poblete	136-622-576
Alain S. Pangan	215-611-246
Gwyneth S.Ong	228-017-859

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Appointment No. 112 (2024-2025)
Notary Public for Pasig City and Pateros
Until December 31, 2025
Attorney's Roll No. 85318
33rd Floor, The Orient Square
F. Ortigas Jr. Road, Ortigas Center, Pasig City
PTR Receipt No. 1634518; 01.02.24; Pasig City
IBP OR No. 330903; 12.19.23; RSM
Admitted to the Bar in 2023