CR02714-2025

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, 2024

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)

Yes No

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

Yes 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

Php1,351,872,983.16 (as of March 31, 2025)

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 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 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, 2024
Currency	PESO

Balance Sheet

	Year Ending	Previous Year Ending
	Dec 31, 2024	Dec 31, 2023
Current Assets	27,519,460,822	23,501,516,488
Total Assets	33,248,650,956	29,794,662,142
Current Liabilities	24,964,558,800	21,193,057,061
Total Liabilities	25,952,677,765	22,266,495,751
Retained Earnings/(Deficit)	(15,109,658)	4,792,258
Stockholders' Equity	7,295,973,191	7,528,166,391
Stockholders' Equity - Parent	3,973,378,240	3,990,226,483
Book Value Per Share	0.28	0.27

Income Statement

	Year Ending	Previous Year Ending
	Dec 31, 2024	Dec 31, 2023
Gross Revenue	47,956,130,028	64,073,556,426
Gross Expense	46,780,427,633	62,490,258,102
Non-Operating Income	812,427,510	450,872,379
Non-Operating Expense	2,044,309,603	1,920,870,550
Income/(Loss) Before Tax	(56,179,698)	113,300,153
Income Tax Expense	84,821,589	13,708,649
Net Income/(Loss) After Tax	28,641,891	99,591,504
Net Income/(Loss) Attributable to Parent Equity Holder	(19,901,916)	42,693,877
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, 2024	Dec 31, 2023
Liquidity Analysis Ratios:			

Current Ratio or Working Capital Ratio	**Current Assets / Current Liabilities**	1.1	1.11
Quick Ratio	**(Current Assets - Inventory - Prepayments) / Current Liabilities**	0.81	0.86
Solvency Ratio	**Total Assets / Total Liabilities**	1.28	1.33
Financial Leverage Ratios			
Debt Ratio	**Total Debt/Total Assets**	0.78	0.74
Debt-to-Equity Ratio	**Total Debt/Total Stockholders' Equity**	3.55	2.95
Interest Coverage	**Earnings Before Interest and Taxes (EBIT) / Interest Charges**	0.94	1.17
Asset to Equity Ratio	**Total Assets / Total Stockholders' Equity**	4.55	3.95
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
Return on Equity	**Net Income / Total Stockholders' Equity**	0	0.01
Price/Earnings Ratio	**Price Per Share / Earnings Per Common Share**	71.7	83.33

Other Relevant Information
Please refer to attached Annual Report as of December 31, 2024, and attachments.

Filed on behalf by:

Name	Dominique Pascua
Designation	Compliance Officer

COVER SHEET

0	0	0	0	0	0	3	6	3	5	9

S.E.C. Registration Number

BASIC ENERGY CORPORATION

(Company's Full Name)

GM BUILDING, FLORIDA ST.,
BARANGAY WACK-WACK,
GREENHILLS EAST,
MANDALUYONG CITY

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

JANICE L. CO	(02) 8687 1195
Contact Person	Company Telephone Number

1 2	3 1	SEC Form 17-A	Last Wednesday of June
Month	*Day*	FORM TYPE	
Fiscal Year			Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders	Domestic	Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

Remarks = pls. Use black ink for scanning purposes.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 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, 2024
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

   Province, Country or other jurisdiction of incorporation or organization
6. [ ] (SEC Use Only)

   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	Php15,686,395,931

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.

Php1,351,872,983.16 (as of March 31, 2025)

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

2024 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 , RDG Wind Energy Corporation (formerly Mabini Wind 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. It has also established San Joaquin Wind Energy Corporation, Starfish Wind Energy Corporation, and Pasuquin Wind Energy Corporation intended for the project implementation of Panay Onshore Wind Power Project, Calatagan Offshore Wind Energy Project and Ilocos Wind Energy Power Project, respectively.

Recently, the Company received the Certificate of Authority from the Department of Energy for the conduct of pre-development works for its Mariveles Solar Project and Cadiz 1 Solar Project in Bataan and Negros Occidental, respectively.

The Iriga project is currently in the phase of undertaking permitting and various works preparatory to the drilling of exploratory wells. The Company has a twenty percent (20%) participating interest in the Iriga project, with Desco, Inc. as the operator.

In relation to the Company's investment in the Thailand-based EPC companies, VEPC and VINTER, on July 2022, the Company through its Board of Directors approved the divestment of the 15% equities in VEPC and VINTER in favor of Meta Corporation Public Company Limited (META) through an asset swap transaction – in exchange for 63,450 units of PV modules (solar panels) and 4,250 sets of PV Connectors. The asset swap transaction was executed among the concerned parties on 25 August 2022. Since the divestment, Basic Energy has determined that META shareholdings in the Corporation no longer qualifies it as being a substantial and/or principal shareholder. As of 31 March 2024 META is no longer reported as substantial/principal shareholder.

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 FEC gave the Company indirect participation in FEC's downstream and midstream oil and gas activities.

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. The Company is also exploring opportunities in the EV industry with the deployment and installation of EV charging stations across the country.

(2) Business of the Company and its Subsidiaries

Wind Energy Project, Mabini, Batangas

The Company, through its wholly owned subsidiary, RDG Wind Energy Corporation (formerly Mabini Energy Corporation) ("**RWEC**"), 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.

RWEC has completed the Wind Resource Assessment ("WRA") campaign in its contracted area last May 2024 to fully assess the viability of wind resource in the area. The WRA campaign was completed using a meteorological mast and a LIDAR to support the engineering and design of the power plant.

Currently, feasibility study, front-end engineering and design, and EPC procurement preparation is being done. Upon financial closure of the project, RWEC will notify DOE of its Declaration of Commerciality for the wind power plant. Upon approval by the DOE of its commerciality, RWEC will start the construction, testing and commissioning of the plant. Commercial operation of the said plant is expected to be by end of year 2027.

The Company has recently entered into a Joint Development and Shareholders Agreement with Renova, a publicly-listed RE development company in Japan, for a 50:50 partnership for the continued development of the Mabini Wind Project. This partnership with Renova will provide RWEC with a reliable technical and commercial partner in its Mabini Wind Project.

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).

The Company, through SJWEC, is preparing for the WRA campaign to fully assess the viability of wind resources in the area. Request for proposal to wind consultant and service provider for securing permits and licenses is on-going.

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.

Solar Energy Project – Bolinao, Pangasinan

The Company, through its subsidiary, Basic Renewable Inc., is exploring to utilize and develop its more than 41-hectare property in Barangay Balingasay, Bolinao, Pangasinan into a solar PV ground-mounted power project. It is expected that a capacity of around 45.18 MWp can 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.

The Solar Power Plant will be sent to the grid via a connection to the local electric cooperative, Pangasinan Electric Cooperative I (Panelco1), under an embedded set-up.

The Company, through Basic Renewable Inc., has completed the conduct of a Distribution Impact Study (DIS) and Distribution Asset Study (DAS) to assess the existing infrastructure of PANELCO I prior to project execution. Due to favorable outcome of the said studies, a System Impact Studies (SIS) will be done to ensure that energy produced from the plant will able to be delivered to NGCP facility.

Solar Energy Project – Mariveles Solar Power Plant

The Department of Energy (DOE) has granted Basic Energy Corporation a Certificate of Authority (COA) for the Mariveles Solar Power Project. Issued under the revised Omnibus Guidelines Governing the Award and Administration of Renewable Energy Contracts (effective June 2024), the COA empowers Basic Energy Corporation to begin securing the necessary permits and tenure instruments required for the project. This certificate also allows the company to initiate procurement activities ahead of the 25-year SEOC contract term.

The Mariveles Solar Power facility will be located in Mariveles, Bataan, spanning approximately 72 hectares. According to a preliminary assessment by an independent third-party firm, the plant is expected to generate a peak output of at least 62 megawatts (MWp).

With the COA secured, the Company will now move forward with the next steps in the development process. This includes obtaining approvals from relevant national agencies and local government units, as well as conducting a System Impact Study in collaboration with the National Grid Corporation of the Philippines (NGCP).

The solar project is slated for completion and commissioning by the fourth quarter of 2026, contributing to the country’s renewable energy targets.

Solar Energy Project – Cadiz 1 Solar Power Plant

The Department of Energy (DOE) has granted the Company a Certificate of Authority (COA) for its proposed Solar Energy Operating Contract (SEOC) application. The COA, issued under the revised Omnibus Guidelines Governing the Award and Administration of Renewable Energy (RE) Contracts effective June 2024, allows the company to secure the necessary permits and tenurial instruments for the project. It also grants the privilege to procure these requirements outside the SEOC’s 25-year contract period.

Basic Energy’s proposed solar power plant will be developed in Cadiz, Negros Occidental, covering approximately 30 hectares. Based on a preliminary study conducted by an independent firm, the facility is expected to generate at least 43.41 megawatts peak (MWp) of power.

With the COA in hand, the Company will now begin securing approvals from relevant national agencies and local government units. This includes conducting a System Impact Study, which must be reviewed and approved by the National Grid Corporation of the Philippines (NGCP). The Company has one year to fulfill its obligations under the COA before the DOE issues the SEOC.

The solar project is slated for completion and commissioning by the fourth quarter of 2026, contributing to the country's renewable energy targets.

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.

Currently, Desco is preparing the access road going to the exploratory well for possible drilling by mid of year 2025.

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.

(3) Employees

The Company has sixteen (16) employees, of which four (4) are executive officers and twelve (12) are assigned as technical, project, accounting, legal, administrative, IT and operations support staff. The Company will 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 18, 2024, and were approved as follows:

a) Approval of the minutes of the annual stockholders meeting held on September 20, 2023;

b) Approval of the President's Report for 2023 and the 2023 Consolidated Audited Financial Statements of the Company;

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

d) Election of the following directors for the term 2023 to 2024:

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) Appointment of Reyes Tacandong & Co. as External Auditors for the 2024 financial statements.

The above items were approved by the unanimous vote of all stockholders owning 10,515,010,167 shares, present and represented in the said annual stockholders meeting, constituting 71.68% 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 2024 and 2023:

	High		Low	
	2024	**2023**	**2024**	**2023**
1st Quarter	Php0.247	Php0.360	Php0.167	Php0.250
2nd Quarter	0.172	0.270	0.135	0.220
3rd Quarter	0.158	0.230	0.136	0.180
4th Quarter	0.143	0.210	0.120	0.170

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, 2024:

Name	Outstanding shares	Percentage
PCD Nominee Corporation (Filipino)	13,965,377,837	95.21%
PCD Nominee Corporation (Non-Filipino)	52,791,067	0.36%
Ecology Energy Corporation	450,000,000	3.06%
Mario T. Buenconsejo or Stephen Pol B. Buenconsejo	15,000,000	0.10%
Samuel Uy	10,000,000	0.06%
Horacio Rodriguez	4,408,523	0.03%
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%

The Company is compliant 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, 2024 is 26.86% of total outstanding shares.

(3) Dividends

(a) No cash/stock dividends have been declared in 2024 and 2023.
(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, Inc. ("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

After the auction, the delinquent shares were reduced to 450,000,000. 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 PSE, 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 SEC 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 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 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 2024
Key Performance Indicators

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

Key Performance Indicators	2024	2023	2022
Return on Investment	0.72%	2.55%	2.09%
Net Profit Margin	0.06%	0.16%	0.79%
Current Ratio	1.10	1.11	1.16
Asset Turnover	1.52	2.19	3.10
Solvency Ratios			
Debt to Equity Ratio	3.56	2.96	2.94
Asset to Equity Ratio	4.56	3.96	3.94
Interest Coverage Ratio	0.94	1.17	3.64

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 0.72% in 2024, 2.55% in 2023, and 2.09% in 2022. The decrease in ratio in 2024 from 2023 is primarily due to the decrease in net income in 2024.

Profit Margin was 0.06% in 2024, 0.16% in 2023, and 0.79% in 2022. The decrease of profit margins in 2024 and 2023 were due to the decrease in revenue in the covered periods.

Current ratio increased to 1.13:1 in 2024 form 1.11:1 in 2023, which decreased from 1.16:1 in 2022. The increase in ratio in 2024 was due to the higher increase in current assets compared to the increase in current liabilities and the decrease in 2023 was due to the higher increase in current liabilities compared to current assets in the said period.

Asset Turnover further decreased to 1.52 in 2024 from 2.19 in 2023 and 3.10 in 2022. The decrease in ratio in 2024 and 2023 were due to the decrease in net revenue in the covered periods.

Debt to Equity Ratio further increased to 3.56 in 2024 from 2.96 in 2023 and 2.94 in 2022. The increase in 2024 and 2023 in ratio was due to the bigger increase in liability compared to the increase in equity.

Asset to Equity Ratio increased to 4.56 in 2024 from 3.96 in 2023 and 3.94 in 2022. The increase in ratio in 2024 & 2023 was due to the higher increase in assets over equity.

Interest Coverage Ratio decreased to 0.94% in 2024 from 1.17 in 2023 and 3.64 in 2022. The decrease in interest coverage ratio in 2024 and 2023 was due to increase in finance costs in 2024 and 2023 which is due to higher interest rates.

2024

For 2024, the Company's total assets stood at Php33.2 billion, an increase of around Php3.1 billion from its previous year balance of Php29.8 billion. Current assets with a balance of Php27.5 billion in 2024 increased by around Php3.7 billion from Php23.5 billion in 2023. The increase in current assets is primarily attributable to the increases in trade & other receivables of Php3.8 billion, inventory of Php6 million, excess tax credits of Php320 million, other current assets of around Php30 million and assets held for sale of Php85.2 million which were partially offset by the decrease in cash and cash equivalent of Php172.2 million. Non-current assets decreased by around Php564 million from Php6.3 billion in 2023 to Php5.7 billion in 2024 primarily due to decreases in property & equipment of Php359.9 million, receivable from sale of investment in associate net of current portion of Php148.5 million and other noncurrent assets of Php80.7 million which were partially offset by the increases in investment properties of around Php17 million, and investment in associates and joint venture of Php8.1 million.

Total liabilities in 2024 closed at Php25.9 billion, an increase of Php3.7 billion from the balance of Php22.3 billion in 2023. Current liabilities amounting to Php25 billion increased by Php3.8 billion from the balance of Php21.2 billion in 2023. The increase in current liabilities is primarily attributable to the increases in current portion of loans payable of Php5.5 billion and liabilities held for sale of around Php14.8 million, which was partially offset by the decrease in trade and other payables of Php1.8 billion. Noncurrent liabilities amounting to Php988.1 million decreased by Php85.3 million from the balance of Php1.1 billion in 2023. This was primarily due to the decrease in lease liability – net of current portion of Php39 million and net deferred tax liability of Php117 million which were partially offset by the increase in loans payable – net of current portion of Php68.8 million.

Total equity recorded in 2024 was Php7.3 billion, a decrease of Php232.2 million from the balance of Php7.5 billion in 2023. This was primarily due to the decreases in retained earnings of Php19.9 million and equity attributable to non-controlling interest of Php215.3 million.

For 2024, revenues generated amounted to around Php48 billion with cost of sales of Php46.8 billion resulting to a gross profit of Php1.2 billion. Compared to 2023, wherein the Company recognized Php64.1 billion with cost of sales of Php62.5 billion, resulting to a gross profit of Php1.6 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 2024 are general & administrative expenses of

Php1.1 billion, finance costs of Php993.4 million, interest income of Php142.5 million, share in net income of associate and a joint venture of Php7.5 million and other income – net of other charges of Php662.5 million.

For the year 2024, the Company recorded a consolidated net income of Php28.6 million and total comprehensive income for the year amounted to Php32.4 million.

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 used 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.

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 18, 2024 as the Company's external auditor for the year 2024.

Audit services of RT&Co. for the fiscal year ended December 31, 2024 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 2024	Annual audit for regular reportorial requirement	1,755.0
31 December 2023	Annual audit for regular reportorial requirement	1,650.0
31 December 2022	Annual audit for regular reportorial requirement	1,589.2

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 2024 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:

The accounting policies adopted are consistent with those of the previous financial year. There are no amendments to PFRS Accounting Standards which are effective as at January 1, 2024 that will have an impact on the Group's consolidated financial statements.

Relevant new and amendments to PFRS Accounting Standards, which are not yet effective as at December 31, 2024 and have not been applied in preparing the consolidated financial statements,
are summarized below.

Effective January 1, 2025 -

- Amendments to PAS 21, The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability – The amendments clarify when a currency is considered exchangeable into another currency and how an entity determines the exchange rate for currencies that lack exchangeability. The amendments also introduce new disclosure requirements to help users of financial statements assess the impact when a currency is not exchangeable. An entity does not apply the amendments retrospectively. Instead, an entity recognizes any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings when the entity reports foreign currency transactions. When an entity uses a presentation currency other than its functional currency, it recognizes the cumulative amount of translation differences in equity. Earlier application is permitted.

Effective January 1, 2026 -

- Amendments to PFRS 9, Financial Instruments, and PFRS 7, Financial Instruments: Disclosures – Classification and Measurement of Financial Assets – The amendments clarify that a financial liability is derecognized when the related obligation is discharged, cancelled, expires or otherwise qualifies for derecognition (e.g. settlement date), and introduces a policy option to derecognize financial liabilities settled through an electronic payment system before settlement date if the required conditions are met. The amendments also clarify the assessment of contractual cash flow characteristics of financial assets, the treatment of non-recourse loans and contractually linked instruments, as well as require additional disclosure requirements for financial assets and liabilities with contingent features and equity instruments classified at fair value through other comprehensive income (FVOCI). Earlier application is permitted.

Effective January 1, 2027 -

- PFRS 18, Presentation and Disclosure in Financial Statements – This standard replaces PAS 1, Presentation of Financial Statements, and sets out the requirements for the presentation and disclosure of information to help ensure that the financial statements provide relevant information that faithfully represents the entity's assets, liabilities, equity, income and expenses. The standard introduces new categories and sub-totals in the statements of comprehensive income, disclosures on management-defined performance measures, and new principles for grouping of information, which the entity needs to apply retrospectively. Earlier application is permitted.

Annual Improvements to PFRS Accounting Standards Volume 11:

- Amendments to PFRS 7, Financial Instruments: Disclosures – The amendments update and remove some obsolete references related to the gain or loss on derecognition on financial assets of an entity that has a continuing involvement and to the disclosure requirements on deferred differences between fair value and transaction price. The amendments also clarify that the illustrative guidance does not necessarily illustrate all the requirements for credit risk disclosure. Earlier application is permitted.

- Amendments to PFRS 9, Financial Instruments – Transaction Price and Lessee Derecognition of Lease Liabilities – The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with PFRS 9, the lessee must apply the derecognition criteria for a financial liability which requires recognition of a gain or loss in profit or loss. The amendments also replace the reference to 'transaction price as defined by PFRS 15, Revenue from Contracts with Customers' to 'the amount determined by applying PFRS 15' to remove potential confusion. Earlier application is permitted.

Under prevailing circumstances, the adoption of the foregoing relevant new and amendments to PFRS Accounting Standards is not expected to have any material effect on the consolidated financial statements of the Group. Additional disclosures will be included in the consolidated financial statements, as applicable.

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, 2024:

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

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).

Manuel Z. Gonzalez, 57 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., 55 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, 63 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, 40 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.

Jaime J. Martirez, 67 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, 55 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.

Alberto Emilio V. Ramos is a is a highly experienced professional in the banking and financial sector with over 40 years of expertise. He served as President of Malayan Savings Bank from 2020 up to March 2024.

Prior to Malayan Savings Bank, Mr. Ramos served as an Executive Vice President at China Banking Corporation ("CBC") from 2006 to 2019. Concurrently, he held various executive positions for several subsidiaries of CBC. Before his stint at CBC, he was the President of AIG – PhilAm Asset Management Inc. from 2004 to 2006 and was a Vice President at the Bank of Philippine Islands from1993 to 1994.

He also held significant roles in other banks, including Western State Bank and Tokai Bank in California, USA.

He holds a Bachelor of Arts and Commerce from De La Salle University (DLSU), a Master in Business Management from Asian Institute of Management (AIM) and a Certificate in General Management from University of California, Loa Angeles (UCLA).

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., 73 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.

Officers

Oscar L. De Venecia Jr., 55 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, 63 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, 46 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.

Darius Efren A. Marasigan, 50 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.

Gwyneth S. Ong, 48 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, 41 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, 36 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.

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	-	Chairwoman
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. Buenaventura, 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	-	Chairwoman
Andres B. Reyes, Jr., Independent Director	-	Member
Gil A. Buenaventura - Independent Director	-	Member
Jaime J. Martirez	-	Member
Oscar S. Reyes	-	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				
Luisito V. Poblete President & COO				
Alain S. Pangan VP, Finance				
Darius A. Marasigan Ops. & Bus. Dev. Manager				
Total	2025	Php13,856,880 (estimated)	Php2,309,480 (estimated)	Php197,680 (estimated)
	2024	13,376,924	2,145,702	70,780
	2023	12,684,745	2,109,073	922,914
All other officers as a group	2024	Php2,820,000 (estimated)	Php470,000 (estimated)	(estimated)
	2023	2,872,830	181,598	
	2022	1,460,991	275,705	71,500

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, 2024, 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	Map 2000 Development Corporation (M2DC)*	Beneficial Owner: Rafaelito N. Villavicencio, Chairman of M2DC.	Filipino	9,827,990,853	67.00%

MAP 2000 Development Corporation (M2DC) (formerly Map 2000 Energy, Inc.), is a domestic corporation duly registered under the laws of the Republic of the Philippines and is authorized to engage in (a) real estate acquisition, real estate development, rentals, property management and related services, and (2) acquiring shares of stocks of viable corporations to actively exercise the rights of a shareholder. It owns a few real properties being leased out as fuel station lots, office establishment, production plant or commercial lands.

The current Board of Directors and Officers of M2DC are the following:

Rafaelito N. Villavicencio – Chairman
Luisito V. Poblete – Director/ President
Ana Lisa D. Villavicencio – Director/ Treasurer Manuel Z. Gonzalez – Director
Donna SL. Sansano – Director/ Corporate Secretary

(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 and key officers of the Corporation, and the percentage of shareholdings of each, as of December 31, 2024:

(a) Directors

Class	Name of Beneficial Owner	Amount of Beneficial Ownership	Citizenship	Percentage
Common	Oscar L. de Venecia, Jr.	46,381,330	Filipino	0.32%
Common	Ramon L. Mapa	4,492,560	Filipino	0.03%
Common	Jaime J. Martirez	467,500,000	Filipino	3.19%
Common	Andres B. Reyes, Jr.	10,000	Filipino	0.00%
Common	Beatrice Jane L. Ang	150,945,248	Filipino	1.03%
Common	Manuel Z. Gonzalez	1	Filipino	0.00%
Common	Ma. Rosette Geraldine L. Oquias	1	Filipino	0.00%
Common	Kim S. Jacinto-Henares	1	Filipino	0.00%
Common	Reynaldo D. Gamboa	1	Filipino	0.00%
Common	Gil A. Buenaventura	10,000	Filipino	0.00%
Common	Oscar S. Reyes	7,510,000	Filipino	0.05%
Total		**676,859,141**		**4.62%**

(b) Executive Officers

Class	Name of Beneficial Owner	Amount of Beneficial Ownership	Citizenship	Percentage
Common	Angel P. Gahol	1,476	Filipino	0.00%
Total		**1,476**		**0.00%**

(c) Indirect Beneficial Ownership of Directors and Management as of December 31, 2020

Class	Name of Beneficial Owner	Amount of Beneficial Ownership	Citizenship	Percentage
Common	Oscar L. De Venecia, Jr.	46,381,330	Filipino	0.32%
Common	Ramon L. Mapa	4,492,560	Filipino	0.03%
Common	Jaime J. Martirez	467,500,000	Filipino	3.19%
Common	Beatrice Jane L. Ang	150,945,248	Filipino	1.03%
Common	Andres B. Reyes, Jr.	10,000	Filipino	0.00%
Common	Manuel Z. Gonzalez	1	Filipino	0.00%

Common	Ma. Rosette Geraldine L. Oquias	1	Filipino	0.00%
Common	Kim S. Jacinto-Henares	1	Filipino	0.00%
Common	Reynaldo D. Gamboa	1	Filipino	0.00%
Common	Gil A. Buenaventura	10,000	Filipino	0.00%
Common	Oscar S. Reyes	7,510,000	Filipino	0.05%
Common	Emerlinda I. Dizon	1,000,000	Filipino	0.01%
Common	Angel P. Gahol	1,476	Filipino	0.00%
Total		**677,850,618**		**4.62%**

(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

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 2024, 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.

Sustainability Report

A copy of the Company's Sustainability Report is attached hereto as Exhibit 3.

PART V – EXHIBITS AND SCHEDULES

Item 14. Exhibits and Reports on SEC Form 17C

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

Additional Components:

(a) Reconciliation of Retained Earnings Available for Dividend Declaration;
(b) Map of Relationship of the Companies within the Group;
(c) Schedule of Financial Soundness; and,
(d) Schedule of All Effective Standards and Interpretations under PFRS as December 31, 2024.

(b) Exhibit 2 – Current Reports under SEC Approval of the 2024 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 2024 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) Exhibit 3 – Sustainability Report

(d) SEC Form 17-C submitted during the period from January 01, 2024 to December 31, 2024.

Date of Report	Particulars
5 January 2024	Election of Mr. Gil Buenaventura as the third Independent Director of the Corporation
9 January 2024	Listing of 450,000,000 common shares with the PSE
1 February 2024	Signing of Memorandum of Understanding with Pangasinan 1 Electric Cooperative
1 February 2024	Signing of Memorandum of Understanding with Renova Inc. for the joint development of the Mabini Wind Energy Projecg
27 February 2024	Assignment of Wind Energy Service Contracts
1 April 2024	Resignation of the Chairman Ramon F. Villavicencio
15 April 2024	Approval of the 2023 AFS Approval of the execution of the Joint Development and Shareholders' Agreement with Renova Inc.
17 April 2024	Execution of the Joint Development and Shareholders' Agreement with Renova Inc.
27 June 2024	Election of Mr. Oscar S. Reyes as director;

	Allocation of PhP 13.6 million for Mabini Energy Corporation (MEC), a subsidiary, in connection with MEC's Joint Development Shareholders Agreement with Renova Inc. Postponement of 2024 Annual Stockholders' Meeting to September 18, 2024
18 September 2024	Results of Annual Stockholders' Meeting
18 September 2024	Results of Organizational Board Meeting
4 December 2024	Resignation of Mr. Ramon L. Mapa as Director effective, 1 January 2025 Election of Mr. Alberto Emilio V. Ramos as Director, effective January 1, 2025 Election of Ms. Kim S. Jacinto-Henares as Chair of the Board, effective January 1, 2025 Authority to implement solar projects in 1) Cadiz, Negros Occidental, 2) Mariveles, Bataan, and 3) Bolinao, Pangasinan

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~~ Pasig City City on April 15, 2025.

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 2025 affiant(s) exhibiting to me their TIN, as follows:

Names	**TIN**
Oscar L. De Venecia, Jr.	146-709-049
Luisito V. Poblete	136-622-576
Alain S. Pangan	215-611-246
Gwyneth S. Ong	228-017-859

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Book No. : I
Series of 2025

GINO PAULO O. UY
Notary Public for Pasig and Pateros
Appointment No. 215 (2024-2025)
Until December 31, 2025
Attorney's Roll No. 61567
IBP OR No. 493513; 01.02.25; RSM
PTR Receipt No. 2863425; 01.02.25; Pasig City
33rd Floor, The Orient Square, F. Ortigas, Jr. Road
Ortigas Center, Pasig City, Metro Manila 1600
MCLE Compliance No. VIII-BEP003278; 04.14.28

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)*

GM Building, Florida St., Barangay Wack
Wack, Greenhills East, Mandaluyong 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)
6,503	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
GM Building, Florida St.
Barangay Wack Wack, Greenhills East
Mandaluyong 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, 2024 and 2023, 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, 2024, 2023 and 2022, 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, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2024, 2023 and 2022 in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

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.

Revenue Recognition

The Group sells and distributes petroleum products and is engaged in fuel depot, terminal and storage operations. As discussed in Notes 17 and 6 to the consolidated financial statements, revenues and trade receivables of the Group amounted to ₱47,826.1 million and ₱16,328.7 million, respectively, in 2024. 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. The terms of the sale of fuel ranges from 15 to 240 days.

We determined that the revenue recognition and recording of receivables of the Group is a key audit matter because of the inherent risk related to the completeness, existence and occurrence of the revenue and related receivables 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 and recording of receivables. Further, we have reviewed the arrangement with customers vis-à-vis its transactions during the year to determine the proper timing of revenue recognition. In addition, we have performed substantive analytical procedures and applicable test of details. For the receivables of the Group, we have sent confirmation letters, performed test of subsequent collections and examination of related supporting documents to validate the existence of receivables. Assessment of the adequacy of allowance for expected credit losses was also performed by testing the assumptions and computation performed including default rate, forward looking assumptions and credit enhancements including collaterals of customers.

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, 2024, 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 Accounting Standards, 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/P-010; Valid until June 6, 2026
BIR Accreditation No. 08-005144-011-2023
Valid until January 24, 2026
PTR No. 10467122
Issued January 2, 2025, Makati City

April 10, 2025
Makati City, Metro Manila

BASIC ENERGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		December 31	
	Note	**2024**	2023
ASSETS			
Current Assets			
Cash and cash equivalents	5	**₱1,664,685,320**	₱1,836,923,389
Trade and other receivables	6	**18,520,644,939**	14,771,560,467
Inventories	7	**5,136,991,947**	5,131,020,877
Excess tax credits		**1,890,370,207**	1,570,346,318
Other current assets	8	**221,598,195**	191,665,437
		27,434,290,608	23,501,516,488
Assets of disposal group held for sale	9	**85,170,214**	–
Total Current Assets		**27,519,460,822**	23,501,516,488
Noncurrent Assets			
Property, equipment and right of use (ROU) assets	12	**4,339,630,102**	4,699,489,821
Investment properties	11	**359,834,102**	342,860,757
Investments in associates and a joint venture	10	**190,982,951**	182,837,429
Receivable from sale of investments in an associate - net of current portion	6	**752,864,835**	901,408,183
Other noncurrent assets	13	**85,878,144**	166,549,464
Total Noncurrent Assets		**5,729,190,134**	6,293,145,654
		₱33,248,650,956	₱29,794,662,142
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	14	**₱8,811,417,999**	₱10,587,724,357
Current portion of borrowings	15	**16,138,305,291**	10,605,332,704
		24,949,723,290	21,193,057,061
Liabilities of disposal group held for sale	9	**14,835,510**	–
Total Current Liabilities		**24,964,558,800**	21,193,057,061
Noncurrent Liabilities			
Borrowings - net of current portion	15	**68,779,835**	–
Lease liability - net of current portion	23	**303,366,439**	342,399,321
Net retirement benefit liability	22	**1,944,889**	–
Net deferred tax liabilities	25	**614,027,802**	731,039,369
Total Noncurrent Liabilities		**988,118,965**	1,073,438,690
Total Liabilities		**25,952,677,765**	22,266,495,751
Equity			
Capital stock	16	**3,667,160,766**	3,667,160,766
Additional paid-in capital		**370,064,055**	370,064,055
Retained earnings (Deficit)		**(15,109,658)**	4,792,258
Treasury stock	16	**(3,240,000)**	(3,240,000)
Other equity reserves		**(45,496,923)**	(48,550,596)
Equity Attributable to Equity Holders of the Parent Company		**3,973,378,240**	3,990,226,483
Equity Attributable to Non-controlling Interests	4	**3,322,594,951**	3,537,939,908
Total Equity		**7,295,973,191**	7,528,166,391
		₱33,248,650,956	₱29,794,662,142

See accompanying Notes to Consolidated Financial Statements.

BASIC ENERGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Note	Years Ended December 31 2024	2023	2022
REVENUES	17	**₱47,956,130,028**	₱64,073,556,426	₱74,636,367,811
COST OF SALES AND SERVICES	18	**46,780,427,633**	62,490,258,102	72,821,004,104
GROSS PROFIT		**1,175,702,395**	1,583,298,324	1,815,363,707
GENERAL AND ADMINISTRATIVE EXPENSES	19	**(1,050,925,018)**	(1,260,143,914)	(1,214,230,183)
FINANCE COSTS	15	**(993,384,585)**	(660,726,636)	(244,702,946)
INTEREST INCOME	5	**142,461,509**	150,749,706	49,021,779
SHARE IN NET INCOME OF ASSOCIATES AND A JOINT VENTURE	10	**7,483,952**	9,092,237	18,748,566
OTHER INCOME - Net	20	**662,482,049**	291,030,436	222,068,776
INCOME (LOSS) BEFORE INCOME TAX		**(56,179,698)**	113,300,153	646,269,699
INCOME TAX EXPENSE (BENEFIT)	25			
Current		**32,671,718**	78,133,216	109,263,486
Deferred		**(117,493,307)**	(64,424,567)	(48,819,719)
		(84,821,589)	13,708,649	60,443,767
NET INCOME		**₱28,641,891**	₱99,591,504	₱585,825,932
OTHER COMPREHENSIVE INCOME (LOSS)				
To be reclassified to profit or loss in subsequent periods				
Share in cumulative gains on translation of associates (net of deferred income tax)	10	**₱661,570**	₱67,795	₱13,061,126
Translation gains (losses) on consolidation of foreign operation		**(105,391)**	(1,943,278)	9,886,170
Unrealized loss on changes in fair value of debt securities at FVOCI	13	**–**	–	(190,148)
Reclassification to profit or loss of cumulative gain on translation of disposed investments in associates	10	**–**	–	(159,315)
		₱556,179	(₱1,875,483)	₱22,597,833

(Forward)

	Note	**2024**	2023	2022
		Years Ended December 31		
Not to be reclassified to profit or loss in subsequent periods				
Unrealized gain on changes in fair value of equity securities at FVOCI	13	**₱3,016,313**	₱129,710	₱5,081,954
Remeasurement gains (losses) on net retirement benefit liability - net of deferred tax	22	**192,417**	(13,436,440)	5,468,950
		3,208,730	(13,306,730)	10,550,904
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)		**3,764,909**	(15,182,213)	33,148,737
TOTAL COMPREHENSIVE INCOME		**₱32,406,800**	₱84,409,291	₱618,974,669
NET INCOME (LOSS) ATTRIBUTABLE TO:				
Equity holders of the Parent Company		**(₱19,901,916)**	₱42,693,877	₱94,626,469
Non-controlling interests	4	**48,543,807**	56,897,627	491,199,463
		₱28,641,891	₱99,591,504	₱585,825,932
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Equity holders of the Parent Company		**(₱16,848,243)**	₱36,539,740	₱124,417,460
Non-controlling interests		**49,255,043**	47,869,551	494,557,209
		₱32,406,800	₱84,409,291	₱618,974,669
Basic/Diluted Income (Loss) Per Share	26	**(₱0.001)**	₱0.003	₱0.007

See accompanying Notes to Consolidated Financial Statements.

BASIC ENERGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022

				Other Equity Reserves								
	Capital Stock	Additional Paid-in Capital	Retained Earnings (Deficit)	Equity Reserve on Acquisition of Non-controlling Interest	Cumulative Gains (Losses) on Translation of Investments in Associates	Cumulative Unrealized Gains on Changes in Fair Value of Financial Assets at FVOCI	Cumulative Translation Gains (Losses) on Consolidation of a Foreign Operation	Cumulative Remeasurement Gains (Losses) 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, 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
Net income (loss)	–	–	(19,901,916)	–	–	–	–	–	–	(19,901,916)	48,543,807	28,641,891
Dividend	–	–	–	–	–	–	–	–	–	–	(264,600,000)	(264,600,000)
Other comprehensive income (loss)	–	–	–	–	953,316	3,016,313	(105,391)	(810,565)	–	3,053,673	711,236	3,764,909
Balances as at December 31, 2024	**₱3,667,160,766**	**₱370,064,055**	**(₱15,109,658)**	**(₱53,945,929)**	**₱993,993**	**₱12,107,970**	**₱392,169**	**(₱5,045,126)**	**(₱3,240,000)**	**₱3,973,378,240**	**₱3,322,594,951**	**₱7,295,973,191**
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 (loss)	–	–	–	–	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

BASIC ENERGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	Years Ended December 31 2024	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES				
Income (loss) before income tax		**(₱56,179,698)**	₱113,300,153	₱646,269,699
Adjustments for:				
Finance costs	15	**993,384,585**	660,726,636	244,702,946
Depreciation and amortization	12	**343,668,540**	627,220,420	571,084,798
Interest income	5	**(142,461,509)**	(150,749,706)	(49,021,779)
Loss (gain) on derivative liability		**(108,016,506)**	93,432,781	64,825,709
Unrealized foreign exchange gains		**(31,214,267)**	(140,403,515)	(36,246,628)
Retirement expense	22	**20,799,041**	20,190,611	18,350,265
Impairment losses on trade and other receivables	6	**18,264,348**	–	8,143,358
Fair value changes on investment properties	11	**(16,973,345)**	(73,117,985)	(30,543,772)
Share in net income of associates and a joint venture	10	**(7,483,952)**	(9,092,237)	(18,748,566)
Gain on reversal of provision	29	–	(39,405,712)	–
Gain on termination of lease liability	23	–	(53,191)	–
Gain on disposal of investments in associates	10	–	–	(155,977,882)
Realization of OCI from disposal of investments in associates	10	–	–	(159,315)
Operating income before working capital changes		**1,013,787,237**	1,102,048,255	1,262,678,833
Decrease (increase) in:				
Trade and other receivables		**(3,308,688,564)**	(785,641,454)	(4,563,961,582)
Inventories		**(5,971,070)**	462,724,388	(4,423,354,436)
Other current assets		**(20,582,180)**	195,995,814	(353,286,880)
Other noncurrent assets		**34,290,425**	231,014,023	4,790,261
Increase (decrease) in trade and other payables		**(1,746,959,008)**	(2,342,942,656)	5,416,521,464
Net cash generated used for operations		**(4,034,123,160)**	(1,136,801,630)	(2,656,612,340)
Income taxes paid		**(352,695,607)**	(641,415,888)	(210,060,809)
Contributions to retirement plan and benefit paid	22	**(20,691,984)**	(32,943,058)	(21,897,620)
Interest received		**18,548,812**	16,610,527	17,107,304
Provisions paid	29	–	(1,002,031)	–
Net cash used in operating activities		**(4,388,961,939)**	(1,795,552,080)	(2,871,463,465)
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to:				
Advances to a related party		**(186,200,000)**	(136,232,557)	–
Property and equipment	12	**(94,380,871)**	(86,834,657)	(181,055,970)
Refundable deposits		–	(39,382,125)	–
Long-term placements		–	–	(6,059,651)
Collections of refundable deposit		**26,219,816**	–	–
Collections of long-term placements		**10,000,000**	2,971,256	6,304,035
Proceeds from disposal of property and equipment		–	3,740,208	–
Redemption of debt securities at FVOCI		–	–	22,100,000
Net cash used in investing activities		**(244,361,055)**	(255,737,875)	(158,711,586)

(Forward)

	Note	2024	2023	2022
		Years Ended December 31		
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from:				
Availments of borrowings	15	**68,100,960,618**	44,277,756,000	28,479,302,892
Liabilities on receivable financing	15	**–**	–	18,973,808,038
Issuance of capital stock	16	**–**	129,982,337	–
Advances from related parties	15	**–**	134,496	4,298,078
Payments of:				
Loans payable	15	**(62,507,945,280)**	(40,814,580,831)	(44,498,050,637)
Interest	15	**(961,056,702)**	(628,353,196)	(203,504,276)
Lease liabilities	23	**(156,264,078)**	(223,482,456)	(182,439,780)
Advances from related parties	15	**(477,496)**	–	(122,662,054)
Stock issuance costs		**–**	(478,000)	–
Dividends payable		**–**	–	(30,380,000)
Issuance of capital stock attributable to noncontrolling interests		**–**	–	3,500
Net cash provided by financing activities		**4,475,217,062**	2,740,978,350	2,420,375,761
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(158,105,932)**	689,688,395	(609,799,290)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**(340,556)**	(1,075,928)	5,170,806
CASH CLASSIFIED AS HELD FOR SALE		**(13,791,581)**	–	–
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**1,836,923,389**	1,148,310,922	1,752,939,406
CASH AND CASH EQUIVALENTS AT END OF YEAR		**₱1,664,685,320**	₱1,836,923,389	₱1,148,310,922

See accompanying Notes to Consolidated Financial Statements.

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.

The Group's ultimate Parent Company is MAP 2000 Development Corporation (M2DC or the Ultimate Parent Company).

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 GM Building, Florida St., Barangay Wack Wack, Greenhills, East, Mandaluyong 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	**2024**	2023	2022
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
RDG Wind Energy Corporation (Formerly Mabini Energy Corporation)****	Development of Renewable Energy Resources	100.00	100.00	100.00
Basic Energy Renewables Corporation (BERC)	Solarization Projects	100.00	100.00	100.00
San Joaquin Wind Energy Corporation	Development of Renewable Energy Resources	100.00	100.00	–
Starfish Wind Energy Corporation	Development of Renewable Energy Resources	100.00	100.00	–
Pasuiquin Wind Energy Corporation	Development of Renewable Energy Resources	100.00	100.00	–
Basic Renewable Energy Solutions Corporation (BRESC)	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 (%)		
		2024	2023	2022
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*
*****classified as disposal group held for sale*

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, 2024 and 2023, and for the years ended December 31, 2024, 2023 and 2022 were approved and authorized for issuance by the Board of Directors (BOD) of the Parent Company on April 10, 2025, as reviewed and recommended for approval by the Audit Committee on the same date.

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) Accounting Standards. This financial reporting framework includes PFRS Accounting Standards, Philippine Accounting Standards (PAS) and Philippine interpretations 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 consolidated financial statements are presented in Philippine Peso (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
Net retirement asset (liability)	Present value of the defined benefit obligation less the fair value of plan asset
Lease liabilities	Present value of future lease payments

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 11 – Investment Properties
- Note 13 – Financial Assets at FVOCI
- Note 27 – Fair Value Measurement

Adoption of Amendments to PFRS Accounting Standards

The accounting policies adopted are consistent with those of the previous financial year. There are no amendments to PFRS Accounting Standards which are effective as at January 1, 2024 that will have an impact on the Group's consolidated financial statements.

New and Amendments to PFRS Accounting Standards in Issue But Not Yet Effective

Relevant new and amendments to PFRS Accounting Standards, which are not yet effective as at December 31, 2024 and have not been applied in preparing the consolidated financial statements, are summarized below.

Effective January 1, 2025 -

- Amendments to PAS 21, *The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability* – The amendments clarify when a currency is considered exchangeable into another currency and how an entity determines the exchange rate for currencies that lack exchangeability. The amendments also introduce new disclosure requirements to help users of financial statements assess the impact when a currency is not exchangeable. An entity does not apply the amendments retrospectively. Instead, an entity recognizes any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings when the entity reports foreign currency transactions. When an entity uses a presentation currency other than its functional currency, it recognizes the cumulative amount of translation differences in equity. Earlier application is permitted.

Effective January 1, 2026 -

- Amendments to PFRS 9, *Financial Instruments*, and PFRS 7, *Financial Instruments: Disclosures – Classification and Measurement of Financial Assets* – The amendments clarify that a financial liability is derecognized when the related obligation is discharged or cancelled, expires or otherwise qualifies for derecognition (e.g. settlement date), and introduces a policy option to derecognize financial liabilities settled through an electronic payment system before settlement date if the required conditions are met. The amendments also clarify the assessment of contractual cash flow characteristics of financial assets, the treatment of non-recourse loans and contractually linked instruments, as well as require additional disclosure requirements for financial assets and liabilities with contingent features and equity instruments classified at FVOCI. Earlier application is permitted.

- Annual Improvements to PFRS Accounting Standards Volume 11:

  - Amendments to PFRS 7, *Financial Instruments: Disclosures* – The amendments update and remove some obsolete references related to the gain or loss on derecognition on financial assets of an entity that has a continuing involvement and to the disclosure requirements on deferred differences between fair value and transaction price. The amendments also clarify that the illustrative guidance does not necessarily illustrate all the requirements for credit risk disclosure. Earlier application is permitted.

- Amendments to PFRS 9, *Financial Instruments – Transaction Price and Lessee Derecognition of Lease Liabilities* – The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with PFRS 9, the lessee must apply the derecognition criteria for a financial liability which requires recognition of a gain or loss in profit or loss. The amendments also replace the reference to *'transaction price as defined by PFRS 15, Revenue from Contracts with Customers'* to *'the amount determined by applying PFRS 15'* to remove potential confusion. Earlier application is permitted.

- Amendments to PFRS Accounting Standards 10, *Consolidated Financial Statements - Determination of a 'de facto agent'* – The amendments remove inconsistencies by clarifying that an entity must use judgment to determine whether other parties are acting as de facto agents. Earlier application is permitted.

Effective January 1, 2027 -

- PFRS 18, *Presentation and Disclosure in Financial Statements* – This standard replaces PAS 1, *Presentation of Financial Statements*, and sets out the requirements for the presentation and disclosure of information to help ensure that the financial statements provide relevant information that faithfully represents the entity's assets, liabilities, equity, income and expenses. The standard introduces new categories and sub-totals in the statements of comprehensive income, disclosures on management-defined performance measures, and new principles for grouping of information, which the entity needs to apply retrospectively. Earlier application is permitted.

Deferred effectivity -

- Amendments to PFRS Accounting Standards 10, *Consolidated Financial Statements*, and PAS 28, *Investment in Associates - Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture* – The amendments address a conflicting provision under the two standards. It clarifies that a gain or loss shall be recognized fully when the transaction involves a business, and partially if it involves assets that do not constitute a business. The effective date of the amendments, initially set for annual periods beginning on or after January 1, 2016, was deferred indefinitely in December 2015 but earlier application is still permitted.

Under prevailing circumstances, the adoption of the foregoing relevant new and amendments to PFRS Accounting Standards is not expected to have any material effect on the consolidated financial statements of the Group. Additional disclosures will be included in the consolidated financial statements, as applicable.

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, 2024, 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

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.

Classification. The Group 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 Group's business model for managing the asset and its contractual cash flow characteristics.

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, 2024 and 2023, 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 13).

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, 2024 and 2023, the Group has investments in quoted equity securities which were irrevocably designated as financial assets at FVOCI (see Note 13).

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 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, 2024 and 2023, the Group classified its derivative liability on outstanding foreign exchange forward contracts and embedded commodity price derivative liability under this category (see Note 14).

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, 2024 and 2023, 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 14, 15, and 23).

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	22
Building and building improvements	22
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.

In 2024, the Group changed the useful life of office buildings and depot tanks as a result of the periodical evaluation of the Management. Accordingly, the effect of the change in useful life was accounted for prospectively in the consolidated financial statements.

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 statements 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 statements of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the joint venture or associates are eliminated to the extent of the Group's interest in the joint venture or associates.

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 statements of comprehensive 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 and equipment up to the date of change in use.

Other Nonfinancial Assets

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

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.

Advances to Suppliers. Advances to suppliers represent advance payments made in relation to purchase of raw materials and services and are carried at cost. These are to be applied against the suppliers' billing upon the receipt of materials or services.

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.

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.

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.

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.

Disposal Group Held for Sale
The Group classifies assets and liabilities of disposal group as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Disposal group held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of disposal group, excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the disposal group and the sale expected to be completed within one (1) year from the date of classification.

If the one-year period is not complied, the Group can still classify its disposal group as held for sale when:

- There are non-buyer conditions which extend the period required to complete the sale and the conditions can only be complied after a firm purchase commitment is obtained. The firm purchase commitment should be highly probable within one year.
- There are buyer or non-buyer conditions that will extend the period required to complete the sale after the Group obtains a firm purchase agreement and the Group already responded to the conditions expecting favorable resolution.
- During the one-year period, the disposal group held for sale was not sold due to the occurrence of unlikely circumstances and the Group responded to the change in circumstances within the same period. Also, the disposal group should be actively marketed at a reasonable price given the change in circumstances.

The Group recognizes an impairment loss for any initial or subsequent write-down of the disposal group to fair value less costs to sell, to the extent that it has not been recognized in the carrying amount of the disposal group before initial classification as held for sale. The Group recognizes a gain for any subsequent increase in fair value less costs to sell of disposal group, but not in excess of the cumulative impairment loss that has been recognized.

Assets and liabilities of a disposal group classified as held for sale are presented separately as current items in the consolidated statements of financial position.

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.

Retained Earnings (Deficit). Retained earnings (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 Accounting Standards. Other equity reserves of the Group pertain to equity reserve on acquisition of NCI, cumulative gain (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 gain (loss) on net retirement benefit asset (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 240 days.

Port service Income. Port service income pertaining to port services 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 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 in the consolidated statements of financial position. Amortization is computed using the straight-line method over the estimated useful life of 25 years or the remaining useful life of the underlying asset at the commencement of the lease, whichever is shorter.

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 reasonably 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 (asset) 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 liability (asset).

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.

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 transactions consist of transfers of resources, services, or obligations among the Group.

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. The key management personnel of the Group and post-employment benefit plans for the benefit of the Group's employees are also considered to be related parties.

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.

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 finance cost.

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 as financial assets at FVOCI (see Note 13).

Cash and cash equivalents, trade and other receivables, receivable from sale of an associate, 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 (see Notes 5, 6, 8, and 13).

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 27 to the consolidated financial statements.

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. The amount of the rent income recognized in 2024 and 2023 are disclosed in Note 23 to the consolidated financial statements.

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, 2024 and 2023 are disclosed in Note 11 to the consolidated financial statements.

Classification of RDG Wind Energy Corporation (RDG) (formerly Mabini Energy Corporation) as Disposal Group Held For Sale. The Group classifies its assets and liabilities as a noncurrent asset as held for sale when its carrying amount will be recovered principally through a sale transaction rather than through continuing use. In making its judgment, the Group considers its management's commitment to sell the asset within one (1) year. When the one-year period is not met, the Group determines whether the delay of the sale is caused by events or circumstances beyond its control and there is sufficient evidence that the Group remains committed to its plan to sell the asset.

On February 14, 2025, the Group executed the Deed of Assignment of Shares with RENOVA for the assignment, transfer, conveyance of all its rights for the 51% common shares of RDG in favor of RENOVA for a consideration of ₱68.3 million.

The details of the Group's disposal group held for sale are disclosed in Note 9 to the consolidated financial statements.

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.

Amortization of ROU assets and interest expense on lease liability and the carrying amounts of ROU assets and lease liabilities as at December 31, 2024 and 2023 are disclosed in Note 23 to the consolidated financial statements.

Evaluation of the Adequacy of Tax Liabilities. The Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretation of tax laws and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Group to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

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, 2024 and 2023 are disclosed in Note 10.

Existence of Significant Influence over Filoil Asia Pacific, Ltd. (FAP), MJVC, Ecology Insurance Agency Corp. (EIAC) and Amlan Negros Development Realty Corp. (ANDRC). 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 as at December 31, 2024 and 2023 are disclosed in Note 10 to the consolidated financial statements.

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.

Accounting Estimates and Assumptions

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, 2024 and 2023 are disclosed in Note 6 to the consolidated financial statements.

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 2024, 2023 and 2022.

The carrying amounts of other financial assets at amortized cost as at December 31, 2024 and 2023 are disclosed in Notes 5, 6, 8 and 13 in the consolidated financial statements.

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, 2024 and 2023 are disclosed in Note 7 to the consolidated financial statements.

Estimation of Useful Lives of Property and Equipment. The useful lives of property and equipment (excluding land and construction in progress) are estimated based on the period over which the assets are expected to be available for use. They are reviewed periodically and are updated if expectations differ from previous estimates. Any reduction in the estimated useful lives of these assets would increase the Company's recorded operating expenses and decrease noncurrent assets.

There were no changes in the estimated useful lives of property and equipment (excluding land and construction in progress) in 2023. Effective January 1, 2024, the Group changed the estimated useful lives of depot tanks and buildings from 10 years to 22 years based on the assessment of the Management and to align with the industry. Accordingly, the decrease in depreciation expense in 2024 are as follows:

	Before change in useful life	Impact	After change in useful life
Property and equipment	₱2,288,212,459	₱153,556,976	₱2,441,769,435
Depreciation on property and equipment	352,568,757	(153,556,976)	199,011,781

The carrying amounts of property and equipment as at December 31, 2024 and 2023 are disclosed in Note 12 to the consolidated financial statements.

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 11 to the consolidated financial statements.

The fair value changes and carrying amount of investment properties as at December 31, 2024 and 2023 are disclosed in Note 11 to the consolidated financial statements.

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, 2024 and 2023 are disclosed in Notes 8, 10, 11, 12, and 13 to the consolidated financial statements.

Determination of the 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 22 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 asset (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 22 to the consolidated financial statements.

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 rates 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 23 to the consolidated financial statements.

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, 2024 and 2023 are disclosed in Note 25 to the consolidated financial statements.

Assessment of Provisions and Contingencies. The Group evaluates legal proceedings to which it is involved based on analysis of potential results. 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 (see Note 29).

4. **Material Noncontrolling Interest**

The Group's non-controlling interests on net assets as at December 31, 2024 and 2023 amounting to ₱3,322.6 million and ₱3,537.9 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 ₱3,602.3 million and ₱3,553.3 million as at December 31, 2024 and 2023, respectively. The net income allocated to non-controlling interest in FECI amounted to ₱49.0 million and ₱56.9 million in 2024 and 2023, respectively.

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

	December 31, 2024	December 31, 2023
Current assets	**₱27,293.9**	₱23,214.8
Noncurrent assets	**2,822.5**	3,247.9
Current liabilities	**24,509.8**	20,722.8
Noncurrent liabilities	**858.4**	877.8
Net assets	**₱4,748.2**	₱4,862.1

	2024	2023
Revenue	**₱47,950.7**	₱64,068.7
Expenses	**(47,587.2)**	(63,456.3)
Other income - net	**(196.0)**	(286.2)
Income before income tax	**167.5**	326.2
Income tax expense	**(15.0)**	(109.2)
Net income	**152.5**	217.0
Other comprehensive income (loss)	**1.5**	(13.0)
Total comprehensive income	**₱154.0**	₱204.0
Cash flows from (used in):		
Operating activities	**(₱4,547.3)**	(₱1,936.6)
Investing activities	**(189.4)**	23.3
Financing activities	**4,666.4**	2,538.1
Net decrease in cash and cash equivalents	**(70.3)**	624.8
Cash and cash equivalents at beginning of year	**1,654.0**	1,029.2
Cash and cash equivalents at end of year	**₱1,583.7**	₱1,654.0

5. **Cash and Cash Equivalents**

This account consists of:

	2024	2023
Cash on hand	**₱608,823**	₱646,729
Cash in banks	**1,516,896,506**	1,693,402,671
Short-term placements	**147,179,991**	142,873,989
	₱1,664,685,320	₱1,836,923,389

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 (3) months depending on the immediate cash requirements of the Group and earn annual interest at rates ranging from 0.25% to 6.25%, 0.25% to 5.20% and 0.38% to 1.75% in 2024, 2023 and 2022, respectively.

The sources of the Group's interest income for the years ended December 31, 2024, 2023 and 2022 are as follows:

	Note	**2024**	2023	2022
Receivables from sale of investment in an associate	6	**₱99,529,598**	₱109,435,006	₱9,238,276
Notes receivables	6	**25,914,943**	27,511,539	27,070,341
Cash and cash equivalents		**16,586,706**	13,021,636	11,982,743
Long-term placements	13	**430,262**	781,525	475,616
Financial assets at FVOCI	13	**–**	–	254,803
		₱142,461,509	₱150,749,706	₱49,021,779

6. Trade and Other Receivables

This account consists of:

	Note	**2024**	2023
Trade receivables from:			
Related parties	21	**₱10,017,913,652**	₱8,292,571,359
Third parties		**6,310,817,168**	4,875,871,824
Advances to a related party	21	**1,062,729,170**	630,861,607
Current portion of notes receivable		**817,515,671**	658,026,481
Current portion of receivable from sale of investment in an associate		**248,072,946**	245,667,563
Interest receivable		**82,798,257**	58,845,420
Others		**9,306,847**	19,960,637
		18,549,153,711	14,781,804,891
Less allowance for expected credit losses		**(28,508,772)**	(10,244,424)
		₱18,520,644,939	₱14,771,560,467

Trade Receivables

Trade receivables are noninterest-bearing and are generally on a 15 to 240 days credit term. As a policy, the Group imposes penalties on delayed payment by customers based on rates ranging from 7.00% to 7.80%, 5.50% to 8.0% per annum in 2024, 2023 and 2022, respectively. Income from penalty on delayed payment by customers amounted to ₱503.9 million, ₱105.5 million and ₱64.0 million in 2024, 2023 and 2022, respectively, classified under "Other income - net" account in the consolidated statements of comprehensive income (see Note 20).

Notes Receivable

This account consists of the following:

	Note	2024	2023
Notes receivable from:			
Related parties	21	**₱521,224,038**	₱521,224,038
Third parties		**296,291,633**	151,428,881
		817,515,671	672,652,919
Less noncurrent portion of notes receivable from third parties	13	**–**	14,626,438
Current portion of notes receivable		**₱817,515,671**	₱658,026,481

Notes receivable includes receivables that are collectible either on demand or in equal monthly installments until 2025. These receivables are unsecured and bears interest ranging from 3.00% to 10.00%.

Interest income on notes receivable in 2024, 2023 and 2022 amounted to ₱25.9 million, ₱27.5 million and ₱27.1 million, respectively (see Note 5).

Advances to a Related Party

Advances to a related party amounted to ₱1,062.7 million and ₱630.9 million as of December 31, 2024 and 2023, respectively. These advances are supported with non-interest bearing promissory notes that are payable on demand and in cash (see Note 21). Advances amounting to ₱146.1 million and ₱88.9 million in 2024 and 2023, respectively, was reclassified from receivable from sale of investment in an associate. Promissory note was issued payable on demand. This was considered as a noncash financial information in the consolidated statements of cash flows.

Receivable from Sale of Investment in an Associate

On December 29, 2022, the Group entered into a sale agreement with Filoil Philippines Corporation (FPC) 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	10	₱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 in an associate as at December 31, 2024 and 2023 are as follows (see Note 21):

	2024	2023
Current	**₱248,072,946**	₱245,667,563
Noncurrent	**752,864,835**	901,408,183
	₱1,000,937,781	₱1,147,075,746

Interest income from sale of investment in associate recognized in 2024, 2023 and 2022 amounted to ₱99.5 million, ₱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, 2024 and 2023 are as follows:

	Note	**2024**	2023
Balance at beginning of year		**₱10,244,424**	₱10,244,424
Provision	19	**18,264,348**	–
Balance at end of year		**₱28,508,772**	₱10,244,424

7. Inventories

This account consists of fuels inventory measured at cost amounting to ₱5,137.0 million and ₱5,131.0 million as at December 31, 2024 and 2023, respectively. As at December 31, 2024 and 2023, costs of these inventories are lower than the NRV.

The cost of inventories recognized in profit or loss amounted to ₱46,412.6 million, ₱61,962.1 million and ₱72,327.1 million in 2024, 2023, and 2022, respectively (see Note 18).

The carrying amount of inventories used as collateral for the Company's trust receipts payables amounted to ₱2,185.5 and nil as at December 31, 2024 and 2023, respectively (see Note 15).

8. Other Current Assets

This account consists of:

	Note	**2024**	2023
Prepayments		**₱111,855,626**	₱87,662,267
Input VAT		**38,932,433**	77,628,257
Current portion of deferred input VAT		**28,145,201**	3,287,725
Refundable deposits		**25,000,000**	–
Advances to suppliers		**17,664,935**	13,087,188
Current portion of long-term placements	13	–	10,000,000
		₱221,598,195	₱191,665,437

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	**2024**	2023
Current		**₱28,145,201**	₱3,287,725
Noncurrent	13	–	26,003,816
		₱28,145,201	₱29,291,541

Advances to Suppliers

Advances to suppliers pertain to advance payments for fuel purchases. These are reversed upon receipt of goods from suppliers.

9. Disposal Group Held for Sale

On April 15, 2024, the BOD of the Group approved the execution of a Joint Development and Shareholders' Agreement (the Agreement) with Renova, Inc. (RENOVA) covering the sale of the Group's investment in RDG to RENOVA, and the ownership, development, management and operation of an onshore wind power generation project. The Agreement was executed on April 17, 2024. Based on the terms, and subject to the conditions set in the agreement, the Group agrees to sell, assign, transfer, convey and deliver to RENOVA, and RENOVA agrees to purchase and accept from the Group, the Group's right, title and interest in the 51% ownership over RDG, for a purchase price.

On February 14, 2025, the Group executed the Deed of Assignment of Shares with RENOVA for the assignment, transfer, conveyance of all its rights for the 51% common shares of RDG in favor of RENOVA for a consideration of ₱68.3 million.

Assets and liabilities of RDG classified as held for sale as at December 31, 2024 are as follows:

Assets Held for Sale	
Cash	₱13,791,581
Construction in progress	64,661,788
Other assets	6,716,845
	85,170,214
Liability Held for Sale	
Trade and other payables	14,835,510
Net Assets Held for Sale	₱70,334,704

RDG had not started commercial operations and did not meet the definition of a discontinued operation in accordance with PFRS 5, *Noncurrent Assets Held for Sale and Discontinued Operations*. Accordingly, the following loss of RDG in 2024 is included under continuing operations in the consolidated statements of comprehensive income:

Interest income	₱9,050
Expenses	(822,045)
Net loss	(812,995)
Other comprehensive loss	(666,000)
Total comprehensive loss	(₱1,478,995)

10. Investments in Associates and a Joint Venture

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

	2024	2023
Cost	**₱150,342,415**	₱150,342,415
Accumulated Share in Net Income		
Balance at beginning of year	**32,427,219**	23,334,982
Share in net income	**7,483,952**	9,092,237
Balance at end of year	**39,911,171**	32,427,219
Cumulative Translation Gain		
Balance at beginning of year	**67,795**	–
Translation gain	**661,570**	67,795
Balance at end of year	**729,365**	67,795
	₱190,982,951	₱182,837,429

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:

	2024	2023	2022
Balances at beginning of year	**₱67,795**	₱–	(₱12,901,811)
Translation gain	**661,570**	67,795	13,061,126
Reclassified to profit or loss	**–**	–	(159,315)
	₱729,365	₱67,795	₱–

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 **2024**	2023
Associates:				
ANDRC	Philippines	Holding of real properties	**14.40**	14.40
EIAC	Philippines	Agency and brokering services	**14.25**	14.25
FAP	Singapore	Sale of petroleum products	**12.00**	12.00
Joint Venture -				
MJVC	Philippines	Management services	**18.00**	18.00

**Effective economic interest through FECI*

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

	2024	2023
Associate -		
FAP	**₱124,135,731**	₱118,584,756
Joint Venture -		
MJVC	**66,847,220**	64,252,673
	₱190,982,951	₱182,837,429

The tables below show the summarized financial information of the associates and joint venture as at and for the years ended December 31, 2024 and 2023:

	2024			
	FAP	**MJVC**	**EIAC**	**ANRDC**
Current assets	**₱570,213,407**	**₱126,075,614**	**₱2,523,508**	**₱500,466**
Noncurrent assets	**638,459,285**	**24,099,683**	**132,591**	**68,873,660**
Current liabilities	**1,012,780,116**	**3,393,020**	**3,100,558**	**69,124,106**
Equity	**195,892,576**	**146,782,277**	**(444,458)**	**250,000**
Revenue	**6,348,823,718**	**31,986,472**	**7,779,849**	**–**
Net income	**24,108,048**	**5,692,352**	**765,976**	**–**

	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	–	–

Investment in FAP

The Group has investment in FAP, a Singapore entity, through FECI, its subsidiary. In 2020, FECI entered into a Memorandum of Agreement (Agreement) with a Joint Venture Partner (JV Partner) to operate a company in Singapore. Under the Agreement, FAP will be 20%-owned by FECI and 80% will be owned by its JV Partner. In the same year, FAP was incorporated with FECI as a sole owner. In 2021, FAP received the advances for the subscription of the 80% ownership of the JV Partner. Under an agreement entered in December 2021, FECI cedes and waives all its rights and interests, including the fruits and income attached to such advances for the subscription of the 80% ownership in FAP, in favor of the JV Partner. Accordingly, FECI classified its investment in FAP at 20% effective economic interest as an associate starting at the execution of the agreement. Based on the agreement, the Group has 12% effective economic interest in FAP, through FECI.

As of April 10, 2025, FAP is still in the process of finalizing the legal requirement for the completion of the subscription of the JV Partner.

Disposal of Investments in Associates

On October 17, 2022, the Group sold its investments and advances to its associates amounting to ₱123.7 million in exchange for solar panels amounting to ₱210.4 million. This resulted to a gain on sale of ₱86.7 million. The acquired solar panels are recorded as part of Construction in Progress and equipment for installation.

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

Total gain on disposal of investments in associate presented in the 2022 consolidated statements of comprehensive income includes the following:

	Note	Amount
Arising from disposal of:		
Investments in and advances to associates		₱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

11. **Investment Properties**

The balances and movements in this account are as follows:

	2024	2023
Balances at beginning of year	**₱342,860,757**	₱269,742,772
Fair value changes	**16,973,345**	73,117,985
Balance at end of year	**₱359,834,102**	₱342,860,757

The Group earned rental income amounting to ₱75.5 million, ₱74.8 million, and ₱62.3 million from its investment properties in 2024, 2023, and 2022, respectively.

Direct operating expenses arising from these investment properties amounted to ₱72.5 million, ₱163.1 million and ₱161.1 million in 2024, 2023 and 2022, 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 27).

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:

	2024	2023
Price per square meter	**₱98 to ₱14,634**	₱26 to ₱12,750
Value adjustments	**-20% to -30%**	-30% to 5%

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.

12. **Property, Equipment and ROU Assets**

The balances and movements in this account as at and for the years ended December 31, 2024 and 2023 are as follows:

	2024							
	Land	Depot Tanks	Building and Improvements	Furniture, Fixtures, and Office Equipment	Transportation Equipment	ROU Assets (seeNote23)	Construction in Progress and Equipment for Installation	Total
Cost								
Balances at beginning 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
Additions	–	87,007,436	–	971,922	–	1,875,436	6,401,513	96,256,307
Effect of lease modification	–	–	–	–	–	(47,785,698)	–	(47,785,698)
Reclassification to noncurrent asset held for sale	–	–	–	–	–	–	(64,661,788)	(64,661,788)
Disposals/Write-off	–	–	–	–	–	(48,574,525)	–	(48,574,525)
Balances at end of year	1,364,138,172	4,502,744,529	136,603,985	82,197,662	15,952,509	1,100,793,607	183,282,119	7,385,712,583
Accumulated Depreciation and Amortization								
Balances at beginning of year	–	1,959,085,727	56,333,013	66,109,195	15,189,534	654,270,997	–	2,750,988,466
Depreciation and amortization	–	155,763,886	38,706,390	4,175,315	366,190	144,656,759	–	343,668,540
Disposals/Write-off	–	–	–	–	–	(48,574,525)	–	(48,574,525)
Balances at end of year	–	2,114,849,613	95,039,403	70,284,510	15,555,724	750,353,231	–	3,046,082,481
Carrying Amounts	₱1,364,138,172	₱2,387,894,916	₱41,564,582	₱11,913,152	₱396,785	₱350,440,376	₱183,282,119	₱4,339,630,102

	2023							
	Land	Depot Tanks	Building and Improvements	Furniture, Fixtures, and Office Equipment	Transportation Equipment	ROU Assets (see Note 23)	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

Lease Modification

In 2024 and 2023, certain lease agreements were amended to change the contractual lease payments. This is considered as a lease modification which resulted in a decrease in ROU assets and lease liabilities by ₱47.8 million and ₱8.0 million in 2024 and 2023, respectively (see Note 23).

Depreciation and Amortization

Details of depreciation and amortization are as follows:

	Note	2024	2023	2022
Property and equipment		**₱199,011,781**	₱398,661,171	₱445,696,324
ROU assets	23	**144,656,759**	228,559,249	125,388,474
		₱343,668,540	₱627,220,420	₱571,084,798

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

	Note	2024	2023	2022
Cost of sales and services	18	**₱201,713,122**	₱275,535,016	₱264,455,739
General and administrative expenses	19	**141,955,418**	351,685,404	306,629,059
		₱343,668,540	₱627,220,420	₱571,084,798

Contractual Commitment

The Group has no contractual commitment for its construction projects as at December 31, 2024 and 2023.

13. **Other Noncurrent Assets**

This account consists of:

	Note	2024	2023
Refundable deposits	23	**₱22,236,963**	₱73,456,779
Long-term placements		**19,058,742**	18,628,480
Financial assets at FVOCI		**15,161,108**	12,144,795
Net retirement benefit asset	22	**7,511,160**	4,999,171
Noncurrent portion of:			
Deferred input VAT	8	**–**	26,003,816
Notes receivable	6	**–**	14,626,438
Others		**21,910,171**	16,689,985
		₱85,878,144	₱166,549,464

Long-term Placements
Long-term placements represent money market placements with a term of two (2) to five (5) years and earn interest at prevailing rates. This is presented in the consolidated statements of financial position as follows:

	Note	**2024**	2023
Current	8	**₱–**	₱10,000,000
Noncurrent		**19,058,742**	18,628,480
		₱19,058,742	₱28,628,480

Interest income on long-term placements in 2024, 2023, and 2022 amounted to ₱0.4 million, ₱0.8 million, and ₱0.5 million respectively (see Note 5).

Financial Assets at FVOCI
This account pertains to the Group's investments in quoted equity securities. The movements in this account are as follows:

	2024	2023
Balance at beginning of year	**₱12,144,795**	₱12,015,085
Net unrealized gain during the year	**3,016,313**	129,710
Balance at end of year	**₱15,161,108**	₱12,144,795

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

	2024	2023	2022
Balance at beginning of year	**₱9,091,657**	₱8,961,947	₱4,070,141
Unrealized gains	**3,016,313**	129,710	4,891,806
Balance at end of year	**₱12,107,970**	₱9,091,657	₱8,961,947

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. Interest income earned on these securities amounted to ₱0.3 million in 2022 (see Note 5).

The Group's financial assets at FVOCI as at December 31, 2024 and 2023 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 27).

14. Trade and Other Payables

This account consists of:

	Note	2024	2023
Trade payables to:			
Third parties		**₱7,229,863,324**	₱8,798,432,293
Related parties	21	**293,127,867**	547,819,222
Dividends payable	21	**538,020,000**	273,420,000
Advances from related parties	21	**329,998,642**	330,476,138
Interest payable	21	**212,528,610**	212,528,610
Derivative liability	27	**50,241,984**	158,258,490
Statutory payables		**48,905,830**	31,082,510
Current portion of lease liabilities	23	**40,627,540**	180,178,199
Others		**68,104,202**	55,528,895
		₱8,811,417,999	₱10,587,724,357

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 240 days term.

Dividends Payable
In 2023, dividends payable amounting to ₱273.4 million is payable to a third party shareholder of FLC. On December 19, 2024, a third party shareholder sold its ownership interest in FLC to FPC, an affiliate (the Transaction). As part of the transaction, the third party shareholder of FLC waived its rights to claim any dividend decared prior to the consummation of the Transaction in favor of FPC. In December 27, 2024, FLC declared additional dividends of which ₱264.6 million is attributed to FPC. As of December 31, 2024, total dividends payable to FPC amounted to ₱538.0 million.

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 years ended December 31, 2024 and 2023 arising from outstanding foreign exchange forward contracts and embedded commodity price derivative aggregated ₱50.2 million and ₱158.3 million, respectively (see Note 27).

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

15. Borrowings

This account consists of:

	Note	2024	2023
Local banks		**₱15,755,175,766**	₱10,153,423,344
Related party	21	**451,909,360**	451,909,360
		16,207,085,126	10,605,332,704
Less noncurrent portion		**68,779,835**	–
Current portion		**₱16,138,305,291**	₱10,605,332,704

Borrowings with Local Banks

Details of the loans payable as at December 31, 2024 and 2023 are as follows:

Purpose	Terms and Conditions	Effective Interest Rate (p.a.)	**2024**	2023
Working capital loan				
To finance the acquisition of inventories and other working capital requirements	Payable in 17 to 90 days, and in one (1) year	6.0% to 7.0% and 5.8% to 7.8%	**₱11,609,451,570**	₱10,153,423,344
Trust receipts				
To finance the acquisition of inventories	Payable in 90 days	7.0%	**2,185,504,312**	–
Receivable financing				
To finance the acquisition of inventories	Payable in 90 days	7.0%	**1,882,911,283**	–
Note payable				
To finance the acquisition of assets	Payable within four (4) to ten (10) years	6.0% to 7.0%.	**77,308,601**	–
			₱15,755,175,766	₱10,153,423,344

Working Capital Loan

The Group has credit facilities with local banks to finance its acquisition of inventories. As at December 31, 2024 and 2023, the outstanding loans payable from short-term credit facilities with local banks aggregated ₱11,426.0 million and ₱10,008.7 million, respectively. These loans are unsecured, bear annual interest rates ranging from 6.0% to 7.0% and 5.8% % to 7.8% in 2024 and 2023, respectively, and payable in 17 to 90 days.

In addition, the Group also has additional credit facilities with local banks to finance its working capital requirements. As at December 31, 2024 and 2023, the outstanding loans payable from short-term credit facilities with local banks aggregated ₱183.5 million and ₱144.8 million, respectively. These loans are unsecured, bear annual interest rates ranging from 6.9% to 7.0% and 4.75% to 10.5% in 2024 and 2023, respectively, and payable in one (1) year.

Trust Receipts Payables

Trust receipts payable amounting to ₱2,185.5 million as at December 31, 2024 was obtained from local banks and had a maturity of 90 days. Trust receipts payable have an annual interest rate of 7.0% in 2024.

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.

Receivable Financing

On November 4, 2024 and December 19, 2024, the Group was granted by a local bank a receivable financing lines amounting to ₱882.5 million and ₱1,000.5 million, respectively. The terms of the facility agreement cover the assignment of receivables of TPC subject to 100% valuation. The availment of the facility is co-terminus with the maturity of the assigned invoice plus a grace period of up to two days. Financing cost on the facility drawdown shall be based on prevailing market rate to be deducted upfront from the drawdown of the facility.

As of December 31, 2024, liabilities on receivable financing availed from this facility amounted to ₱1,882.9 million. Finance cost relating to liabilities on receivable financing included in the consolidated statements of comprehensive income amounted to ₱92.2 million.

Note Payable
The Group has a note payable with a local bank bearing interest ranging from 6.0% to 7.0% per annum. As at December 31, 2024, the outstanding payable amounted to ₱77.3 million. The principal and interest will be paid on a monthly basis starting from September 2024 until August 2034.

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

Borrowings with a Related Party

Standby Credit Facility Agreement
The Group (as a "Borrower"), through its subsidiaries LDFHC and FTMRC, has a combined Standby Credit Facility Agreement (SCFA) for a maximum amount of ₱1,045.0 million with TPC, an affiliate (as a "Lender"). The SCFA is valid for 18 months from its initial execution in 1999 and 2001, respectively, subject to automatic renewal until terminated by the parties. The interest on the SCFA shall be calculated based on the 91-day treasury bill rate plus a specified margin based on the exact number of days elapsed over a 360-day basis. On July 29, 2022, the Group and TPC agreed to temporarily cancel the interests under the SCFA from July 2022 to June 2025.

As at December 31, 2024 and 2023, the total amount of unpaid loans payable from these SCFA amounting to ₱451.9 million is payable on June 2025 unless automatically renewed based on the terms of the SCFA.

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	**2024**	2023	2022
Interest expense on:				
Borrowings		**₱877,584,231**	₱628,837,827	₱202,677,023
Lease liabilities	23	**23,590,799**	31,888,809	28,821,362
Fees for receivable financing		**92,209,555**	–	13,204,561
		₱993,384,585	₱660,726,636	₱244,702,946

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, 2024 and 2023.

	2024							
	Loans Payable	Standby Credit Facility	Trust Receipts Payables	Liabilities on receivables financing	Dividends Payable	Lease Liabilities	Advances from Related Parties	Total
Balances at Beginning of Year	₱10,153,423,344	₱451,909,360	₱–	₱–	₱273,420,000	₱522,577,520	₱330,476,138	₱11,731,806,362
Noncash changes:								
Interest expense	801,907,321	–	75,676,910	92,209,555	–	23,590,799	–	993,384,585
Declaration	–	–	–	–	264,600,000	–	–	264,600,000
Lease modifications	–	–	–	–	–	(47,785,698)	–	(47,785,698)
Cash Changes								
Availment	53,360,232,854	–	7,980,377,945	6,760,349,819	–	1,875,436	–	68,102,836,054
Payment of liabilities	(51,835,633,111)	–	(5,794,873,633)	(4,877,438,536)	–	(156,264,078)	(477,496)	(62,664,686,854)
Payment of interest	(793,170,237)	–	(75,676,910)	(92,209,555)	–	–	–	(961,056,702)
Balances at End of Year	₱11,686,760,171	₱451,909,360	₱2,185,504,312	₱1,882,911,283	₱538,020,000	₱343,993,979	₱329,998,642	₱17,419,097,747

	2023						
	Loans Payable	Standby Credit Facility	Trust Receipts Payables	Dividends Payable	Lease Liabilities	Advances from Related Parties	Total
Balances at Beginning of Year	₱5,489,763,544	₱451,909,360	₱1,200,000,000	₱273,420,000	₱714,810,799	₱330,341,642	₱8,460,245,345
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	₱10,153,423,344	₱451,909,360	₱–	₱273,420,000	₱522,577,520	₱330,476,138	₱11,731,806,362

16. Equity

Capital Stock

The details of the capital stock as of December 31, 2024 and 2023 are as follows:

	2024		2023		2022	
	Number of Shares	Amount	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	20,000,000,000	₱5,000,000,000
Issued						
Balance at beginning 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
Issuance	–	–	450,000,000	112,500,000	–	–
Balance at end of year	**14,668,643,064**	**₱3,667,160,766**	14,668,643,064	₱3,667,160,766	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 and 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
Issuance during the year	–	–	(450,000,000)	(112,500,000)	–	–
Balance at end of year	–	–	–	–	450,000,000	112,500,000

Treasury Stock

This pertains to the Parent Company's 18.0 million shares held by its subsidiary, RDG Wind Energy Corporation (formerly Mabini Energy Corporation) amounting to ₱3.2 million.

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 ₱0.289 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

17. Revenues

This account consists of:

	Note	2024	2023	2022
Revenue within the scope of PFRS Accounting Standards 15:				
Sale of fuel		**₱47,826,086,154**	₱63,899,987,305	₱74,524,188,640
Port service income		**54,035,300**	98,291,834	49,756,110
Others		**534,978**	461,340	116,869
		47,880,656,432	63,998,740,479	74,574,061,619
Revenue outside the scope of PFRS 15 - Rental income	23	**75,473,596**	74,815,947	62,306,192
		₱47,956,130,028	₱64,073,556,426	₱74,636,367,811

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

	2024	2023	2022
At a point in time	**₱47,826,086,154**	₱63,900,448,645	₱74,524,188,640
Over a period of time	**54,570,278**	98,291,834	49,872,979
	₱47,880,656,432	₱63,998,740,479	₱74,574,061,619

18. Cost of Sales and Services

This account consists of:

	Note	2024	2023	2022
Cost of inventories	7	**₱46,412,594,813**	₱61,962,116,730	₱72,327,052,803
Depreciation and amortization	12	**201,713,122**	275,535,016	264,455,739
Others		**166,119,698**	252,606,356	229,495,562
		₱46,780,427,633	₱62,490,258,102	₱72,821,004,104

19. General and Administrative Expenses

This account consists of:

	Note	2024	2023	2022
Personnel costs:				
Salaries and wages		**₱243,117,942**	₱235,279,475	₱222,626,689
Retirement expense	22	**20,799,041**	20,190,611	18,350,265
Taxes and licenses		**151,489,202**	99,769,083	64,762,001
Depreciation and amortization	12	**141,955,418**	351,685,404	306,629,059
Rent	23	**108,579,807**	90,013,824	58,910,160
Outside services		**104,710,276**	106,394,631	80,393,059
Business support service fees		**72,000,000**	105,042,546	149,372,151
Repairs and maintenance		**39,052,712**	53,957,809	48,839,440
Professional fees		**33,586,145**	35,062,512	27,208,194
Insurance		**29,423,865**	41,137,000	28,192,058
Transportation and travel		**24,973,056**	68,809,387	41,632,421
Provision for ECL	6	**18,264,348**	–	8,143,358
Representation		**8,844,272**	10,140,561	11,451,774
Bank charges		**1,138,629**	2,759,643	114,342,134
Communication		**651,910**	440,233	727,293
Others		**52,338,395**	39,461,195	32,650,127
		₱1,050,925,018	₱1,260,143,914	₱1,214,230,183

Others include utilities, supplies and training-related expenses.

20. Other Income - Net

This account consists of:

	Note	2024	2023	2022
Income from penalty on delayed collection of receivables	6	**₱503,865,014**	₱105,548,197	₱63,959,513
Gain (loss) on derivative liability	28	**108,016,506**	(93,432,781)	(64,825,709)
Foreign exchange gain – net		**31,211,231**	140,685,273	7,171,980
Fair value gain on investment property		**16,973,345**	73,117,985	30,543,772
Gain on reversal of provision	29	**–**	39,405,712	–
Gain on disposal of investments in associates	10	**–**	–	155,977,882
Others		**2,415,953**	25,706,050	29,241,338
		₱662,482,049	₱291,030,436	₱222,068,776

21. 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, 2024 and 2023:

		Amount of Transaction		Outstanding Balance	
Nature of Relationship	Nature of Transaction	**2024**	2023	**2024**	2023
Trade Receivable (see Note 6)					
Entities under common control	Sale of fuel	**₱13,164,616,109**	₱20,942,915,755	**₱10,017,838,455**	₱8,292,562,152
	Rental income	**980,556**	980,556	**75,197**	9,207
	Interest income	**257,335,304**	7,998,223	**–**	–
				₱10,017,913,652	₱8,292,571,359
Advances to a Related Party (see Note 6)					
Entity under common control	Working capital advances and asset acquisition	**₱245,667,563**	₱328,378,948	**₱1,062,729,170**	₱630,861,607
Receivable from Sale of Investment in an Associate (see Note 6)					
Entity under common key management	Accretion of day 1 difference	**₱99,529,598**	₱109,435,006	**₱1,000,937,781**	₱1,147,075,746
Notes Receivable (see Note 6)					
Entity under common control	Working capital advances	**₱–**	₱–	**₱521,224,038**	₱521,224,038
Interest Receivable					
Entities under common control	Interest income	**₱15,636,721**	₱15,636,721	**₱53,636,094**	₱37,999,373
Trade Payables (see Note 14)					
Associate	Purchase of fuel	**₱6,057,230,372**	₱7,902,099,353	**₱288,376,730**	₱357,493,369
Entity under common ownership	Cost of services	**46,301,420**	241,608,148	**4,751,137**	4,538,613
Joint venture	Service fees	**25,000,000**	25,000,000	**–**	–
Entity under common control	Purchase of fuel	**–**	938,103,386	**–**	185,787,240
				₱293,127,867	₱547,819,222
Dividend Payable (see Note 14)					
Entity under common control	Dividends	**₱264,600,000**	₱–	**₱538,020,000**	₱273,420,000
Borrowings (see Note 15)					
Entities under common control	Borrowings	**₱–**	₱–	**₱451,909,360**	₱451,909,360
Advances from Related Parties (see Note 14)					
Entity under common control	Working capital advances	**₱–**	₱–	**₱329,998,642**	₱330,476,138
Interest Payable (see Note 14)					
Entities under common control	Interest on loans	**₱–**	₱–	**₱212,528,610**	₱212,528,610
Nontrade Payables					
Entity under common control	Sale of asset	**₱–**	₱758,929	**₱1,945,779**	₱1,945,779
	Shuttle	**11,763,042**	7,418,951	**801,103**	–
	Business support services	**–**	138,864,791	**–**	–
	Other expenses	**–**	1,108,066	**–**	–
Joint Venture	Other expenses	**2,550,767**	3,953,996	**98,000**	370,000
				₱2,844,882	₱2,315,779
Rental Income					
Entity under common control	Lease of properties	**₱8,010,383**	₱8,010,383	**₱–**	₱–
Retirement Benefit Plan (see Note 22)	Contribution	**₱20,691,984**	₱28,377,358	**₱159,701,302**	₱131,026,942

Nature of Relationship	Nature of Transaction	Amount of Transaction		Outstanding Balance	
		2024	2023	**2024**	2023
Personnel Costs					
Key management personnel	Short-term benefits	**₱100,194,589**	₱99,604,802	**₱36,659**	₱36,659
	Retirement benefits	**14,420,962**	14,604,411	**12,226,966**	8,884,000
				₱12,263,625	₱8,920,659

Terms and Conditions of Transactions and Balances with Related Parties

a. Trade and nontrade receivables 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 either on demand or within 15 to 240 days.
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 and bear interest rates ranging from 3.00% to 10.00% in 2024 and 2023.
d. Borrowings pertain to the SCFA with a related party, which bears an interest based on the 91-day treasury bill rate plus a specified margin based on the exact number of days elapsed over a 360-day basis. On July 29, 2022, the Group and TPC agreed to temporarily cancel the interests under the SCFA from July 2022 to June 2025.
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 in 2024 and 2023 amounted to ₱5.6 million and ₱43.7 million, respectively. Total eliminated intercompany rental income and expense amounted to ₱99.6 million and ₱199.1 million in December 31, 2024 and 2023.

Cash Flows Reclassifications

In 2024, the Group made a reclassification on its consolidated statements of cash flows for the year ended December 31, 2023 pertaining to movement of its advances to related parties amounting to ₱136.2 million from cash flows from an operating activity to cash flows from an investing activity. As a result, cash flows from an operating activity increased by ₱136.2 million while cash flows from an investing activity decreased by ₱136.2 million in 2023. There were no impact on the consolidated statements of financial position and consolidated statements comprehensive income as at and for the year ended December 31, 2023.

22. Retirement Benefits

The Group has a funded, noncontributory defined 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, 2024.

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:

	2024	2023
Balance at beginning of year	**(₱732,732)**	₱10,599,937
Retirement expense	**2,916,803**	3,178,036
Contributions paid	**(1,491,984)**	(10,333,615)
Net remeasurement gains recognized in OCI	**1,252,802**	388,610
Benefits paid from operating fund	**–**	(4,565,700)
Balance at end of year	**₱1,944,889**	(₱732,732)

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

	2024	2023
Present value of defined benefit obligation	**₱19,055,908**	₱13,845,846
Fair value of plan assets	**(17,111,019)**	(14,578,578)
Net retirement benefit liability (asset)	**₱1,944,889**	(₱732,732)

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

	2024	2023
Balance at beginning of year	**₱13,845,846**	₱33,020,698
Current service cost	**3,018,687**	2,568,852
Actuarial losses (gains) recognized in OCI:		
Experience adjustments	**2,497,230**	343,156
Change in financial assumptions	**(1,259,834)**	1,280,434
Interest expense	**953,979**	998,254
Benefits paid from retirement fund	**–**	(19,799,848)
Benefits paid from operating fund	**–**	(4,565,700)
Balance at end of year	**₱19,055,908**	₱13,845,846

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

	2024	2023
Balance at beginning of year	**₱14,578,578**	₱22,420,761
Contributions paid	**1,491,984**	10,333,615
Interest income	**1,055,863**	389,070
Return on assets excluding interest income	**(15,406)**	1,234,980
Benefits paid from operating fund	**–**	(19,799,848)
Balance at end of year	**₱17,111,019**	₱14,578,578

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, 2024 and 2023 are as follows (see Note 13):

	2024	2023
Balance at beginning of year	**₱4,266,439**	₱20,632,378
Contribution paid	**19,200,000**	18,043,743
Retirement expense	**(17,882,238)**	(17,012,575)
Net remeasurement loss (gain) recognized in OCI	**1,926,959**	(17,397,107)
Balance at end of year	**₱7,511,160**	₱4,266,439

The funded status of the operating subsidiary's net retirement asset as at December 31, 2024 and 2023 is as follows:

	2024	2023
Fair value of plan assets	**₱142,590,283**	₱116,448,364
Present value of defined benefit obligation	**(134,621,256)**	(111,922,525)
Effect of the asset ceiling	**(457,867)**	(259,400)
Net retirement asset	**₱7,511,160**	₱4,266,439

The balances and movements of the present value of defined benefit obligation as at and for the years ended December 31, 2024 and 2023 are as follows:

	2024	2023
Balance at beginning of year	**₱111,922,525**	₱76,587,923
Current service cost	**18,982,109**	19,004,130
Interest expense	**6,804,890**	5,529,648
Actuarial gains recognized in OCI:		
Experience adjustments	**(1,908,529)**	12,833,809
Change in demographic assumptions	**(876,487)**	–
Change in financial assumptions	**(7,252)**	2,107,781
Benefits paid from operating fund	**(296,000)**	(4,140,766)
Balance at end of year	**₱134,621,256**	₱111,922,525

The balances and movements of the fair value of plan assets as at and for the years ended December 31, 2024 and 2023 are as follows:

	2024	2023
Balance at beginning of year	**₱116,448,364**	₱97,220,301
Contribution paid	**19,200,000**	18,043,743
Interest income	**7,936,693**	7,665,983
Return on assets excluding interest income	**(698,774)**	(4,346,164)
Benefits paid from operating fund	**(296,000)**	(4,140,766)
Effect of asset ceiling	**–**	2,005,267
Balance at end of year	**₱142,590,283**	₱116,448,364

Retirement Expense
The components of the retirement expense included under "General and administrative expenses" account in the consolidated statements of comprehensive income (see Note 19) are as follows:

	2024	2023	2022
Current service cost	**₱22,000,796**	₱21,572,982	₱18,783,161
Net interest expense (income)	**(1,233,687)**	(1,527,151)	(432,896)
Amortization of the net asset ceiling	**31,932**	144,780	–
	₱20,799,041	₱20,190,611	₱18,350,265

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

	2024		
	Cumulative Remeasurement Loss	**Deferred Tax Liability (Asset)**	**Net**
Balances at beginning of year	**(₱4,962,583)**	**₱728,022**	**(₱4,234,561)**
Remeasurement loss	**(663,153)**	**(147,412)**	**(810,565)**
Balances at end of year	**(₱5,625,736)**	**₱580,610**	**(₱5,045,126)**

	2023		
	Cumulative Remeasurement Gain (Loss)	Deferred Tax Liability (Asset)	Net
Balances at beginning of year	₱749,542	(₱602,857)	₱146,685
Remeasurement gain	(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 Asset	Net
Balances at beginning of year	(₱1,855,164)	(₱109,355)	(₱1,964,519)
Remeasurement loss	2,604,706	(493,502)	2,111,204
Balances at end of year	₱749,542	(₱602,857)	₱146,685

Attributable to Non-Controlling Interests

	2024		
	Cumulative Remeasurement Gain (Loss)	**Deferred Tax Liability (Asset)**	**Net**
Balances at beginning of year	**(₱5,685,476)**	**₱1,421,369**	**(₱4,264,107)**
Remeasurement loss	**1,337,310**	**(334,328)**	**1,002,982**
Balances at end of year	**(₱4,348,166)**	**₱1,087,041**	**(₱3,261,125)**

	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 gain	(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

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

	2024	2023
Investments in unit investment trust fund	**68.45%**	68.45%
Investments in government securities	**17.57%**	17.57%
Other securities and debt instruments	**11.76%**	11.76%
Others	**2.22%**	2.22%
	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:

	2024	2023
Investments in government securities	**73.29%**	73.29%
Other securities and debt instruments	**20.18%**	20.18%
Investments in unit investment trust fund	**4.20%**	4.20%
Others	**2.33%**	2.33%
	100.00%	100.00%

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

	2024	2023
Discount rate	**6.11%**	6.49%
Salary increase rate	**6.00%**	5.00%

Sensitivity analysis on the net retirement benefit liability as at December 31, 2024 and 2023 are as follows:

		Effect on Net Retirement Benefit Liability	
	Change in Assumption	2024	2023
Discount rate	+1.00%	**₱10,907,131**	₱10,907,131
	-1.00%	**(11,032,668)**	(11,032,668)
Salary increase rate	+1.00%	**19,109,484**	₱19,109,484
	-1.00%	**(14,677,216)**	(14,677,216)

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 Group is not required to pre-fund the future defined benefits payable under the retirement plan before they become due. For this reason, the amount and timing of contributions to the retirement fund to support the defined benefits are at the Group's discretion. However, in the event a defined benefit claim arises and the retirement fund is insufficient to pay the claim, the shortfall will then be due and payable from the Parent Company to the retirement fund. The Group expects to contribute ₱19.2 million to the fund in 2025.

As at December 31, 2024, the maturity analysis of the undiscounted net retirement benefit liability is as follows:

Within one (1) year	₱11,391,860
More than one (1) year to five (5) years	105,987,540
More than five (5) years to 10 years	47,133,014
More than 10 years to 15 years	2,899,129
More than 15 years to 20 years	1,810,838
More than 20 years to 25 years	16,535,463
	₱185,757,844

The average duration of the retirement benefit liability as at December 31, 2024 is approximately 8.2 years.

23. 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. The lease agreements contain either a regular escalation rate or a fixed rent provision until the end of lease term.

ROU Assets

The balance and movements in the Group-occupied ROU assets as at and for the year ended December 31, 2024 and 2023 are as follows:

	2024	2023
Cost		
Balance at beginning of year	**₱1,195,278,394**	₱1,179,776,540
Additions	**1,875,436**	25,062,459
Effect of lease modification	**(47,785,698)**	(8,015,978)
Write-off of expired lease	**(48,574,525)**	–
Terminations	**–**	(1,544,627)
Balance at end of year	**1,100,793,607**	1,195,278,394
Accumulated Amortization		
Balance at beginning of year	**654,270,997**	427,003,945
Amortization	**144,656,759**	228,559,249
Write-off of expired lease	**(48,574,525)**	–
Terminations	**–**	(1,292,197)
Balance at end of year	**750,353,231**	654,270,997
Carrying Amount	**₱350,440,376**	₱541,007,397

The Group-occupied ROU asset is classified as property and equipment in the consolidated statements of financial position (see Note 12).

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

	Note	2024	2023
Balance at beginning of year		**₱522,577,520**	₱714,810,799
Payments		**(156,264,078)**	(223,482,456)
Effect of lease modifications		**(47,785,698)**	(8,015,978)
Interest expense	15	**23,590,799**	31,888,809
Additions		**1,875,436**	25,062,459
Reclassification to accrued expenses		**–**	(17,380,492)
Terminations		**–**	(305,621)
Balance at end of year		**₱343,993,979**	₱522,577,520

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

	Note	2024	2023
Current	14	**₱40,627,540**	₱180,178,199
Noncurrent		**303,366,439**	342,399,321
		₱343,993,979	₱522,577,520

Future minimum rental payments under existing non-cancellable lease payments as at December 31, 2024 are as follows:

	Amount
Within one (1) year	₱66,253,367
After one (1) year but not more than five (5) years	179,365,572
More than five (5) years	215,912,454
	₱461,531,393

Lease Modification
In 2024 and 2023, the Group change the terms of certain lease agreements. These changes in the lease terms is considered as a lease modification which resulted in a decrease in ROU assets and lease liabilities by ₱47.8 million and ₱8.0 million in 2024 and 2023, respectively.

Refundable Deposit
Refundable deposits which are to be refunded at the end of the lease term amounted to ₱22.2 million and ₱73.5 million as at December 31, 2024 and 2023, respectively (see Note 13).

Short-term Lease
The Group has certain short-term and low value leases. The Group applies the recognition exemption for these leases. Rental expense recognized in the consolidated statements of comprehensive income amounted to ₱108.6 million, ₱90.0 million and ₱58.9 million in 2024, 2023 and 2022, respectively (see Note 19)

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

	2024	2023	2022
Rent expense on short-term leases	**₱108,579,807**	₱102,529,144	₱62,624,304
Interest expense	**23,590,799**	31,888,809	28,821,362
Amortization of ROU assets	**144,656,759**	228,559,249	125,388,473
Gain on termination of lease liability	**–**	(53,191)	–
	₱276,827,365	₱362,924,011	₱216,834,139

The total cash outflows for leases in 2024, 2023 and 2022 amounted to ₱264.8 million, ₱326.0 million and ₱209.4 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 ₱75.5 million, ₱74.8 million and ₱62.3 million in 2024, 2023 and 2022, respectively (see Note 17).

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

Within one (1) year	₱104,692,274
After one (1) year but not more than five (5) years	147,979,615
More than five (5) years	17,675,102
	₱270,346,991

24. 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.

25. Income Taxes

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

	2024	2023	2022
Reported in Profit or Loss			
Current tax expense	**₱32,671,718**	₱78,133,216	₱109,263,486
Deferred tax benefit	**(117,493,307)**	(64,424,567)	(48,819,719)
	(₱84,821,589)	₱13,708,649	₱60,443,767
Reported in OCI			
Deferred tax expense (benefit) on:			
Remeasurement losses (gains) on net retirement benefit asset	**₱481,740**	(₱4,349,277)	₱4,600,192

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:

	2024	2023
Deferred tax assets:		
Lease liabilities	**₱85,998,495**	₱130,644,380
Derivative liability	**12,560,496**	39,564,623
Allowance for ECL on trade receivables	**3,948,736**	–
	102,507,727	170,209,003
Deferred tax liabilities:		
Fair value adjustments in property and equipment arising from business combination	**570,731,285**	686,051,924
ROU assets	**87,610,094**	135,251,849
Fair value of investment properties	**47,837,263**	43,593,927
Unrealized foreign exchange gain	**8,479,097**	35,100,879
Retirement plan asset	**1,877,790**	1,249,793
	716,535,529	901,248,372
	₱614,027,802	₱731,039,369

Unrecognized deferred tax assets consist of the following:

	2024	2023
NOLCO	**₱51,727,609**	₱41,071,152
Unamortized past service cost	**3,487,205**	4,069,220
Allowance for ECL on trade receivables	**3,178,457**	525,267
Unrealized foreign exchange loss	**2,436,200**	1,957,156
Excess of MCIT over RCIT	**1,478,829**	1,540,579
Net retirement liability	**486,222**	–
	₱62,794,522	₱49,163,374

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, 2024 are as follows:

Year Incurred	Year of Expiration	Amount
2024	2027	₱42,625,832
2023	2026	48,042,275
2022	2025	26,288,124
2021	2026	49,609,425
2020	2025	40,344,782
		₱206,910,438

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, 2024 are as follows:

Year Incurred	Year of Expiration	Amount	Applied/Expired	Balance
2024	2027	₱103,637	₱–	₱103,637
2023	2026	377,191	–	377,191
2022	2025	847,894	–	847,894
2021	2024	315,494	315,494	–
		₱1,644,216	₱315,494	₱1,328,722

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

	2024	2023	2022
Income tax expense (benefit) at statutory tax rate	**(₱14,044,925)**	₱28,325,038	₱161,567,425
Increase (decrease) in income tax resulting from:			
Nontaxable income	**(43,935,419)**	(47,225,366)	(74,094,681)
Change in unrecognized deferred tax assets	**13,631,148**	8,769,517	(49,523,394)
Nondeductible expenses	**4,852,666**	5,333,210	95,089,237
Income subjected to final tax	**(4,252,525)**	(3,450,790)	(3,178,291)
Expired excess of MCIT over RCIT	**315,494**	578,973	2,113,075
Taxable income subject to income tax holiday	**–**	–	(115,786,035)
Expired NOLCO	**–**	–	44,347,725
Others	**(41,388,028)**	21,378,067	(91,294)
Income tax expense at effective tax rate	**(₱84,821,589)**	₱13,708,649	₱60,443,767

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 amounted to ₱68.7 million.

26. Basic and Diluted Income per Share

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

	2024	2023	2022
Net income (loss) attributable to shareholders of the Parent Company	**(₱19,901,916)**	₱42,693,877	₱94,626,469
Divided by: Weighted average number of outstanding shares	**14,650,643,064**	14,650,643,064	14,200,643,064
Basic and diluted income (loss) per share	**(₱0.001)**	₱0.003	₱0.007

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, 2024 and 2023.

27. 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:

			2024		
			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	13	**₱15,161,108**	**₱15,161,108**	**₱–**	**₱–**
Investment properties at fair value	11	**359,834,102**	**–**	**–**	**359,834,102**
		₱374,995,210	**₱15,161,108**	**₱–**	**₱359,834,102**
Liability Measured at Fair Value -					
Derivative liability*	14	**₱50,241,984**	**₱–**	**₱50,241,984**	**₱–**
Liability for which Fair Value is Disclosed -					
Loans payable		**77,308,601**	**–**	**92,350,639**	**–**
		₱127,550,585	**₱–**	**₱142,592,623**	**₱–**

			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	13	₱12,144,795	₱12,144,795	₱–	₱–
Investment properties at fair value	11	342,860,757	–	–	342,860,757
		₱355,005,552	₱12,144,795	₱–	₱342,860,757
Liability Measured at Fair Value -					
Derivative liability*	14	₱158,258,490	₱–	₱158,258,490	₱–
Liability for which Fair Value is Disclosed -					
Loans payable	15	10,605,332,704	–	10,726,027,224	–
		₱10,763,591,194	₱–	₱10,884,285,714	₱–

**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, 2024 and 2023 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 6.0% to 7.0% and 3.9% to 10.5% in 2024 and 2023, respectively.

Derivative 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 2024 and 2023.

The table below presents the Group's financial assets and liabilities whose carrying amounts approximate their fair values due to their short-term nature or the effect of discounting is not significant as at December 31, 2024 and 2023:

	2024	2023
Financial assets at amortized cost:		
Cash and cash equivalents	**₱1,664,685,320**	₱1,836,923,389
Trade and other receivables	**18,520,644,939**	14,771,560,467
Receivable from sale of investments – net of current portion	**752,864,835**	901,408,183
Refundable deposits*	**47,236,963**	73,456,779
Long-term placements	**19,058,742**	28,628,480
Noncurrent portion of notes receivable	**–**	14,626,438
	₱21,004,490,799	₱17,626,603,736
Financial liabilities at amortized cost:		
Trade and other payables**	**₱8,671,642,645**	₱10,218,205,158
Loans payable	**16,129,089,554**	–
	₱24,800,732,199	₱10,218,205,158

**Includes current and noncurrent refundable deposits*

***Excluding nonfinancial liabilities, derivative liabilities and current portion of lease liabilities aggregating ₱139.8 million and ₱369.5 million as at December 31, 2024 and 2023, respectively.*

28. Financial Risk Management Objectives and Policies

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

Credit Risk

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 ₱28.5 million and ₱10.2 million as at December 31, 2024 and 2023, respectively (see Note 6).

Other 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 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.

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, 2024 and 2023:

	2024			
	12-month ECL	**Lifetime ECL - Not Credit Impaired**	**Lifetime ECL - Credit Impaired**	**Total**
Cash and cash equivalents*	**₱1,664,076,497**	**₱–**	**₱–**	**₱1,664,076,497**
Trade and other receivables	**3,160,163,350**	**15,360,481,589**	**28,508,772**	**18,549,153,711**
Receivable from sale of investment in an associate - net of current portion	**752,864,835**	**–**	**–**	**752,864,835**
Refundable deposits	**47,236,963**	**–**	**–**	**47,236,963**
Long-term placements	**–**	**19,058,742**	**–**	**19,058,742**
	₱5,624,341,645	**₱15,379,540,331**	**₱28,508,772**	**₱21,032,390,748**

**Excluding cash on hand amounting to ₱0.6 million as at December 31, 2024.*

	2023			
	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	6,930,389,412	7,841,171,055	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
Notes receivable - net of current portion	–	14,626,438	–	14,626,438
	₱9,741,531,034	₱7,884,425,973	₱10,244,424	₱17,636,201,431

**Excluding cash on hand amounting to ₱0.6 million as at December 31, 2023.*

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, 2024 and 2023 based on contractual undiscounted payments.

	2024					
	On Demand	**1 to 3 Months**	**>3 to 12 Months**	**>1 Year to 5 Years**	**More than 5 Years**	**Total**
Trade and other payables*	**₱7,387,293,401**	**₱41,601,410**	**₱1,292,989,818**	**₱–**	**₱–**	**₱8,721,884,629**
Lease liabilities**	**–**	**13,363,295**	**52,890,072**	**179,365,572**	**215,912,454**	**461,531,393**
Loans payable**	**–**	**16,456,428,557**	**192,854,961**	**50,236,532**	**44,287,363**	**16,743,807,413**
	₱7,387,293,401	**₱16,511,393,262**	**₱1,538,734,852**	**₱229,602,104**	**₱260,199,817**	**₱25,927,223,436**

**Excluding nonfinancial liabilities and current portion of lease liabilities amounting to ₱48.9 million and ₱40.6 million as at December 31, 2024, respectively.*
***Including future interest payable*

	2023					
	On Demand	1 to 3 Months	>3 to 12 Months	>1 Year 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**	–	3,432,013	191,476,033	202,840,521	233,257,398	631,005,965
Loans payable	–	–	10,008,650,000	451,909,360	–	10,460,559,360
	₱9,344,878,170	₱59,445,539	₱11,175,697,985	654,749,881	₱233,257,398	₱21,468,028,972

**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*

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:

	2024		2023	
	Original Currency	**Philippine Peso**	Original Currency	Philippine Peso
Denominated in USD				
Financial assets at amortized cost:				
Cash and cash equivalents	**$1,092,908**	**₱63,224,741**	$999,252	₱55,328,597
Nontrade receivables	**160,879**	**9,306,847**	160,893	8,908,637
	$1,253,787	**₱72,531,588**	$1,160,145	₱64,237,234
Financial liability at amortized cost -				
Trade payables	**$75,861,803**	**₱4,388,605,327**	$71,771,657	₱3,973,996,648
Denominated in IDR				
Financial assets at amortized cost:				
Cash and cash equivalents	**IDR16,337,678**	**₱58,816**	IDR25,197,330	₱90,710
Trade receivable	**125,892,500**	**453,213**	126,589,426	455,722
	IDR142,230,178	**₱512,029**	IDR151,786,756	₱546,432
Financial liabilities at amortized cost -				
Trade and other payables	**IDR57,263,881,567**	**₱206,149,974**	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:

	2024	2023
USD	**₱57.85 to USD1**	₱55.37 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 2024 and 2023.

	US Dollar		
	Increase (Decrease) in Exchange Rates	Effect on Income Before Tax	Effect on Equity
2024	**1.14**	**(₱85,048,664)**	**(₱63,786,498)**
	(1.14)	**85,048,664**	**63,786,498**
2023	0.80	₱56,489,210	₱42,366,907
	(0.80)	(56,489,210)	(42,366,907)

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, 2024 and unrealized loss on derivative liability in 2024 arising from outstanding foreign exchange forward contacts amounted to ₱50.2 million. Derivative liability as at December 31, 2023 and unrealized loss on derivative asset in 2023 arising from outstanding foreign exchange forward contracts amounted to ₱158.3 million (see Note 14).

As at December 31, 2024 and 2023, 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 ₱22.3 million and ₱4.0 million as at and for the years ended December 31, 2024 and 2023, 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, 2024 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**
2024	**16.37%**	**₱153,163,326**	**₱114,872,494**
	(16.37%)	**(153,163,326)**	**(114,872,494)**
2023	9.70%	₱328,697,355	₱246,523,016
	(9.70%)	(328,697,355)	(246,523,016)

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 3.8% to 10.0% in 2024 and 2023, 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 as at December 31, 2024 and 2023 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 2024 and 2023.

The Group is not subject to externally-imposed capital requirements.

29. **Provisions and Contingencies**

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.

In December 2024, the Group filed a Verified Protest and Urgent Motion for Issuance of Status Quo Order with Community Environment and Natural Resources Office (CENRO) Bagac, Bataan in accordance with Department of Environment and Natural Resources (DENR) Administrative Order (AO) 2016-31. The Protest and Motion was filed after the Group was notified that the lessor had filed an application for foreshore lease over the very same foreshore area occupied by the assets of the Group and with a pending, timely filed, albeit unacted, renewal application with DENR.

As at April 10, 2025, 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. Further, the CENRO has an ongoing investigation and is expected to reach the mandatory mediation stage. The date for mandatory mediation is still to be set by the Alternative Dispute Resolution Officer.

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.

Provisions

Provision was reversed in 2023 due to the settlement of the legal case. There are no additional provision recognized in 2024.

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

	Note	Amounts
Balance at beginning of year		₱40,407,743
Payments		(1,002,031)
Reversal	20	(39,405,712)
Balance at end of year		₱–

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SEC Registration No. PP201007009

BDO Towers Valero
8741 Paseo de Roxas
Makati City 1209 Philippines
Phone : +632 8 982 9100
Fax : +632 8 982 9111
Website : www.reyestacandong.com

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
GM Building, Florida St.
Barangay Wack Wack, Greenhills East
Mandaluyong 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 December 31, 2024 and 2023 and for the years ended December 31, 2024, 2023 and 2022 and have issued our report dated April 10, 2025. 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.

JOSEPH C. BILANGBILIN
Partner
CPA Certificate No. 102884
Tax Identification No. 210-181-965-000
BOA Accreditation No. 4782/P-010; Valid until June 6, 2026
BIR Accreditation No. 08-005144-011-2023
Valid until January 24, 2026
PTR No. 10467122
Issued January 2, 2025, Makati City

April 10, 2025
Makati City, Metro Manila

BASIC ENERGY CORPORATION AND SUBSIDIARIES

SCHEDULE A
FINANCIAL ASSETS
DECEMBER 31, 2024

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	₱15,000,000	₱–
FEC Resources Inc.	1,000,000	100,000	–
Metropolitan Bank & Trust Co.	489	35,208	–
PLDT Inc.	20	25,900	–
		₱15,161,108	₱–

BASIC ENERGY CORPORATION AND SUBSIDIARIES

SCHEDULE B
AMOUNTS RECEIVABLE FROM
DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES, AND PRINCIPAL STOCKHOLDERS
DECEMBER 31, 2024

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, 2024

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	₱192,194,696	₱–	₱–	₱–	₱192,194,696	₱–	₱192,194,696
Grandway Group Limited	175,734,887	293,682	–	–	176,028,569	–	176,028,569
Basic Diversified Industrial Holdings, Inc.	22,891,669	196,152	–	–	23,087,821	–	23,087,821
Basic Biofuels Corporation	6,644,050	98,561	–	–	6,742,611	–	6,742,611
San Joaquin Wind Energy Corporation	1,346,151	2,976,220	–	–	4,322,371	–	4,322,371
Starfish Wind Energy Corporation	1,359,694	713,460	–	–	2,073,154	–	2,073,154
Pasuquin Wind Energy Corporation	807,797	1,149,802	–	–	1,957,599	–	1,957,599
Southwest Resources, Inc.	738,109	44,386	–	–	782,495	–	782,495
Basic Energy Renewables Corporation	227,648	4,815	–	–	232,463	–	232,463
Basic Renewables, Inc.	228,240	43,735	–	–	271,975	–	271,975
iBasic, Inc.	139,043	–	–	–	139,043	–	139,043
Basic Renewables Energy Solutions Corporation	–	99,305	–	–	99,305	–	99,305
	₱402,311,984	₱5,620,118	₱–	₱–	₱407,932,102	₱–	₱407,932,102

BASIC ENERGY CORPORATION AND SUBSIDIARIES

SCHEDULE D
LONG-TERM DEBT
DECEMBER 31, 2024

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
Standby Credit Facility Agreement (SCFA)	₱1,045,000,000	₱451,909,360	₱–	91-day treasury bill plus a specified margin	Payable in 18 months and may be extended for another 18 months as may be agreed by the parties
Trust Receipts	4,000,000,000	2,185,504,312	–	7%	Monthly payments of interest, principal payment at the end of term
Receivable Financing	2,000,000,000	1,882,911,283	–	7%	Monthly payments of interest, principal payment at the end of term
Promissory Note	13,550,000,000	11,426,000,000	–	6.9%-7%	Monthly payments of interest, principal payment at the end of term
Promissory Note	79,400,000	8,528,766	68,779,835	6% - 7%	Monthly payments of interest, principal payment at the end of term
Promissory Note	–	151,276,570	–	6.875%-6.975%	Monthly payments of interest, prinicipal payment at the end of term
Promissory Note	–	32,175,000	–	7%	Monthly payments of interest, principal payment at the end of term
	₱20,674,400,000	₱16,138,305,291	₱68,779,835		

BASIC ENERGY CORPORATION AND SUBSIDIARIES

SCHEDULE E
INDEBTEDNESS TO RELATED PARTIES
DECEMBER 31, 2024

Name of related party	Balance at beginning of period	Balance at end of period
	Not applicable	

BASIC ENERGY CORPORATION AND SUBSIDIARIES

SCHEDULE F
GUARANTEES OF SECURITIES AND OTHER ISSUERS
DECEMBER 31, 2024

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, 2024

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

REYES TACANDONG & CO.
FIRM PRINCIPLES. WISE SOLUTIONS.

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BDO Towers Valero
8741 Paseo de Roxas
Makati City 1209 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 and Subsidiaries
GM Building, Florida St.
Barangay Wack Wack, Greenhills East
Mandaluyong 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, 2024, 2023 and 2022 and have issued our report thereon dated April 10, 2025. 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 June 6, 2026
BIR Accreditation No. 08-005144-011-2023
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PTR No. 10467122
Issued January 2, 2025, Makati City

April 10, 2025
Makati City, Metro Manila

BASIC ENERGY CORPORATION

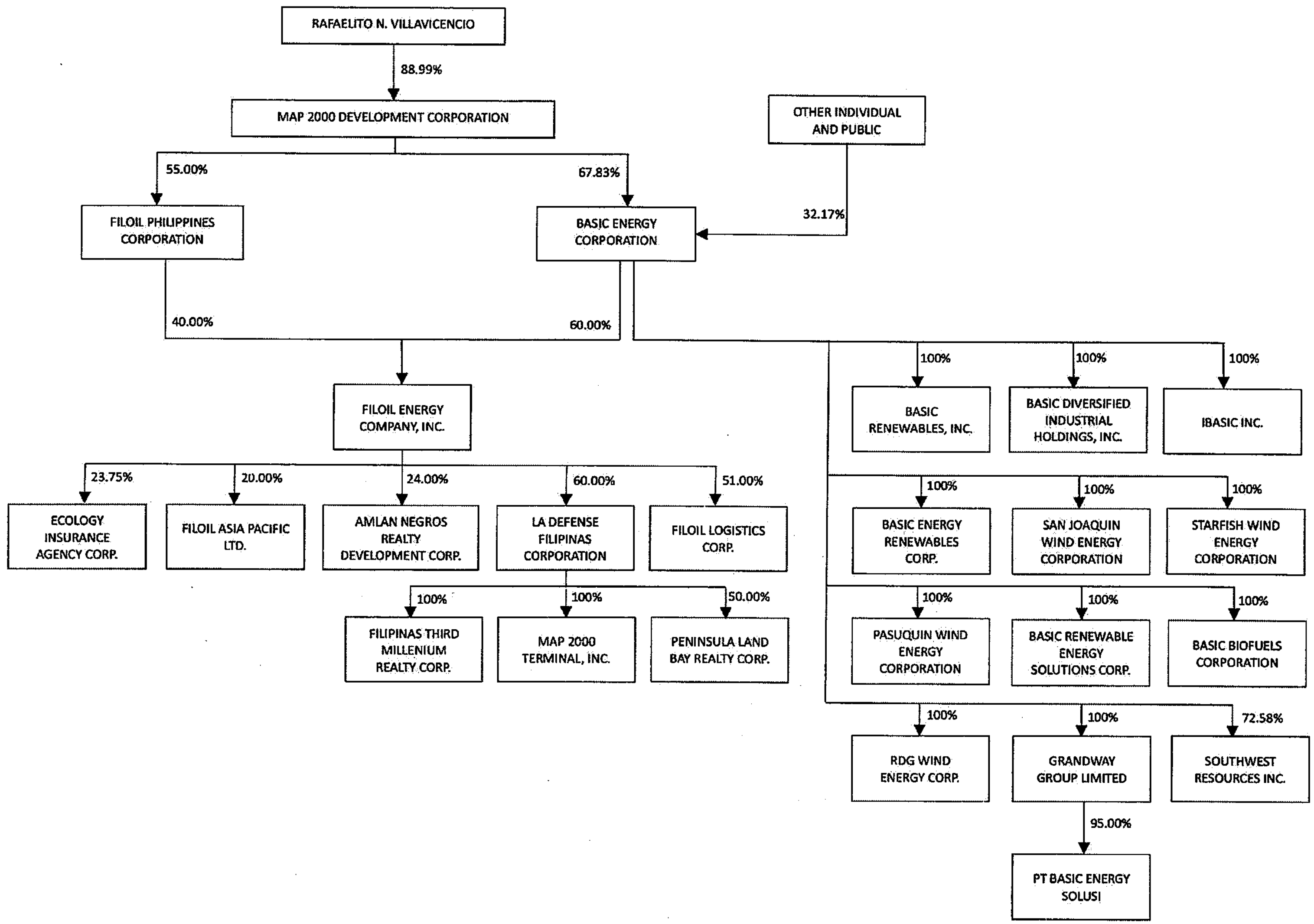
GM Building, Florida St., Brgy. Wack Wack, Greenhills East, Mandaluyong City

RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

FOR THE REPORTING PERIOD ENDED DECEMBER 31, 2024

Deficit, Beginning of Year	(₱502,420,192)
Add: Net Loss for the Current Year	(41,803,670)
Less: Category C: Unrealized income recognized in the profit or loss during the reporting period (net of tax)	
Fair value changes in investment properties	(6,839,645)
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	(486,626)
Adjusted Net Loss	(49,129,941)
Deficit, End of the Reporting Year	(₱551,550,133)

BASIC ENERGY CORPORATION
SUPPLEMENTARY SCHEDULE OF THE MAP OF THE CONGLOMERATE
DECEMBER 31, 2024



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BDO Towers Valero
8741 Paseo de Roxas
Makati City 1209 Philippines
Phone : +632 8 982 9100
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
GM Building, Florida St.
Barangay Wack Wack, Greenhills East
Mandaluyong 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, 2024 and 2023 and for the years ended December 31, 2024, 2023 and 2022, and have issued our report thereon dated April 10, 2025. 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) Accounting Standards 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 Accounting Standards. 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

JOSEPH C. BILANGBILIN
Partner
CPA Certificate No. 102884
Tax Identification No. 210-181-965-000
BOA Accreditation No. 4782/P-010; Valid until June 6, 2026
BIR Accreditation No. 08-005144-011-2023
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PTR No. 10467122
Issued January 2, 2025, Makati City

April 10, 2025
Makati City, Metro Manila

BASIC ENERGY CORPORATION AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS UNDER THE REVISED SECURITIES AND REGULATIONS CODE RULE 68

DECEMBER 31, 2024 AND 2023

	2024	2023
Current assets	**₱25,519,460,822**	₱23,501,516,488
Divided by: Current liabilities	**24,964,558,800**	21,193,057,061
Current/liquidity ratio	**1.10**	1.11
Net income before depreciation and amortization	**₱372,310,431**	₱726,811,924
Divided by: Total liabilities	**25,952,677,765**	22,266,495,751
Solvency ratio	**0.01**	0.03
Total liabilities	**₱25,952,677,765**	₱22,266,495,751
Divided by: Total equity	**7,295,973,191**	7,528,166,391
Debt to equity ratio	**3.56**	2.96
Quick assets	**₱20,185,330,259**	₱16,608,483,856
Divided by: Current liabilities	**24,964,558,800**	21,193,057,061
Quick ratio	**0.81**	0.78
Total assets	**₱33,248,650,956**	₱29,794,662,142
Divided by: Total equity	**7,295,973,191**	7,528,166,391
Asset-to-equity ratio	**4.56**	3.96
Net income before interest expense and taxes	**₱937,204,887**	₱774,026,789
Divided by: Interest expense	**993,384,585**	660,726,636
Interest rate coverage ratio	**0.94**	1.17
Net income before interest expense after-tax	**₱1,022,026,476**	₱760,318,140
Divided by: Average total assets	**31,542,476,682**	29,298,614,268
Return on asset ratio	**0.03**	0.03
Net income	**₱28,641,891**	₱99,591,504
Divided by: Average total equity	**7,412,069,791**	7,421,209,577
Return on equity ratio	**0.00**	0.01
Net income	**₱28,641,891**	₱99,591,504
Divided by: Revenues	**47,956,130,028**	64,073,556,426
Net profit margin	**0.001**	0.002

BASIC ENERGY CORPORATION AND SUBSIDIARIES

GM Building, Florida St., Barangay Wack Wack, Greenhills East, Mandaluyong City

SUPPLEMENTARY SCHEDULE OF EXTERNAL AUDITOR FEE-RELATED INFORMATION
DECEMBER 31, 2024 AND 2023

	2024	2023
Audit fees:		
Parent Company – Basic Energy Corporation	**₱1,400,000**	₱1,300,000
Other entities:		
Filoil Logistics Corporation	**1,400,000**	1,300,000
Filoil Energy Company, Inc.	**850,000**	750,000
Filipinas Third Millenium Realty Corporation	**330,000**	320,000
Map 2000 Terminal, Inc.	**330,000**	320,000
La Defense Filipinas Holding Corporation	**180,000**	120,000
Peninsula Land Bay Realty Corporation	**180,000**	170,000
Basic Diversified Industrial Holdings, Inc.	**50,000**	50,000
RDG Wind Energy Corporation *(formerly known as Mabini Energy Corporation)*	**50,000**	50,000
iBasic, Inc.	**50,000**	50,000
Basic Biofuels Corporation	**25,000**	25,000
Basic Renewables Inc.	**25,000**	25,000
Southwest Resources, Inc.	**25,000**	25,000
Basic Energy Renewable Corporation	**25,000**	25,000
San Joaquin Wind Energy Corporation	**25,000**	25,000
Starfish Wind Energy Corporation	**25,000**	25,000
Pasuquin Wind Energy Corporation	**25,000**	25,000
Basic Renewable Energy Solutions Corporation	**25,000**	–
Total Audit Fees	**₱5,020,000**	₱4,605,000
Non-audit service fees:		
Other assurance services	–	–
Tax services	–	–
All other services	–	–
Total Non-audit Fees	–	–
TOTAL AUDIT AND NON-AUDIT FEES	**₱5,020,000**	₱4,605,000

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)*

GM Building, Florida St., Barangay Wack Wack, Greenhills East, Mandaluyong 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) 7917-8118	0968-854-3822

No. of Stockholders	Annual Meeting	Fiscal Year (Month / Day)
6,503	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.*

Subject: FW: Your BIR AFS eSubmission uploads were received
Date: Tuesday, April 15, 2025 at 6:14:59 PM Philippine Standard Time
From: Emelita Estaras
To: Alain Pangan, Felinita Baldelobar

From: eafs@bir.gov.ph <eafs@bir.gov.ph>
Sent: Tuesday, April 15, 2025 6:14 PM
To: Basic Energy <basicenergy@basicenergy.ph>
Cc: Emelita Estaras <efestaras@basicenergy.ph>
Subject: Your BIR AFS eSubmission uploads were received

Some people who received this message don't often get email from eafs@bir.gov.ph. Learn why this is important
Hi BASIC ENERGY CORPORATION,

Valid files

- EAFS000438702RPTTY122024.pdf
- EAFS000438702ITRTY122024.pdf
- EAFS000438702AFSTY122024.pdf
- EAFS000438702OTHTY122024.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-32XX3XRS069KB9HCJQQRP3W1R0CBACA89**
Submission Date/Time: **Apr 15, 2025 06:13 PM**
Company TIN: **000-438-702**

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

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INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Basic Energy Corporation
GM Building, Florida St.
Barangay Wack Wack, Greenhills East
Mandaluyong 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, 2024 and 2023, 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, 2024 and 2023, and its separate financial performance and its separate cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

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 Accounting Standards, 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.

REYES TACANDONG & CO.

JOSEPH C. BILANGBILIN
Partner
CPA Certificate No. 102884
Tax Identification No. 210-181-965-000
BOA Accreditation No. 4782/P-010; Valid until June 6, 2026
BIR Accreditation No. 08-005144-011-2023
Valid until January 24, 2026
PTR No. 10467122
Issued January 2, 2025, Makati City

April 10, 2025
Makati City, Metro Manila

BASIC ENERGY CORPORATION

(A Subsidiary of MAP 2000 Development Corp.)

SEPARATE STATEMENTS OF FINANCIAL POSITION

	Note	December 31 2024	2023
ASSETS			
Current Assets			
Cash and cash equivalents	4	**₱71,017,584**	₱175,202,363
Accounts and other receivables	5	**92,162,400**	49,009,540
Other current assets	6	**34,695,643**	33,043,499
		197,875,627	257,255,402
Noncurrent asset held for sale	8	**20,000,000**	–
Total Current Assets		**217,875,627**	257,255,402
Noncurrent Assets			
Financial assets at fair value through other comprehensive income (FVOCI)	7	**15,161,108**	12,144,795
Investments in subsidiaries	9	**3,069,985,814**	3,081,470,171
Investment properties	10	**62,551,732**	55,712,087
Property and equipment	11	**203,509,036**	199,699,580
Other noncurrent assets	12	**6,013,928**	6,746,660
Total Noncurrent Assets		**3,357,221,618**	3,355,773,293
		₱3,575,097,245	₱3,613,028,695
LIABILITIES AND EQUITY			
Current Liability			
Accounts and other payables	13	**₱18,992,781**	₱18,737,493
Noncurrent Liabilities			
Net retirement benefit liability	17	**1,944,889**	–
Deferred tax liability	18	**680,321**	771,789
Total Noncurrent Liabilities		**2,625,210**	771,789
Total Liabilities		**21,617,991**	19,509,282
Equity			
Capital stock	14	**3,667,160,766**	3,667,160,766
Additional paid-in capital		**372,568,759**	372,568,759
Deficit		**(494,751,017)**	(452,947,347)
Other equity reserves		**8,500,746**	6,737,235
Total Equity		**3,553,479,254**	3,593,519,413
		₱3,575,097,245	₱3,613,028,695

See accompanying Notes to Separate Financial Statements.

BASIC ENERGY CORPORATION
(A Subsidiary of MAP 2000 Development Corp.)

SEPARATE STATEMENTS OF COMPREHENSIVE INCOME

		Years Ended December 31	
	Note	**2024**	2023
INCOME			
Fair value changes in investment properties	10	**₱6,839,645**	₱11,097,814
Rent income		**4,910,714**	4,419,643
Interest income	4	**4,372,336**	2,019,085
Foreign exchange gain		**2,870,266**	–
Others		**138,038**	2,160
		19,130,999	17,538,702
EXPENSES			
General and administrative expenses	16	**60,922,500**	54,868,468
Foreign exchange loss		–	678,785
		60,922,500	55,547,253
LOSS BEFORE INCOME TAX		**(41,791,501)**	(38,008,551)
INCOME TAX EXPENSE (BENEFIT)	18		
Current		**103,637**	166,363
Deferred		**(91,468)**	771,789
		12,169	938,152
NET LOSS		**(41,803,670)**	(38,946,703)
OTHER COMPREHENSIVE INCOME (LOSS)			
Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods:			
Unrealized gain on changes in fair value of quoted equity securities at FVOCI	7	**3,016,313**	129,710
Remeasurement loss on net retirement benefit liability (asset)	17	**(1,252,802)**	(388,610)
		1,763,511	(258,900)
TOTAL COMPREHENSIVE LOSS		**(₱40,040,159)**	(₱39,205,603)

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, 2024 and 2023

					Other Equity Reserves		
	Note	Capital Stock	Additional Paid-in Capital	Deficit	Cumulative Unrealized Gains on Financial Assets at FVOCI (see Note 7)	Cumulative Remeasurement Loss on Net Retirement Benefit Asset (Liability) (see Note 17)	Total Equity
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**
Net loss		**–**	**–**	**(41,803,670)**	**–**	**–**	**(41,803,670)**
Other comprehensive income (loss)		**–**	**–**	**–**	**3,016,313**	**(1,252,802)**	**1,763,511**
Balances as at December 31, 2024		**₱3,667,160,766**	**₱372,568,759**	**(₱494,751,017)**	**₱12,107,970**	**(₱3,607,224)**	**₱3,553,479,254**
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
Issuance of capital stock	14	112,500,000	17,482,337	–	–	–	129,982,337
Stock issuance costs		–	(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

See accompanying Notes to Separate Financial Statements.

BASIC ENERGY CORPORATION
(A Subsidiary of MAP 2000 Development Corp.)

SEPARATE STATEMENTS OF CASH FLOWS

		Years Ended December 31	
	Note	**2024**	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before income tax		**(₱41,791,501)**	(₱38,008,551)
Adjustments for:			
Provision for ECL on accounts and other receivables	5	**11,289,277**	1,893,179
Fair value changes in investment properties	10	**(6,839,645)**	(11,097,814)
Interest income	4	**(4,372,336)**	(2,019,085)
Retirement expense	17	**2,916,803**	3,178,036
Unrealized foreign exchange loss (gain) - net		**(2,870,266)**	678,785
Depreciation	11	**1,142,173**	915,466
Reversal of provision for ECL on accounts and other receivables	5	**(134,043)**	–
Gain on disposal of property and equipment	11	**(3,075)**	–
Operating loss before working capital changes		**(40,662,613)**	(44,459,984)
Increase in:			
Accounts and other receivables		**(6,094,602)**	(4,646,714)
Other current assets		**(1,755,527)**	(1,672,239)
Increase in accounts and other payables		**464,395**	744,011
Net cash used for operations		**(48,048,347)**	(50,034,926)
Interest received		**4,398,124**	1,936,332
Contributions to retirement plan asset	17	**(1,491,984)**	(10,333,615)
Income tax paid		**(254)**	–
Retirement benefits paid	17	**–**	(4,565,700)
Net cash used in operating activities		**(61,216,851)**	(62,997,909)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to:			
Advances to related parties		**(47,752,654)**	(4,174,819)
Investments in subsidiaries	9	**(8,515,643)**	(987,357)
Property and equipment	11	**(4,973,926)**	(11,285,888)
Proceeds from disposal of property and equipment	11	**25,372**	–
Collection of refundable deposit		**–**	16,122,231
Net cash used in investing activities		**(61,216,851)**	(325,833)

(Forward)

	Note	Years Ended December 31 2024	2023
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of:			
Advances from related parties	13	**(₱209,107)**	(₱76,570)
Stock issuance costs		–	(358,000)
Proceeds from issuance of capital stock	14	–	129,982,337
Additional advances from related parties	13	–	550,000
Net cash provided by (used in) financing activities		**(209,107)**	130,097,767
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(106,568,419)**	66,774,025
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**2,383,640**	(954,088)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**175,202,363**	109,382,426
CASH AND CASH EQUIVALENTS AT END OF YEAR		**₱71,017,584**	₱175,202,363

See accompanying Notes to Separate Financial Statements.

BASIC ENERGY CORPORATION

(A Subsidiary of MAP 2000 Development Corp.)

NOTES TO SEPARATE FINANCIAL STATEMENTS

AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

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 GM Building, Florida St., Barangay Wack Wack, Greenhills, East, Mandaluyong City.

Approval of the Separate Financial Statements

The separate financial statements of the Company as at and for the years ended December 31, 2024 and 2023 were approved and authorized for issuance by the Board of Directors (BOD) of the Company on April 10, 2025.

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) Accounting Standards. This financial reporting framework includes PFRS Accounting Standards, 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 (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 at 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.

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level of input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

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 10 - Investment Properties
- Note 19 - Fair Value Measurements

Adoption of Amendments to PFRS Accounting Standards

The accounting policies adopted are consistent with those of the previous financial year. There are no amendments to PFRS Accounting Standards which are effective as at January 1, 2024 that will have an impact on the Company's separate financial statements.

<u>New and Amendments to PFRS Accounting Standards in Issue But Not Yet Effective</u>
Relevant new and amendments to PFRS Accounting Standards, which are not yet effective as at December 31, 2024 and have not been applied in preparing the separate financial statements, are summarized below.

Effective for annual periods beginning on or after January 1, 2026 -

- Amendments to PFRS 9, Financial Instruments, and PFRS 7, *Financial Instruments: Disclosures – Classification and Measurement of Financial Assets* – The amendments clarify that a financial liability is derecognized when the related obligation is discharged, cancelled, expires or otherwise qualifies for derecognition (e.g. settlement date), and introduces a policy option to derecognize financial liabilities settled through an electronic payment system before settlement date if the required conditions are met. The amendments also clarify the assessment of contractual cash flow characteristics of financial assets, the treatment of non-recourse loans and contractually linked instruments, as well as require additional disclosure requirements for financial assets and liabilities with contingent features and equity instruments classified at fair value through other comprehensive income (FVOCI). Earlier application is permitted.

Effective for annual periods beginning on or after January 1, 2027 -

- PFRS 18, *Presentation and Disclosure in Financial Statements* – This standard replaces PAS 1, *Presentation of Financial Statements*, and sets out the requirements for the presentation and disclosure of information to help ensure that the financial statements provide relevant information that faithfully represents the entity's assets, liabilities, equity, income and expenses. The standard introduces new categories and sub-totals in the statements of comprehensive income, disclosures on management-defined performance measures, and new principles for grouping of information, which the entity needs to apply retrospectively. Earlier application is permitted.

Under prevailing circumstances, the adoption of the foregoing relevant new and amendments to PFRS Accounting Standards is not expected to have any material effect on the separate financial statements of the Company. Additional disclosures will be included in the separate financial statements, as applicable.

<u>Financial Instruments</u>
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, 2024 and December 31, 2023, 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. Financial assets at amortized cost are included under current assets if realizability or collectability is within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

As at December 31, 2024 and 2023, the Company's cash and cash equivalents and accounts and other receivables (except advances to officers and employees) are classified under this category (see Notes 4 and 5).

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, 2024 and 2023, the Company has quoted equity securities pertaining to shares of stocks of corporations and club shares which were irrevocably designated as financial assets at FVOCI (see Note 7).

For financial assets 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 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. Financial liabilities at amortized cost are included under current liabilities if its settlement is within 12 months after the reporting period. Otherwise, these are classified as noncurrent liabilities.

As at December 31, 2024 and 2023, the Company's accounts and other payables (excluding statutory payables) is classified under this category (see Note 13).

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.

Noncurrent Asset Held For Sale

The Company classifies noncurrent assets as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Noncurrent assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one (1) year from the date of classification.

The Company recognizes an impairment loss for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell, to the extent that it has not been recognized in the carrying amount of the noncurrent asset before initial classification as held for sale. The Company recognizes a gain for any subsequent increase in fair value less costs to sell of an asset, but not in excess of the cumulative impairment loss that has been recognized

Assets and liabilities classified as held for sale are presented separately as current items in the separate statements of financial position.

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 and any accumulated impairment losses:

- Machineries and equipment; and
- Office equipment, furniture and fixtures.

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 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 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

The estimated useful lives and depreciation 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 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 pertains to 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 ten 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.

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 Accounting Standards. Other equity reserves of the Company pertain to cumulative unrealized gains on financial assets at FVOCI and cumulative remeasurement loss on net retirement benefit assets (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 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 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.

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

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.

Leases

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

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

If the Company 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 Company also assesses whether a contract contains a lease for each potential separate lease component.

Company as a Lessee. At the commencement date, the Company recognizes 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 in profit or loss on a straight-line basis throughout the lease term.

Company as a Lessor. Leases where the Company retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income.

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 liability (asset) 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 liability (asset) 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 liability (asset).

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 (income) 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 liability (asset), which comprise of 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 and Relationships

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.

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. The key management personnel of the Company and post-employment benefit plans for the benefit of the Company's employees are also considered to be related parties.

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. Significant 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 significant 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 significant 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.

The fair value of financial assets at FVOCI are disclosed in Note 7 to separate financial statements.

Cash and cash equivalents and accounts and other receivables (excluding advances to officers and employees), 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 and 5).

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 the parcels of land as investment properties. The carrying amounts of investment properties are disclosed in Note 10 to the separate financial statements.

Classification of Investments in RDG Wind Energy Corporation (RDG) (formerly Mabini Energy Corporation) as Noncurrent Asset Held For Sale. The Company classifies a noncurrent asset as held for sale when its carrying amount will be recovered principally through a sale transaction rather than through continuing use. In making its judgment, the Company considers its management's commitment to sell the asset within one (1) year. When the one-year period is not met, the Company determines whether the delay of the sale is caused by events or circumstances beyond its control and there is sufficient evidence that the Company remains committed to its plan to sell the asset.

Based on the Company's management assessment, investments in RDG classified as noncurrent asset held for sale will be classified as such because of continuous discussion with the potential acquirer to complete the sale. Accordingly, the investment in RDG was separately presented as noncurrent asset held as at December 31, 2024.

The details of the Company's noncurrent asset held for sale are disclosed in Note 8 to the separate financial statements.

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*, 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 19 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 details of the Company's provision for ECL on accounts and other receivables are disclosed in Note 5 to the separate financial statements.

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 2024 and 2023.

The carrying amounts of financial assets at amortized cost are disclosed in Notes 4 and 5 to the separate financial statements.

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 2024 and 2023.

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, 2024 and 2023. These were valued based on comparable market data adjusted as necessary to reflect the specific assets' location, condition and other characteristics.

The details of the Company's investment properties are disclosed in Note 10 to the separate financial statements.

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 2024 and 2023, no impairment loss on nonfinancial assets was recognized except for investment in subsidiaries. The details of Company's investment in subsidiaries are disclosed in Note 9 to the financial statements.

The carrying amounts of nonfinancial assets are disclosed in Notes 6, 8, 9, 10, 11, and 12 to the separate financial statements.

Determination of Retirement Benefits. The determination of the net retirement benefit liability (asset) and expense is dependent on the assumptions used by the actuary in calculating such amounts. These assumptions are described in Note 17 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 liability (asset).

The details of the Company's retirement benefits are disclosed in Note 17 to the separate financial statements.

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 management assessed that there may be no sufficient future taxable income against which benefits of the deferred tax assets can be utilized. The Company's unrecognized deferred tax assets are disclosed in Note 18 to the separate financial statements.

4. Cash and Cash Equivalents

This account consists of:

	2024	2023
Cash on hand	**₱4,327**	₱18,137
Cash in banks	**19,947,745**	133,010,963
Short-term placements	**51,065,512**	42,173,263
	₱71,017,584	₱175,202,363

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 0.25% to 6.13% and 2.5% to 4.25% in 2024 and 2023, respectively.

Interest income earned from cash and cash equivalents amounted to ₱4.4 million and ₱2.0 million in 2024 and 2023, respectively.

5. Accounts and Other Receivables

This account consists of:

	Notes	2024	2023
Accounts receivable from:			
Third parties		**₱25,583,867**	₱24,993,825
Related party	15	**10,450,000**	4,950,000
Advances to related parties	15	**266,208,125**	218,367,055
Nontrade receivables		**9,306,847**	8,908,637
Advances to officers and employees		**131,438**	126,878
Interest receivable		**108,048**	133,836
		311,788,325	257,480,231
Less allowance for ECL on:			
Accounts receivable		**12,713,827**	2,101,066
Advances to related parties	15	**206,912,098**	206,369,625
		219,625,925	208,470,691
		₱92,162,400	₱49,009,540

Accounts receivable are unsecured, noninterest-bearing and collectible within one (1) year.

Nontrade receivables pertain to the remaining uncollected amount of the refundable deposit from an equity investment opportunity outside the country.

Advances to officers and employees are subject to liquidation within 14 days after the date of the related transaction.

Interest receivable arises from the Company's short-term placements which are collectible within three (3) months.

The balance and movement in the allowance for ECL are as follows:

	Note	2024	2023
Balance at beginning of year		**₱208,470,691**	₱206,577,512
Provision	16	**11,289,277**	1,893,179
Reversal	15	**(134,043)**	–
Balance at end of year		**₱219,625,925**	₱208,470,691

6. Other Current Assets

This account consists of:

	2024	2023
Input VAT	**₱31,989,004**	₱30,294,019
Excess tax credits	**2,013,317**	2,116,700
Prepayments	**584,976**	465,186
Others	**108,346**	167,594
	₱34,695,643	₱33,043,499

7. Financial Assets at FVOCI

As at December 31, 2024 and 2023, the Company has quoted equity securities amounting to ₱15.2 million and ₱12.1 million, respectively.

The movements in financial assets at FVOCI are as follows:

	2024	2023
Balance at beginning of year	**₱12,144,795**	₱12,015,085
Net unrealized gain during the year	**3,016,313**	129,710
Balance at end of year	**₱15,161,108**	₱12,144,795

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

	2024	2023
Balance at beginning of year	**₱9,091,657**	₱8,961,947
Net unrealized gain during the year	**3,016,313**	129,710
Balance at end of year	**₱12,107,970**	₱9,091,657

The Company's financial assets at FVOCI as at December 31, 2024 and 2023 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 19).

8. Noncurrent Asset Held for Sale

The Company classified its investments in RDG Wind Energy Corporation (RDG) (formerly Mabini Energy Corporation) amounting to ₱20.0 million as noncurrent asset held for sale as at December 31, 2024.

On April 15, 2024, the BOD of the Company approved the execution of a Joint Development and Shareholders' Agreement (the Agreement) with Renova, Inc. (RENOVA).

On April 17, 2024, the Company executed the Agreement covering the investment of RENOVA over RDG and the ownership, development, management and operation of an onshore wind power generation project.

Based on the terms, and subject to the conditions set in the agreement, the Company agrees to sell, assign, transfer, convey and deliver to RENOVA, and RENOVA agrees to purchase and accept from the Company, the Company's right, title and interest in the 51% ownership over RDG, for a purchase price.

As at December 31, 2024, the Company is working to fulfill the conditions precedent required for closing the sale. The Company does not expect the purchase price to be lower than the carrying amount of the investment. The Company expects to complete the sale in February 2025.

9. Investments in Subsidiaries

The balance and movements in investments in subsidiaries are as follows:

	Note	2024	2023
Cost			
Balance at beginning of year		**₱3,500,510,808**	₱3,499,523,451
Addition		**8,515,643**	987,357
Reclassification to Noncurrent Asset Held For Sale	8	**(20,000,000)**	–
Balance at end of the year		**3,489,026,451**	3,500,510,808
Accumulated Impairment Losses			
Balance at beginning and end of year		**440,051,451**	440,051,451
		3,048,975,000	3,060,459,357
Deposit for future stock subscription	15	**21,010,814**	21,010,814
Carrying Amount		**₱3,069,985,814**	₱3,081,470,171

The details and cost of investments in subsidiaries as at December 31, 2024 and 2023 are as follows:

Company Name	Percentage of Ownership	Nature of Business	Costs of Investment 2024	Costs of Investment 2023
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
Basic Renewable Energy Solutions Corporation (BRESC)	100.00	Development of renewable energy resources	**5,000,000**	–
Basic Energy Renewables Corporation (BERC)	100.00	Solar energy projects	**2,500,000**	2,500,000
Pasuquin Wind Energy Corporation (PWEC)	100.00	Wind energy projects	**1,500,000**	690,202
San Joaquin Wind Energy Corporation (SJWEC)	100.00	Wind energy projects	**1,500,000**	153,849
Starfish Wind Energy Corporation (SWEC)	100.00	Wind energy projects	**1,500,000**	140,306
Grandway Group Limited (Grandway)	100.00	Investment holding	**76,561**	76,561
RDG Wind Energy Corporation (RDG) (formerly Mabini Energy Corporation)*	100.00	Development of renewable energy resources	–	20,000,000
			₱3,489,026,451	₱3,500,510,808

**Classified as Noncurrent Asset Held for Sale (see Note 8).*

All subsidiaries were incorporated and domiciled in the Philippines except Grandway, which was incorporated and domiciled in Hong Kong.

In 2024, the Company invested in 100% ownership of BRESC for a total consideration of ₱5.0 million.

The key financial information of the subsidiaries as at and for the years ended December 31, 2024 and 2023 are as follows:

	2024					
	Total Assets	**Total Liabilities**	**Revenues**	**Net Income (Loss)**	**Other Comprehensive Loss**	**Total Comprehensive Income (Loss)**
FECI	**₱4,700,225,747**	**₱670,941,879**	**₱–**	**₱143,230,537**	**(₱982,749)**	**(₱142,247,788)**
BDIHI	**257,002,692**	**26,692,661**	**6,644,700**	**6,494,200**	**–**	**6,494,200**
SRI	**35,330**	**832,245**	**–**	**(38,386)**	**–**	**(38,386)**
BBC	**18,852,287**	**6,803,325**	**3,489,000**	**3,416,437**	**–**	**3,416,437**
BRI	**127,947**	**296,976**	**130**	**(41,106)**	**–**	**(41,106)**
iBasic	**4,012,839**	**55,000**	**61**	**(68,404)**	**–**	**(68,404)**
RDG	**87,690,214**	**68,953,878**	**9,050**	**(812,995)**	**(666,000)**	**(1,478,995)**
Grandway	**201,198,214**	**231,562,732**	**–**	**240,688**	**–**	**240,688**
BERC	**23,354,183**	**21,325,684**	**534,978**	**(357,951)**	**–**	**(357,951)**
PWEC	**2,464,058**	**1,175,002**	**398**	**(43,496)**	**–**	**(43,496)**
SJWEC	**4,277,711**	**3,001,220**	**1,353**	**(42,160)**	**–**	**(42,160)**
SWEC	**2,040,053**	**738,459**	**1,353**	**(30,600)**	**–**	**(30,600)**
BRESC	**5,000,000**	**109,305**	**–**	**(109,305)**	**–**	**(109,305)**

	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	₱229,878,764
BDIHI	250,337,231	26,521,400	–	62,020,171	61,869,260	123,889,431
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)
RDG	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)

10. Investment Properties

The balance and movement in this account are as follows:

	2024	2023
Balance at beginning of year	**₱55,712,087**	₱44,614,273
Fair value changes	**6,839,645**	11,097,814
Balance at end of year	**₱62,551,732**	₱55,712,087

Direct operating expenses incurred amounted to ₱53,544 and ₱52,853 in 2024 and 2023, respectively.

The Company engaged an independent appraiser to determine the fair value of the investment properties as at December 31, 2024. The latest appraisal valuation report dated

February 11, 2025 was prepared using the "Market Approach," which is based on the assumption that no prudent purchaser will buy more than what it will cost to acquire an equally desirable substitute parcel or site. Fair value of investment properties is categorized under Level 3 (significant unobservable inputs) (see Note 19).

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 ₱696 to ₱930 per square meter, and at ₱510 to ₱750 per square meter as at December 31, 2024 and 2023, respectively.

11. Property and Equipment

The balances and movements in this account are as follows:

		2024			
	Note	**Machineries and Equipment**	**Office Equipment, Furniture and Fixtures**	**Construction in Progress and Equipment for Installation**	**Total**
Cost					
Balances at beginning of year		**₱6,138,780**	**₱2,886,691**	**₱192,268,743**	**₱201,294,214**
Additions		**–**	**44,999**	**4,928,927**	**4,973,926**
Disposals		**–**	**(27,678)**	**–**	**(27,678)**
Balances at end of year		**6,138,780**	**2,904,012**	**197,197,670**	**206,240,462**
Accumulated Depreciation					
Balances at beginning of year		**484,538**	**1,110,096**	**–**	**1,594,634**
Depreciation	16	**618,850**	**523,323**	**–**	**1,142,173**
Disposal		**–**	**(5,381)**	**–**	**(5,381)**
Balances at end of year		**1,103,388**	**1,628,038**	**–**	**2,731,426**
Carrying Amounts		**₱5,035,392**	**₱1,275,974**	**₱197,197,670**	**₱203,509,036**

		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		–	–	(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	16	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

In 2024, the Company sold office equipment with carrying amount of ₱22,297 for ₱25,372, resulting to a gain of ₱3,075.

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. This is considered a noncash financial information in the separate statements of cash flows.

12. Other Noncurrent Assets

This account consists of:

	Note	**2024**	2023
Intangible asset		**₱6,013,928**	₱6,013,928
Net retirement benefit asset	17	**–**	732,732
		₱6,013,928	₱6,746,660

Intangible Asset
As at December 31, 2024 and 2023, 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 at April 10, 2025, 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 at December 31, 2024, no amortization expense was recognized since the Company has yet to start commercial operations on its geothermal project.

13. Accounts and Other Payables

This account consists of:

	Note	2024	2023
Accounts payable		**₱116,015**	₱213,113
Liabilities from terminated projects		**12,877,792**	12,877,792
Accrual for:			
Professional fees		**1,302,241**	1,308,000
Personnel costs		**749,949**	61,923
Statutory payables		**1,786,374**	1,354,091
Advances from related parties	15	**916,264**	1,125,371
Others		**1,244,146**	1,797,203
		₱18,992,781	₱18,737,493

Liabilities from terminated projects pertain to financial liabilities by the Company to a government agency which are payable on demand.

Accrued expenses and other payables are normally settled within 30 days.

Reconciliation of Advances from Related Parties

	2024	2023
Balance at beginning of year	**₱1,125,371**	₱651,941
Payments	**(209,107)**	(76,570)
Additions	**–**	550,000
Balance at end of year	**₱916,264**	₱1,125,371

14. Equity

Capital Stock

The details of the capital stock are as follows:

	2024		2023	
	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
Collection during the year	**–**	**–**	(450,000,000)	(112,500,000)
Balance at end of year	**–**	**–**	–	–
Issued capital stock	**14,668,643,064**	**₱3,667,160,766**	14,668,643,064	₱3,667,160,766

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

15. 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	**2024**	2023	**2024**	2023
Accounts Receivable (see Note 5)					
Subsidiary -					
RDG	Rent income	**₱5,500,000**	₱4,950,000	**₱10,450,000**	₱4,950,000
Advances to Related Parties (see Note 5)					
Subsidiaries:					
Grandway	Working capital advances	**₱345,580**	₱1,306,141	**₱176,028,503**	₱175,728,514
RDG	Working capital advances	**42,348,685**	2,556,670	**54,118,467**	11,769,782
BDIHI	Working capital advances	**196,152**	138,451	**23,087,821**	22,891,669
BBC	Working capital advances	**98,561**	86,372	**6,742,611**	6,644,050
SJWEC	Working capital advances	**2,976,220**	–	**2,976,220**	–
PWEC	Working capital advances	**1,149,802**	–	**1,149,802**	–
SRI	Working capital advances	**44,386**	45,585	**782,495**	738,109
SWEC	Working capital advances	**713,460**	–	**713,460**	–
BRI	Working capital advances	**43,735**	50,020	**271,976**	228,240
BERC	Working capital advances	**4,815**	45,508	**232,464**	227,648
BRESC	Working capital advances	**99,035**	–	**99,305**	–
iBasic	Working capital advances	**2,772**	–	**5,001**	139,043
				266,208,125	218,367,055
Less allowance for ECL				**206,912,098**	206,369,625
				₱59,296,027	₱11,997,430
Deposit For Future Investment (see Note 9)					
Subsidiary -					
BERC	Deposit for future investment	**₱–**	₱21,010,814	**₱21,010,814**	₱21,010,814
Advances from Related Parties (see Note 13)					
Subsidiaries:					
RDG	Working capital advances	**₱–**	₱550,000	**₱550,100**	₱550,100
iBasic	Working capital advances	**–**	–	**366,164**	575,271
				₱916,264	₱1,125,371
Fair Value of Plan Asset (see Note 17)					
Plan asset	Plan contribution	**₱1,491,984**	₱10,333,615	**₱17,111,019**	₱14,578,578
Personnel Costs					
Key management personnel	Retirement benefits	**₱2,593,079**	₱2,825,319	**₱12,226,966**	₱8,884,000
	Short-term benefits	**1,628,900**	1,445,700	**36,659**	36,659
				₱12,263,625	₱8,920,659

Accounts Receivable

Accounts receivable pertain to the rent income from the lease of machinery to a related party for ₱0.6 million monthly, inclusive of VAT, which was terminated in October 2024. Accounts receivable are unsecured, noninterest-bearing and generally collected within one (1) year.

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 collected in Philippine Peso, except for the advances to Grandway which are to be collected in United States (US) Dollar.

The balance and movements in the allowance for ECL on advances to related parties are as follows:

	Note	2024	2023
Balance at beginning of year		**₱206,369,625**	₱204,476,446
Provision		**676,516**	1,893,179
Reversal	5	**(134,043)**	–
Balance at end of year		**₱206,912,098**	₱206,369,625

Advances from Related Parties

Advances from related parties are unsecured, noninterest-bearing, due on demand and to be settled in Philippine Peso.

16. General and Administrative Expenses

This account consists of:

	Note	2024	2023
Personnel costs:			
Salaries and wages		**₱28,515,988**	₱25,625,106
Retirement expense	17	**2,916,803**	3,178,036
Provision for ECL	5	**11,289,277**	1,893,179
Professional fees		**6,342,461**	6,657,725
Rent		**3,586,770**	3,215,877
Taxes and licenses		**1,955,071**	4,940,692
Transportation and travel		**1,380,303**	2,038,622
Depreciation	11	**1,142,173**	915,466
Communications		**651,910**	440,233
Meetings and trainings		**580,947**	491,589
Others		**2,560,797**	5,471,943
		₱60,922,500	₱54,868,468

The Company as a lessee, has a cancellable operating lease agreement for its office space. The lease contract is renewable every year at the option of both parties. The Company elected to apply the recognition exemption provided in PFRS 16, *Leases*, on short-term leases. Hence, no ROU asset and lease liability were recognized.

17. 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, 2024.

The components of the retirement expense included under the "General and administrative expenses" account in the separate statements of comprehensive income are as follows (see Note 16):

	2024	2023
Current service cost	**₱3,018,687**	₱2,568,852
Net interest expense (income)	**(101,884)**	609,184
	₱2,916,803	₱3,178,036

Movements in net retirement benefit liability (asset) recognized in the separate statements of financial position are as follows:

	2024	2023
Balance at beginning of year	**(₱732,732)**	₱10,599,937
Retirement expense	**2,916,803**	3,178,036
Contributions paid	**(1,491,984)**	(10,333,615)
Remeasurement loss recognized in OCI	**1,252,802**	388,610
Benefits paid from Company operating funds	**–**	(4,565,700)
Balance at end of year	**₱1,944,889**	(₱732,732)

The funded status of the Company's retirement plan are as follows:

	2024	2023
Present value of defined benefit obligation	**₱19,055,908**	₱13,845,846
Fair value of plan assets	**(17,111,019)**	(14,578,578)
	₱1,944,889	(₱732,732)

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

	2024	2023
Balance at beginning of year	**₱13,845,846**	₱33,020,698
Current service cost	**3,018,687**	2,568,852
Actuarial losses (gains) recognized in OCI:		
Change in financial assumptions	**2,497,230**	343,156
Experience adjustments	**(1,259,834)**	1,280,434
Interest expense	**953,979**	998,254
Benefits paid from retirement fund	**–**	(19,799,848)
Benefits paid from Company operating funds	**–**	(4,565,700)
Balance at end of year	**₱19,055,908**	₱13,845,846

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

	Note	2024	2023
Balance at beginning of year		**₱14,578,578**	₱22,420,761
Contributions paid	15	**1,491,984**	10,333,615
Interest income		**1,055,863**	389,070
Remeasurement gain (loss)		**(15,406)**	1,234,980
Benefits paid from retirement funds		**–**	(19,799,848)
Balance at end of year		**₱17,111,019**	₱14,578,578

Remeasurement loss recognized in OCI are as follows:

	2024	2023
Actuarial losses on defined benefit obligation	**(₱1,237,396)**	(₱1,623,590)
Remeasurement gain (loss)	**(15,406)**	1,234,980
	(₱1,252,802)	(₱388,610)

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

	2024	2023
Balance at beginning of year	**₱2,354,422**	₱1,965,812
Remeasurement loss	**1,252,802**	388,610
Balance at end of year	**₱3,607,224**	₱2,354,422

The Company did not recognize deferred tax asset on the cumulative remeasurement loss on net retirement benefit liability (asset). 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:

	2024	2023
Investment in government securities	**59.84%**	17.57%
Investment in unit investment trust fund	**29.12%**	68.45%
Other securities and debt instruments	**11.04%**	11.76%
Others	**–**	2.22%
	100.00%	100.00%

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

	2024	2023
Discount rate	**6.11%**	6.89%
Salary increase rate	**6.00%**	5.00%

Sensitivity analysis on the net retirement benefit liability (asset) are as follows:

	Change in Assumption	Effect on Net Retirement Benefit Liability (Asset) 2024	2023
Discount rate	+1.00%	**(₱1,460,553)**	(₱12,819,376)
	-1.00%	**1,669,940**	15,019,259
Salary increase rate	+1.00%	**₱1,655,084**	₱15,096,901
	-1.00%	**(1,474,993)**	(12,734,820)

The sensitivity analysis above have been determined based on a method that extrapolates the impact on net retirement benefit liability (asset) 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's 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 securities and government 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 Company is not required to pre-fund the future defined benefits payable under the retirement plan before they become due. For this reason, the amount and timing of contributions to the retirement fund to support the defined benefits are at the Company's discretion. However, in the event a defined benefit claim arises and the retirement fund is insufficient to pay the claim, the shortfall will then be due and payable from the Company to the retirement fund.

As at December 31, 2024, the maturity analysis of the undiscounted benefit payments is as follows:

Within one (1) year	₱2,748,328
More than:	
One (1) year to five (5) years	1,331,834
Five (5) years to 10 years	3,783,623
10 years to 15 years	2,899,129
15 years to 20 years	1,810,838
20 years to 25 years	16,535,463
	₱29,109,215

The average duration of the retirement benefit liability as at December 31, 2024 is approximately 8.2 years.

18. Income Taxes

The components of income tax expense (benefit) as reported in the separate statements of comprehensive income are as follows:

	2024	2023
Current tax expense - MCIT	**₱103,637**	₱166,363
Deferred tax expense (benefit)	**(91,468)**	771,789
	₱12,169	₱938,152

As at December 31, 2024 and 2023, the Company has the following unrecognized deferred tax assets:

	2024	2023
NOLCO	**₱50,072,092**	₱38,531,925
Unamortized past service cost	**3,487,205**	4,069,220
Allowance for ECL on accounts receivable	**3,178,457**	525,266
Unrealized foreign exchange loss	**1,681,388**	1,957,156
Excess of MCIT over RCIT	**566,890**	473,034
Net retirement liability	**486,222**	–
	₱59,472,254	₱45,556,601

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.

As at December 31, 2023 and 2024, the Company's deferred tax liability amounting to ₱680,321 and ₱771,789 pertains to unrealized foreign exchange gain and net retirement asset, respectively.

Details of the Company's NOLCO as at December 31, 2024 are as follows:

Year Incurred	Amount	Year of Expiration
2024	₱46,160,668	2027
2023	46,653,151	2026
2022	20,950,297	2025
2021	48,003,326	2026
2020	38,520,924	2025
	₱200,288,366	

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, 2024 are as follows:

Year Incurred	Amount	Expired	Balance	Year of Expiration
2024	₱103,637	₱–	₱103,637	2027
2023	166,363	–	166,363	2026
2022	296,890	–	296,890	2025
2021	9,781	9,781	–	2024
	₱576,671	₱9,781	₱566,890	

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

	2024	2023
Income tax benefit at statutory tax rate	**(₱10,447,875)**	(₱9,502,138)
Change in unrecognized deferred tax assets	**13,915,653**	13,180,086
Increase (decrease) in income tax resulting from:		
Nontaxable income	**(1,676,630)**	(2,774,994)
Income subjected to final tax	**(1,093,084)**	(504,771)
Nondeductible expenses	**206,130**	620,795
Expired excess of MCIT over RCIT	**9,781**	8,674
Stock issuance costs	**–**	(89,500)
Others	**(901,806)**	–
Income tax expense at effective tax rate	**₱12,169**	₱938,152

19. **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:

		2024			
			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	**₱15,161,108**	**₱15,161,108**	**₱–**	**₱–**
Investment properties	10	**62,551,732**	**–**	**–**	**62,551,732**
		₱77,712,840	**₱15,161,108**	**₱–**	**₱62,551,732**

			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	10	55,712,087	–	–	55,712,087
		₱67,856,882	₱12,144,795	₱–	₱55,712,087

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.

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.

There were no transfers between Level 1, Level 2, and Level 3 fair value measurements in 2024 and 2023.

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, 2024 and 2023:

	2024	2023
Financial assets at amortized cost:		
Cash and cash equivalents	**₱71,017,584**	₱175,202,363
Accounts and other receivables*	**92,030,962**	48,882,662
	₱163,048,546	₱224,085,025
Financial liabilities at amortized cost -		
Accounts and other payables**	**₱16,656,307**	₱17,383,402

**Excluding nonfinancial assets amounting to ₱0.1 million as at December 31, 2024 and 2023, respectively.*

***Excluding nonfinancial liabilities amounting to ₱1.8 million and ₱1.4 million as at December 31, 2024 and 2023, respectively.*

20. Financial Risk and Capital Management Objectives and Policies

Financial Risk Management

The Company's financial instruments consist of cash and cash equivalents, accounts and other receivables (excluding nonfinancial assets), 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.

The carrying amounts of financial assets at amortized cost 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, accounts and other receivables (excluding nonfinancial assets) are transacted 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 receivables of ₱11.3 million and ₱1.9 million in 2024 and 2023, 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, 2024 and 2023:

	2024			
	Financial Assets at Amortized Cost			
	12-month ECL	**Lifetime ECL - Not Credit impaired**	**Lifetime ECL - Credit Impaired**	**Total**
Cash in banks and cash equivalents*	**₱71,013,257**	**₱–**	**₱–**	**₱71,013,257**
Accounts and other receivables**	**–**	**92,030,962**	**219,625,925**	**311,656,887**
	₱71,013,257	**₱92,030,962**	**₱219,625,925**	**₱382,670,144**

**Excluding cash on hand amounting to ₱4,327 as at December 31, 2024.*
***Excluding nonfinancial assets amounting to ₱0.1 million as at December 31, 2024.*

	2023			
	Financial Assets at Amortized Cost			
	12-month ECL	Lifetime ECL - Not Credit impaired	Lifetime ECL - Credit Impaired	Total
Cash in banks and cash equivalents*	₱175,184,226	₱–	₱–	₱175,184,226
Accounts and other receivables**	–	48,882,662	208,470,691	257,353,353
	₱175,184,226	₱48,882,662	₱208,470,691	₱432,537,579

**Excluding cash on hand amounting to ₱18,137 as at December 31, 2023.*
***Excluding nonfinancial assets amounting to ₱0.1 million as at December 31, 2023.*

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 ₱17.2 million and ₱17.4 million, excluding nonfinancial liabilities amounting to ₱1.8 million and ₱1.4 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, 2024 and 2023, 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:

	2024	
	Original Currency	**Philippine Peso**
Cash and cash equivalents	**US$100,919**	**₱5,838,152**
Advances to related parties	**3,042,844**	**176,028,503**
Nontrade receivables	**160,879**	**9,306,847**
	US$3,304,642	**₱191,173,502**

	2023	
	Original Currency	Philippine Peso
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

For purposes of translating the Company's foreign currency-denominated monetary assets to Philippine Peso, the exchange rates applied were ₱57.85 and ₱55.37 per US$1 as at December 31, 2024 and 2023, 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 2024 and 2023.

	Increase (Decrease) in Exchange Rates	Effect on Loss Before Income Tax	Effect on Equity
2024	**1.14**	**₱3,767,292**	₱2,825,469
	(1.14)	**(3,767,292)**	(2,825,469)
2023	0.80	₱3,467,086	₱2,600,315
	(0.80)	(3,467,086)	(2,600,315)

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, 2024 and 2023:

	2024		2023	
Changes in PSEi	**15.34%**	**(15.34%)**	14.04%	(14.04%)
Financial assets at FVOCI:				
Telecommunications	**₱3,439**	**(₱3,439)**	₱2,504	(₱2,504)
Banks	**2,557**	**(2,557)**	1,294	(1,294)
	₱5,996	**(₱5,996)**	₱3,798	(₱3,798)

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 as at December 31, 2024 and 2023, 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, 2024 and 2023.

BOA/PRC Accreditation No. 4782
April 14, 2024, valid until June 6, 2026
SEC Registration No. PP201007009

BDO Towers Valero
8741 Paseo de Roxas
Makati City 1209 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
GM Building, Florida St.
Barangay Wack Wack, Greenhills East
Mandaluyong City

We have audited the accompanying separate financial statements of Basic Energy Corporation (the Company) as at and for the years ended December 31, 2024 and 2023, on which we have rendered our report dated April 10, 2025.

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 as at December 31, 2024 and 2023.

REYES TACANDONG & CO.

JOSEPH C. BILANGBILIN
Partner
CPA Certificate No. 102884
Tax Identification No. 210-181-965-000
BOA Accreditation No. 4782/P-010; Valid until June 6, 2026
BIR Accreditation No. 08-005144-011-2023
Valid until January 24, 2026
PTR No. 10467122
Issued January 2, 2025, Makati City

April 10, 2025
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
GM Building, Florida St.
Barangay Wack Wack, Greenhills East
Mandaluyong 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, 2024 and 2023 and have issued our report thereon dated April 10, 2025. 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
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April 10, 2025
Makati City, Metro Manila

BASIC ENERGY CORPORATION

GM Building, Florida St., Barangay Wack Wack, Greenhills East, Mandaluyong City

RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION FOR THE REPORTING PERIOD ENDED DECEMBER 31, 2024

	Amount
Deficit, Beginning of Year	(₱502,420,192)
Add: Net Loss for the Current Year	(41,803,670)
Less: Category C: Unrealized income recognized in the profit or loss during the reporting period (net of tax)	
Fair value changes in investment properties	(6,839,645)
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	(486,626)
Adjusted Net Loss	(49,129,941)
Deficit, End of the Reporting Year	(₱551,550,133)

Exhibit 3

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 2024, the Company's existing energy service contracts with the DOE are still in the exploratory and/or pre-development stage.
Reporting Period	January 01, 2024 to December 31, 2024
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 2024, 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 2023 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)	1,261,983,435	Php
Direct economic value distributed:		Php
a. Operating costs	7,814,349	Php
b. Employee wages and benefits	243,117,942	Php
c. Payments to suppliers, other operating costs	33,586,145	Php
d. Dividends given to stockholders and interest payments to loan providers	969,793,786	Php
e. Taxes given to government	138,613,407	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 Php243.1 million. 2. Operating cost of around Php7.8 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 Php138.6 million. Payment of tax is a	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.

necessary 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 2024, as the company continues to strengthen its operations post-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 health and safety policy 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	m³
Water consumption	0	m³
Water recycled and reused	0	m³

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	m³
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	5	#
b. Number of male employees	10	#
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 has moved past the critical stages of the COVID-19, the company has returned to full onsite office reporting.	▪ 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
▪ In the post-COVID-19 period, most of the trainings continue to be delivered 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 enhance accessibility, improve efficiency, and accommodate varying work arrangements.

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

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number: 36359

COMPANY NAME

BASIC ENERGY CORPORATION AND SUBSIDIARIES

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

GM Building, Florida St., Barangay Wack Wack, Greenhills East, Mandaluyong 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)
6,503	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.*

BASIC ENERGY CORPORATION

"STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS"

The Management of **BASIC ENERGY CORPORATION 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, 2024 and 2023, 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, 2024 and 2023, 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.

KIM S. JACINTO - HENARES
Chairman of the Board

OSCAR L. DE VENECIA JR.
Chief Executive Officer

ALAIN S. PANGAN
Vice President, Finance

BASIC ENERGY
CORPORATION

16 APR 2025

SUBSCRIBED AND SWORN to before me this 15th day of April, 2025 affiant having exhibited to me their Passport ID number as follows:

Name	ID Number
Kim S. Jacinto – Henares	P066070B
Oscar L. De Venecia, Jr.	P8082820A
Alain S. Pangan	P5631428A

Notary Public

Doc. No. 573
Page No. 104
Book No. 364
Series of 2025

ATTY. RAYMOND A. RAMOS
COMMISSION NO. M-229
NOTARY PUBLIC FOR MAKATI CITY
UNTIL DECEMBER 31, 2026
2364 ANGONO STREET
BARANGAY POBLACION 1210, MAKATI CITY
SC Roll No. 62179/04-26-2013
IBP NO. 499549/01-06-2025/Pasig City
PTR NO. MKT 10494504/01-22-2025/Makati City
MCLE Compliance No. VIII-0012099/04-14-2028

"DOCUMENTARY STAMP TAX PAID"
(SIGNATURE) APR 16 2025 (DATE OF PAYMENT)

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Basic Energy Corporation and Subsidiaries
GM Building, Florida St.
Barangay Wack Wack, Greenhills East
Mandaluyong 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, 2024 and 2023, 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, 2024, 2023 and 2022, 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, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2024, 2023 and 2022 in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

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 Notes 17 and 6 to the consolidated financial statements, revenues and trade receivables of the Group amounted to ₱47,826.1 million and ₱16,328.7 million, respectively, in 2024. 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. The terms of the sale of fuel ranges from 15 to 240 days.

We determined that the revenue recognition and recording of receivables of the Group is a key audit matter because of the inherent risk related to the completeness, existence and occurrence of the revenue and related receivables 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 and recording of receivables. Further, we have reviewed the arrangement with customers vis-à-vis its transactions during the year to determine the proper timing of revenue recognition. In addition, we have performed substantive analytical procedures and applicable test of details. For the receivables of the Group, we have sent confirmation letters, performed test of subsequent collections and examination of related supporting documents to validate the existence of receivables. Assessment of the adequacy of allowance for expected credit losses was also performed by testing the assumptions and computation performed including default rate, forward looking assumptions and credit enhancements including collaterals of customers.

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, 2024, 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 Accounting Standards, 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/P-010; Valid until June 6, 2026
BIR Accreditation No. 08-005144-011-2023
Valid until January 24, 2026
PTR No. 10467122
Issued January 2, 2025, Makati City

April 10, 2025
Makati City, Metro Manila

BASIC ENERGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		December 31	
	Note	**2024**	2023
ASSETS			
Current Assets			
Cash and cash equivalents	5	**₱1,664,685,320**	₱1,836,923,389
Trade and other receivables	6	**18,520,644,939**	14,771,560,467
Inventories	7	**5,136,991,947**	5,131,020,877
Excess tax credits		**1,890,370,207**	1,570,346,318
Other current assets	8	**221,598,195**	191,665,437
		27,434,290,608	23,501,516,488
Assets of disposal group held for sale	9	**85,170,214**	–
Total Current Assets		**27,519,460,822**	23,501,516,488
Noncurrent Assets			
Property, equipment and right of use (ROU) assets	12	**4,339,630,102**	4,699,489,821
Investment properties	11	**359,834,102**	342,860,757
Investments in associates and a joint venture	10	**190,982,951**	182,837,429
Receivable from sale of investments in an associate - net of current portion	6	**752,864,835**	901,408,183
Other noncurrent assets	13	**85,878,144**	166,549,464
Total Noncurrent Assets		**5,729,190,134**	6,293,145,654
		₱33,248,650,956	₱29,794,662,142
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	14	**₱8,811,417,999**	₱10,587,724,357
Current portion of borrowings	15	**16,138,305,291**	10,605,332,704
		24,949,723,290	21,193,057,061
Liabilities of disposal group held for sale	9	**14,835,510**	–
Total Current Liabilities		**24,964,558,800**	21,193,057,061
Noncurrent Liabilities			
Borrowings - net of current portion	15	**68,779,835**	–
Lease liability - net of current portion	23	**303,366,439**	342,399,321
Net retirement benefit liability	22	**1,944,889**	–
Net deferred tax liabilities	25	**614,027,802**	731,039,369
Total Noncurrent Liabilities		**988,118,965**	1,073,438,690
Total Liabilities		**25,952,677,765**	22,266,495,751
Equity			
Capital stock	16	**3,667,160,766**	3,667,160,766
Additional paid-in capital		**370,064,055**	370,064,055
Retained earnings (Deficit)		**(15,109,658)**	4,792,258
Treasury stock	16	**(3,240,000)**	(3,240,000)
Other equity reserves		**(45,496,923)**	(48,550,596)
Equity Attributable to Equity Holders of the Parent Company		**3,973,378,240**	3,990,226,483
Equity Attributable to Non-controlling Interests	4	**3,322,594,951**	3,537,939,908
Total Equity		**7,295,973,191**	7,528,166,391
		₱33,248,650,956	₱29,794,662,142

See accompanying Notes to Consolidated Financial Statements.

BASIC ENERGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Note	Years Ended December 31		
		2024	2023	2022
REVENUES	17	**₱47,956,130,028**	₱64,073,556,426	₱74,636,367,811
COST OF SALES AND SERVICES	18	**46,780,427,633**	62,490,258,102	72,821,004,104
GROSS PROFIT		**1,175,702,395**	1,583,298,324	1,815,363,707
GENERAL AND ADMINISTRATIVE EXPENSES	19	**(1,050,925,018)**	(1,260,143,914)	(1,214,230,183)
FINANCE COSTS	15	**(993,384,585)**	(660,726,636)	(244,702,946)
INTEREST INCOME	5	**142,461,509**	150,749,706	49,021,779
SHARE IN NET INCOME OF ASSOCIATES AND A JOINT VENTURE	10	**7,483,952**	9,092,237	18,748,566
OTHER INCOME - Net	20	**662,482,049**	291,030,436	222,068,776
INCOME (LOSS) BEFORE INCOME TAX		**(56,179,698)**	113,300,153	646,269,699
INCOME TAX EXPENSE (BENEFIT)	25			
Current		**32,671,718**	78,133,216	109,263,486
Deferred		**(117,493,307)**	(64,424,567)	(48,819,719)
		(84,821,589)	13,708,649	60,443,767
NET INCOME		**₱28,641,891**	₱99,591,504	₱585,825,932
OTHER COMPREHENSIVE INCOME (LOSS)				
To be reclassified to profit or loss in subsequent periods				
Share in cumulative gains on translation of associates (net of deferred income tax)	10	**₱661,570**	₱67,795	₱13,061,126
Translation gains (losses) on consolidation of foreign operation		**(105,391)**	(1,943,278)	9,886,170
Unrealized loss on changes in fair value of debt securities at FVOCI	13	**–**	–	(190,148)
Reclassification to profit or loss of cumulative gain on translation of disposed investments in associates	10	**–**	–	(159,315)
		₱556,179	(₱1,875,483)	₱22,597,833

(Forward)

	Note	2024	2023	2022
		Years Ended December 31		
Not to be reclassified to profit or loss in subsequent periods				
Unrealized gain on changes in fair value of equity securities at FVOCI	13	**₱3,016,313**	₱129,710	₱5,081,954
Remeasurement gains (losses) on net retirement benefit liability - net of deferred tax	22	**192,417**	(13,436,440)	5,468,950
		3,208,730	(13,306,730)	10,550,904
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)		**3,764,909**	(15,182,213)	33,148,737
TOTAL COMPREHENSIVE INCOME		**₱32,406,800**	₱84,409,291	₱618,974,669
NET INCOME (LOSS) ATTRIBUTABLE TO:				
Equity holders of the Parent Company		**(₱19,901,916)**	₱42,693,877	₱94,626,469
Non-controlling interests	4	**48,543,807**	56,897,627	491,199,463
		₱28,641,891	₱99,591,504	₱585,825,932
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Equity holders of the Parent Company		**(₱16,848,243)**	₱36,539,740	₱124,417,460
Non-controlling interests		**49,255,043**	47,869,551	494,557,209
		₱32,406,800	₱84,409,291	₱618,974,669
Basic/Diluted Income (Loss) Per Share	26	**(₱0.001)**	₱0.003	₱0.007

See accompanying Notes to Consolidated Financial Statements.

BASIC ENERGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022

				Other Equity Reserves								
	Capital Stock	Additional Paid-in Capital	Retained Earnings (Deficit)	Equity Reserve on Acquisition of Non-controlling Interest	Cumulative Gains (Losses) on Translation of Investments in Associates	Cumulative Unrealized Gains on Changes in Fair Value of Financial Assets at FVOCI	Cumulative Translation Gains (Losses) on Consolidation of a Foreign Operation	Cumulative Remeasurement Gains (Losses) 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, 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
Net income (loss)	–	–	(19,901,916)	–	–	–	–	–	–	(19,901,916)	48,543,807	28,641,891
Dividend	–	–	–	–	–	–	–	–	–	–	(264,600,000)	(264,600,000)
Other comprehensive income (loss)	–	–	–	–	953,316	3,016,313	(105,391)	(810,565)	–	3,053,673	711,236	3,764,909
Balances as at December 31, 2024	**₱3,667,160,766**	**₱370,064,055**	**(₱15,109,658)**	**(₱53,945,929)**	**₱993,993**	**₱12,107,970**	**₱392,169**	**(₱5,045,126)**	**(₱3,240,000)**	**₱3,973,378,240**	**₱3,322,594,951**	**₱7,295,973,191**
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 (loss)	–	–	–	–	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

BASIC ENERGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Years Ended December 31		
	Note	**2024**	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES				
Income (loss) before income tax		**(₱56,179,698)**	₱113,300,153	₱646,269,699
Adjustments for:				
Finance costs	15	**993,384,585**	660,726,636	244,702,946
Depreciation and amortization	12	**343,668,540**	627,220,420	571,084,798
Interest income	5	**(142,461,509)**	(150,749,706)	(49,021,779)
Loss (gain) on derivative liability		**(108,016,506)**	93,432,781	64,825,709
Unrealized foreign exchange gains		**(31,214,267)**	(140,403,515)	(36,246,628)
Retirement expense	22	**20,799,041**	20,190,611	18,350,265
Impairment losses on trade and other receivables	6	**18,264,348**	–	8,143,358
Fair value changes on investment properties	11	**(16,973,345)**	(73,117,985)	(30,543,772)
Share in net income of associates and a joint venture	10	**(7,483,952)**	(9,092,237)	(18,748,566)
Gain on reversal of provision	29	**–**	(39,405,712)	–
Gain on termination of lease liability	23	**–**	(53,191)	–
Gain on disposal of investments in associates	10	**–**	–	(155,977,882)
Realization of OCI from disposal of investments in associates	10	**–**	–	(159,315)
Operating income before working capital changes		**1,013,787,237**	1,102,048,255	1,262,678,833
Decrease (increase) in:				
Trade and other receivables		**(3,308,688,564)**	(785,641,454)	(4,563,961,582)
Inventories		**(5,971,070)**	462,724,388	(4,423,354,436)
Other current assets		**(20,582,180)**	195,995,814	(353,286,880)
Other noncurrent assets		**34,290,425**	231,014,023	4,790,261
Increase (decrease) in trade and other payables		**(1,746,959,008)**	(2,342,942,656)	5,416,521,464
Net cash generated used for operations		**(4,034,123,160)**	(1,136,801,630)	(2,656,612,340)
Income taxes paid		**(352,695,607)**	(641,415,888)	(210,060,809)
Contributions to retirement plan and benefit paid	22	**(20,691,984)**	(32,943,058)	(21,897,620)
Interest received		**18,548,812**	16,610,527	17,107,304
Provisions paid	29	**–**	(1,002,031)	–
Net cash used in operating activities		**(4,388,961,939)**	(1,795,552,080)	(2,871,463,465)
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to:				
Advances to a related party		**(186,200,000)**	(136,232,557)	–
Property and equipment	12	**(94,380,871)**	(86,834,657)	(181,055,970)
Refundable deposits		**–**	(39,382,125)	–
Long-term placements		**–**	–	(6,059,651)
Collections of refundable deposit		**26,219,816**	–	–
Collections of long-term placements		**10,000,000**	2,971,256	6,304,035
Proceeds from disposal of property and equipment		**–**	3,740,208	–
Redemption of debt securities at FVOCI		**–**	–	22,100,000
Net cash used in investing activities		**(244,361,055)**	(255,737,875)	(158,711,586)

(Forward)

	Note	Years Ended December 31 2024	2023	2022
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from:				
Availments of borrowings	15	**68,100,960,618**	44,277,756,000	28,479,302,892
Liabilities on receivable financing	15	**–**	–	18,973,808,038
Issuance of capital stock	16	**–**	129,982,337	–
Advances from related parties	15	**–**	134,496	4,298,078
Payments of:				
Loans payable	15	**(62,507,945,280)**	(40,814,580,831)	(44,498,050,637)
Interest	15	**(961,056,702)**	(628,353,196)	(203,504,276)
Lease liabilities	23	**(156,264,078)**	(223,482,456)	(182,439,780)
Advances from related parties	15	**(477,496)**	–	(122,662,054)
Stock issuance costs		**–**	(478,000)	–
Dividends payable		**–**	–	(30,380,000)
Issuance of capital stock attributable to noncontrolling interests		**–**	–	3,500
Net cash provided by financing activities		**4,475,217,062**	2,740,978,350	2,420,375,761
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(158,105,932)**	689,688,395	(609,799,290)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**(340,556)**	(1,075,928)	5,170,806
CASH CLASSIFIED AS HELD FOR SALE		**(13,791,581)**	–	–
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**1,836,923,389**	1,148,310,922	1,752,939,406
CASH AND CASH EQUIVALENTS AT END OF YEAR		**₱1,664,685,320**	₱1,836,923,389	₱1,148,310,922

See accompanying Notes to Consolidated Financial Statements.

BASIC ENERGY CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2024 AND 2023
AND FOR THE YEARS ENDED DECEMBER 31, 2024, 2023 AND 2022

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.

The Group's ultimate Parent Company is MAP 2000 Development Corporation (M2DC or the Ultimate Parent Company).

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 GM Building, Florida St., Barangay Wack Wack, Greenhills, East, Mandaluyong City.

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

Subsidiaries	Nature of Business	Effective Percentage of Ownership (%) 2024	2023	2022
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
RDG Wind Energy Corporation (Formerly Mabini Energy Corporation)****	Development of Renewable Energy Resources	100.00	100.00	100.00
Basic Energy Renewables Corporation (BERC)	Solarization Projects	100.00	100.00	100.00
San Joaquin Wind Energy Corporation	Development of Renewable Energy Resources	100.00	100.00	–
Starfish Wind Energy Corporation	Development of Renewable Energy Resources	100.00	100.00	–
Pasuiquin Wind Energy Corporation	Development of Renewable Energy Resources	100.00	100.00	–
Basic Renewable Energy Solutions Corporation (BRESC)	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 (%) 2024	2023	2022
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*

*****classified as disposal group held for sale*

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, 2024 and 2023, and for the years ended December 31, 2024, 2023 and 2022 were approved and authorized for issuance by the Board of Directors (BOD) of the Parent Company on April 10, 2025, as reviewed and recommended for approval by the Audit Committee on the same date.

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) Accounting Standards. This financial reporting framework includes PFRS Accounting Standards, Philippine Accounting Standards (PAS) and Philippine interpretations 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 consolidated financial statements are presented in Philippine Peso (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
Net retirement asset (liability)	Present value of the defined benefit obligation less the fair value of plan asset
Lease liabilities	Present value of future lease payments

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 11 – Investment Properties
- Note 13 – Financial Assets at FVOCI
- Note 27 – Fair Value Measurement

Adoption of Amendments to PFRS Accounting Standards

The accounting policies adopted are consistent with those of the previous financial year. There are no amendments to PFRS Accounting Standards which are effective as at January 1, 2024 that will have an impact on the Group's consolidated financial statements.

New and Amendments to PFRS Accounting Standards in Issue But Not Yet Effective

Relevant new and amendments to PFRS Accounting Standards, which are not yet effective as at December 31, 2024 and have not been applied in preparing the consolidated financial statements, are summarized below.

Effective January 1, 2025 -

- Amendments to PAS 21, *The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability* – The amendments clarify when a currency is considered exchangeable into another currency and how an entity determines the exchange rate for currencies that lack exchangeability. The amendments also introduce new disclosure requirements to help users of financial statements assess the impact when a currency is not exchangeable. An entity does not apply the amendments retrospectively. Instead, an entity recognizes any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings when the entity reports foreign currency transactions. When an entity uses a presentation currency other than its functional currency, it recognizes the cumulative amount of translation differences in equity. Earlier application is permitted.

Effective January 1, 2026 -

- Amendments to PFRS 9, *Financial Instruments*, and PFRS 7, *Financial Instruments: Disclosures – Classification and Measurement of Financial Assets* – The amendments clarify that a financial liability is derecognized when the related obligation is discharged or cancelled, expires or otherwise qualifies for derecognition (e.g. settlement date), and introduces a policy option to derecognize financial liabilities settled through an electronic payment system before settlement date if the required conditions are met. The amendments also clarify the assessment of contractual cash flow characteristics of financial assets, the treatment of non-recourse loans and contractually linked instruments, as well as require additional disclosure requirements for financial assets and liabilities with contingent features and equity instruments classified at FVOCI. Earlier application is permitted.

- Annual Improvements to PFRS Accounting Standards Volume 11:

  - Amendments to PFRS 7, *Financial Instruments: Disclosures* – The amendments update and remove some obsolete references related to the gain or loss on derecognition on financial assets of an entity that has a continuing involvement and to the disclosure requirements on deferred differences between fair value and transaction price. The amendments also clarify that the illustrative guidance does not necessarily illustrate all the requirements for credit risk disclosure. Earlier application is permitted.

- Amendments to PFRS 9, *Financial Instruments – Transaction Price and Lessee Derecognition of Lease Liabilities* – The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with PFRS 9, the lessee must apply the derecognition criteria for a financial liability which requires recognition of a gain or loss in profit or loss. The amendments also replace the reference to *'transaction price as defined by PFRS 15, Revenue from Contracts with Customers'* to *'the amount determined by applying PFRS 15'* to remove potential confusion. Earlier application is permitted.

- Amendments to PFRS Accounting Standards 10, *Consolidated Financial Statements - Determination of a 'de facto agent'* – The amendments remove inconsistencies by clarifying that an entity must use judgment to determine whether other parties are acting as de facto agents. Earlier application is permitted.

Effective January 1, 2027 -

- PFRS 18, *Presentation and Disclosure in Financial Statements* – This standard replaces PAS 1, *Presentation of Financial Statements*, and sets out the requirements for the presentation and disclosure of information to help ensure that the financial statements provide relevant information that faithfully represents the entity's assets, liabilities, equity, income and expenses. The standard introduces new categories and sub-totals in the statements of comprehensive income, disclosures on management-defined performance measures, and new principles for grouping of information, which the entity needs to apply retrospectively. Earlier application is permitted.

Deferred effectivity -

- Amendments to PFRS Accounting Standards 10, *Consolidated Financial Statements*, and PAS 28, *Investment in Associates - Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture* – The amendments address a conflicting provision under the two standards. It clarifies that a gain or loss shall be recognized fully when the transaction involves a business, and partially if it involves assets that do not constitute a business. The effective date of the amendments, initially set for annual periods beginning on or after January 1, 2016, was deferred indefinitely in December 2015 but earlier application is still permitted.

Under prevailing circumstances, the adoption of the foregoing relevant new and amendments to PFRS Accounting Standards is not expected to have any material effect on the consolidated financial statements of the Group. Additional disclosures will be included in the consolidated financial statements, as applicable.

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, 2024, 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

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.

Classification. The Group 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 Group's business model for managing the asset and its contractual cash flow characteristics.

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, 2024 and 2023, 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 13).

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, 2024 and 2023, the Group has investments in quoted equity securities which were irrevocably designated as financial assets at FVOCI (see Note 13).

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 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, 2024 and 2023, the Group classified its derivative liability on outstanding foreign exchange forward contracts and embedded commodity price derivative liability under this category (see Note 14).

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, 2024 and 2023, 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 14, 15, and 23).

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	22
Building and building improvements	22
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.

In 2024, the Group changed the useful life of office buildings and depot tanks as a result of the periodical evaluation of the Management. Accordingly, the effect of the change in useful life was accounted for prospectively in the consolidated financial statements.

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 statements 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 statements of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the joint venture or associates are eliminated to the extent of the Group's interest in the joint venture or associates.

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 statements of comprehensive 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 and equipment up to the date of change in use.

Other Nonfinancial Assets

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

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.

Advances to Suppliers. Advances to suppliers represent advance payments made in relation to purchase of raw materials and services and are carried at cost. These are to be applied against the suppliers' billing upon the receipt of materials or services.

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.

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.

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.

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.

Disposal Group Held for Sale

The Group classifies assets and liabilities of disposal group as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Disposal group held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of disposal group, excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the disposal group and the sale expected to be completed within one (1) year from the date of classification.

If the one-year period is not complied, the Group can still classify its disposal group as held for sale when:

- There are non-buyer conditions which extend the period required to complete the sale and the conditions can only be complied after a firm purchase commitment is obtained. The firm purchase commitment should be highly probable within one year.
- There are buyer or non-buyer conditions that will extend the period required to complete the sale after the Group obtains a firm purchase agreement and the Group already responded to the conditions expecting favorable resolution.
- During the one-year period, the disposal group held for sale was not sold due to the occurrence of unlikely circumstances and the Group responded to the change in circumstances within the same period. Also, the disposal group should be actively marketed at a reasonable price given the change in circumstances.

The Group recognizes an impairment loss for any initial or subsequent write-down of the disposal group to fair value less costs to sell, to the extent that it has not been recognized in the carrying amount of the disposal group before initial classification as held for sale. The Group recognizes a gain for any subsequent increase in fair value less costs to sell of disposal group, but not in excess of the cumulative impairment loss that has been recognized.

Assets and liabilities of a disposal group classified as held for sale are presented separately as current items in the consolidated statements of financial position.

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.

Retained Earnings (Deficit). Retained earnings (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 Accounting Standards. Other equity reserves of the Group pertain to equity reserve on acquisition of NCI, cumulative gain (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 gain (loss) on net retirement benefit asset (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 240 days.

Port service Income. Port service income pertaining to port services 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 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 in the consolidated statements of financial position. Amortization is computed using the straight-line method over the estimated useful life of 25 years or the remaining useful life of the underlying asset at the commencement of the lease, whichever is shorter.

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 reasonably 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 (asset) 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 liability (asset).

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.

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 transactions consist of transfers of resources, services, or obligations among the Group.

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. The key management personnel of the Group and post-employment benefit plans for the benefit of the Group's employees are also considered to be related parties.

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.

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 finance cost.

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 as financial assets at FVOCI (see Note 13).

Cash and cash equivalents, trade and other receivables, receivable from sale of an associate, 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 (see Notes 5, 6, 8, and 13).

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 27 to the consolidated financial statements.

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. The amount of the rent income recognized in 2024 and 2023 are disclosed in Note 23 to the consolidated financial statements.

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, 2024 and 2023 are disclosed in Note 11 to the consolidated financial statements.

Classification of RDG Wind Energy Corporation (RDG) (formerly Mabini Energy Corporation) as Disposal Group Held For Sale. The Group classifies its assets and liabilities as a noncurrent asset as held for sale when its carrying amount will be recovered principally through a sale transaction rather than through continuing use. In making its judgment, the Group considers its management's commitment to sell the asset within one (1) year. When the one-year period is not met, the Group determines whether the delay of the sale is caused by events or circumstances beyond its control and there is sufficient evidence that the Group remains committed to its plan to sell the asset.

On February 14, 2025, the Group executed the Deed of Assignment of Shares with RENOVA for the assignment, transfer, conveyance of all its rights for the 51% common shares of RDG in favor of RENOVA for a consideration of ₱68.3 million.

The details of the Group's disposal group held for sale are disclosed in Note 9 to the consolidated financial statements.

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.

Amortization of ROU assets and interest expense on lease liability and the carrying amounts of ROU assets and lease liabilities as at December 31, 2024 and 2023 are disclosed in Note 23 to the consolidated financial statements.

Evaluation of the Adequacy of Tax Liabilities. The Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretation of tax laws and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Group to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

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, 2024 and 2023 are disclosed in Note 10.

Existence of Significant Influence over Filoil Asia Pacific, Ltd. (FAP), MJVC, Ecology Insurance Agency Corp. (EIAC) and Amlan Negros Development Realty Corp. (ANDRC). 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 as at December 31, 2024 and 2023 are disclosed in Note 10 to the consolidated financial statements.

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.

Accounting Estimates and Assumptions

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, 2024 and 2023 are disclosed in Note 6 to the consolidated financial statements.

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 2024, 2023 and 2022.

The carrying amounts of other financial assets at amortized cost as at December 31, 2024 and 2023 are disclosed in Notes 5, 6, 8 and 13 in the consolidated financial statements.

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, 2024 and 2023 are disclosed in Note 7 to the consolidated financial statements.

Estimation of Useful Lives of Property and Equipment. The useful lives of property and equipment (excluding land and construction in progress) are estimated based on the period over which the assets are expected to be available for use. They are reviewed periodically and are updated if expectations differ from previous estimates. Any reduction in the estimated useful lives of these assets would increase the Company's recorded operating expenses and decrease noncurrent assets.

There were no changes in the estimated useful lives of property and equipment (excluding land and construction in progress) in 2023. Effective January 1, 2024, the Group changed the estimated useful lives of depot tanks and buildings from 10 years to 22 years based on the assessment of the Management and to align with the industry. Accordingly, the decrease in depreciation expense in 2024 are as follows:

	Before change in useful life	Impact	After change in useful life
Property and equipment	₱2,288,212,459	₱153,556,976	₱2,441,769,435
Depreciation on property and equipment	352,568,757	(153,556,976)	199,011,781

The carrying amounts of property and equipment as at December 31, 2024 and 2023 are disclosed in Note 12 to the consolidated financial statements.

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 11 to the consolidated financial statements.

The fair value changes and carrying amount of investment properties as at December 31, 2024 and 2023 are disclosed in Note 11 to the consolidated financial statements.

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, 2024 and 2023 are disclosed in Notes 8, 10, 11, 12, and 13 to the consolidated financial statements.

Determination of the 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 22 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 asset (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 22 to the consolidated financial statements.

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 rates 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 23 to the consolidated financial statements.

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, 2024 and 2023 are disclosed in Note 25 to the consolidated financial statements.

Assessment of Provisions and Contingencies. The Group evaluates legal proceedings to which it is involved based on analysis of potential results. 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 (see Note 29).

4. Material Noncontrolling Interest

The Group's non-controlling interests on net assets as at December 31, 2024 and 2023 amounting to ₱3,322.6 million and ₱3,537.9 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 ₱3,602.3 million and ₱3,553.3 million as at December 31, 2024 and 2023, respectively. The net income allocated to non-controlling interest in FECI amounted to ₱49.0 million and ₱56.9 million in 2024 and 2023, respectively.

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

	December 31, 2024	December 31, 2023
Current assets	**₱27,293.9**	₱23,214.8
Noncurrent assets	**2,822.5**	3,247.9
Current liabilities	**24,509.8**	20,722.8
Noncurrent liabilities	**858.4**	877.8
Net assets	**₱4,748.2**	₱4,862.1

	2024	2023
Revenue	**₱47,950.7**	₱64,068.7
Expenses	**(47,587.2)**	(63,456.3)
Other income - net	**(196.0)**	(286.2)
Income before income tax	**167.5**	326.2
Income tax expense	**(15.0)**	(109.2)
Net income	**152.5**	217.0
Other comprehensive income (loss)	**1.5**	(13.0)
Total comprehensive income	**₱154.0**	₱204.0
Cash flows from (used in):		
Operating activities	**(₱4,547.3)**	(₱1,936.6)
Investing activities	**(189.4)**	23.3
Financing activities	**4,666.4**	2,538.1
Net decrease in cash and cash equivalents	**(70.3)**	624.8
Cash and cash equivalents at beginning of year	**1,654.0**	1,029.2
Cash and cash equivalents at end of year	**₱1,583.7**	₱1,654.0

5. Cash and Cash Equivalents

This account consists of:

	2024	2023
Cash on hand	**₱608,823**	₱646,729
Cash in banks	**1,516,896,506**	1,693,402,671
Short-term placements	**147,179,991**	142,873,989
	₱1,664,685,320	₱1,836,923,389

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 (3) months depending on the immediate cash requirements of the Group and earn annual interest at rates ranging from 0.25% to 6.25%, 0.25% to 5.20% and 0.38% to 1.75% in 2024, 2023 and 2022, respectively.

The sources of the Group's interest income for the years ended December 31, 2024, 2023 and 2022 are as follows:

	Note	2024	2023	2022
Receivables from sale of investment in an associate	6	**₱99,529,598**	₱109,435,006	₱9,238,276
Notes receivables	6	**25,914,943**	27,511,539	27,070,341
Cash and cash equivalents		**16,586,706**	13,021,636	11,982,743
Long-term placements	13	**430,262**	781,525	475,616
Financial assets at FVOCI	13	**–**	–	254,803
		₱142,461,509	₱150,749,706	₱49,021,779

6. **Trade and Other Receivables**

This account consists of:

	Note	2024	2023
Trade receivables from:			
Related parties	21	**₱10,017,913,652**	₱8,292,571,359
Third parties		**6,310,817,168**	4,875,871,824
Advances to a related party	21	**1,062,729,170**	630,861,607
Current portion of notes receivable		**817,515,671**	658,026,481
Current portion of receivable from sale of investment in an associate		**248,072,946**	245,667,563
Interest receivable		**82,798,257**	58,845,420
Others		**9,306,847**	19,960,637
		18,549,153,711	14,781,804,891
Less allowance for expected credit losses		**(28,508,772)**	(10,244,424)
		₱18,520,644,939	₱14,771,560,467

Trade Receivables

Trade receivables are noninterest-bearing and are generally on a 15 to 240 days credit term. As a policy, the Group imposes penalties on delayed payment by customers based on rates ranging from 7.00% to 7.80%, 5.50% to 8.0% per annum in 2024, 2023 and 2022, respectively. Income from penalty on delayed payment by customers amounted to ₱503.9 million, ₱105.5 million and ₱64.0 million in 2024, 2023 and 2022, respectively, classified under "Other income - net" account in the consolidated statements of comprehensive income (see Note 20).

Notes Receivable
This account consists of the following:

	Note	2024	2023
Notes receivable from:			
Related parties	21	**₱521,224,038**	₱521,224,038
Third parties		**296,291,633**	151,428,881
		817,515,671	672,652,919
Less noncurrent portion of notes receivable from third parties	13	**–**	14,626,438
Current portion of notes receivable		**₱817,515,671**	₱658,026,481

Notes receivable includes receivables that are collectible either on demand or in equal monthly installments until 2025. These receivables are unsecured and bears interest ranging from 3.00% to 10.00%.

Interest income on notes receivable in 2024, 2023 and 2022 amounted to ₱25.9 million, ₱27.5 million and ₱27.1 million, respectively (see Note 5).

Advances to a Related Party
Advances to a related party amounted to ₱1,062.7 million and ₱630.9 million as of December 31, 2024 and 2023, respectively. These advances are supported with non-interest bearing promissory notes that are payable on demand and in cash (see Note 21). Advances amounting to ₱146.1 million and ₱88.9 million in 2024 and 2023, respectively, was reclassified from receivable from sale of investment in an associate. Promissory note was issued payable on demand. This was considered as a noncash financial information in the consolidated statements of cash flows.

Receivable from Sale of Investment in an Associate
On December 29, 2022, the Group entered into a sale agreement with Filoil Philippines Corporation (FPC) 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	10	₱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 in an associate as at December 31, 2024 and 2023 are as follows (see Note 21):

	2024	2023
Current	**₱248,072,946**	₱245,667,563
Noncurrent	**752,864,835**	901,408,183
	₱1,000,937,781	₱1,147,075,746

Interest income from sale of investment in associate recognized in 2024, 2023 and 2022 amounted to ₱99.5 million, ₱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, 2024 and 2023 are as follows:

	Note	2024	2023
Balance at beginning of year		**₱10,244,424**	₱10,244,424
Provision	19	**18,264,348**	–
Balance at end of year		**₱28,508,772**	₱10,244,424

7. Inventories

This account consists of fuels inventory measured at cost amounting to ₱5,137.0 million and ₱5,131.0 million as at December 31, 2024 and 2023, respectively. As at December 31, 2024 and 2023, costs of these inventories are lower than the NRV.

The cost of inventories recognized in profit or loss amounted to ₱46,412.6 million, ₱61,962.1 million and ₱72,327.1 million in 2024, 2023, and 2022, respectively (see Note 18).

The carrying amount of inventories used as collateral for the Company's trust receipts payables amounted to ₱2,185.5 and nil as at December 31, 2024 and 2023, respectively (see Note 15).

8. Other Current Assets

This account consists of:

	Note	2024	2023
Prepayments		**₱111,855,626**	₱87,662,267
Input VAT		**38,932,433**	77,628,257
Current portion of deferred input VAT		**28,145,201**	3,287,725
Refundable deposits		**25,000,000**	–
Advances to suppliers		**17,664,935**	13,087,188
Current portion of long-term placements	13	–	10,000,000
		₱221,598,195	₱191,665,437

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	2024	2023
Current		**₱28,145,201**	₱3,287,725
Noncurrent	13	–	26,003,816
		₱28,145,201	₱29,291,541

Advances to Suppliers

Advances to suppliers pertain to advance payments for fuel purchases. These are reversed upon receipt of goods from suppliers.

9. Disposal Group Held for Sale

On April 15, 2024, the BOD of the Group approved the execution of a Joint Development and Shareholders' Agreement (the Agreement) with Renova, Inc. (RENOVA) covering the sale of the Group's investment in RDG to RENOVA, and the ownership, development, management and operation of an onshore wind power generation project. The Agreement was executed on April 17, 2024. Based on the terms, and subject to the conditions set in the agreement, the Group agrees to sell, assign, transfer, convey and deliver to RENOVA, and RENOVA agrees to purchase and accept from the Group, the Group's right, title and interest in the 51% ownership over RDG, for a purchase price.

On February 14, 2025, the Group executed the Deed of Assignment of Shares with RENOVA for the assignment, transfer, conveyance of all its rights for the 51% common shares of RDG in favor of RENOVA for a consideration of ₱68.3 million.

Assets and liabilities of RDG classified as held for sale as at December 31, 2024 are as follows:

Assets Held for Sale	
Cash	₱13,791,581
Construction in progress	64,661,788
Other assets	6,716,845
	85,170,214
Liability Held for Sale	
Trade and other payables	14,835,510
Net Assets Held for Sale	₱70,334,704

RDG had not started commercial operations and did not meet the definition of a discontinued operation in accordance with PFRS 5, *Noncurrent Assets Held for Sale and Discontinued Operations*. Accordingly, the following loss of RDG in 2024 is included under continuing operations in the consolidated statements of comprehensive income:

Interest income	₱9,050
Expenses	(822,045)
Net loss	(812,995)
Other comprehensive loss	(666,000)
Total comprehensive loss	(₱1,478,995)

10. Investments in Associates and a Joint Venture

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

	2024	2023
Cost	**₱150,342,415**	₱150,342,415
Accumulated Share in Net Income		
Balance at beginning of year	**32,427,219**	23,334,982
Share in net income	**7,483,952**	9,092,237
Balance at end of year	**39,911,171**	32,427,219
Cumulative Translation Gain		
Balance at beginning of year	**67,795**	–
Translation gain	**661,570**	67,795
Balance at end of year	**729,365**	67,795
	₱190,982,951	₱182,837,429

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:

	2024	2023	2022
Balances at beginning of year	**₱67,795**	₱–	(₱12,901,811)
Translation gain	**661,570**	67,795	13,061,126
Reclassified to profit or loss	**–**	–	(159,315)
	₱729,365	₱67,795	₱–

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 2024	2023
Associates:				
ANDRC	Philippines	Holding of real properties	**14.40**	14.40
EIAC	Philippines	Agency and brokering services	**14.25**	14.25
FAP	Singapore	Sale of petroleum products	**12.00**	12.00
Joint Venture -				
MJVC	Philippines	Management services	**18.00**	18.00

**Effective economic interest through FECI*

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

	2024	2023
Associate -		
FAP	**₱124,135,731**	₱118,584,756
Joint Venture -		
MJVC	**66,847,220**	64,252,673
	₱190,982,951	₱182,837,429

The tables below show the summarized financial information of the associates and joint venture as at and for the years ended December 31, 2024 and 2023:

	2024			
	FAP	**MJVC**	**EIAC**	**ANRDC**
Current assets	**₱570,213,407**	**₱126,075,614**	**₱2,523,508**	**₱500,466**
Noncurrent assets	**638,459,285**	**24,099,683**	**132,591**	**68,873,660**
Current liabilities	**1,012,780,116**	**3,393,020**	**3,100,558**	**69,124,106**
Equity	**195,892,576**	**146,782,277**	**(444,458)**	**250,000**
Revenue	**6,348,823,718**	**31,986,472**	**7,779,849**	**–**
Net income	**24,108,048**	**5,692,352**	**765,976**	**–**

	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	–	–

Investment in FAP

The Group has investment in FAP, a Singapore entity, through FECI, its subsidiary. In 2020, FECI entered into a Memorandum of Agreement (Agreement) with a Joint Venture Partner (JV Partner) to operate a company in Singapore. Under the Agreement, FAP will be 20%-owned by FECI and 80% will be owned by its JV Partner. In the same year, FAP was incorporated with FECI as a sole owner. In 2021, FAP received the advances for the subscription of the 80% ownership of the JV Partner. Under an agreement entered in December 2021, FECI cedes and waives all its rights and interests, including the fruits and income attached to such advances for the subscription of the 80% ownership in FAP, in favor of the JV Partner. Accordingly, FECI classified its investment in FAP at 20% effective economic interest as an associate starting at the execution of the agreement. Based on the agreement, the Group has 12% effective economic interest in FAP, through FECI.

As of April 10, 2025, FAP is still in the process of finalizing the legal requirement for the completion of the subscription of the JV Partner.

Disposal of Investments in Associates

On October 17, 2022, the Group sold its investments and advances to its associates amounting to ₱123.7 million in exchange for solar panels amounting to ₱210.4 million. This resulted to a gain on sale of ₱86.7 million. The acquired solar panels are recorded as part of Construction in Progress and equipment for installation.

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

Total gain on disposal of investments in associate presented in the 2022 consolidated statements of comprehensive income includes the following:

	Note	Amount
Arising from disposal of:		
Investments in and advances to associates		₱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

11. **Investment Properties**

The balances and movements in this account are as follows:

	2024	2023
Balances at beginning of year	**₱342,860,757**	₱269,742,772
Fair value changes	**16,973,345**	73,117,985
Balance at end of year	**₱359,834,102**	₱342,860,757

The Group earned rental income amounting to ₱75.5 million, ₱74.8 million, and ₱62.3 million from its investment properties in 2024, 2023, and 2022, respectively.

Direct operating expenses arising from these investment properties amounted to ₱72.5 million, ₱163.1 million and ₱161.1 million in 2024, 2023 and 2022, 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 27).

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:

	2024	2023
Price per square meter	**₱98 to ₱14,634**	₱26 to ₱12,750
Value adjustments	**-20% to -30%**	-30% to 5%

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.

12. **Property, Equipment and ROU Assets**

The balances and movements in this account as at and for the years ended December 31, 2024 and 2023 are as follows:

	2024							
	Land	Depot Tanks	Building and Improvements	Furniture, Fixtures, and Office Equipment	Transportation Equipment	ROU Assets (seeNote23)	Construction in Progress and Equipment for Installation	Total
Cost								
Balances at beginning 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**
Additions	–	87,007,436	–	971,922	–	1,875,436	6,401,513	96,256,307
Effect of lease modification	–	–	–	–	–	(47,785,698)	–	(47,785,698)
Reclassification to noncurrent asset held for sale	–	–	–	–	–	–	(64,661,788)	(64,661,788)
Disposals/Write-off	–	–	–	–	–	(48,574,525)	–	(48,574,525)
Balances at end of year	1,364,138,172	4,502,744,529	136,603,985	82,197,662	15,952,509	1,100,793,607	183,282,119	7,385,712,583
Accumulated Depreciation and Amortization								
Balances at beginning of year	–	1,959,085,727	56,333,013	66,109,195	15,189,534	654,270,997	–	2,750,988,466
Depreciation and amortization	–	155,763,886	38,706,390	4,175,315	366,190	144,656,759	–	343,668,540
Disposals/Write-off	–	–	–	–	–	(48,574,525)	–	(48,574,525)
Balances at end of year	–	2,114,849,613	95,039,403	70,284,510	15,555,724	750,353,231	–	3,046,082,481
Carrying Amounts	**₱1,364,138,172**	**₱2,387,894,916**	**₱41,564,582**	**₱11,913,152**	**₱396,785**	**₱350,440,376**	**₱183,282,119**	**₱4,339,630,102**

	2023							
	Land	Depot Tanks	Building and Improvements	Furniture, Fixtures, and Office Equipment	Transportation Equipment	ROU Assets (see Note 23)	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

Lease Modification

In 2024 and 2023, certain lease agreements were amended to change the contractual lease payments. This is considered as a lease modification which resulted in a decrease in ROU assets and lease liabilities by ₱47.8 million and ₱8.0 million in 2024 and 2023, respectively (see Note 23).

Depreciation and Amortization

Details of depreciation and amortization are as follows:

	Note	2024	2023	2022
Property and equipment		**₱199,011,781**	₱398,661,171	₱445,696,324
ROU assets	23	**144,656,759**	228,559,249	125,388,474
		₱343,668,540	₱627,220,420	₱571,084,798

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

	Note	2024	2023	2022
Cost of sales and services	18	**₱201,713,122**	₱275,535,016	₱264,455,739
General and administrative expenses	19	**141,955,418**	351,685,404	306,629,059
		₱343,668,540	₱627,220,420	₱571,084,798

Contractual Commitment

The Group has no contractual commitment for its construction projects as at December 31, 2024 and 2023.

13. Other Noncurrent Assets

This account consists of:

	Note	2024	2023
Refundable deposits	23	**₱22,236,963**	₱73,456,779
Long-term placements		**19,058,742**	18,628,480
Financial assets at FVOCI		**15,161,108**	12,144,795
Net retirement benefit asset	22	**7,511,160**	4,999,171
Noncurrent portion of:			
Deferred input VAT	8	**–**	26,003,816
Notes receivable	6	**–**	14,626,438
Others		**21,910,171**	16,689,985
		₱85,878,144	₱166,549,464

Long-term Placements

Long-term placements represent money market placements with a term of two (2) to five (5) years and earn interest at prevailing rates. This is presented in the consolidated statements of financial position as follows:

	Note	**2024**	2023
Current	8	**₱–**	₱10,000,000
Noncurrent		**19,058,742**	18,628,480
		₱19,058,742	₱28,628,480

Interest income on long-term placements in 2024, 2023, and 2022 amounted to ₱0.4 million, ₱0.8 million, and ₱0.5 million respectively (see Note 5).

Financial Assets at FVOCI

This account pertains to the Group's investments in quoted equity securities. The movements in this account are as follows:

	2024	2023
Balance at beginning of year	**₱12,144,795**	₱12,015,085
Net unrealized gain during the year	**3,016,313**	129,710
Balance at end of year	**₱15,161,108**	₱12,144,795

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

	2024	2023	2022
Balance at beginning of year	**₱9,091,657**	₱8,961,947	₱4,070,141
Unrealized gains	**3,016,313**	129,710	4,891,806
Balance at end of year	**₱12,107,970**	₱9,091,657	₱8,961,947

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. Interest income earned on these securities amounted to ₱0.3 million in 2022 (see Note 5).

The Group's financial assets at FVOCI as at December 31, 2024 and 2023 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 27).

14. Trade and Other Payables

This account consists of:

	Note	2024	2023
Trade payables to:			
Third parties		**₱7,229,863,324**	₱8,798,432,293
Related parties	21	**293,127,867**	547,819,222
Dividends payable	21	**538,020,000**	273,420,000
Advances from related parties	21	**329,998,642**	330,476,138
Interest payable	21	**212,528,610**	212,528,610
Derivative liability	27	**50,241,984**	158,258,490
Statutory payables		**48,905,830**	31,082,510
Current portion of lease liabilities	23	**40,627,540**	180,178,199
Others		**68,104,202**	55,528,895
		₱8,811,417,999	₱10,587,724,357

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 240 days term.

Dividends Payable

In 2023, dividends payable amounting to ₱273.4 million is payable to a third party shareholder of FLC. On December 19, 2024, a third party shareholder sold its ownership interest in FLC to FPC, an affiliate (the Transaction). As part of the transaction, the third party shareholder of FLC waived its rights to claim any dividend decared prior to the consummation of the Transaction in favor of FPC. In December 27, 2024, FLC declared additional dividends of which ₱264.6 million is attributed to FPC. As of December 31, 2024, total dividends payable to FPC amounted to ₱538.0 million.

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 years ended December 31, 2024 and 2023 arising from outstanding foreign exchange forward contracts and embedded commodity price derivative aggregated ₱50.2 million and ₱158.3 million, respectively (see Note 27).

Statutory Payables

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

15. Borrowings

This account consists of:

	Note	2024	2023
Local banks		**₱15,755,175,766**	₱10,153,423,344
Related party	21	**451,909,360**	451,909,360
		16,207,085,126	10,605,332,704
Less noncurrent portion		**68,779,835**	–
Current portion		**₱16,138,305,291**	₱10,605,332,704

Borrowings with Local Banks

Details of the loans payable as at December 31, 2024 and 2023 are as follows:

Purpose	Terms and Conditions	Effective Interest Rate (p.a.)	2024	2023
Working capital loan				
To finance the acquisition of inventories and other working capital requirements	Payable in 17 to 90 days, and in one (1) year	6.0% to 7.0% and 5.8% to 7.8%	**₱11,609,451,570**	₱10,153,423,344
Trust receipts				
To finance the acquisition of inventories	Payable in 90 days	7.0%	**2,185,504,312**	–
Receivable financing				
To finance the acquisition of inventories	Payable in 90 days	7.0%	**1,882,911,283**	–
Note payable				
To finance the acquisition of assets	Payable within four (4) to ten (10) years	6.0% to 7.0%.	**77,308,601**	–
			₱15,755,175,766	₱10,153,423,344

Working Capital Loan

The Group has credit facilities with local banks to finance its acquisition of inventories. As at December 31, 2024 and 2023, the outstanding loans payable from short-term credit facilities with local banks aggregated ₱11,426.0 million and ₱10,008.7 million, respectively. These loans are unsecured, bear annual interest rates ranging from 6.0% to 7.0% and 5.8% % to 7.8% in 2024 and 2023, respectively, and payable in 17 to 90 days.

In addition, the Group also has additional credit facilities with local banks to finance its working capital requirements. As at December 31, 2024 and 2023, the outstanding loans payable from short-term credit facilities with local banks aggregated ₱183.5 million and ₱144.8 million, respectively. These loans are unsecured, bear annual interest rates ranging from 6.9% to 7.0% and 4.75% to 10.5% in 2024 and 2023, respectively, and payable in one (1) year.

Trust Receipts Payables

Trust receipts payable amounting to ₱2,185.5 million as at December 31, 2024 was obtained from local banks and had a maturity of 90 days. Trust receipts payable have an annual interest rate of 7.0% in 2024.

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.

Receivable Financing

On November 4, 2024 and December 19, 2024, the Group was granted by a local bank a receivable financing lines amounting to ₱882.5 million and ₱1,000.5 million, respectively. The terms of the facility agreement cover the assignment of receivables of TPC subject to 100% valuation. The availment of the facility is co-terminus with the maturity of the assigned invoice plus a grace period of up to two days. Financing cost on the facility drawdown shall be based on prevailing market rate to be deducted upfront from the drawdown of the facility.

As of December 31, 2024, liabilities on receivable financing availed from this facility amounted to ₱1,882.9 million. Finance cost relating to liabilities on receivable financing included in the consolidated statements of comprehensive income amounted to ₱92.2 million.

Note Payable
The Group has a note payable with a local bank bearing interest ranging from 6.0% to 7.0% per annum. As at December 31, 2024, the outstanding payable amounted to ₱77.3 million. The principal and interest will be paid on a monthly basis starting from September 2024 until August 2034.

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

Borrowings with a Related Party

Standby Credit Facility Agreement
The Group (as a "Borrower"), through its subsidiaries LDFHC and FTMRC, has a combined Standby Credit Facility Agreement (SCFA) for a maximum amount of ₱1,045.0 million with TPC, an affiliate (as a "Lender"). The SCFA is valid for 18 months from its initial execution in 1999 and 2001, respectively, subject to automatic renewal until terminated by the parties. The interest on the SCFA shall be calculated based on the 91-day treasury bill rate plus a specified margin based on the exact number of days elapsed over a 360-day basis. On July 29, 2022, the Group and TPC agreed to temporarily cancel the interests under the SCFA from July 2022 to June 2025.

As at December 31, 2024 and 2023, the total amount of unpaid loans payable from these SCFA amounting to ₱451.9 million is payable on June 2025 unless automatically renewed based on the terms of the SCFA.

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	**2024**	2023	2022
Interest expense on:				
Borrowings		**₱877,584,231**	₱628,837,827	₱202,677,023
Lease liabilities	23	**23,590,799**	31,888,809	28,821,362
Fees for receivable financing		**92,209,555**	–	13,204,561
		₱993,384,585	₱660,726,636	₱244,702,946

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, 2024 and 2023.

	2024							
	Loans Payable	Standby Credit Facility	Trust Receipts Payables	Liabilities on receivables financing	Dividends Payable	Lease Liabilities	Advances from Related Parties	Total
Balances at Beginning of Year	₱10,153,423,344	₱451,909,360	₱–	₱–	₱273,420,000	₱522,577,520	₱330,476,138	₱11,731,806,362
Noncash changes:								
Interest expense	801,907,321	–	75,676,910	92,209,555	–	23,590,799	–	993,384,585
Declaration	–	–	–	–	264,600,000	–	–	264,600,000
Lease modifications	–	–	–	–	–	(47,785,698)	–	(47,785,698)
Cash Changes								
Availment	53,360,232,854	–	7,980,377,945	6,760,349,819	–	1,875,436	–	68,102,836,054
Payment of liabilities	(51,835,633,111)	–	(5,794,873,633)	(4,877,438,536)	–	(156,264,078)	(477,496)	(62,664,686,854)
Payment of interest	(793,170,237)	–	(75,676,910)	(92,209,555)	–	–	–	(961,056,702)
Balances at End of Year	₱11,686,760,171	₱451,909,360	₱2,185,504,312	₱1,882,911,283	₱538,020,000	₱343,993,979	₱329,998,642	₱17,419,097,747

	2023						
	Loans Payable	Standby Credit Facility	Trust Receipts Payables	Dividends Payable	Lease Liabilities	Advances from Related Parties	Total
Balances at Beginning of Year	₱5,489,763,544	₱451,909,360	₱1,200,000,000	₱273,420,000	₱714,810,799	₱330,341,642	₱8,460,245,345
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	₱10,153,423,344	₱451,909,360	₱–	₱273,420,000	₱522,577,520	₱330,476,138	₱11,731,806,362

16. Equity

Capital Stock

The details of the capital stock as of December 31, 2024 and 2023 are as follows:

	2024		2023		2022	
	Number of Shares	Amount	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	20,000,000,000	₱5,000,000,000
Issued						
Balance at beginning 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
Issuance	–	–	450,000,000	112,500,000	–	–
Balance at end of year	**14,668,643,064**	**₱3,667,160,766**	14,668,643,064	₱3,667,160,766	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 and 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
Issuance during the year	–	–	(450,000,000)	(112,500,000)	–	–
Balance at end of year	–	–	–	–	450,000,000	112,500,000

Treasury Stock
This pertains to the Parent Company's 18.0 million shares held by its subsidiary, RDG Wind Energy Corporation (formerly Mabini Energy Corporation) amounting to ₱3.2 million.

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 ₱0.289 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

17. Revenues

This account consists of:

	Note	2024	2023	2022
Revenue within the scope of PFRS Accounting Standards 15:				
Sale of fuel		**₱47,826,086,154**	₱63,899,987,305	₱74,524,188,640
Port service income		**54,035,300**	98,291,834	49,756,110
Others		**534,978**	461,340	116,869
		47,880,656,432	63,998,740,479	74,574,061,619
Revenue outside the scope of PFRS 15 - Rental income	23	**75,473,596**	74,815,947	62,306,192
		₱47,956,130,028	₱64,073,556,426	₱74,636,367,811

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

	2024	2023	2022
At a point in time	**₱47,826,086,154**	₱63,900,448,645	₱74,524,188,640
Over a period of time	**54,570,278**	98,291,834	49,872,979
	₱47,880,656,432	₱63,998,740,479	₱74,574,061,619

18. Cost of Sales and Services

This account consists of:

	Note	2024	2023	2022
Cost of inventories	7	**₱46,412,594,813**	₱61,962,116,730	₱72,327,052,803
Depreciation and amortization	12	**201,713,122**	275,535,016	264,455,739
Others		**166,119,698**	252,606,356	229,495,562
		₱46,780,427,633	₱62,490,258,102	₱72,821,004,104

19. General and Administrative Expenses

This account consists of:

	Note	2024	2023	2022
Personnel costs:				
Salaries and wages		**₱243,117,942**	₱235,279,475	₱222,626,689
Retirement expense	22	**20,799,041**	20,190,611	18,350,265
Taxes and licenses		**151,489,202**	99,769,083	64,762,001
Depreciation and amortization	12	**141,955,418**	351,685,404	306,629,059
Rent	23	**108,579,807**	90,013,824	58,910,160
Outside services		**104,710,276**	106,394,631	80,393,059
Business support service fees		**72,000,000**	105,042,546	149,372,151
Repairs and maintenance		**39,052,712**	53,957,809	48,839,440
Professional fees		**33,586,145**	35,062,512	27,208,194
Insurance		**29,423,865**	41,137,000	28,192,058
Transportation and travel		**24,973,056**	68,809,387	41,632,421
Provision for ECL	6	**18,264,348**	–	8,143,358
Representation		**8,844,272**	10,140,561	11,451,774
Bank charges		**1,138,629**	2,759,643	114,342,134
Communication		**651,910**	440,233	727,293
Others		**52,338,395**	39,461,195	32,650,127
		₱1,050,925,018	₱1,260,143,914	₱1,214,230,183

Others include utilities, supplies and training-related expenses.

20. Other Income - Net

This account consists of:

	Note	2024	2023	2022
Income from penalty on delayed collection of receivables	6	**₱503,865,014**	₱105,548,197	₱63,959,513
Gain (loss) on derivative liability	28	**108,016,506**	(93,432,781)	(64,825,709)
Foreign exchange gain – net		**31,211,231**	140,685,273	7,171,980
Fair value gain on investment property		**16,973,345**	73,117,985	30,543,772
Gain on reversal of provision	29	**–**	39,405,712	–
Gain on disposal of investments in associates	10	**–**	–	155,977,882
Others		**2,415,953**	25,706,050	29,241,338
		₱662,482,049	₱291,030,436	₱222,068,776

21. 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, 2024 and 2023:

		Amount of Transaction		Outstanding Balance	
Nature of Relationship	Nature of Transaction	2024	2023	2024	2023
Trade Receivable (see Note 6)					
Entities under common control	Sale of fuel	**₱13,164,616,109**	₱20,942,915,755	**₱10,017,838,455**	₱8,292,562,152
	Rental income	**980,556**	980,556	**75,197**	9,207
	Interest income	**257,335,304**	7,998,223	**–**	–
				₱10,017,913,652	₱8,292,571,359
Advances to a Related Party (see Note 6)					
Entity under common control	Working capital advances and asset acquisition	**₱245,667,563**	₱328,378,948	**₱1,062,729,170**	₱630,861,607
Receivable from Sale of Investment in an Associate (see Note 6)					
Entity under common key management	Accretion of day 1 difference	**₱99,529,598**	₱109,435,006	**₱1,000,937,781**	₱1,147,075,746
Notes Receivable (see Note 6)					
Entity under common control	Working capital advances	**₱–**	₱–	**₱521,224,038**	₱521,224,038
Interest Receivable					
Entities under common control	Interest income	**₱15,636,721**	₱15,636,721	**₱53,636,094**	₱37,999,373
Trade Payables (see Note 14)					
Associate	Purchase of fuel	**₱6,057,230,372**	₱7,902,099,353	**₱288,376,730**	₱357,493,369
Entity under common ownership	Cost of services	**46,301,420**	241,608,148	**4,751,137**	4,538,613
Joint venture	Service fees	**25,000,000**	25,000,000	**–**	–
Entity under common control	Purchase of fuel	**–**	938,103,386	**–**	185,787,240
				₱293,127,867	₱547,819,222
Dividend Payable (see Note 14)					
Entity under common control	Dividends	**₱264,600,000**	₱–	**₱538,020,000**	₱273,420,000
Borrowings (see Note 15)					
Entities under common control	Borrowings	**₱–**	₱–	**₱451,909,360**	₱451,909,360
Advances from Related Parties (see Note 14)					
Entity under common control	Working capital advances	**₱–**	₱–	**₱329,998,642**	₱330,476,138
Interest Payable (see Note 14)					
Entities under common control	Interest on loans	**₱–**	₱–	**₱212,528,610**	₱212,528,610
Nontrade Payables					
Entity under common control	Sale of asset	**₱–**	₱758,929	**₱1,945,779**	₱1,945,779
	Shuttle	**11,763,042**	7,418,951	**801,103**	–
	Business support services	**–**	138,864,791	**–**	–
	Other expenses	**–**	1,108,066	**–**	–
Joint Venture	Other expenses	**2,550,767**	3,953,996	**98,000**	370,000
				₱2,844,882	₱2,315,779
Rental Income					
Entity under common control	Lease of properties	**₱8,010,383**	₱8,010,383	**₱–**	₱–
Retirement Benefit Plan (see Note 22)	Contribution	**₱20,691,984**	₱28,377,358	**₱159,701,302**	₱131,026,942

Nature of Relationship	Nature of Transaction	Amount of Transaction 2024	Amount of Transaction 2023	Outstanding Balance 2024	Outstanding Balance 2023
Personnel Costs					
Key management personnel	Short-term benefits	**₱100,194,589**	₱99,604,802	**₱36,659**	₱36,659
	Retirement benefits	**14,420,962**	14,604,411	**12,226,966**	8,884,000
				₱12,263,625	₱8,920,659

Terms and Conditions of Transactions and Balances with Related Parties

a. Trade and nontrade receivables 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 either on demand or within 15 to 240 days.
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 and bear interest rates ranging from 3.00% to 10.00% in 2024 and 2023.
d. Borrowings pertain to the SCFA with a related party, which bears an interest based on the 91-day treasury bill rate plus a specified margin based on the exact number of days elapsed over a 360-day basis. On July 29, 2022, the Group and TPC agreed to temporarily cancel the interests under the SCFA from July 2022 to June 2025.
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 in 2024 and 2023 amounted to ₱5.6 million and ₱43.7 million, respectively. Total eliminated intercompany rental income and expense amounted to ₱99.6 million and ₱199.1 million in December 31, 2024 and 2023.

Cash Flows Reclassifications

In 2024, the Group made a reclassification on its consolidated statements of cash flows for the year ended December 31, 2023 pertaining to movement of its advances to related parties amounting to ₱136.2 million from cash flows from an operating activity to cash flows from an investing activity. As a result, cash flows from an operating activity increased by ₱136.2 million while cash flows from an investing activity decreased by ₱136.2 million in 2023. There were no impact on the consolidated statements of financial position and consolidated statements comprehensive income as at and for the year ended December 31, 2023.

22. Retirement Benefits

The Group has a funded, noncontributory defined 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, 2024.

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:

	2024	2023
Balance at beginning of year	**(₱732,732)**	₱10,599,937
Retirement expense	**2,916,803**	3,178,036
Contributions paid	**(1,491,984)**	(10,333,615)
Net remeasurement gains recognized in OCI	**1,252,802**	388,610
Benefits paid from operating fund	**–**	(4,565,700)
Balance at end of year	**₱1,944,889**	(₱732,732)

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

	2024	2023
Present value of defined benefit obligation	**₱19,055,908**	₱13,845,846
Fair value of plan assets	**(17,111,019)**	(14,578,578)
Net retirement benefit liability (asset)	**₱1,944,889**	(₱732,732)

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

	2024	2023
Balance at beginning of year	**₱13,845,846**	₱33,020,698
Current service cost	**3,018,687**	2,568,852
Actuarial losses (gains) recognized in OCI:		
Experience adjustments	**2,497,230**	343,156
Change in financial assumptions	**(1,259,834)**	1,280,434
Interest expense	**953,979**	998,254
Benefits paid from retirement fund	**–**	(19,799,848)
Benefits paid from operating fund	**–**	(4,565,700)
Balance at end of year	**₱19,055,908**	₱13,845,846

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

	2024	2023
Balance at beginning of year	**₱14,578,578**	₱22,420,761
Contributions paid	**1,491,984**	10,333,615
Interest income	**1,055,863**	389,070
Return on assets excluding interest income	**(15,406)**	1,234,980
Benefits paid from operating fund	**–**	(19,799,848)
Balance at end of year	**₱17,111,019**	₱14,578,578

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, 2024 and 2023 are as follows (see Note 13):

	2024	2023
Balance at beginning of year	**₱4,266,439**	₱20,632,378
Contribution paid	**19,200,000**	18,043,743
Retirement expense	**(17,882,238)**	(17,012,575)
Net remeasurement loss (gain) recognized in OCI	**1,926,959**	(17,397,107)
Balance at end of year	**₱7,511,160**	₱4,266,439

The funded status of the operating subsidiary's net retirement asset as at December 31, 2024 and 2023 is as follows:

	2024	2023
Fair value of plan assets	**₱142,590,283**	₱116,448,364
Present value of defined benefit obligation	**(134,621,256)**	(111,922,525)
Effect of the asset ceiling	**(457,867)**	(259,400)
Net retirement asset	**₱7,511,160**	₱4,266,439

The balances and movements of the present value of defined benefit obligation as at and for the years ended December 31, 2024 and 2023 are as follows:

	2024	2023
Balance at beginning of year	**₱111,922,525**	₱76,587,923
Current service cost	**18,982,109**	19,004,130
Interest expense	**6,804,890**	5,529,648
Actuarial gains recognized in OCI:		
Experience adjustments	**(1,908,529)**	12,833,809
Change in demographic assumptions	**(876,487)**	–
Change in financial assumptions	**(7,252)**	2,107,781
Benefits paid from operating fund	**(296,000)**	(4,140,766)
Balance at end of year	**₱134,621,256**	₱111,922,525

The balances and movements of the fair value of plan assets as at and for the years ended December 31, 2024 and 2023 are as follows:

	2024	2023
Balance at beginning of year	**₱116,448,364**	₱97,220,301
Contribution paid	**19,200,000**	18,043,743
Interest income	**7,936,693**	7,665,983
Return on assets excluding interest income	**(698,774)**	(4,346,164)
Benefits paid from operating fund	**(296,000)**	(4,140,766)
Effect of asset ceiling	**–**	2,005,267
Balance at end of year	**₱142,590,283**	₱116,448,364

Retirement Expense

The components of the retirement expense included under "General and administrative expenses" account in the consolidated statements of comprehensive income (see Note 19) are as follows:

	2024	2023	2022
Current service cost	**₱22,000,796**	₱21,572,982	₱18,783,161
Net interest expense (income)	**(1,233,687)**	(1,527,151)	(432,896)
Amortization of the net asset ceiling	**31,932**	144,780	–
	₱20,799,041	₱20,190,611	₱18,350,265

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

	2024		
	Cumulative Remeasurement Loss	**Deferred Tax Liability (Asset)**	**Net**
Balances at beginning of year	**(₱4,962,583)**	**₱728,022**	**(₱4,234,561)**
Remeasurement loss	**(663,153)**	**(147,412)**	**(810,565)**
Balances at end of year	**(₱5,625,736)**	**₱580,610**	**(₱5,045,126)**

	2023		
	Cumulative Remeasurement Gain (Loss)	Deferred Tax Liability (Asset)	Net
Balances at beginning of year	₱749,542	(₱602,857)	₱146,685
Remeasurement gain	(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 Asset	Net
Balances at beginning of year	(₱1,855,164)	(₱109,355)	(₱1,964,519)
Remeasurement loss	2,604,706	(493,502)	2,111,204
Balances at end of year	₱749,542	(₱602,857)	₱146,685

Attributable to Non-Controlling Interests

	2024		
	Cumulative Remeasurement Gain (Loss)	**Deferred Tax Liability (Asset)**	**Net**
Balances at beginning of year	**(₱5,685,476)**	**₱1,421,369**	**(₱4,264,107)**
Remeasurement loss	**1,337,310**	**(334,328)**	**1,002,982**
Balances at end of year	**(₱4,348,166)**	**₱1,087,041**	**(₱3,261,125)**

	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 gain	(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

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

	2024	2023
Investments in unit investment trust fund	**68.45%**	68.45%
Investments in government securities	**17.57%**	17.57%
Other securities and debt instruments	**11.76%**	11.76%
Others	**2.22%**	2.22%
	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:

	2024	2023
Investments in government securities	**73.29%**	73.29%
Other securities and debt instruments	**20.18%**	20.18%
Investments in unit investment trust fund	**4.20%**	4.20%
Others	**2.33%**	2.33%
	100.00%	100.00%

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

	2024	2023
Discount rate	**6.11%**	6.49%
Salary increase rate	**6.00%**	5.00%

Sensitivity analysis on the net retirement benefit liability as at December 31, 2024 and 2023 are as follows:

		Effect on Net Retirement Benefit Liability	
	Change in Assumption	**2024**	2023
Discount rate	+1.00%	**₱10,907,131**	₱10,907,131
	-1.00%	**(11,032,668)**	(11,032,668)
Salary increase rate	+1.00%	**19,109,484**	₱19,109,484
	-1.00%	**(14,677,216)**	(14,677,216)

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 Group is not required to pre-fund the future defined benefits payable under the retirement plan before they become due. For this reason, the amount and timing of contributions to the retirement fund to support the defined benefits are at the Group's discretion. However, in the event a defined benefit claim arises and the retirement fund is insufficient to pay the claim, the shortfall will then be due and payable from the Parent Company to the retirement fund. The Group expects to contribute ₱19.2 million to the fund in 2025.

As at December 31, 2024, the maturity analysis of the undiscounted net retirement benefit liability is as follows:

Within one (1) year	₱11,391,860
More than one (1) year to five (5) years	105,987,540
More than five (5) years to 10 years	47,133,014
More than 10 years to 15 years	2,899,129
More than 15 years to 20 years	1,810,838
More than 20 years to 25 years	16,535,463
	₱185,757,844

The average duration of the retirement benefit liability as at December 31, 2024 is approximately 8.2 years.

23. 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. The lease agreements contain either a regular escalation rate or a fixed rent provision until the end of lease term.

ROU Assets

The balance and movements in the Group-occupied ROU assets as at and for the year ended December 31, 2024 and 2023 are as follows:

	2024	2023
Cost		
Balance at beginning of year	**₱1,195,278,394**	₱1,179,776,540
Additions	**1,875,436**	25,062,459
Effect of lease modification	**(47,785,698)**	(8,015,978)
Write-off of expired lease	**(48,574,525)**	–
Terminations	**–**	(1,544,627)
Balance at end of year	**1,100,793,607**	1,195,278,394
Accumulated Amortization		
Balance at beginning of year	**654,270,997**	427,003,945
Amortization	**144,656,759**	228,559,249
Write-off of expired lease	**(48,574,525)**	–
Terminations	**–**	(1,292,197)
Balance at end of year	**750,353,231**	654,270,997
Carrying Amount	**₱350,440,376**	₱541,007,397

The Group-occupied ROU asset is classified as property and equipment in the consolidated statements of financial position (see Note 12).

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

	Note	2024	2023
Balance at beginning of year		**₱522,577,520**	₱714,810,799
Payments		**(156,264,078)**	(223,482,456)
Effect of lease modifications		**(47,785,698)**	(8,015,978)
Interest expense	15	**23,590,799**	31,888,809
Additions		**1,875,436**	25,062,459
Reclassification to accrued expenses		**–**	(17,380,492)
Terminations		**–**	(305,621)
Balance at end of year		**₱343,993,979**	₱522,577,520

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

	Note	2024	2023
Current	14	**₱40,627,540**	₱180,178,199
Noncurrent		**303,366,439**	342,399,321
		₱343,993,979	₱522,577,520

Future minimum rental payments under existing non-cancellable lease payments as at December 31, 2024 are as follows:

	Amount
Within one (1) year	₱66,253,367
After one (1) year but not more than five (5) years	179,365,572
More than five (5) years	215,912,454
	₱461,531,393

Lease Modification
In 2024 and 2023, the Group change the terms of certain lease agreements. These changes in the lease terms is considered as a lease modification which resulted in a decrease in ROU assets and lease liabilities by ₱47.8 million and ₱8.0 million in 2024 and 2023, respectively.

Refundable Deposit
Refundable deposits which are to be refunded at the end of the lease term amounted to ₱22.2 million and ₱73.5 million as at December 31, 2024 and 2023, respectively (see Note 13).

Short-term Lease
The Group has certain short-term and low value leases. The Group applies the recognition exemption for these leases. Rental expense recognized in the consolidated statements of comprehensive income amounted to ₱108.6 million, ₱90.0 million and ₱58.9 million in 2024, 2023 and 2022, respectively (see Note 19)

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

	2024	2023	2022
Rent expense on short-term leases	**₱108,579,807**	₱102,529,144	₱62,624,304
Interest expense	**23,590,799**	31,888,809	28,821,362
Amortization of ROU assets	**144,656,759**	228,559,249	125,388,473
Gain on termination of lease liability	**–**	(53,191)	–
	₱276,827,365	₱362,924,011	₱216,834,139

The total cash outflows for leases in 2024, 2023 and 2022 amounted to ₱264.8 million, ₱326.0 million and ₱209.4 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 ₱75.5 million, ₱74.8 million and ₱62.3 million in 2024, 2023 and 2022, respectively (see Note 17).

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

Within one (1) year	₱104,692,274
After one (1) year but not more than five (5) years	147,979,615
More than five (5) years	17,675,102
	₱270,346,991

24. 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.

25. Income Taxes

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

	2024	2023	2022
Reported in Profit or Loss			
Current tax expense	**₱32,671,718**	₱78,133,216	₱109,263,486
Deferred tax benefit	**(117,493,307)**	(64,424,567)	(48,819,719)
	(₱84,821,589)	₱13,708,649	₱60,443,767
Reported in OCI			
Deferred tax expense (benefit) on:			
Remeasurement losses (gains) on net retirement benefit asset	**₱481,740**	(₱4,349,277)	₱4,600,192

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:

	2024	2023
Deferred tax assets:		
Lease liabilities	**₱85,998,495**	₱130,644,380
Derivative liability	**12,560,496**	39,564,623
Allowance for ECL on trade receivables	**3,948,736**	–
	102,507,727	170,209,003
Deferred tax liabilities:		
Fair value adjustments in property and equipment arising from business combination	**570,731,285**	686,051,924
ROU assets	**87,610,094**	135,251,849
Fair value of investment properties	**47,837,263**	43,593,927
Unrealized foreign exchange gain	**8,479,097**	35,100,879
Retirement plan asset	**1,877,790**	1,249,793
	716,535,529	901,248,372
	₱614,027,802	₱731,039,369

Unrecognized deferred tax assets consist of the following:

	2024	2023
NOLCO	**₱51,727,609**	₱41,071,152
Unamortized past service cost	**3,487,205**	4,069,220
Allowance for ECL on trade receivables	**3,178,457**	525,267
Unrealized foreign exchange loss	**2,436,200**	1,957,156
Excess of MCIT over RCIT	**1,478,829**	1,540,579
Net retirement liability	**486,222**	–
	₱62,794,522	₱49,163,374

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, 2024 are as follows:

Year Incurred	Year of Expiration	Amount
2024	2027	₱42,625,832
2023	2026	48,042,275
2022	2025	26,288,124
2021	2026	49,609,425
2020	2025	40,344,782
		₱206,910,438

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, 2024 are as follows:

Year Incurred	Year of Expiration	Amount	Applied/Expired	Balance
2024	2027	₱103,637	₱–	₱103,637
2023	2026	377,191	–	377,191
2022	2025	847,894	–	847,894
2021	2024	315,494	315,494	–
		₱1,644,216	₱315,494	₱1,328,722

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

	2024	2023	2022
Income tax expense (benefit) at statutory tax rate	**(₱14,044,925)**	₱28,325,038	₱161,567,425
Increase (decrease) in income tax resulting from:			
Nontaxable income	**(43,935,419)**	(47,225,366)	(74,094,681)
Change in unrecognized deferred tax assets	**13,631,148**	8,769,517	(49,523,394)
Nondeductible expenses	**4,852,666**	5,333,210	95,089,237
Income subjected to final tax	**(4,252,525)**	(3,450,790)	(3,178,291)
Expired excess of MCIT over RCIT	**315,494**	578,973	2,113,075
Taxable income subject to income tax holiday	**–**	–	(115,786,035)
Expired NOLCO	**–**	–	44,347,725
Others	**(41,388,028)**	21,378,067	(91,294)
Income tax expense at effective tax rate	**(₱84,821,589)**	₱13,708,649	₱60,443,767

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 amounted to ₱68.7 million.

26. Basic and Diluted Income per Share

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

	2024	2023	2022
Net income (loss) attributable to shareholders of the Parent Company	**(₱19,901,916)**	₱42,693,877	₱94,626,469
Divided by: Weighted average number of outstanding shares	**14,650,643,064**	14,650,643,064	14,200,643,064
Basic and diluted income (loss) per share	**(₱0.001)**	₱0.003	₱0.007

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, 2024 and 2023.

27. 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:

		2024			
			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	13	**₱15,161,108**	**₱15,161,108**	**₱–**	**₱–**
Investment properties at fair value	11	**359,834,102**	**–**	**–**	**359,834,102**
		₱374,995,210	**₱15,161,108**	**₱–**	**₱359,834,102**
Liability Measured at Fair Value -					
Derivative liability*	14	**₱50,241,984**	**₱–**	**₱50,241,984**	**₱–**
Liability for which Fair Value is Disclosed -					
Loans payable		**77,308,601**	**–**	**92,350,639**	**–**
		₱127,550,585	**₱–**	**₱142,592,623**	**₱–**

		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	13	₱12,144,795	₱12,144,795	₱–	₱–
Investment properties at fair value	11	342,860,757	–	–	342,860,757
		₱355,005,552	₱12,144,795	₱–	₱342,860,757
Liability Measured at Fair Value -					
Derivative liability*	14	₱158,258,490	₱–	₱158,258,490	₱–
Liability for which Fair Value is Disclosed -					
Loans payable	15	10,605,332,704	–	10,726,027,224	–
		₱10,763,591,194	₱–	₱10,884,285,714	₱–

**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, 2024 and 2023 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 6.0% to 7.0% and 3.9% to 10.5% in 2024 and 2023, respectively.

Derivative 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 2024 and 2023.

The table below presents the Group's financial assets and liabilities whose carrying amounts approximate their fair values due to their short-term nature or the effect of discounting is not significant as at December 31, 2024 and 2023:

	2024	2023
Financial assets at amortized cost:		
Cash and cash equivalents	**₱1,664,685,320**	₱1,836,923,389
Trade and other receivables	**18,520,644,939**	14,771,560,467
Receivable from sale of investments – net of current portion	**752,864,835**	901,408,183
Refundable deposits*	**47,236,963**	73,456,779
Long-term placements	**19,058,742**	28,628,480
Noncurrent portion of notes receivable	**–**	14,626,438
	₱21,004,490,799	₱17,626,603,736
Financial liabilities at amortized cost:		
Trade and other payables**	**₱8,671,642,645**	₱10,218,205,158
Loans payable	**16,129,089,554**	–
	₱24,800,732,199	₱10,218,205,158

**Includes current and noncurrent refundable deposits*
***Excluding nonfinancial liabilities, derivative liabilities and current portion of lease liabilities aggregating ₱139.8 million and ₱369.5 million as at December 31, 2024 and 2023, respectively.*

28. Financial Risk Management Objectives and Policies

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

Credit Risk

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 ₱28.5 million and ₱10.2 million as at December 31, 2024 and 2023, respectively (see Note 6).

Other 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 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.

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, 2024 and 2023:

	2024			
	12-month ECL	**Lifetime ECL - Not Credit Impaired**	**Lifetime ECL - Credit Impaired**	**Total**
Cash and cash equivalents*	**₱1,664,076,497**	**₱–**	**₱–**	**₱1,664,076,497**
Trade and other receivables	**3,160,163,350**	**15,360,481,589**	**28,508,772**	**18,549,153,711**
Receivable from sale of investment in an associate - net of current portion	**752,864,835**	**–**	**–**	**752,864,835**
Refundable deposits	**47,236,963**	**–**	**–**	**47,236,963**
Long-term placements	**–**	**19,058,742**	**–**	**19,058,742**
	₱5,624,341,645	**₱15,379,540,331**	**₱28,508,772**	**₱21,032,390,748**

**Excluding cash on hand amounting to ₱0.6 million as at December 31, 2024.*

	2023			
	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	6,930,389,412	7,841,171,055	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
Notes receivable - net of current portion	–	14,626,438	–	14,626,438
	₱9,741,531,034	₱7,884,425,973	₱10,244,424	₱17,636,201,431

**Excluding cash on hand amounting to ₱0.6 million as at December 31, 2023.*

<u>**Liquidity Risk**</u>

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, 2024 and 2023 based on contractual undiscounted payments.

	2024					
	On Demand	**1 to 3 Months**	**>3 to 12 Months**	**>1 Year to 5 Years**	**More than 5 Years**	**Total**
Trade and other payables*	**₱7,387,293,401**	**₱41,601,410**	**₱1,292,989,818**	**₱–**	**₱–**	**₱8,721,884,629**
Lease liabilities**	**–**	**13,363,295**	**52,890,072**	**179,365,572**	**215,912,454**	**461,531,393**
Loans payable**	**–**	**16,456,428,557**	**192,854,961**	**50,236,532**	**44,287,363**	**16,743,807,413**
	₱7,387,293,401	**₱16,511,393,262**	**₱1,538,734,852**	**₱229,602,104**	**₱260,199,817**	**₱25,927,223,436**

**Excluding nonfinancial liabilities and current portion of lease liabilities amounting to ₱48.9 million and ₱40.6 million as at December 31, 2024, respectively.*
***Including future interest payable*

	2023					
	On Demand	1 to 3 Months	>3 to 12 Months	>1 Year 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**	–	3,432,013	191,476,033	202,840,521	233,257,398	631,005,965
Loans payable	–	–	10,008,650,000	451,909,360	–	10,460,559,360
	₱9,344,878,170	₱59,445,539	₱11,175,697,985	654,749,881	₱233,257,398	₱21,468,028,972

**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*

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:

	2024		2023	
	Original Currency	**Philippine Peso**	Original Currency	Philippine Peso
Denominated in USD				
Financial assets at amortized cost:				
Cash and cash equivalents	**$1,092,908**	**₱63,224,741**	$999,252	₱55,328,597
Nontrade receivables	**160,879**	**9,306,847**	160,893	8,908,637
	$1,253,787	**₱72,531,588**	$1,160,145	₱64,237,234
Financial liability at amortized cost -				
Trade payables	**$75,861,803**	**₱4,388,605,327**	$71,771,657	₱3,973,996,648
Denominated in IDR				
Financial assets at amortized cost:				
Cash and cash equivalents	**IDR16,337,678**	**₱58,816**	IDR25,197,330	₱90,710
Trade receivable	**125,892,500**	**453,213**	126,589,426	455,722
	IDR142,230,178	**₱512,029**	IDR151,786,756	₱546,432
Financial liabilities at amortized cost -				
Trade and other payables	**IDR57,263,881,567**	**₱206,149,974**	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:

	2024	2023
USD	**₱57.85 to USD1**	₱55.37 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 2024 and 2023.

	US Dollar		
	Increase (Decrease) in Exchange Rates	Effect on Income Before Tax	Effect on Equity
2024	**1.14**	**(₱85,048,664)**	**(₱63,786,498)**
	(1.14)	**85,048,664**	**63,786,498**
2023	0.80	₱56,489,210	₱42,366,907
	(0.80)	(56,489,210)	(42,366,907)

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, 2024 and unrealized loss on derivative liability in 2024 arising from outstanding foreign exchange forward contacts amounted to ₱50.2 million. Derivative liability as at December 31, 2023 and unrealized loss on derivative asset in 2023 arising from outstanding foreign exchange forward contracts amounted to ₱158.3 million (see Note 14).

As at December 31, 2024 and 2023, 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 ₱22.3 million and ₱4.0 million as at and for the years ended December 31, 2024 and 2023, 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, 2024 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**
2024	**16.37%**	**₱153,163,326**	**₱114,872,494**
	(16.37%)	**(153,163,326)**	**(114,872,494)**
2023	9.70%	₱328,697,355	₱246,523,016
	(9.70%)	(328,697,355)	(246,523,016)

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 3.8% to 10.0% in 2024 and 2023, 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 as at December 31, 2024 and 2023 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 2024 and 2023.

The Group is not subject to externally-imposed capital requirements.

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29. Provisions and Contingencies

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.

In December 2024, the Group filed a Verified Protest and Urgent Motion for Issuance of Status Quo Order with Community Environment and Natural Resources Office (CENRO) Bagac, Bataan in accordance with Department of Environment and Natural Resources (DENR) Administrative Order (AO) 2016-31. The Protest and Motion was filed after the Group was notified that the lessor had filed an application for foreshore lease over the very same foreshore area occupied by the assets of the Group and with a pending, timely filed, albeit unacted, renewal application with DENR.

As at April 10, 2025, 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. Further, the CENRO has an ongoing investigation and is expected to reach the mandatory mediation stage. The date for mandatory mediation is still to be set by the Alternative Dispute Resolution Officer.

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.

Provisions

Provision was reversed in 2023 due to the settlement of the legal case. There are no additional provision recognized in 2024.

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

	Note	Amounts
Balance at beginning of year		₱40,407,743
Payments		(1,002,031)
Reversal	20	(39,405,712)
Balance at end of year		₱–

BOA/PRC Accreditation No. 4782
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Phone : +632 8 982 9100
Fax : +632 8 982 9111
Website : www.reyestacandong.com

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
GM Building, Florida St.
Barangay Wack Wack, Greenhills East
Mandaluyong 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 December 31, 2024 and 2023 and for the years ended December 31, 2024, 2023 and 2022 and have issued our report dated April 10, 2025. 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.

JOSEPH C. BILANGBILIN
Partner
CPA Certificate No. 102884
Tax Identification No. 210-181-965-000
BOA Accreditation No. 4782/P-010; Valid until June 6, 2026
BIR Accreditation No. 08-005144-011-2023
Valid until January 24, 2026
PTR No. 10467122
Issued January 2, 2025, Makati City

April 10, 2025
Makati City, Metro Manila

BASIC ENERGY CORPORATION AND SUBSIDIARIES

SCHEDULE A
FINANCIAL ASSETS
DECEMBER 31, 2024

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	₱15,000,000	₱–
FEC Resources Inc.	1,000,000	100,000	–
Metropolitan Bank & Trust Co.	489	35,208	–
PLDT Inc.	20	25,900	–
		₱15,161,108	₱–

BASIC ENERGY CORPORATION AND SUBSIDIARIES

SCHEDULE B
AMOUNTS RECEIVABLE FROM
DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES, AND PRINCIPAL STOCKHOLDERS
DECEMBER 31, 2024

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, 2024

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	₱192,194,696	₱–	₱–	₱–	₱192,194,696	₱–	₱192,194,696
Grandway Group Limited	175,734,887	293,682	–	–	176,028,569	–	176,028,569
Basic Diversified Industrial Holdings, Inc.	22,891,669	196,152	–	–	23,087,821	–	23,087,821
Basic Biofuels Corporation	6,644,050	98,561	–	–	6,742,611	–	6,742,611
San Joaquin Wind Energy Corporation	1,346,151	2,976,220	–	–	4,322,371	–	4,322,371
Starfish Wind Energy Corporation	1,359,694	713,460	–	–	2,073,154	–	2,073,154
Pasuquin Wind Energy Corporation	807,797	1,149,802	–	–	1,957,599	–	1,957,599
Southwest Resources, Inc.	738,109	44,386	–	–	782,495	–	782,495
Basic Energy Renewables Corporation	227,648	4,815	–	–	232,463	–	232,463
Basic Renewables, Inc.	228,240	43,735	–	–	271,975	–	271,975
iBasic, Inc.	139,043	–	–	–	139,043	–	139,043
Basic Renewables Energy Solutions Corporation	–	99,305	–	–	99,305	–	99,305
	₱402,311,984	₱5,620,118	₱–	₱–	₱407,932,102	₱–	₱407,932,102

BASIC ENERGY CORPORATION AND SUBSIDIARIES

SCHEDULE D
LONG-TERM DEBT
DECEMBER 31, 2024

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
Standby Credit Facility Agreement (SCFA)	₱1,045,000,000	₱451,909,360	₱–	91-day treasury bill plus a specified margin	Payable in 18 months and may be extended for another 18 months as may be agreed by the parties
Trust Receipts	4,000,000,000	2,185,504,312	–	7%	Monthly payments of interest, principal payment at the end of term
Receivable Financing	2,000,000,000	1,882,911,283	–	7%	Monthly payments of interest, principal payment at the end of term
Promissory Note	13,550,000,000	11,426,000,000	–	6.9%-7%	Monthly payments of interest, principal payment at the end of term
Promissory Note	79,400,000	8,528,766	68,779,835	6% - 7%	Monthly payments of interest, principal payment at the end of term
Promissory Note	–	151,276,570	–	6.875%-6.975%	Monthly payments of interest, prinicipal payment at the end of term
Promissory Note	–	32,175,000	–	7%	Monthly payments of interest, principal payment at the end of term
	₱20,674,400,000	₱16,138,305,291	₱68,779,835		

BASIC ENERGY CORPORATION AND SUBSIDIARIES

SCHEDULE E
INDEBTEDNESS TO RELATED PARTIES
DECEMBER 31, 2024

Name of related party	Balance at beginning of period	Balance at end of period
	Not applicable	

BASIC ENERGY CORPORATION AND SUBSIDIARIES

SCHEDULE F
GUARANTEES OF SECURITIES AND OTHER ISSUERS
DECEMBER 31, 2024

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, 2024

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

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REPORT OF INDEPENDENT AUDITORS ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Basic Energy Corporation and Subsidiaries
GM Building, Florida St.
Barangay Wack Wack, Greenhills East
Mandaluyong 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, 2024, 2023 and 2022 and have issued our report thereon dated April 10, 2025. 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 June 6, 2026
BIR Accreditation No. 08-005144-011-2023
Valid until January 24, 2026
PTR No. 10467122
Issued January 2, 2025, Makati City

April 10, 2025
Makati City, Metro Manila

BASIC ENERGY CORPORATION

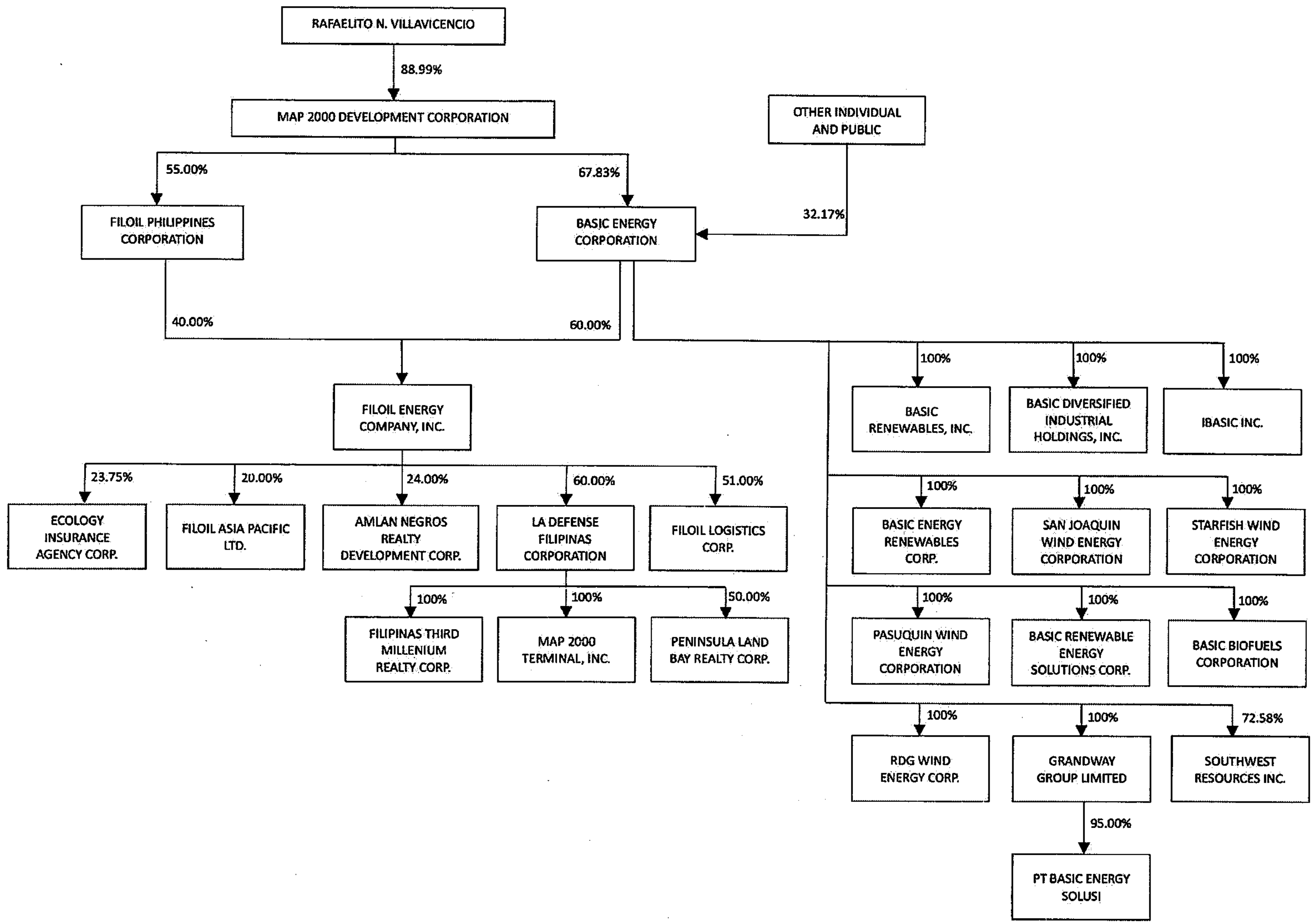
GM Building, Florida St., Brgy. Wack Wack, Greenhills East, Mandaluyong City

RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

FOR THE REPORTING PERIOD ENDED DECEMBER 31, 2024

Deficit, Beginning of Year	(₱502,420,192)
Add: Net Loss for the Current Year	(41,803,670)
Less: Category C: Unrealized income recognized in the profit or loss during the reporting period (net of tax)	
Fair value changes in investment properties	(6,839,645)
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	(486,626)
Adjusted Net Loss	(49,129,941)
Deficit, End of the Reporting Year	(₱551,550,133)

BASIC ENERGY CORPORATION
SUPPLEMENTARY SCHEDULE OF THE MAP OF THE CONGLOMERATE
DECEMBER 31, 2024



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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
GM Building, Florida St.
Barangay Wack Wack, Greenhills East
Mandaluyong 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, 2024 and 2023 and for the years ended December 31, 2024, 2023 and 2022, and have issued our report thereon dated April 10, 2025. 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) Accounting Standards 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 Accounting Standards. 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/P-010; Valid until June 6, 2026
BIR Accreditation No. 08-005144-011-2023
Valid until January 24, 2026
PTR No. 10467122
Issued January 2, 2025, Makati City

April 10, 2025
Makati City, Metro Manila

BASIC ENERGY CORPORATION AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS UNDER THE REVISED SECURITIES AND REGULATIONS CODE RULE 68

DECEMBER 31, 2024 AND 2023

	2024	2023
Current assets	**₱25,519,460,822**	₱23,501,516,488
Divided by: Current liabilities	**24,964,558,800**	21,193,057,061
Current/liquidity ratio	**1.10**	1.11
Net income before depreciation and amortization	**₱372,310,431**	₱726,811,924
Divided by: Total liabilities	**25,952,677,765**	22,266,495,751
Solvency ratio	**0.01**	0.03
Total liabilities	**₱25,952,677,765**	₱22,266,495,751
Divided by: Total equity	**7,295,973,191**	7,528,166,391
Debt to equity ratio	**3.56**	2.96
Quick assets	**₱20,185,330,259**	₱16,608,483,856
Divided by: Current liabilities	**24,964,558,800**	21,193,057,061
Quick ratio	**0.81**	0.78
Total assets	**₱33,248,650,956**	₱29,794,662,142
Divided by: Total equity	**7,295,973,191**	7,528,166,391
Asset-to-equity ratio	**4.56**	3.96
Net income before interest expense and taxes	**₱937,204,887**	₱774,026,789
Divided by: Interest expense	**993,384,585**	660,726,636
Interest rate coverage ratio	**0.94**	1.17
Net income before interest expense after-tax	**₱1,022,026,476**	₱760,318,140
Divided by: Average total assets	**31,542,476,682**	29,298,614,268
Return on asset ratio	**0.03**	0.03
Net income	**₱28,641,891**	₱99,591,504
Divided by: Average total equity	**7,412,069,791**	7,421,209,577
Return on equity ratio	**0.00**	0.01
Net income	**₱28,641,891**	₱99,591,504
Divided by: Revenues	**47,956,130,028**	64,073,556,426
Net profit margin	**0.001**	0.002

BASIC ENERGY CORPORATION AND SUBSIDIARIES

GM Building, Florida St., Barangay Wack Wack, Greenhills East, Mandaluyong City

SUPPLEMENTARY SCHEDULE OF EXTERNAL AUDITOR FEE-RELATED INFORMATION
DECEMBER 31, 2024 AND 2023

	2024	2023
Audit fees:		
Parent Company – Basic Energy Corporation	**₱1,400,000**	₱1,300,000
Other entities:		
Filoil Logistics Corporation	**1,400,000**	1,300,000
Filoil Energy Company, Inc.	**850,000**	750,000
Filipinas Third Millenium Realty Corporation	**330,000**	320,000
Map 2000 Terminal, Inc.	**330,000**	320,000
La Defense Filipinas Holding Corporation	**180,000**	120,000
Peninsula Land Bay Realty Corporation	**180,000**	170,000
Basic Diversified Industrial Holdings, Inc.	**50,000**	50,000
RDG Wind Energy Corporation *(formerly known as Mabini Energy Corporation)*	**50,000**	50,000
iBasic, Inc.	**50,000**	50,000
Basic Biofuels Corporation	**25,000**	25,000
Basic Renewables Inc.	**25,000**	25,000
Southwest Resources, Inc.	**25,000**	25,000
Basic Energy Renewable Corporation	**25,000**	25,000
San Joaquin Wind Energy Corporation	**25,000**	25,000
Starfish Wind Energy Corporation	**25,000**	25,000
Pasuquin Wind Energy Corporation	**25,000**	25,000
Basic Renewable Energy Solutions Corporation	**25,000**	–
Total Audit Fees	**₱5,020,000**	₱4,605,000
Non-audit service fees:		
Other assurance services	–	–
Tax services	–	–
All other services	–	–
Total Non-audit Fees	–	–
TOTAL AUDIT AND NON-AUDIT FEES	**₱5,020,000**	₱4,605,000

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)*

GM Building, Florida St., Barangay Wack Wack, Greenhills East, Mandaluyong 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) 7917-8118	0968-854-3822

No. of Stockholders	Annual Meeting	Fiscal Year (Month / Day)
6,503	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.*

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, 2024. 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, 2024 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.

KIM S. JACINTO - HENARES
Chairman of the Board

OSCAR L. DE VENECIA, JR.
Chief Executive Officer

ALAIN S. PANGAN
Vice President , Finance

BASIC ENERGY CORPORATION

16 APR 2025

SUBSCRIBED AND SWORN to before me this 15th day of April, 2025 affiant having exhibited to me their Passport ID number as follows:

Name	ID Number
Kim S. Jacinto – Henares	P066070B
Oscar L. De Venecia, Jr.	P8082820A
Alain S. Pangan	P5631428A

ATTY. RAYMOND A. RAMOS
COMMISSION NO. M-229
NOTARY PUBLIC FOR MAKATI CITY
UNTIL DECEMBER 31, 2026
2364 ANGONO STREET
BARANGAY POBLACION 1210, MAKATI CITY
SC Roll No. 62179/04-26-2013
IBP NO. 499549/01-06-2025/Pasig City
PTR NO. MKT 10494504/01-22-2025/Makati City
MCLE Compliance No. VIII-0012090/04-14-2026

Notary Public

Doc. No. 574
Page No. 104
Book No. 364
Series of 2025

"DOCUMENTARY STAMP TAX PAID"
(SIGNATURE) APR 16 2025 (DATE OF PAYMENT)

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, 2024 and 2023, 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, 2024 and 2023, 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.

KIM S. JACINTO - HENARES
Chairman of the Board

OSCAR L. DE VENECIA, JR.
Chief Executive Officer

ALAIN S. PANGAN
Vice President, Finance

BASIC ENERGY
C O R P O R A T I O N

16 APR 2025

SUBSCRIBED AND SWORN to before me this 15th day of April, 2025 affiant having exhibited to me their Passport ID number as follows:

Name	ID Number
Kim S. Jacinto – Henares	P066070B
Oscar L. De Venecia, Jr.	P8082820A
Alain S. Pangan	P5631428A

Notary Public

Doc. No. 512
Page No. 104
Book No. 364
Series of 2025

ATTY. RAYMOND A. RAMOS
COMMISSION NO. M-229
NOTARY PUBLIC FOR MAKATI CITY
UNTIL DECEMBER 31, 2026
2364 ANGONO STREET
BARANGAY POBLACION 1210, MAKATI CITY
SC Roll No. 62179/04-26-2013
IBP NO. 499549/01-06-2025/Pasig City
PTR NO. MKT 10494504/01-22-2025/Makati City
MCLE Compliance No. VIII-[illegible]

"DOCUMENTARY STAMP TAX PAID"
(SIGNATURE) APR 1 6 2025 (DATE OF PAYMENT)

BOA/PRC Accreditation No. 4782
April 14, 2024, valid until June 6, 2026
SEC Registration No. PP201007009

BDO Towers Valero
8741 Paseo de Roxas
Makati City 1209 Philippines
Phone : +632 8 982 9100
Fax : +632 8 982 9111
Website : www.reyestacandong.com

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Basic Energy Corporation
GM Building, Florida St.
Barangay Wack Wack, Greenhills East
Mandaluyong 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, 2024 and 2023, 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, 2024 and 2023, and its separate financial performance and its separate cash flows for the years then ended in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

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 Accounting Standards, 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.

REYES TACANDONG & CO.

JOSEPH C. BILANGBILIN
Partner
CPA Certificate No. 102884
Tax Identification No. 210-181-965-000
BOA Accreditation No. 4782/P-010; Valid until June 6, 2026
BIR Accreditation No. 08-005144-011-2023
Valid until January 24, 2026
PTR No. 10467122
Issued January 2, 2025, Makati City

April 10, 2025
Makati City, Metro Manila

BASIC ENERGY CORPORATION
(A Subsidiary of MAP 2000 Development Corp.)

SEPARATE STATEMENTS OF FINANCIAL POSITION

	Note	December 31 2024	2023
ASSETS			
Current Assets			
Cash and cash equivalents	4	**₱71,017,584**	₱175,202,363
Accounts and other receivables	5	**92,162,400**	49,009,540
Other current assets	6	**34,695,643**	33,043,499
		197,875,627	257,255,402
Noncurrent asset held for sale	8	**20,000,000**	–
Total Current Assets		**217,875,627**	257,255,402
Noncurrent Assets			
Financial assets at fair value through other comprehensive income (FVOCI)	7	**15,161,108**	12,144,795
Investments in subsidiaries	9	**3,069,985,814**	3,081,470,171
Investment properties	10	**62,551,732**	55,712,087
Property and equipment	11	**203,509,036**	199,699,580
Other noncurrent assets	12	**6,013,928**	6,746,660
Total Noncurrent Assets		**3,357,221,618**	3,355,773,293
		₱3,575,097,245	₱3,613,028,695
LIABILITIES AND EQUITY			
Current Liability			
Accounts and other payables	13	**₱18,992,781**	₱18,737,493
Noncurrent Liabilities			
Net retirement benefit liability	17	**1,944,889**	–
Deferred tax liability	18	**680,321**	771,789
Total Noncurrent Liabilities		**2,625,210**	771,789
Total Liabilities		**21,617,991**	19,509,282
Equity			
Capital stock	14	**3,667,160,766**	3,667,160,766
Additional paid-in capital		**372,568,759**	372,568,759
Deficit		**(494,751,017)**	(452,947,347)
Other equity reserves		**8,500,746**	6,737,235
Total Equity		**3,553,479,254**	3,593,519,413
		₱3,575,097,245	₱3,613,028,695

See accompanying Notes to Separate Financial Statements.

BASIC ENERGY CORPORATION

(A Subsidiary of MAP 2000 Development Corp.)

SEPARATE STATEMENTS OF COMPREHENSIVE INCOME

		Years Ended December 31	
	Note	**2024**	2023
INCOME			
Fair value changes in investment properties	10	**₱6,839,645**	₱11,097,814
Rent income		**4,910,714**	4,419,643
Interest income	4	**4,372,336**	2,019,085
Foreign exchange gain		**2,870,266**	–
Others		**138,038**	2,160
		19,130,999	17,538,702
EXPENSES			
General and administrative expenses	16	**60,922,500**	54,868,468
Foreign exchange loss		**–**	678,785
		60,922,500	55,547,253
LOSS BEFORE INCOME TAX		**(41,791,501)**	(38,008,551)
INCOME TAX EXPENSE (BENEFIT)	18		
Current		**103,637**	166,363
Deferred		**(91,468)**	771,789
		12,169	938,152
NET LOSS		**(41,803,670)**	(38,946,703)
OTHER COMPREHENSIVE INCOME (LOSS)			
Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods:			
Unrealized gain on changes in fair value of quoted equity securities at FVOCI	7	**3,016,313**	129,710
Remeasurement loss on net retirement benefit liability (asset)	17	**(1,252,802)**	(388,610)
		1,763,511	(258,900)
TOTAL COMPREHENSIVE LOSS		**(₱40,040,159)**	(₱39,205,603)

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, 2024 and 2023

					Other Equity Reserves		
	Note	Capital Stock	Additional Paid-in Capital	Deficit	Cumulative Unrealized Gains on Financial Assets at FVOCI (see Note 7)	Cumulative Remeasurement Loss on Net Retirement Benefit Asset (Liability) (see Note 17)	Total Equity
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**
Net loss		**–**	**–**	**(41,803,670)**	**–**	**–**	**(41,803,670)**
Other comprehensive income (loss)		**–**	**–**	**–**	**3,016,313**	**(1,252,802)**	**1,763,511**
Balances as at December 31, 2024		**₱3,667,160,766**	**₱372,568,759**	**(₱494,751,017)**	**₱12,107,970**	**(₱3,607,224)**	**₱3,553,479,254**
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
Issuance of capital stock	14	112,500,000	17,482,337	–	–	–	129,982,337
Stock issuance costs		–	(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

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 2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before income tax		**(₱41,791,501)**	(₱38,008,551)
Adjustments for:			
Provision for ECL on accounts and other receivables	5	**11,289,277**	1,893,179
Fair value changes in investment properties	10	**(6,839,645)**	(11,097,814)
Interest income	4	**(4,372,336)**	(2,019,085)
Retirement expense	17	**2,916,803**	3,178,036
Unrealized foreign exchange loss (gain) - net		**(2,870,266)**	678,785
Depreciation	11	**1,142,173**	915,466
Reversal of provision for ECL on accounts and other receivables	5	**(134,043)**	–
Gain on disposal of property and equipment	11	**(3,075)**	–
Operating loss before working capital changes		**(40,662,613)**	(44,459,984)
Increase in:			
Accounts and other receivables		**(6,094,602)**	(4,646,714)
Other current assets		**(1,755,527)**	(1,672,239)
Increase in accounts and other payables		**464,395**	744,011
Net cash used for operations		**(48,048,347)**	(50,034,926)
Interest received		**4,398,124**	1,936,332
Contributions to retirement plan asset	17	**(1,491,984)**	(10,333,615)
Income tax paid		**(254)**	–
Retirement benefits paid	17	**–**	(4,565,700)
Net cash used in operating activities		**(61,216,851)**	(62,997,909)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to:			
Advances to related parties		**(47,752,654)**	(4,174,819)
Investments in subsidiaries	9	**(8,515,643)**	(987,357)
Property and equipment	11	**(4,973,926)**	(11,285,888)
Proceeds from disposal of property and equipment	11	**25,372**	–
Collection of refundable deposit		**–**	16,122,231
Net cash used in investing activities		**(61,216,851)**	(325,833)

(Forward)

		Years Ended December 31	
	Note	**2024**	2023
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of:			
Advances from related parties	13	**(₱209,107)**	(₱76,570)
Stock issuance costs		**–**	(358,000)
Proceeds from issuance of capital stock	14	**–**	129,982,337
Additional advances from related parties	13	**–**	550,000
Net cash provided by (used in) financing activities		**(209,107)**	130,097,767
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(106,568,419)**	66,774,025
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**2,383,640**	(954,088)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**175,202,363**	109,382,426
CASH AND CASH EQUIVALENTS AT END OF YEAR		**₱71,017,584**	₱175,202,363

See accompanying Notes to Separate Financial Statements.

BASIC ENERGY CORPORATION
(A Subsidiary of MAP 2000 Development Corp.)

NOTES TO SEPARATE FINANCIAL STATEMENTS
AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

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 GM Building, Florida St., Barangay Wack Wack, Greenhills, East, Mandaluyong City.

Approval of the Separate Financial Statements

The separate financial statements of the Company as at and for the years ended December 31, 2024 and 2023 were approved and authorized for issuance by the Board of Directors (BOD) of the Company on April 10, 2025.

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) Accounting Standards. This financial reporting framework includes PFRS Accounting Standards, 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 (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 at 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.

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level of input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

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 10 - Investment Properties
- Note 19 - Fair Value Measurements

Adoption of Amendments to PFRS Accounting Standards

The accounting policies adopted are consistent with those of the previous financial year. There are no amendments to PFRS Accounting Standards which are effective as at January 1, 2024 that will have an impact on the Company's separate financial statements.

New and Amendments to PFRS Accounting Standards in Issue But Not Yet Effective

Relevant new and amendments to PFRS Accounting Standards, which are not yet effective as at December 31, 2024 and have not been applied in preparing the separate financial statements, are summarized below.

Effective for annual periods beginning on or after January 1, 2026 -

- Amendments to PFRS 9, Financial Instruments, and PFRS 7, *Financial Instruments: Disclosures – Classification and Measurement of Financial Assets* – The amendments clarify that a financial liability is derecognized when the related obligation is discharged, cancelled, expires or otherwise qualifies for derecognition (e.g. settlement date), and introduces a policy option to derecognize financial liabilities settled through an electronic payment system before settlement date if the required conditions are met. The amendments also clarify the assessment of contractual cash flow characteristics of financial assets, the treatment of non-recourse loans and contractually linked instruments, as well as require additional disclosure requirements for financial assets and liabilities with contingent features and equity instruments classified at fair value through other comprehensive income (FVOCI). Earlier application is permitted.

Effective for annual periods beginning on or after January 1, 2027 -

- PFRS 18, *Presentation and Disclosure in Financial Statements* – This standard replaces PAS 1, *Presentation of Financial Statements*, and sets out the requirements for the presentation and disclosure of information to help ensure that the financial statements provide relevant information that faithfully represents the entity's assets, liabilities, equity, income and expenses. The standard introduces new categories and sub-totals in the statements of comprehensive income, disclosures on management-defined performance measures, and new principles for grouping of information, which the entity needs to apply retrospectively. Earlier application is permitted.

Under prevailing circumstances, the adoption of the foregoing relevant new and amendments to PFRS Accounting Standards is not expected to have any material effect on the separate financial statements of the Company. Additional disclosures will be included in the separate financial statements, as applicable.

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, 2024 and December 31, 2023, 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. Financial assets at amortized cost are included under current assets if realizability or collectability is within 12 months after the reporting period. Otherwise, these are classified as noncurrent assets.

As at December 31, 2024 and 2023, the Company's cash and cash equivalents and accounts and other receivables (except advances to officers and employees) are classified under this category (see Notes 4 and 5).

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, 2024 and 2023, the Company has quoted equity securities pertaining to shares of stocks of corporations and club shares which were irrevocably designated as financial assets at FVOCI (see Note 7).

For financial assets 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 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. Financial liabilities at amortized cost are included under current liabilities if its settlement is within 12 months after the reporting period. Otherwise, these are classified as noncurrent liabilities.

As at December 31, 2024 and 2023, the Company's accounts and other payables (excluding statutory payables) is classified under this category (see Note 13).

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.

Noncurrent Asset Held For Sale

The Company classifies noncurrent assets as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Noncurrent assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one (1) year from the date of classification.

The Company recognizes an impairment loss for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell, to the extent that it has not been recognized in the carrying amount of the noncurrent asset before initial classification as held for sale. The Company recognizes a gain for any subsequent increase in fair value less costs to sell of an asset, but not in excess of the cumulative impairment loss that has been recognized

Assets and liabilities classified as held for sale are presented separately as current items in the separate statements of financial position.

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 and any accumulated impairment losses:

- Machineries and equipment; and
- Office equipment, furniture and fixtures.

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 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 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

The estimated useful lives and depreciation 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 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 pertains to 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 ten 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.

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 Accounting Standards. Other equity reserves of the Company pertain to cumulative unrealized gains on financial assets at FVOCI and cumulative remeasurement loss on net retirement benefit assets (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 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 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.

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

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.

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

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

If the Company 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 Company also assesses whether a contract contains a lease for each potential separate lease component.

Company as a Lessee. At the commencement date, the Company recognizes 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 in profit or loss on a straight-line basis throughout the lease term.

Company as a Lessor. Leases where the Company retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income.

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 liability (asset) 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 liability (asset) 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 liability (asset).

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 (income) 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 liability (asset), which comprise of 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 and Relationships

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.

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. The key management personnel of the Company and post-employment benefit plans for the benefit of the Company's employees are also considered to be related parties.

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. Significant 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 significant 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 significant 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.

The fair value of financial assets at FVOCI are disclosed in Note 7 to separate financial statements.

Cash and cash equivalents and accounts and other receivables (excluding advances to officers and employees), 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 and 5).

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 the parcels of land as investment properties. The carrying amounts of investment properties are disclosed in Note 10 to the separate financial statements.

Classification of Investments in RDG Wind Energy Corporation (RDG) (formerly Mabini Energy Corporation) as Noncurrent Asset Held For Sale. The Company classifies a noncurrent asset as held for sale when its carrying amount will be recovered principally through a sale transaction rather than through continuing use. In making its judgment, the Company considers its management's commitment to sell the asset within one (1) year. When the one-year period is not met, the Company determines whether the delay of the sale is caused by events or circumstances beyond its control and there is sufficient evidence that the Company remains committed to its plan to sell the asset.

Based on the Company's management assessment, investments in RDG classified as noncurrent asset held for sale will be classified as such because of continuous discussion with the potential acquirer to complete the sale. Accordingly, the investment in RDG was separately presented as noncurrent asset held as at December 31, 2024.

The details of the Company's noncurrent asset held for sale are disclosed in Note 8 to the separate financial statements.

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*, 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 19 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 details of the Company's provision for ECL on accounts and other receivables are disclosed in Note 5 to the separate financial statements.

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 2024 and 2023.

The carrying amounts of financial assets at amortized cost are disclosed in Notes 4 and 5 to the separate financial statements.

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 2024 and 2023.

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, 2024 and 2023. These were valued based on comparable market data adjusted as necessary to reflect the specific assets' location, condition and other characteristics.

The details of the Company's investment properties are disclosed in Note 10 to the separate financial statements.

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 2024 and 2023, no impairment loss on nonfinancial assets was recognized except for investment in subsidiaries. The details of Company's investment in subsidiaries are disclosed in Note 9 to the financial statements.

The carrying amounts of nonfinancial assets are disclosed in Notes 6, 8, 9, 10, 11, and 12 to the separate financial statements.

Determination of Retirement Benefits. The determination of the net retirement benefit liability (asset) and expense is dependent on the assumptions used by the actuary in calculating such amounts. These assumptions are described in Note 17 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 liability (asset).

The details of the Company's retirement benefits are disclosed in Note 17 to the separate financial statements.

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 management assessed that there may be no sufficient future taxable income against which benefits of the deferred tax assets can be utilized. The Company's unrecognized deferred tax assets are disclosed in Note 18 to the separate financial statements.

4. Cash and Cash Equivalents

This account consists of:

	2024	2023
Cash on hand	**₱4,327**	₱18,137
Cash in banks	**19,947,745**	133,010,963
Short-term placements	**51,065,512**	42,173,263
	₱71,017,584	₱175,202,363

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 0.25% to 6.13% and 2.5% to 4.25% in 2024 and 2023, respectively.

Interest income earned from cash and cash equivalents amounted to ₱4.4 million and ₱2.0 million in 2024 and 2023, respectively.

5. Accounts and Other Receivables

This account consists of:

	Notes	2024	2023
Accounts receivable from:			
Third parties		**₱25,583,867**	₱24,993,825
Related party	15	**10,450,000**	4,950,000
Advances to related parties	15	**266,208,125**	218,367,055
Nontrade receivables		**9,306,847**	8,908,637
Advances to officers and employees		**131,438**	126,878
Interest receivable		**108,048**	133,836
		311,788,325	257,480,231
Less allowance for ECL on:			
Accounts receivable		**12,713,827**	2,101,066
Advances to related parties	15	**206,912,098**	206,369,625
		219,625,925	208,470,691
		₱92,162,400	₱49,009,540

Accounts receivable are unsecured, noninterest-bearing and collectible within one (1) year.

Nontrade receivables pertain to the remaining uncollected amount of the refundable deposit from an equity investment opportunity outside the country.

Advances to officers and employees are subject to liquidation within 14 days after the date of the related transaction.

Interest receivable arises from the Company's short-term placements which are collectible within three (3) months.

The balance and movement in the allowance for ECL are as follows:

	Note	2024	2023
Balance at beginning of year		**₱208,470,691**	₱206,577,512
Provision	16	**11,289,277**	1,893,179
Reversal	15	**(134,043)**	–
Balance at end of year		**₱219,625,925**	₱208,470,691

6. Other Current Assets

This account consists of:

	2024	2023
Input VAT	**₱31,989,004**	₱30,294,019
Excess tax credits	**2,013,317**	2,116,700
Prepayments	**584,976**	465,186
Others	**108,346**	167,594
	₱34,695,643	₱33,043,499

7. Financial Assets at FVOCI

As at December 31, 2024 and 2023, the Company has quoted equity securities amounting to ₱15.2 million and ₱12.1 million, respectively.

The movements in financial assets at FVOCI are as follows:

	2024	2023
Balance at beginning of year	**₱12,144,795**	₱12,015,085
Net unrealized gain during the year	**3,016,313**	129,710
Balance at end of year	**₱15,161,108**	₱12,144,795

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

	2024	2023
Balance at beginning of year	**₱9,091,657**	₱8,961,947
Net unrealized gain during the year	**3,016,313**	129,710
Balance at end of year	**₱12,107,970**	₱9,091,657

The Company's financial assets at FVOCI as at December 31, 2024 and 2023 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 19).

8. Noncurrent Asset Held for Sale

The Company classified its investments in RDG Wind Energy Corporation (RDG) (formerly Mabini Energy Corporation) amounting to ₱20.0 million as noncurrent asset held for sale as at December 31, 2024.

On April 15, 2024, the BOD of the Company approved the execution of a Joint Development and Shareholders' Agreement (the Agreement) with Renova, Inc. (RENOVA).

On April 17, 2024, the Company executed the Agreement covering the investment of RENOVA over RDG and the ownership, development, management and operation of an onshore wind power generation project.

Based on the terms, and subject to the conditions set in the agreement, the Company agrees to sell, assign, transfer, convey and deliver to RENOVA, and RENOVA agrees to purchase and accept from the Company, the Company's right, title and interest in the 51% ownership over RDG, for a purchase price.

As at December 31, 2024, the Company is working to fulfill the conditions precedent required for closing the sale. The Company does not expect the purchase price to be lower than the carrying amount of the investment. The Company expects to complete the sale in February 2025.

9. Investments in Subsidiaries

The balance and movements in investments in subsidiaries are as follows:

	Note	2024	2023
Cost			
Balance at beginning of year		**₱3,500,510,808**	₱3,499,523,451
Addition		**8,515,643**	987,357
Reclassification to Noncurrent Asset Held For Sale	8	**(20,000,000)**	–
Balance at end of the year		**3,489,026,451**	3,500,510,808
Accumulated Impairment Losses			
Balance at beginning and end of year		**440,051,451**	440,051,451
		3,048,975,000	3,060,459,357
Deposit for future stock subscription	15	**21,010,814**	21,010,814
Carrying Amount		**₱3,069,985,814**	₱3,081,470,171

The details and cost of investments in subsidiaries as at December 31, 2024 and 2023 are as follows:

Company Name	Percentage of Ownership	Nature of Business	Costs of Investment 2024	Costs of Investment 2023
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
Basic Renewable Energy Solutions Corporation (BRESC)	100.00	Development of renewable energy resources	**5,000,000**	–
Basic Energy Renewables Corporation (BERC)	100.00	Solar energy projects	**2,500,000**	2,500,000
Pasuquin Wind Energy Corporation (PWEC)	100.00	Wind energy projects	**1,500,000**	690,202
San Joaquin Wind Energy Corporation (SJWEC)	100.00	Wind energy projects	**1,500,000**	153,849
Starfish Wind Energy Corporation (SWEC)	100.00	Wind energy projects	**1,500,000**	140,306
Grandway Group Limited (Grandway)	100.00	Investment holding	**76,561**	76,561
RDG Wind Energy Corporation (RDG) (formerly Mabini Energy Corporation)*	100.00	Development of renewable energy resources	**–**	20,000,000
			₱3,489,026,451	₱3,500,510,808

**Classified as Noncurrent Asset Held for Sale (see Note 8).*

All subsidiaries were incorporated and domiciled in the Philippines except Grandway, which was incorporated and domiciled in Hong Kong.

In 2024, the Company invested in 100% ownership of BRESC for a total consideration of ₱5.0 million.

The key financial information of the subsidiaries as at and for the years ended December 31, 2024 and 2023 are as follows:

	2024					
	Total Assets	**Total Liabilities**	**Revenues**	**Net Income (Loss)**	**Other Comprehensive Loss**	**Total Comprehensive Income (Loss)**
FECI	**₱4,700,225,747**	**₱670,941,879**	**₱–**	**₱143,230,537**	**(₱982,749)**	**(₱142,247,788)**
BDIHI	**257,002,692**	**26,692,661**	**6,644,700**	**6,494,200**	**–**	**6,494,200**
SRI	**35,330**	**832,245**	**–**	**(38,386)**	**–**	**(38,386)**
BBC	**18,852,287**	**6,803,325**	**3,489,000**	**3,416,437**	**–**	**3,416,437**
BRI	**127,947**	**296,976**	**130**	**(41,106)**	**–**	**(41,106)**
iBasic	**4,012,839**	**55,000**	**61**	**(68,404)**	**–**	**(68,404)**
RDG	**87,690,214**	**68,953,878**	**9,050**	**(812,995)**	**(666,000)**	**(1,478,995)**
Grandway	**201,198,214**	**231,562,732**	**–**	**240,688**	**–**	**240,688**
BERC	**23,354,183**	**21,325,684**	**534,978**	**(357,951)**	**–**	**(357,951)**
PWEC	**2,464,058**	**1,175,002**	**398**	**(43,496)**	**–**	**(43,496)**
SJWEC	**4,277,711**	**3,001,220**	**1,353**	**(42,160)**	**–**	**(42,160)**
SWEC	**2,040,053**	**738,459**	**1,353**	**(30,600)**	**–**	**(30,600)**
BRESC	**5,000,000**	**109,305**	**–**	**(109,305)**	**–**	**(109,305)**

	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	₱229,878,764
BDIHI	250,337,231	26,521,400	–	62,020,171	61,869,260	123,889,431
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)
RDG	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)

10. Investment Properties

The balance and movement in this account are as follows:

	2024	2023
Balance at beginning of year	**₱55,712,087**	₱44,614,273
Fair value changes	**6,839,645**	11,097,814
Balance at end of year	**₱62,551,732**	₱55,712,087

Direct operating expenses incurred amounted to ₱53,544 and ₱52,853 in 2024 and 2023, respectively.

The Company engaged an independent appraiser to determine the fair value of the investment properties as at December 31, 2024. The latest appraisal valuation report dated

February 11, 2025 was prepared using the "Market Approach," which is based on the assumption that no prudent purchaser will buy more than what it will cost to acquire an equally desirable substitute parcel or site. Fair value of investment properties is categorized under Level 3 (significant unobservable inputs) (see Note 19).

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 ₱696 to ₱930 per square meter, and at ₱510 to ₱750 per square meter as at December 31, 2024 and 2023, respectively.

11. Property and Equipment

The balances and movements in this account are as follows:

		2024			
	Note	**Machineries and Equipment**	**Office Equipment, Furniture and Fixtures**	**Construction in Progress and Equipment for Installation**	**Total**
Cost					
Balances at beginning of year		**₱6,138,780**	**₱2,886,691**	**₱192,268,743**	**₱201,294,214**
Additions		**–**	**44,999**	**4,928,927**	**4,973,926**
Disposals		**–**	**(27,678)**	**–**	**(27,678)**
Balances at end of year		**6,138,780**	**2,904,012**	**197,197,670**	**206,240,462**
Accumulated Depreciation					
Balances at beginning of year		**484,538**	**1,110,096**	**–**	**1,594,634**
Depreciation	16	**618,850**	**523,323**	**–**	**1,142,173**
Disposal		**–**	**(5,381)**	**–**	**(5,381)**
Balances at end of year		**1,103,388**	**1,628,038**	**–**	**2,731,426**
Carrying Amounts		**₱5,035,392**	**₱1,275,974**	**₱197,197,670**	**₱203,509,036**

		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		–	–	(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	16	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

In 2024, the Company sold office equipment with carrying amount of ₱22,297 for ₱25,372, resulting to a gain of ₱3,075.

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. This is considered a noncash financial information in the separate statements of cash flows.

12. Other Noncurrent Assets

This account consists of:

	Note	**2024**	2023
Intangible asset		**₱6,013,928**	₱6,013,928
Net retirement benefit asset	17	**–**	732,732
		₱6,013,928	₱6,746,660

Intangible Asset

As at December 31, 2024 and 2023, 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 at April 10, 2025, 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 at December 31, 2024, no amortization expense was recognized since the Company has yet to start commercial operations on its geothermal project.

13. **Accounts and Other Payables**

This account consists of:

	Note	**2024**	2023
Accounts payable		**₱116,015**	₱213,113
Liabilities from terminated projects		**12,877,792**	12,877,792
Accrual for:			
Professional fees		**1,302,241**	1,308,000
Personnel costs		**749,949**	61,923
Statutory payables		**1,786,374**	1,354,091
Advances from related parties	15	**916,264**	1,125,371
Others		**1,244,146**	1,797,203
		₱18,992,781	₱18,737,493

Liabilities from terminated projects pertain to financial liabilities by the Company to a government agency which are payable on demand.

Accrued expenses and other payables are normally settled within 30 days.

Reconciliation of Advances from Related Parties

	2024	2023
Balance at beginning of year	**₱1,125,371**	₱651,941
Payments	**(209,107)**	(76,570)
Additions	**–**	550,000
Balance at end of year	**₱916,264**	₱1,125,371

14. **Equity**

Capital Stock

The details of the capital stock are as follows:

	2024		2023	
	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
Collection during the year	**–**	**–**	(450,000,000)	(112,500,000)
Balance at end of year	**–**	**–**	–	–
Issued capital stock	**14,668,643,064**	**₱3,667,160,766**	14,668,643,064	₱3,667,160,766

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

15. 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	**2024**	2023	**2024**	2023
Accounts Receivable (see Note 5)					
Subsidiary -					
RDG	Rent income	₱5,500,000	₱4,950,000	**₱10,450,000**	₱4,950,000
Advances to Related Parties (see Note 5)					
Subsidiaries:					
Grandway	Working capital advances	**₱345,580**	₱1,306,141	**₱176,028,503**	₱175,728,514
RDG	Working capital advances	**42,348,685**	2,556,670	**54,118,467**	11,769,782
BDIHI	Working capital advances	**196,152**	138,451	**23,087,821**	22,891,669
BBC	Working capital advances	**98,561**	86,372	**6,742,611**	6,644,050
SJWEC	Working capital advances	**2,976,220**	–	**2,976,220**	–
PWEC	Working capital advances	**1,149,802**	–	**1,149,802**	–
SRI	Working capital advances	**44,386**	45,585	**782,495**	738,109
SWEC	Working capital advances	**713,460**	–	**713,460**	–
BRI	Working capital advances	**43,735**	50,020	**271,976**	228,240
BERC	Working capital advances	**4,815**	45,508	**232,464**	227,648
BRESC	Working capital advances	**99,035**	–	**99,305**	–
iBasic	Working capital advances	**2,772**	–	**5,001**	139,043
				266,208,125	218,367,055
Less allowance for ECL				**206,912,098**	206,369,625
				₱59,296,027	₱11,997,430
Deposit For Future Investment (see Note 9)					
Subsidiary -					
BERC	Deposit for future investment	**₱–**	₱21,010,814	**₱21,010,814**	₱21,010,814
Advances from Related Parties (see Note 13)					
Subsidiaries:					
RDG	Working capital advances	**₱–**	₱550,000	**₱550,100**	₱550,100
iBasic	Working capital advances	**–**	–	**366,164**	575,271
				₱916,264	₱1,125,371
Fair Value of Plan Asset (see Note 17)					
Plan asset	Plan contribution	**₱1,491,984**	₱10,333,615	**₱17,111,019**	₱14,578,578
Personnel Costs					
Key management personnel	Retirement benefits	**₱2,593,079**	₱2,825,319	**₱12,226,966**	₱8,884,000
	Short-term benefits	**1,628,900**	1,445,700	**36,659**	36,659
				₱12,263,625	₱8,920,659

Accounts Receivable

Accounts receivable pertain to the rent income from the lease of machinery to a related party for ₱0.6 million monthly, inclusive of VAT, which was terminated in October 2024. Accounts receivable are unsecured, noninterest-bearing and generally collected within one (1) year.

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 collected in Philippine Peso, except for the advances to Grandway which are to be collected in United States (US) Dollar.

The balance and movements in the allowance for ECL on advances to related parties are as follows:

	Note	2024	2023
Balance at beginning of year		**₱206,369,625**	₱204,476,446
Provision		**676,516**	1,893,179
Reversal	5	**(134,043)**	–
Balance at end of year		**₱206,912,098**	₱206,369,625

Advances from Related Parties

Advances from related parties are unsecured, noninterest-bearing, due on demand and to be settled in Philippine Peso.

16. General and Administrative Expenses

This account consists of:

	Note	2024	2023
Personnel costs:			
Salaries and wages		**₱28,515,988**	₱25,625,106
Retirement expense	17	**2,916,803**	3,178,036
Provision for ECL	5	**11,289,277**	1,893,179
Professional fees		**6,342,461**	6,657,725
Rent		**3,586,770**	3,215,877
Taxes and licenses		**1,955,071**	4,940,692
Transportation and travel		**1,380,303**	2,038,622
Depreciation	11	**1,142,173**	915,466
Communications		**651,910**	440,233
Meetings and trainings		**580,947**	491,589
Others		**2,560,797**	5,471,943
		₱60,922,500	₱54,868,468

The Company as a lessee, has a cancellable operating lease agreement for its office space. The lease contract is renewable every year at the option of both parties. The Company elected to apply the recognition exemption provided in PFRS 16, *Leases*, on short-term leases. Hence, no ROU asset and lease liability were recognized.

17. 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, 2024.

The components of the retirement expense included under the "General and administrative expenses" account in the separate statements of comprehensive income are as follows (see Note 16):

	2024	2023
Current service cost	**₱3,018,687**	₱2,568,852
Net interest expense (income)	**(101,884)**	609,184
	₱2,916,803	₱3,178,036

Movements in net retirement benefit liability (asset) recognized in the separate statements of financial position are as follows:

	2024	2023
Balance at beginning of year	**(₱732,732)**	₱10,599,937
Retirement expense	**2,916,803**	3,178,036
Contributions paid	**(1,491,984)**	(10,333,615)
Remeasurement loss recognized in OCI	**1,252,802**	388,610
Benefits paid from Company operating funds	**–**	(4,565,700)
Balance at end of year	**₱1,944,889**	(₱732,732)

The funded status of the Company's retirement plan are as follows:

	2024	2023
Present value of defined benefit obligation	**₱19,055,908**	₱13,845,846
Fair value of plan assets	**(17,111,019)**	(14,578,578)
	₱1,944,889	(₱732,732)

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

	2024	2023
Balance at beginning of year	**₱13,845,846**	₱33,020,698
Current service cost	**3,018,687**	2,568,852
Actuarial losses (gains) recognized in OCI:		
Change in financial assumptions	**2,497,230**	343,156
Experience adjustments	**(1,259,834)**	1,280,434
Interest expense	**953,979**	998,254
Benefits paid from retirement fund	**–**	(19,799,848)
Benefits paid from Company operating funds	**–**	(4,565,700)
Balance at end of year	**₱19,055,908**	₱13,845,846

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

	Note	2024	2023
Balance at beginning of year		**₱14,578,578**	₱22,420,761
Contributions paid	15	**1,491,984**	10,333,615
Interest income		**1,055,863**	389,070
Remeasurement gain (loss)		**(15,406)**	1,234,980
Benefits paid from retirement funds		**–**	(19,799,848)
Balance at end of year		**₱17,111,019**	₱14,578,578

Remeasurement loss recognized in OCI are as follows:

	2024	2023
Actuarial losses on defined benefit obligation	**(₱1,237,396)**	(₱1,623,590)
Remeasurement gain (loss)	**(15,406)**	1,234,980
	(₱1,252,802)	(₱388,610)

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

	2024	2023
Balance at beginning of year	**₱2,354,422**	₱1,965,812
Remeasurement loss	**1,252,802**	388,610
Balance at end of year	**₱3,607,224**	₱2,354,422

The Company did not recognize deferred tax asset on the cumulative remeasurement loss on net retirement benefit liability (asset). 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:

	2024	2023
Investment in government securities	**59.84%**	17.57%
Investment in unit investment trust fund	**29.12%**	68.45%
Other securities and debt instruments	**11.04%**	11.76%
Others	**–**	2.22%
	100.00%	100.00%

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

	2024	2023
Discount rate	**6.11%**	6.89%
Salary increase rate	**6.00%**	5.00%

Sensitivity analysis on the net retirement benefit liability (asset) are as follows:

	Change in Assumption	Effect on Net Retirement Benefit Liability (Asset) 2024	2023
Discount rate	+1.00%	**(₱1,460,553)**	(₱12,819,376)
	-1.00%	**1,669,940**	15,019,259
Salary increase rate	+1.00%	**₱1,655,084**	₱15,096,901
	-1.00%	**(1,474,993)**	(12,734,820)

The sensitivity analysis above have been determined based on a method that extrapolates the impact on net retirement benefit liability (asset) 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's 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 securities and government 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 Company is not required to pre-fund the future defined benefits payable under the retirement plan before they become due. For this reason, the amount and timing of contributions to the retirement fund to support the defined benefits are at the Company's discretion. However, in the event a defined benefit claim arises and the retirement fund is insufficient to pay the claim, the shortfall will then be due and payable from the Company to the retirement fund.

As at December 31, 2024, the maturity analysis of the undiscounted benefit payments is as follows:

Within one (1) year	₱2,748,328
More than:	
One (1) year to five (5) years	1,331,834
Five (5) years to 10 years	3,783,623
10 years to 15 years	2,899,129
15 years to 20 years	1,810,838
20 years to 25 years	16,535,463
	₱29,109,215

The average duration of the retirement benefit liability as at December 31, 2024 is approximately 8.2 years.

18. Income Taxes

The components of income tax expense (benefit) as reported in the separate statements of comprehensive income are as follows:

	2024	2023
Current tax expense - MCIT	**₱103,637**	₱166,363
Deferred tax expense (benefit)	**(91,468)**	771,789
	₱12,169	₱938,152

As at December 31, 2024 and 2023, the Company has the following unrecognized deferred tax assets:

	2024	2023
NOLCO	**₱50,072,092**	₱38,531,925
Unamortized past service cost	**3,487,205**	4,069,220
Allowance for ECL on accounts receivable	**3,178,457**	525,266
Unrealized foreign exchange loss	**1,681,388**	1,957,156
Excess of MCIT over RCIT	**566,890**	473,034
Net retirement liability	**486,222**	–
	₱59,472,254	₱45,556,601

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.

As at December 31, 2023 and 2024, the Company's deferred tax liability amounting to ₱680,321 and ₱771,789 pertains to unrealized foreign exchange gain and net retirement asset, respectively.

Details of the Company's NOLCO as at December 31, 2024 are as follows:

Year Incurred	Amount	Year of Expiration
2024	₱46,160,668	2027
2023	46,653,151	2026
2022	20,950,297	2025
2021	48,003,326	2026
2020	38,520,924	2025
	₱200,288,366	

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, 2024 are as follows:

Year Incurred	Amount	Expired	Balance	Year of Expiration
2024	₱103,637	₱–	₱103,637	2027
2023	166,363	–	166,363	2026
2022	296,890	–	296,890	2025
2021	9,781	9,781	–	2024
	₱576,671	₱9,781	₱566,890	

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

	2024	2023
Income tax benefit at statutory tax rate	**(₱10,447,875)**	(₱9,502,138)
Change in unrecognized deferred tax assets	**13,915,653**	13,180,086
Increase (decrease) in income tax resulting from:		
Nontaxable income	**(1,676,630)**	(2,774,994)
Income subjected to final tax	**(1,093,084)**	(504,771)
Nondeductible expenses	**206,130**	620,795
Expired excess of MCIT over RCIT	**9,781**	8,674
Stock issuance costs	**–**	(89,500)
Others	**(901,806)**	–
Income tax expense at effective tax rate	**₱12,169**	₱938,152

19. **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:

		2024			
			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	**₱15,161,108**	**₱15,161,108**	**₱–**	**₱–**
Investment properties	10	**62,551,732**	**–**	**–**	**62,551,732**
		₱77,712,840	**₱15,161,108**	**₱–**	**₱62,551,732**

		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	10	55,712,087	–	–	55,712,087
		₱67,856,882	₱12,144,795	₱–	₱55,712,087

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.

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.

There were no transfers between Level 1, Level 2, and Level 3 fair value measurements in 2024 and 2023.

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, 2024 and 2023:

	2024	2023
Financial assets at amortized cost:		
Cash and cash equivalents	**₱71,017,584**	₱175,202,363
Accounts and other receivables*	**92,030,962**	48,882,662
	₱163,048,546	₱224,085,025
Financial liabilities at amortized cost -		
Accounts and other payables**	**₱16,656,307**	₱17,383,402

**Excluding nonfinancial assets amounting to ₱0.1 million as at December 31, 2024 and 2023, respectively.*

***Excluding nonfinancial liabilities amounting to ₱1.8 million and ₱1.4 million as at December 31, 2024 and 2023, respectively.*

20. Financial Risk and Capital Management Objectives and Policies

Financial Risk Management

The Company's financial instruments consist of cash and cash equivalents, accounts and other receivables (excluding nonfinancial assets), 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.

The carrying amounts of financial assets at amortized cost 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, accounts and other receivables (excluding nonfinancial assets) are transacted 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 receivables of ₱11.3 million and ₱1.9 million in 2024 and 2023, 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, 2024 and 2023:

	2024			
	Financial Assets at Amortized Cost			
	12-month ECL	**Lifetime ECL - Not Credit impaired**	**Lifetime ECL - Credit Impaired**	**Total**
Cash in banks and cash equivalents*	**₱71,013,257**	**₱–**	**₱–**	**₱71,013,257**
Accounts and other receivables**	**–**	**92,030,962**	**219,625,925**	**311,656,887**
	₱71,013,257	**₱92,030,962**	**₱219,625,925**	**₱382,670,144**

**Excluding cash on hand amounting to ₱4,327 as at December 31, 2024.*
***Excluding nonfinancial assets amounting to ₱0.1 million as at December 31, 2024.*

	2023			
	Financial Assets at Amortized Cost			
	12-month ECL	Lifetime ECL - Not Credit impaired	Lifetime ECL - Credit Impaired	Total
Cash in banks and cash equivalents*	₱175,184,226	₱–	₱–	₱175,184,226
Accounts and other receivables**	–	48,882,662	208,470,691	257,353,353
	₱175,184,226	₱48,882,662	₱208,470,691	₱432,537,579

**Excluding cash on hand amounting to ₱18,137 as at December 31, 2023.*
***Excluding nonfinancial assets amounting to ₱0.1 million as at December 31, 2023.*

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 ₱17.2 million and ₱17.4 million, excluding nonfinancial liabilities amounting to ₱1.8 million and ₱1.4 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, 2024 and 2023, 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:

	2024	
	Original Currency	**Philippine Peso**
Cash and cash equivalents	**US$100,919**	**₱5,838,152**
Advances to related parties	**3,042,844**	**176,028,503**
Nontrade receivables	**160,879**	**9,306,847**
	US$3,304,642	**₱191,173,502**

	2023	
	Original Currency	Philippine Peso
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

For purposes of translating the Company's foreign currency-denominated monetary assets to Philippine Peso, the exchange rates applied were ₱57.85 and ₱55.37 per US$1 as at December 31, 2024 and 2023, 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 2024 and 2023.

	Increase (Decrease) in Exchange Rates	Effect on Loss Before Income Tax	Effect on Equity
2024	**1.14**	**₱3,767,292**	₱2,825,469
	(1.14)	**(3,767,292)**	(2,825,469)
2023	0.80	₱3,467,086	₱2,600,315
	(0.80)	(3,467,086)	(2,600,315)

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, 2024 and 2023:

	2024		2023	
Changes in PSEi	**15.34%**	**(15.34%)**	14.04%	(14.04%)
Financial assets at FVOCI:				
Telecommunications	**₱3,439**	**(₱3,439)**	₱2,504	(₱2,504)
Banks	**2,557**	**(2,557)**	1,294	(1,294)
	₱5,996	**(₱5,996)**	₱3,798	(₱3,798)

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 as at December 31, 2024 and 2023, 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, 2024 and 2023.

BOA/PRC Accreditation No. 4782
April 14, 2024, valid until June 6, 2026
SEC Registration No. PP201007009

BDO Towers Valero
8741 Paseo de Roxas
Makati City 1209 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
GM Building, Florida St.
Barangay Wack Wack, Greenhills East
Mandaluyong City

We have audited the accompanying separate financial statements of Basic Energy Corporation (the Company) as at and for the years ended December 31, 2024 and 2023, on which we have rendered our report dated April 10, 2025.

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 as at December 31, 2024 and 2023.

REYES TACANDONG & CO.

JOSEPH C. BILANGBILIN
Partner
CPA Certificate No. 102884
Tax Identification No. 210-181-965-000
BOA Accreditation No. 4782/P-010; Valid until June 6, 2026
BIR Accreditation No. 08-005144-011-2023
Valid until January 24, 2026
PTR No. 10467122
Issued January 2, 2025, Makati City

April 10, 2025
Makati City, Metro Manila

BOA/PRC Accreditation No. 4782
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Makati City 1209 Philippines
Phone : +632 8 982 9100
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REPORT OF INDEPENDENT AUDITORS ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Basic Energy Corporation
GM Building, Florida St.
Barangay Wack Wack, Greenhills East
Mandaluyong 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, 2024 and 2023 and have issued our report thereon dated April 10, 2025. 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.

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April 10, 2025
Makati City, Metro Manila

BASIC ENERGY CORPORATION

GM Building, Florida St., Barangay Wack Wack, Greenhills East, Mandaluyong City

RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION FOR THE REPORTING PERIOD ENDED DECEMBER 31, 2024

	Amount
Deficit, Beginning of Year	(₱502,420,192)
Add: Net Loss for the Current Year	(41,803,670)
Less: Category C: Unrealized income recognized in the profit or loss during the reporting period (net of tax)	
Fair value changes in investment properties	(6,839,645)
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	(486,626)
Adjusted Net Loss	(49,129,941)
Deficit, End of the Reporting Year	(₱551,550,133)