

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, 2020
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
MAKATI CITY
6. Industry Classification Code(SEC Use Only)
7. Address of principal office
UB 110 Paseo de Roxas Bldg., Paseo de Roxas Avenue, Legaspi Village, Makati City
Postal Code
1229
8. Issuer's telephone number, including area code
(+632)-7917-8118 designated no: 3224-4383
9. Former name or former address, and former fiscal year, if changed since last report
Not applicable
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common shares	4,660,267,714

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

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

Php 686,955,821.73

**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

2020 Audited Financial Statements (Consolidated) and Sustainability Reports

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

none

(c) Any prospectus filed pursuant to SRC Rule 8.1

none

The Exchange does not warrant and holds no responsibility for the veracity of the facts and representations contained in all corporate disclosures, including financial reports. All data contained herein are prepared and submitted by the disclosing party to the Exchange, and are disseminated solely for purposes of information. Any questions on the data contained herein should be addressed directly to the Corporate Information Officer of the disclosing party.



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, 2020
Currency	PESO

Balance Sheet

	Year Ending	Previous Year Ending
	Dec 31, 2020	Dec 31, 2019
Current Assets	131,623,160	167,342,907
Total Assets	482,862,511	600,578,065
Current Liabilities	19,486,977	20,343,874
Total Liabilities	25,239,897	42,845,633
Retained Earnings/(Deficit)	-213,791,806	-150,590,034
Stockholders' Equity	457,622,614	557,732,432
Stockholders' Equity - Parent	466,851,581	566,813,756
Book Value Per Share	0.18	0.2

Income Statement

	Year Ending	Previous Year Ending
	Dec 31, 2020	Dec 31, 2019
Gross Revenue	0	0
Gross Expense	0	0
Non-Operating Income	13,921,806	23,425,687
Non-Operating Expense	80,285,554	223,313,662
Income/(Loss) Before Tax	-66,363,748	-199,887,975
Income Tax Expense	-3,014,333	-2,074,289
Net Income/(Loss) After Tax	-63,349,415	-197,813,686
Net Income/(Loss) Attributable to Parent Equity Holder	-63,201,772	-198,093,808
Earnings/(Loss) Per Share (Basic)	-0.02	-0.71
Earnings/(Loss) Per Share (Diluted)	-0.02	-0.07

Financial Ratios

	Formula	Fiscal Year Ended	Previous Fiscal Year
		Dec 31, 2020	Dec 31, 2019
Liquidity Analysis Ratios:			
Current Ratio or Working Capital Ratio	Current Assets / Current Liabilities	6.75	8.22
Quick Ratio	(Current Assets - Inventory - Prepayments) / Current Liabilities	6.59	8.08
Solvency Ratio	Total Assets / Total Liabilities	19.13	14.01
Financial Leverage Ratios			
Debt Ratio	Total Debt/Total Assets	0.05	0.71
Debt-to-Equity Ratio	Total Debt/Total Stockholders' Equity	0.05	0.07

Interest Coverage	Earnings Before Interest and Taxes (EBIT) / Interest Charges	0	0
Asset to Equity Ratio	Total Assets / Total Stockholders' Equity	1.05	1.07
Profitability Ratios			
Gross Profit Margin	Sales - Cost of Goods Sold or Cost of Service / Sales	0	0
Net Profit Margin	Net Profit / Sales	0	0
Return on Assets	Net Income / Total Assets	-0.13	-0.32
Return on Equity	Net Income / Total Stockholders' Equity	-0.13	-0.35
Price/Earnings Ratio	Price Per Share / Earnings Per Common Share	-21.08	-3.5

Other Relevant Information

See attached Annual Report as of December 31, 2020 and attachments. To amend previous disclosure to attach Audited Financial Statements with BIR Stamped Received pursuant to Rule 68 of the Revised Regulation Code.

Filed on behalf by:

Name	Angel Gahol
Designation	Corporate Secretary

COVER SHEET

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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COMPANY NAME

B	A	S	I	C		E	N	E	R	G	Y		C	O	R	P	O	R	A	T	I	O	N		A	N	D												
S	U	B	S	I	D	I	A	R	I	E	S																												

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

7	t	h		F	l	o	o	r	,		B	a	s	i	c		P	e	t	r	o	l	e	u	m		B	u	i	l	d	i	n	g	,					
1	0	4		C	a	r	l	o	s		P	a	l	a	n	c	a		J	r	.		S	t	r	e	e	t	,		L	e	g	a	s	p	i			
V	i	l	l	a	g	e	,		M	a	k	a	t	i		C	i	t	y																					

Form Type

A	A	C	F	S
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Department requiring the report

C	R	M	D
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Secondary License Type, If Applicable

N	/	A
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COMPANY INFORMATION

Company's Email Address

basic@basicenergy.ph

Company's Telephone Number/s

(632) 8-817-8596 to 98

Mobile Number

-

No. of Stockholders

6,568

Annual Meeting (Month / Day)

Last Wednesday of June

Fiscal Year (Month / Day)

December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person

Alain S. Pangan

Email Address

aspangan@basicenergy.ph

Telephone Number/s

(02) 8-817-8596

Mobile Number

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
7th Floor, Basic Petroleum Building
104 Carlos Palanca Jr. Street, Legaspi Village
Makati City

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Basic Energy Corporation and Subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended December 31, 2020 and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

We conducted our audit 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.

Other Matter

The financial statements of the Group as at December 31, 2019 and 2018 and for the years ended December 31, 2019, 2018 and 2017 were audited by another auditor, whose report dated June 24, 2020 expressed an unmodified opinion on those statements.



Key Audit Matters

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

Accounting for Investments in Associates

The Group has 15% ownership interest in both Vintage EPC Co., Ltd. (VEPC) and VTE International Construction Co., Ltd. (VINTER), which are considered by the Group as its associates. These investments are accounted using equity method. This is considered as a key audit matter because of the substantial amount of the Group's investments, including its share in net losses and cumulative translation adjustments of associates. As discussed in Note 9 to the consolidated financial statements, the carrying amount of the Group's investments in associates as at December 31, 2020 amounted to ₱123,449,335.

We have performed audit procedures on the investments in associates, which included coordinating and instructing the statutory auditor of the associates to perform an audit on the relevant financial information of VEPC and VINTER for the purpose of the Group's consolidated financial statements. We discussed our audit strategy and risk assessment to the statutory auditor and reviewed their working papers, focusing on the procedures that will have an impact on the Group's total comprehensive loss. We recalculated the Group's share in net losses of associates and the cumulative translation adjustment based on the associates' audited financial statements, and assessed the adequacy of the disclosures in Note 9 to the consolidated financial statements.

Fair Value Measurement of Investment Properties

The Group's parcels of land are accounted for as investment properties using the fair value method. Accordingly, the Group engaged an independent appraiser to estimate the fair values of investment properties as at December 31, 2020. There is significant management judgment involved when selecting the appropriate valuation techniques and inputs to be used in estimating the fair value. Moreover, fair value measurement is significant to our audit as the investment properties amounted to ₱186,226,000 and account for 38.57% of the Group's total assets as at December 31, 2020.

We have assessed the independence and competency of the appraiser engaged by the Group. We have also reviewed the appropriateness of valuation techniques used and the reasonableness of the valuation by comparing the inputs used in the valuation such as size, location and other characteristics of the parcels of land, with external data, and comparing the estimated fair values with similar properties, and assessed the adequacy of the disclosures in Note 10 to the consolidated financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report including the sustainability report for the year ended December 31, 2020, 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 audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.



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- 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 audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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



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

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

REYES TACANDONG & Co.

JOSEPH C. BILANGBILIN

Partner

CPA Certificate No. 102884

Tax Identification No. 210-181-965-000

BOA Accreditation No. 4782; Valid until August 15, 2021

SEC Accreditation No. 1778-A

Valid until September 23, 2022

BIR Accreditation No. 08-005144-011-2020

Valid until January 1, 2023

PTR No. 8534278

Issued January 5, 2021, Makati City

March 25, 2021

Makati City, Metro Manila

BASIC ENERGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020
(With Comparative Figures for 2019)

		December 31	
	Note	2020	2019
ASSETS			
Current Assets			
Cash and cash equivalents	4	₱73,869,174	₱106,866,340
Accounts and other receivables	5	33,236,324	35,134,155
Refundable deposit	6	21,368,350	22,530,549
Other current assets	7	3,149,312	2,811,863
Total Current Assets		131,623,160	167,342,907
Noncurrent Assets			
Financial assets at fair value through other comprehensive income (FVOCI)	8	28,648,450	47,203,112
Investments in associates	9	123,449,335	198,591,257
Investment properties	10	186,226,000	174,708,000
Deferred exploration and evaluation costs	11	6,013,928	6,013,928
Property and equipment	12	1,046,996	1,332,455
Other noncurrent assets	13	5,854,642	5,386,406
Total Noncurrent Assets		351,239,351	433,235,158
		₱482,862,511	₱600,578,065
LIABILITIES AND EQUITY			
Current Liabilities			
Accrued expenses and other payables	14	₱19,486,977	₱20,343,874
Noncurrent Liabilities			
Net retirement benefit liability	19	5,752,920	14,329,068
Net deferred tax liabilities	20	-	8,172,691
Total Noncurrent Liabilities		5,752,920	22,501,759
Total Liabilities		25,239,897	42,845,633
Equity			
Capital stock	16	703,848,178	703,848,178
Additional paid-in capital		42,021,503	42,021,503
Deficit		(213,791,806)	(150,590,034)
Treasury stock	16	(3,240,000)	(3,240,000)
Other equity reserves		(61,986,294)	(25,225,891)
Equity Attributable to Equity Holders of the Parent Company		466,851,581	566,813,756
Equity Attributable to Non-controlling Interests		(9,228,967)	(9,081,324)
Total Equity		457,622,614	557,732,432
		₱482,862,511	₱600,578,065

See accompanying Notes to Consolidated Financial Statements.

BASIC ENERGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2020
(With Comparative Figures for 2019 and 2018)

	Note	Years Ended December 31		
		2020	2019	2018
INCOME				
Fair value changes in investment properties	10	P 11,518,000	P13,829,000	P21,394,000
Interest income	4	1,968,547	2,869,027	1,661,951
Management fee	17	308,803	6,726,220	2,967,471
Dividend income	8	1,540	1,440	1,280
Foreign exchange gain - net		-	-	9,077,983
Share in net income of associates	9	-	-	14,269,749
Other income		124,916	-	590,941
		13,921,806	23,425,687	49,963,375
EXPENSES AND OTHER CHARGES				
General and administrative expenses	18	43,447,932	68,392,341	55,976,942
Share in net losses of associates	9	34,939,577	22,093,688	-
Foreign exchange loss - net		1,864,902	291,159	-
Impairment losses on:				
Other receivables	5	33,143	-	-
Deferred exploration and evaluation costs	11	-	114,550,426	2,946,624
Goodwill		-	-	3,757,602
Loss on disposal of:				
Property and equipment	12	-	9,913,857	-
Investment property		-	-	10,728,788
Write-off of:				
Receivables	5	-	3,932,648	-
Other noncurrent assets	13	-	3,253,070	-
Interest expense	15	-	886,473	3,415,799
		80,285,554	223,313,662	76,825,755
LOSS BEFORE INCOME TAX		66,363,748	199,887,975	26,862,380
INCOME TAX EXPENSE (BENEFIT)	20			
Current		8,674	186,069	216,908
Deferred		(3,023,007)	(2,260,358)	(1,307,005)
		(3,014,333)	(2,074,289)	(1,090,097)
NET LOSS		P63,349,415	P197,813,686	P25,772,283
NET LOSS (INCOME) ATTRIBUTABLE TO:				
Equity holders of the Parent Company		P63,201,772	P198,093,808	P25,121,623
Non-controlling interests		147,643	(280,122)	650,660
		P63,349,415	P197,813,686	P25,772,283
Basic/Diluted Loss Per Share (LPS)	21	P0.023	P0.071	P0.009

(Forward)

		Years Ended December 31		
	Note	2020	2019	2018
NET LOSS		₱63,349,415	₱197,813,686	₱25,772,283
OTHER COMPREHENSIVE INCOME (LOSS)				
<i>Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods</i>				
Share in cumulative translation adjustments of associates (net of deferred tax)	9	(35,082,821)	5,597,859	23,412,782
Unrealized gain (loss) on changes in fair value of debt securities at FVOCI	8	589,398	2,455,481	(2,214,611)
Movement in cumulative translation adjustments		(876,812)	(36,335)	48,680
		(35,370,235)	8,017,005	21,246,851
<i>Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods</i>				
Unrealized gain (loss) on changes in fair value of equity securities at FVOCI	8	(1,144,060)	411,114	500,000
Remeasurement losses on net retirement benefit liability (net of deferred tax)	19	(246,108)	(1,681,611)	(411,134)
Revaluation increment on office condominium (net of deferred tax)	12	-	29,453,220	-
		(1,390,168)	28,182,723	88,866
TOTAL OTHER COMPREHENSIVE INCOME (LOSS)		(36,760,403)	36,199,728	21,335,717
TOTAL COMPREHENSIVE LOSS		₱100,109,818	₱161,613,958	₱4,436,566
TOTAL COMPREHENSIVE LOSS (INCOME)				
ATTRIBUTABLE TO:				
Equity holders of the Parent Company		₱99,962,175	₱161,894,080	₱3,785,906
Non-controlling interests		147,643	(280,122)	650,660
		₱100,109,818	₱161,613,958	₱4,436,566

See accompanying Notes to Consolidated Financial Statements.

BASIC ENERGY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2020
(With Comparative Figures for 2019 and 2018)

	Note	Other Equity Reserves											Equity Attributable to Equity Holders of the Parent Company	Equity Attributable to Non-Controlling Interests	Total Equity
		Capital Stock	Additional Paid-in Capital	Deficit	Equity Reserve on Acquisition of Non-controlling Interest	Cumulative Gain (Loss) on Translation of Investments in Associates	Unrealized Gain (Loss) on Changes in Fair Value of Financial Assets at FVOCI	Cumulative Translation Gain (Loss) on Consolidation of a Foreign Operation	Cumulative Remeasurement Gain (Loss) on Net Retirement Benefit Liability	Revaluation Surplus on Office Condominium	Treasury Stock				
Balances as at December 31, 2019		₱703,848,178	₱42,021,503	(₱150,590,034)	(₱53,945,929)	₱29,010,641	₱4,049,974	(₱4,410,950)	₱70,373	₱-	(₱3,240,000)	₱566,813,756	(₱9,081,324)	₱557,732,432	
Net loss		-	-	(63,201,772)	-	-	-	-	-	-	-	(63,201,772)	(147,643)	(63,349,415)	
Other comprehensive loss		-	-	-	-	(35,082,821)	(554,662)	(876,812)	(246,108)	-	-	(36,760,403)	-	(36,760,403)	
Balances as at December 31, 2020		₱703,848,178	₱42,021,503	(₱213,791,806)	(₱53,945,929)	(₱6,072,180)	₱3,495,312	(₱5,287,762)	(₱175,735)	₱-	(₱3,240,000)	₱466,851,581	(₱9,228,967)	₱457,622,614	
Balances as at December 31, 2018		₱703,848,178	₱42,021,503	(₱15,810,752)	(₱53,945,929)	₱23,412,782	₱1,183,379	(₱4,374,615)	₱1,751,984	₱15,747,863	(₱3,240,000)	₱710,594,393	(₱9,361,446)	₱701,232,947	
Net income (loss)		-	-	(198,093,808)	-	-	-	-	-	-	-	(198,093,808)	280,122	(197,813,686)	
Other comprehensive income (loss)		-	-	-	-	5,597,859	2,866,595	(36,335)	(1,681,611)	29,453,220	-	36,199,728	-	36,199,728	
Realization of revaluation surplus through sale	12	-	-	61,319,982	-	-	-	-	-	(43,804,902)	-	17,515,080	-	17,515,080	
Realization of revaluation surplus through depreciation	12	-	-	1,994,544	-	-	-	-	-	(1,396,181)	-	598,363	-	598,363	
Balances as at December 31, 2019		₱703,848,178	₱42,021,503	(₱150,590,034)	(₱53,945,929)	₱29,010,641	₱4,049,974	(₱4,410,950)	₱70,373	₱-	(₱3,240,000)	₱566,813,756	(₱9,081,324)	₱557,732,432	
Balances as at December 31, 2017		₱677,125,178	₱35,617,951	₱7,761,901	(₱53,945,929)	₱-	₱2,897,990	(₱4,423,295)	₱2,163,118	₱17,296,833	(₱3,240,000)	₱681,253,747	(₱8,710,786)	₱672,542,961	
Net loss		-	-	(25,121,623)	-	-	-	-	-	-	-	(25,121,623)	(650,660)	(25,772,283)	
Other comprehensive income (loss)		-	-	-	-	23,412,782	(1,714,611)	48,680	(411,134)	-	-	21,335,717	-	21,335,717	
Issuance of capital stock	16	26,723,000	6,670,782	-	-	-	-	-	-	-	-	33,393,782	-	33,393,782	
Share issuance cost	16	-	(267,230)	-	-	-	-	-	-	-	-	(267,230)	-	(267,230)	
Realization of revaluation surplus through depreciation	12	-	-	1,548,970	-	-	-	-	-	(1,548,970)	-	-	-	-	
Balances as at December 31, 2018		₱703,848,178	₱42,021,503	(₱15,810,752)	(₱53,945,929)	₱23,412,782	₱1,183,379	(₱4,374,615)	₱1,751,984	₱15,747,863	(₱3,240,000)	₱710,594,393	(₱9,361,446)	₱701,232,947	

See accompanying Notes to Consolidated Financial Statements.

BASIC ENERGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2020

(With Comparative Figures for 2019 and 2018)

	Note	Years Ended December 31		
		2020	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before income tax		(P66,363,748)	(P199,887,975)	(P26,862,380)
Adjustments for:				
Share in net loss (income) of associates	9	34,939,577	22,093,688	(14,269,749)
Fair value changes in investment properties	10	(11,518,000)	(13,829,000)	(21,394,000)
Retirement expense	18	4,264,900	4,059,421	4,220,882
Interest income	4	(1,968,547)	(2,869,027)	(1,661,951)
Unrealized foreign exchange losses (gain)		1,864,902	1,379,923	(1,488,509)
Depreciation and amortization	12	732,142	4,813,035	5,242,050
Impairment losses on:				
Other receivables	5	33,143	–	–
Deferred exploration and evaluation costs	11	–	114,550,426	2,946,624
Goodwill		–	–	3,757,602
Dividend income	8	(1,540)	(1,440)	(1,280)
Loss on disposal of:				
Property and equipment	12	–	9,913,857	–
Investment property		–	–	10,728,788
Write-off of:				
Receivables	5	–	3,932,648	–
Other noncurrent assets	13	–	3,253,070	–
Interest expense	15	–	886,473	3,415,799
Operating loss before working capital changes		(38,017,171)	(51,704,901)	(35,366,124)
Decrease (increase) in:				
Accounts and other receivables		379,349	(4,295,856)	(6,569,238)
Other current assets		(1,216,759)	(1,093,064)	(270,594)
Other noncurrent assets		(492,919)	7,291,185	(3,037,566)
Increase (decrease) in accrued expenses and other payables		(856,897)	12,361,607	813,593
Net cash used in operations		(40,204,397)	(37,441,029)	(44,429,929)
Contributions to retirement plan	19	(13,117,316)	–	–
Interest received		2,001,176	2,866,543	1,818,262
Income taxes paid		(6,176)	(1,661,427)	(11,800)
Net cash used in operating activities		(51,326,713)	(36,235,913)	(42,623,467)
CASH FLOWS FROM INVESTING ACTIVITIES				
Redemption of debt securities at FVOCI	8	18,000,000	–	–
Additions to:				
Property and equipment	12	(422,000)	(17,195)	(179,098)
Investments in associates	9	–	(1,799,885)	(32,235,151)
Deferred exploration and evaluation costs	11	–	(291,461)	(8,561,261)
Proceeds from sale of:				
Property and equipment	12	1,055,807	64,247,361	–
Investment property		–	97,573,298	4,124,183
Dividends received		1,540	1,440	1,280
Payment of refundable deposit		–	(23,427,183)	–
Collection of refundable deposit		–	16,183,711	22,819,500
Net cash provided by (used in) investing activities		18,635,347	152,470,086	(14,030,547)

(Forward)

	Years Ended December 31		
	2020	2019	2018
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of :			
Loans payable	15	– (P50,000,000)	P–
Interest	15	– (886,473)	(3,415,799)
Proceeds from issuance of capital stock (net of stock issuance cost)	16	–	26,455,770
Net cash provided by (used in) financing activities	–	(50,886,473)	23,039,971
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(32,691,366)	65,347,700	(33,614,043)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(305,800)	(575,312)	678,611
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	106,866,340	42,093,952	75,029,384
CASH AND CASH EQUIVALENTS AT END OF YEAR	P73,869,174	P106,866,340	P42,093,952

See accompanying Notes to Consolidated Financial Statements.

BASIC ENERGY CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2020
(With Comparative Information for 2019 and 2018)

1. General Information

Corporate Information

Basic Energy Corporation (the Parent 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. 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 Company shall have perpetual existence. The Parent Company is listed in the Philippine Stock Exchange (PSE).

The Parent 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.

As at December 31, 2020, 2019 and 2018, the following are the subsidiaries of the Parent Company:

	Place of Incorporation and Principal Place of Business	Nature of Business	Functional Currency	Percentage of Ownership (%)
Basic Diversified Industrial Holdings, Inc. (BDIHI)	Philippines	Holding Company	Philippine Peso	100.00
Basic Biofuels Corporation (BBC)	Philippines	Development of Biofuels	Philippine Peso	100.00
Basic Renewables, Inc. (BRI)	Philippines	Development of Renewable Energy Resources	Philippine Peso	100.00
iBasic, Inc. (iBasic)	Philippines	Development and Maintenance of Computer Software	Philippine Peso	100.00
Mabini Energy Corporation (MEC) <i>(Formerly Basic Geothermal Energy Corporation)</i>	Philippines	Development of Renewable Energy Resources	Philippine Peso	100.00
Grandway Group Limited (GGL)	Hong Kong	Holding Company	US Dollar	100.00
PT Basic Energi Solusi (PT BES)	Indonesia	Oil Exploration	Indonesian Rupiah	95.00*
Southwest Resources, Inc. (SRI) <i>*Indirect ownership through GGL</i>	Philippines	Oil Exploration	Philippine Peso	72.58

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

The registered business address of the Parent Company is 7th Floor, Basic Petroleum Building, 104 Carlos Palanca Jr. Street, Legaspi Village, Makati City.

Status of Operations

The Group has incurred recurring losses resulting to a deficit amounting to ₱213,791,806, ₱150,590,034 and ₱15,810,752 as at December 31, 2020, 2019 and 2018, respectively.

The Group is actively exploring business ventures on alternative and renewable energy sources. The following are the existing and recently acquired business ventures of the Group:

- The Group has 15% ownership interest in VEPC and VINTER, which are the primary engineering, procurement, and construction (EPC) contractors of a solar power project in Minbu, Myanmar. This project has commenced Phase 2 of its construction.
- On September 9, 2020, the Department of Energy (DOE) approved the work program for the drilling of two (2) geothermal wells up to 2022 for its Iriga Geothermal Project in which the Group has 20% interest.
- On March 23, 2021, the Group obtained an approval from the DOE for a wind energy project. This project provides for a non-extendible 5-year period of pre-development stage, and 25 years of development with an extension period of another 25 years subject to the approval of the DOE.

Further, the Parent Company has entered into a memorandum of agreement (MOA) with Map 2000 Development Corporation (M2DC) on December 18, 2020 for its subscription to 67% of the Parent Company's capital stock (the Transaction) subject to the fulfilment of certain conditions. The Parent Company expects the completion of the Transaction by the second quarter of 2021 (see Note 16). This Transaction will enable the Group to expand its current portfolio of renewable energy projects and for M2DC to integrate its business into the Group.

The consolidated financial statements have been prepared assuming that the Group will continue as a going concern and do not include adjustments that may result from the outcome of the uncertainty.

The consolidated financial statements of the Group as at December 31, 2020 and 2019, and for the years ended December 31, 2020, 2019 and 2018 were approved and authorized for issuance by the Board of Directors (BOD) of the Parent Company on March 25, 2021.

2. Summary of Significant Accounting Policies

Basis of Preparation

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

Measurement Bases

The consolidated financial statements are presented in Philippine Peso, the Group's functional currency. All values are stated in absolute amounts, unless otherwise indicated.

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

	<u>Measurement Bases</u>
Financial assets at fair value through other comprehensive income (FVOCI)	Fair Value
Investment properties	Fair Value
Office condominium units, included as part of "Property, plant and equipment"	Revalued Amount

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.

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 Group 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 the consolidated financial statements:

- Note 8 - Financial Assets at FVOCI
- Note 10 - Investment Properties
- Note 12 - Property and Equipment
- Note 22 - Fair Value Measurement

Adoption of Amended PFRS

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following amendments to PFRS, which the Group adopted effective January 1, 2020:

- Amendments to References to the Conceptual Framework in PFRS – The amendments include new concepts affecting measurement, presentation and disclosure and derecognition; improved definitions and guidance-in particular the definition of an asset and a liability; and clarifications in important areas, such as the roles of stewardship, prudence, measurement uncertainty and substance over form in financial reporting.
- Amendments to PFRS 3 - *Definition of a Business* – This amendment provides an improved definition of a “business” which emphasizes that the output of a business is to provide goods and services to customers, whereas the previous definition focused on returns in the form of dividends, lower costs or other economic benefits to investors and others. To be considered a business, ‘an integrated set of activities and assets’ must include, at a minimum, ‘an input and a substantive process that together significantly contribute to the ability to create an output’. The clarification is important because an acquirer may recognize goodwill (or a bargain purchase) when acquiring a business but not a group of assets. An optional simplified assessment (the concentration test) has been introduced to help companies determine whether an acquisition is of a business or a group of assets.
- Amendments to PAS 1, *Presentation of Financial Statements* and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors* - Definition of Material – The amendments clarify the definition of “material” and how it should be applied by companies in making materiality judgments. The amendments ensure that the new definition is consistent across all PFRS. Based on the new definition, an information is “material” if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

Under prevailing circumstances, the adoption of the foregoing amendments to PFRS did not have any material effect on the consolidated financial statements of the Group. Additional disclosures were included in the consolidated financial statements, as applicable.

Amended PFRS Issued But Not Yet Effective

Relevant amendments to PFRS, which are not yet effective as at December 31, 2020 and have not been applied in preparing the consolidated financial statements, are summarized below.

Effective January 1, 2022:

- Amendments to PFRS 3, *Reference to Conceptual Framework* – The amendments replace the reference of PFRS 3 from the 1989 Framework to the current 2018 Conceptual Framework. The amendment included an exception that specifies that, for some types of liabilities and contingent liabilities, an entity applying PFRS 3 should refer to PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, or IFRIC 21, *Levies*, instead of the Conceptual Framework. The requirement would ensure that the liabilities recognized in a business combination would remain the same as those recognized applying the current requirements in PFRS 3. The amendment also added an explicit statement that contingent assets acquired in a business combination should not be recognized by an acquirer. The amendments should be applied prospectively.
- Amendments to PAS 16, *Property, Plant and Equipment - Proceeds Before Intended Use* – The amendments prohibit deducting from the cost of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for its intended use. Instead, the proceeds and related costs from such items shall be recognized in profit or loss. The amendments must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when an entity first applies the amendment.
- Amendments to PAS 37, *Onerous Contracts - Cost of Fulfilling a Contract* – The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling a contract comprises both the incremental costs of fulfilling that contract and an allocation of costs directly related to contract activities. The amendments apply to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other components of equity. Accordingly, the comparatives are not restated. Earlier application is permitted.
- Amendments to PFRS 9, *Financial Instruments - Fees in the '10 per cent' Test for Derecognition of Financial Liabilities* – The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognize a financial liability (i.e. whether the terms of a new or modified financial liability is substantially different from the terms of the original financial liability). These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or the lender on the other's behalf. The amendments apply to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendments. Earlier application is permitted.

Effective January 1, 2023 -

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current* – The amendments clarify the requirements for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. The amendments also specify and clarify the following: (i) an entity's right to defer settlement must exist at the end of the reporting period, (ii) the classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement, (iii) how lending conditions affect classification, and (iv) requirements for classifying liabilities where an entity will or may settle by issuing its own equity instruments. The amendments must be applied retrospectively. Earlier application is permitted.

Deferred effectivity -

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28 - *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 amendments to PFRS is not expected to have any material effect on the financial statements of the Group. Additional disclosures will be included in the financial statements, as applicable.

Basis of Consolidation

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

A subsidiary is an entity in which the Parent Company has control. The Parent Company controls a subsidiary if it is exposed, or has rights to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. In assessing control, the Parent Company takes into consideration potential voting rights that are currently exercisable.

Subsidiaries are consolidated from the date on which control is transferred to the Parent Company and are deconsolidated from the date the Parent Company ceases to have control.

The financial statements of the subsidiaries are prepared for the same reporting year using uniform accounting policies as that of the Parent Company. All intra-group balances, transactions, income and expenses and unrealized gains and losses are eliminated.

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

If there is a loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests (NCI) 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. Any investment retained is recognized at fair value.

NCI, presented as part of equity, represent the portion of the subsidiaries' profit or loss and net assets that is not held by the Parent Company. The Group attributes total comprehensive income or loss and dividend declarations of the subsidiaries between the equity owners of the Parent Company and the NCI based on their respective ownership interests.

NCI represents the 27.42% direct equity interest in the net assets of SRI and 5.00% indirect equity interest in the net assets of PTBES as at December 31, 2020, 2019 and 2018.

Functional and Presentation Currency. The consolidated financial statements are presented in Philippine Peso, the Parent Company's functional currency. The Parent Company and its subsidiaries determine their own functional currencies, which best reflect the economic substance of the underlying transactions, events and conditions relevant to each Company.

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). Upon disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity or 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 statement 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.

"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 is no observable data at inception date, 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 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 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.

As at December 31, 2020 and 2019, the Group 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 date. Otherwise, these are classified as noncurrent assets.

As at December 31, 2020 and 2019, the Group's cash and cash equivalents, accounts and other receivables (except advances to officers and employees), and refundable deposit, are classified under this category (see Notes 4, 5 and 6).

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

Financial Assets at FVOCI - Debt Instruments. For debt instruments that meet the contractual cash flow characteristic and are not designated at FVPL under the fair value option, the financial assets are measured at FVOCI if both of the following conditions are met:

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; 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, interest income (calculated using the effective interest rate method) and impairment gains or losses of debt instruments measured at FVOCI are recognized directly in profit or loss. When the financial asset is derecognized, the cumulative gains or losses previously recognized in OCI are reclassified from equity to profit or loss as a reclassification adjustment.

As at December 31, 2020 and 2019, the Group's investments in quoted debt securities are classified under this category (see Note 8).

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 statement 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, 2020 and 2019, the Group has quoted investments in equity securities which were irrevocably designated as financial assets at FVOCI (see Note 8).

Reclassification. The Group reclassifies its financial assets 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 amortized cost category to financial assets at FVPL, any gain or loss arising from the difference between the previous amortized cost of the financial asset and fair value is recognized in profit or loss.

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

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

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

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

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

Impairment of Debt Instruments at FVOCI and 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 financial assets instruments measured at amortized cost and FVOCI, the ECL is based on the 12-month ECL, which pertains to the portion of lifetime ECL that result from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the 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.

Classification. The Group classifies its financial liabilities at initial recognition as either financial liabilities at FVPL or financial liabilities at amortized cost.

As at December 31, 2020 and 2019, the Group does not have financial liabilities at FVPL.

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.

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

As at December 31, 2020 and 2019, the Group's accrued expenses and other payables (excluding nonfinancial liabilities) are classified under this category (see Note 14).

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 the consolidated statement of comprehensive income.

Classification of Financial Instrument between Liability and Equity. A financial instrument is classified as a liability if it provides for a contractual obligation to:

- Deliver cash or another financial asset to another entity;
- Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or
- Satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

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

Offsetting of Financial Assets and Liabilities

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

Classification of Assets and Liabilities between Current and Noncurrent

The Group presents current and noncurrent assets, and current and noncurrent liabilities, as separate classifications in the notes to consolidated financial statements.

Current Assets. The Group classifies an asset as current when:

- It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- It holds the asset primarily for the purpose of trading;
- It expects to realize the asset within 12 months after the reporting period; or
- The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Otherwise, the Group will classify all other assets as noncurrent.

Current Liabilities. The Group classifies a liability as current when:

- It expects to settle the liability in its normal operating cycle;
- It holds the liability primarily for the purpose of trading;
- The liability is due to be settled within 12 months after the reporting period; or
- It does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Otherwise, the Group will classify all other liabilities as noncurrent.

Investments in Associates

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.

The Group's investments in associates 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. Dividends received by the Group from the associates will reduce the carrying amount of the investments when the right to receive the dividend is established. The Group recognizes its share in net income or loss of the associates in profit or loss. Any change in OCI of the associates is presented as part of the Group's OCI. In addition, where there has been a change recognized directly in equity of the associate, the Group recognizes its share in these changes, when applicable, in the consolidated statement of changes in equity.

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 properties 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 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 properties are recognized in profit or loss in the period in which they arise.

Transfer is made to investment properties 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 properties only when there is a change in use, evidenced by the commencement of owner-occupation or commencement of development with a view to sale.

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.

Deferred Exploration and Evaluation Costs

Deferred exploration and evaluation costs arising from the Group's exploration and evaluation activities are carried at cost less any accumulated impairment losses, if any.

Exploration and evaluation activities involve the search for oil, gas or other natural resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource. These include the following:

- Acquisitions of rights to explore;
- Gathering exploration data through geophysical studies;
- Determining and examining the volume and grade of the resource;
- Surveying transportation and infrastructure requirements; and
- Evaluating the technical feasibility and commercial viability of extracting the resource.

Exploration and evaluation expenditures are recognized as assets when the future economic benefit is more likely than not to be realized. These costs include directly attributable employee remuneration, materials and fuels used, surveying costs, drilling costs and payments made to contractors. The Group capitalizes any further costs incurred for exploration and evaluation activities up to the point when a commercial reserve is established.

Deferred exploration and evaluation costs are assessed for impairment before these are reclassified to "Property and equipment" account in the consolidated statement of financial position when the technical feasibility and commercial viability of extracting the resources are demonstrable. Any impairment loss is recognized in profit or loss. If the exploration area is found to contain no commercial reserves, the deferred exploration and evaluation costs are charged to profit or loss.

Property and Equipment

Office condominium is accounted for using the revaluation model.

Under the revaluation model, office condominium is initially recorded at cost and subsequently measured at fair value less impairment losses, if any. Valuations are performed with sufficient frequency to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

A revaluation surplus is recorded initially in OCI and accumulated to the other equity reserves account in equity. However, the increase is recognized in profit or loss to the extent that it reverses a revaluation deficit of the same asset previously recognized in profit or loss. A revaluation deficit is recognized in profit or loss, except to the extent that it offsets an existing surplus on the same asset recognized in the revaluation surplus.

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

- Transportation equipment
- Office equipment, furniture, and fixtures
- Building improvements
- Machinery and equipment

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
Office condominium units	15
Building and building improvements	15
Machinery and equipment	10
Transportation equipment	5
Office equipment, furniture, and fixtures	3

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

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

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

Other Nonfinancial Assets

Other nonfinancial assets pertain to excess tax credits, prepayments, input value-added tax (VAT) and intangible asset.

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.

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 noncurrent assets" account in the consolidated statement of financial position.

Intangible Asset. The Group's intangible asset pertains to acquired computer software and is stated at cost, which includes purchase price and other direct costs, less accumulated amortization and any impairment in value. An intangible asset with a finite useful life is amortized over its useful life on a straight-line basis and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

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 Group.

Amortization is calculated on a straight line basis over ten (10) years. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at each reporting date to ensure that these are consistent with the expected pattern of economic benefits for the intangible asset. Changes in the expected useful life or the expected pattern or consumption of future economic benefits embodied in the intangible assets with finite useful life are recognized in profit or loss.

Impairment of Nonfinancial Assets

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

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. In such instance, the carrying amount of the asset is increased to its recoverable amount. However, that increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized for the asset in prior years. Such reversal is recognized in profit or loss. After such reversal, the depreciation and amortization charges are adjusted prospectively to allocate the asset's revised carrying amount on a systematic basis over its remaining useful life.

Equity

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

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

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

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

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.

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.

Management Fee. Management fee 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:

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

Dividend Income. Dividend income is recognized when the Group's right to receive payment is established.

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 expensed when incurred.

Interest Expense. Interest expense is recognized in profit or loss using the effective interest method.

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 “Accrued expenses and other payables” account in the consolidated statement of financial position.

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

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

Plan assets are assets that are held in trust and managed by a trustee bank. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. The fair value of the plan assets is based on the market price information. When no market price is available, the fair value of plan assets is estimated by discounting the estimated future cash flows using discount rates that reflect both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the retirement benefit liability, the measurement of the resulting net retirement benefit is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The Group recognizes retirement benefit costs, comprising of current service cost and net interest income or expense in profit or loss. The Group determines the net interest cost by applying the discount rate to the defined benefit liability at the beginning of the reporting period, taking into account any changes in the defined benefit liability during the period as a result of benefit payments.

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

Foreign Currency-Denominated Transactions

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

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

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

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

Income Taxes

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

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

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

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

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

Related Party Transactions

Related party transactions are transfers of resources, services or obligations between the Group and its related parties.

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individual or corporate entities. Transactions between related parties are accounted for at arm's-length prices or on terms similar to those offered to nonrelated parties in an economically comparable market.

Segment Reporting

The Group reports separate information about each of its operating segment.

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

Provisions and Contingencies

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

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

The expense relating to any provision is presented in profit or loss net of any reimbursement. If the effect of the time value of money is material, the estimated cash flows are discounted using a current pre-tax rate that reflects the current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as interest expense.

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

Basic and Diluted Loss per Share

Basic Loss per Share. Basic loss per share is calculated by dividing the net loss 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 Loss per Share. Diluted loss per share is calculated in the same manner as basic loss 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. Significant 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. 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 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.

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 equity and debt securities as financial assets at FVOCI (see Note 8).

Cash and cash equivalents, accounts and other receivables (excluding advances to officers and employees), and refundable deposit were classified as financial assets at amortized cost since the 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 4, 5 and 6).

Determination of Significant Influence over VEPC and VINTER. The Group assessed that it has significant influence in its 15% ownership interest in both VEPC and VINTER despite it being below the 20% threshold where significant influence is presumed under PAS 28, *Investments in Associates and Joint Ventures*. Significant influence has been established by the Group over the investees because of its participation in the decision making process of the investee's significant activities, through its representation in the investees' BOD.

The Group's investments in associates amounted to ₱123.4 million and ₱198.6 million as at December 31, 2020 and 2019, respectively (see Note 9).

Capitalization of Exploration and Evaluation Expenditures. The Group makes judgments in determining whether there are future economic benefits from either future exploration or sale of reserves to capitalize exploration and evaluation expenditures. The Group further applies estimates and assumptions about future events and circumstances to determine whether an economically viable extraction operation can be established.

Deferred exploration and evaluation costs presented in the consolidated statement of financial position, amounted to ₱6.0 million as at December 31, 2020 and 2019 (see Note 11).

Accounting Estimates and Assumptions

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

In accordance with the amendments to PFRS 7, *Financial Instruments: Disclosures* about the level in the fair value hierarchy are required in which the fair value measurements are categorized for assets and liabilities measured in the consolidated statement of financial position.

The assumptions and methods used in determining the fair values of financial instruments are presented in Note 22 to the consolidated financial statements.

Assessment for the ECL on Financial Assets Classified at Amortized Cost and FVOCI. 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.

In 2020, the Group recognized impairment on accounts receivable amounting to ₱33,143. The Group wrote off receivables amounting to ₱184,730 and ₱3,932,648 in 2020 and 2019, respectively (see Note 5).

For cash in banks and cash equivalents, refundable deposit and debt instruments classified as financial assets at FVOCI, 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 2020 and 2019.

The carrying amounts of financial assets at amortized cost and quoted debt instruments at FVOCI are as follows:

	Note	2020	2019
Financial assets at amortized cost:			
Cash and cash equivalents*	4	₱73,836,392	₱106,840,948
Accounts and other receivables**	5	33,166,196	35,027,292
Refundable deposit	6	21,368,350	22,530,549
Financial assets at FVOCI -			
Quoted debt securities	8	22,669,474	40,080,076

*Excluding cash on hand amounting to ₱32,782 and ₱25,392 as at December 31, 2020 and 2019, respectively.

**Excluding nonfinancial assets amounting to ₱70,128 and ₱106,863 as at December 31, 2020 and 2019, respectively.

Estimation of the Useful Lives of Property and Equipment and Intangible Asset. The Group 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 Group 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, 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 2020 and 2019.

The carrying amounts of property and equipment and intangible asset are as follows:

	Note	2020	2019
Property and equipment	12	1,046,996	1,332,455
Computer software	13	151,864	176,547

Determination of Fair Value of Investment Properties. The Group measures its investment properties at fair value. The Group engaged an independent appraiser to determine the fair value of investment properties as at December 31, 2020 and 2019. These were valued based on comparable market data adjusted as necessary to reflect the specific assets' size, location and other characteristics.

The Group's investment properties amounted to ₱186.2 million and ₱174.7 million as at December 31, 2020 and 2019, respectively. Fair value changes on investment properties amounted to ₱11.5 million, ₱13.8 million and ₱21.4 million in 2020, 2019 and 2018, respectively (see Note 10).

Assessment of the Recoverability of Deferred Exploration and Evaluation Costs. Deferred exploration and evaluation costs are capitalized in the period incurred until it has been determined that a property has no sufficient economically recoverable reserves, in which case the costs are written off as impairment losses. The Group reviews the carrying amounts of its deferred exploration and evaluation costs whenever events or changes in circumstances indicate that their carrying amounts may exceed their estimated net recoverable amounts. An impairment loss is recognized when the carrying amount of those assets exceeds its recoverable amount.

The Group recognized provision for impairment of exploration and evaluation assets amounting to ₱114.6 million and ₱3.0 million in 2019 and 2018, respectively. Further, the Group wrote off deferred exploration costs amounting to ₱327.4 million in 2019. The Group's deferred exploration and evaluation assets, net of allowance for impairment losses, amounted to ₱6.0 million as at December 31, 2020 and 2019 (see Note 11).

Assessment for 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.

No impairment loss on other nonfinancial assets was recognized in 2020, 2019 and 2018, except for other noncurrent assets amounting to ₱3.3 million, written off in 2019. The carrying amounts of nonfinancial assets are as follows:

	Note	2020	2019
Investments in associates	9	₱123,449,335	₱198,591,257
Other noncurrent assets	13	5,854,642	5,386,406
Other current assets	7	3,149,312	2,811,863
Property and equipment	12	1,046,996	1,332,455

Determination of Retirement Benefits. The determination of the net retirement benefit liability and expense is dependent on the assumptions used by the actuary in calculating such amounts. These assumptions are described in Note 19 to the consolidated financial statements and include discount rates and salary increase rates among others. Actual results that differ from the Group's assumptions are accumulated and amortized over future periods and therefore, generally affect the recognized expense and recorded liability in such future periods. While the Group believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the net retirement benefit liability.

Net retirement benefit liability amounted to ₱5.8 million and ₱14.3 million as at December 31, 2020 and 2019, respectively. Remeasurements losses on net retirement benefit liability (net of deferred tax) amounted to ₱0.2 million, ₱1.7 million and ₱0.4 million in 2020, 2019 and 2018, respectively (see Note 19).

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.

The Group's deductible temporary differences, carryforward benefits of NOLCO, and excess of MCIT over RCIT, for which deferred tax assets have not been recognized amounted to ₱461.9 million and ₱428.6 million as at December 31, 2020 and 2019. The management assessed that there may be no sufficient future taxable income against which benefits of the deferred tax assets can be utilized (see Note 20).

4. Cash and Cash Equivalents

This account consists of:

	2020	2019
Cash on hand and in banks	₱9,588,265	₱67,059,173
Short-term placements	64,280,909	39,807,167
	₱73,869,174	₱106,866,340

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

Short-term placements are made for varying periods of up to three months depending on the immediate cash requirements of the Group and earn annual interest at rates ranging from 0.38% to 3.00% in 2020 and 2019.

The sources of the Group's interest income for the years ended December 31, 2020, 2019 and 2018 are as follows:

	Note	2020	2019	2018
Cash and cash equivalents		₱1,024,207	₱1,447,844	₱416,198
Financial assets at FVOCI	8	944,340	1,421,183	1,245,753
		₱1,968,547	₱2,869,027	₱1,661,951

5. Accounts and Other Receivables

This account consists of:

	Note	2020	2019
Accounts receivable:			
Related parties	17	₱30,890,924	₱31,102,410
Third parties		1,508,394	2,595,032
Interest receivable		170,117	202,746
Advances to officers and employees		70,128	106,863
Others (net of allowance for ECL of ₱1,991,419 and ₱2,142,006 in 2020 and 2019, respectively)		596,761	1,128,104
		₱33,236,324	₱35,134,155

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

Interest receivable arises from the Group's cash equivalents and investments in quoted debt securities classified as financial assets at FVOCI which are collectible within six (6) months.

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

The balances and movements in the allowance for ECL as at and for the years ended December 31, 2020 and 2019 are as follows:

	2020	2019
Balance at beginning of year	₱2,142,006	₱2,142,006
Impairment during the year	33,143	–
Writeoff during the year	(184,730)	–
Balance at end of year	₱1,991,419	₱2,142,006

In 2019, the Group wrote off receivables amounting to ₱3.9 million.

6. Refundable Deposit

In 2018, the Group paid a refundable deposit amounting to US\$444,960 for an equity investment opportunity in a power generation company in Taiwan. In 2019, the Group decided not to pursue with the investment after conducting its due diligence review.

The refundable deposit amounted to ₱21,368,350 and ₱22,530,549 as at December 31, 2020 and 2019, respectively. As of March 25, 2021, the Group is in the process of pursuing collection of this deposit.

7. Other Current Assets

This account consists of:

	2020	2019
Excess tax credits	P2,587,566	P2,590,064
Prepayments	561,746	221,799
	P3,149,312	P2,811,863

Prepayments pertain mainly to prepaid insurance.

8. Financial Assets at FVOCI

This account consists of the Group's investments in:

	2020	2019
Quoted debt securities	P22,669,474	P40,080,076
Quoted equity securities	5,978,976	7,123,036
	P28,648,450	P47,203,112

The movements in financial assets at FVOCI are as follows:

	2020	2019
Balance at beginning of year	P47,203,112	P44,336,517
Redemption of bonds	(18,000,000)	-
Net unrealized gain (loss) during the year on:		
Equity securities	(1,144,060)	411,114
Debt securities	589,398	2,455,481
Balance at end of year	P28,648,450	P47,203,112

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

	2020	2019	2018
Balance at beginning of year	P4,049,974	P1,183,379	P2,897,990
Unrealized gains (losses) for the year	(554,662)	2,866,595	(1,714,611)
Balance at end of year	P3,495,312	P4,049,974	P1,183,379

The Group's quoted debt securities bear annual interest rates ranging from 4.50% to 4.84% in 2020, 2019 and 2018. Interest income earned on these securities amounted to P0.9 million, P1.4 million and P1.2 million in 2020, 2019 and 2018, respectively (see Note 4).

Dividend income earned from quoted equity securities amounted to P1,540, P1,440 and P1,280 in 2020, 2019 and 2018, respectively.

The Group's financial assets at FVOCI as at December 31, 2020 and 2019 are carried at fair value 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 22).

9. Investments in Associates

The following are the associates of the Parent Company:

	Place of Incorporation	Nature of Business	Functional Currency	Percentage of Ownership
Vintage EPC Co. Ltd. (VEPC)	Thailand	Engineering, Procurement and Construction	Thailand Baht	15.00
VTE International Construction Co. Ltd. (VINTER)	Thailand	Engineering, Procurement and Construction	Thailand Baht	15.00

VEPC and VINTER's principal place of business is located at 128 Soi Liang Muang Nonthaburi 10, Tambon Bangkasor, Amphur Muang Nonthaburi, Nonthaburi, 11000, Thailand.

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

	2020		
	VEPC	VINTER	Total
Cost			
Balance at beginning and end of year	₱131,137,160	₱41,147,871	₱172,285,031
Accumulated equity in net losses			
Balance at beginning of year	(4,620,406)	(3,203,533)	(7,823,939)
Share in net income (loss) for the year	(36,108,560)	1,168,983	(34,939,577)
Balance at end of year	(40,728,966)	(2,034,550)	(42,763,516)
Cumulative translation gain (loss)			
Balance at beginning of year	26,320,492	7,809,673	34,130,165
Translation losses during the year	(31,755,704)	(8,446,641)	(40,202,345)
Balance at end of year	(5,435,212)	(636,968)	(6,072,180)
	₱84,972,982	₱38,476,353	₱123,449,335
	2019		
	VEPC	VINTER	Total
Cost			
Balance at beginning of year	₱131,137,160	₱39,347,986	₱170,485,146
Addition	–	1,799,885	1,799,885
Balance at end of year	131,137,160	41,147,871	172,285,031
Accumulated equity in net losses			
Balance at beginning of year	15,232,279	(962,530)	14,269,749
Share in net losses for the year	(19,852,685)	(2,241,003)	(22,093,688)
Balance at end of year	(4,620,406)	(3,203,533)	(7,823,939)
Cumulative translation gain			
Balance at beginning of year	21,025,356	6,519,093	27,544,449
Translation gain for the year	5,295,136	1,290,580	6,585,716
Balance at end of year	26,320,492	7,809,673	34,130,165
	₱152,837,246	₱45,754,011	₱198,591,257

In February 2019, the Group acquired additional 106,865 shares from the newly issued shares of VINTER for a total consideration of ₱1.8 million. The additional investment did not change the Group's ownership interest in VINTER.

The tables below show the summarized financial information of VEPC and VINTER as at and for the years ended December 31, 2020 and 2019 which were translated from Thailand Baht to Philippine Peso:

	2020	
	VEPC	VINTER
Current assets	₱4,794,047,267	₱1,634,993,969
Noncurrent assets	56,186	-
Current liabilities	4,182,112,788	1,412,830,958
Equity	611,990,665	222,163,011
Revenue	90,500,239	24,507,957
Net income (loss)	(240,723,734)	7,793,223
	2019	
	VEPC	VINTER
Current assets	₱4,620,203,201	₱1,180,381,626
Noncurrent assets	82,362,831	-
Current liabilities	3,843,627,305	951,696,891
Equity	858,938,727	228,684,735
Revenue	1,005,501,438	310,266,541
Net loss	132,351,236	14,940,018

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

	2020		
	Cumulative Translation Gain (Loss)	Deferred Tax Asset (Liability)	Net
Balances at beginning of year	₱34,130,165	(₱5,119,524)	₱29,010,641
Translation loss	(40,202,345)	5,119,524	(35,082,821)
Balances at end of year	(₱6,072,180)	₱-	(₱6,072,180)
	2019		
	Cumulative Translation Gain	Deferred Tax Liability	Net
Balances at beginning of year	₱27,544,449	(₱4,131,667)	₱23,412,782
Translation gain	6,585,716	(987,857)	5,597,859
Balances at end of year	₱34,130,165	(₱5,119,524)	₱29,010,641
	2018		
	Cumulative Translation Gain	Deferred Tax Liability	Net
Balances at end of year	₱27,544,449	(₱4,131,667)	₱23,412,782

10. Investment Properties

The Group's investment properties pertain to parcels of land which are held for capital appreciation. The balances and movements in this account are as follows:

	2020	2019
Balance at beginning of year	₱174,708,000	₱160,879,000
Fair value changes during the year	11,518,000	13,829,000
Balance at end of year	₱186,226,000	₱174,708,000

The Group did not earn any rental income from its investment property in 2020, 2019 and 2018.

Direct operating expenses arising from these investment properties amounted to ₱0.11 million ₱0.10 million and ₱0.28 million in 2020, 2019 and 2018, respectively.

The fair values of the 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 December 31, 2020.

The fair value of investment properties is categorized under Level 3 (significant unobservable inputs) (see Note 22).

The significant inputs to fair valuation are as follows:

- *Price per sqm* - 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:

	2020	2019
Price per sqm	₱28 to ₱4,700	₱27 to ₱4,600
Value adjustments	-10% to +20%	-15% to +20%

Sensitivity Analysis. Generally, significant increases (decreases) in price per sqm and any value adjustments would result in a significantly higher (lower) fair value measurement.

11. Deferred Exploration and Evaluation Costs

The balances and movements in this account as at and for the year ended December 31, 2020 and 2019 are as follows:

	2020	2019
Cost		
Balances at beginning of year	₱6,013,928	₱333,119,945
Additions	-	291,461
Write-off	-	(327,397,478)
Balances at end of year	6,013,928	6,013,928
Accumulated Impairment Losses		
Balances at beginning of year	-	212,847,052
Additional impairment loss	-	114,550,426
Write-off	-	(327,397,478)
Balances at end of year	-	-
Carrying Amount	₱6,013,928	₱6,013,928

Iriga Geothermal Power Project

As at December 31, 2020 and 2019, the Group's deferred exploration and evaluation costs amounting to ₱6.0 million pertains to its 20% participation in a 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 Parent Company. The GSC grants an exclusive right to explore, develop and utilize the geothermal resources in Iriga, Camarines Sur for five (5) years.

On January 22, 2016, the Parent 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.

The spud date for the first geothermal well was on October 12, 2019. On September 9, 2020, the Parent Company obtained approval from the DOE for the drilling of two (2) wells until September 9, 2022.

Terminated, Inactive and Withdrawn Projects

In 2019, the Group wrote off its deferred exploration and evaluation costs amounting to ₱327.4 million due to its withdrawal from the projects, DOE's termination of the related service contract or project inactivity due to difficulties encountered in securing clearances with the government. Details of these projects and the amounts written off in 2019 are as follows:

Project	Status	Deferred Exploration Costs
Indonesia Oil Project	Inactive since 2015	₱147,933,884
Onshore Mindoro Natural Gas Project (SC No. 53)	Withdrawn on March 10, 2020	80,588,761
Mabini Geothermal Power Project	Withdrawn on May 6, 2020	79,969,384
East Mankayan Geothermal Power Project	Terminated on April 15, 2019	11,280,893
Mariveles Geothermal Power Project	Terminated on December 28, 2019	4,677,932
West Bulusan Geothermal Power Project	Terminated on January 24, 2019	2,946,624
Total		₱327,397,478

12. Property and Equipment

The balances and movements in this account as at and for the years ended December 31, 2020 and 2019 are as follows:

	2020		
	At Cost		Total
	Transportation Equipment	Office Equipment, Furniture and Fixtures	
Cost			
Balances at beginning of year	₱8,016,840	₱10,044,286	₱18,061,126
Additions	–	422,000	422,000
Balances at end of year	8,016,840	10,466,286	18,483,126
Accumulated Depreciation			
Balances at beginning of year	6,777,007	9,951,664	16,728,671
Depreciation	595,120	112,339	707,459
Balances at end of year	7,372,127	10,064,003	17,436,130
Carrying Amounts	₱644,713	₱402,283	₱1,046,996

	2019					Total
	At Revalued Amount	At Cost				
	Office Condominium Units	Transportation Equipment	Office Equipment, Furniture and Fixtures	Building Improvements	Machinery and Equipment	
Cost/Revalued Amounts						
Balances at beginning of year	₱28,649,000	₱8,016,840	₱10,118,113	₱5,345,436	₱18,825,539	₱70,954,928
Additions	–	–	17,195	–	–	17,195
Revaluation	42,076,029	–	–	–	–	42,076,029
Disposals	(70,725,029)	–	(91,022)	(5,345,436)	(18,825,539)	(94,987,026)
Balances at end of year	–	8,016,840	10,044,286	–	–	18,061,126
Accumulated Depreciation						
Balances at beginning of year	5,346,673	6,181,887	9,871,958	4,443,153	4,078,866	29,922,537
Depreciation	2,100,267	595,120	162,944	204,347	1,725,674	4,788,352
Disposals	(7,446,940)	–	(83,238)	(4,647,500)	(5,804,540)	(17,982,218)
Balances at end of year	–	6,777,007	9,951,664	–	–	16,728,671
Carrying Amounts	₱–	₱1,239,833	₱92,622	₱–	₱–	₱1,332,455

In 2019, the Group sold the following property and equipment to third parties:

	Office Condominium Units and Improvements	Machinery	Office Equipment	Total
Selling price	₱65,297,452	₱1,785,715	₱7,784	₱67,090,951
Carrying amount	(63,976,025)	(13,020,999)	(7,784)	(77,004,808)
Gain (loss) on disposal	₱1,321,427	(₱11,235,284)	₱–	(₱9,913,857)

The Group also applied its accounts payable to the third party amounting to ₱0.7 million, against the selling price of the machinery. This is considered as noncash transaction in the 2019 consolidated statement of cash flows.

The Group's receivable arising from the sale of property and equipment amounted to ₱1.0 million and ₱2.1 million as at December 31, 2020 and 2019.

Depreciation and amortization included under "General and administrative expenses" account in the consolidated statement of comprehensive income consist of:

	Note	2020	2019
Property and equipment		₱707,459	₱4,788,352
Computer software	13	24,683	24,683
		₱732,142	₱4,813,035

The balances and movements in the revaluation surplus on office condominium, included under "Other equity reserves" account in the consolidated statement of financial position are as follows:

	2019		
	Revaluation Surplus	Deferred Tax Liability	Net
Balance at beginning of year	₱22,496,947	(₱6,749,084)	15,747,863
Revaluation	42,076,029	(12,622,809)	29,453,220
Realization through depreciation	(1,994,544)	598,363	(1,396,181)
Realization through sale	(62,578,432)	18,773,530	(43,804,902)
Balance at end of year	₱-	₱-	₱-

	2018		
	Revaluation Surplus	Deferred Tax Liability	Net
Balance at beginning of year	₱24,709,761	(₱7,412,928)	₱17,296,833
Realization through depreciation	(2,212,814)	663,844	(1,548,970)
Balance at end of year	₱22,496,947	(₱6,749,084)	₱15,747,863

13. Other Noncurrent Assets

This account consists of:

	2020	2019
Input VAT	₱5,502,778	₱5,009,859
Computer software	151,864	176,547
Others	200,000	200,000
	₱5,854,642	₱5,386,406

In 2019, the Group wrote off other noncurrent assets amounting to ₱3,253,070.

The balances and movements of computer software as at and for the years ended December 31, 2020 and 2019, are as follows:

	Note	2020	2019
Cost			
Balance at beginning and end of year		₱244,000	₱244,000
Accumulated Amortization			
Balance at beginning of year		67,453	42,770
Amortization	12	24,683	24,683
Balance at end of year		92,136	67,453
Carrying Amounts		₱151,864	₱176,547

14. Accrued Expenses and Other Payables

This account consists of:

	2020	2019
Accrued expenses	₱17,826,434	₱18,669,151
Statutory payables	771,829	786,009
Others	888,714	888,714
	₱19,486,977	₱20,343,874

Accrued expenses mainly pertain to professional fees and communication expenses.

15. Loan Payable

In 2019, the Group paid its unsecured loan amounting to ₱50.0 million, which was availed in 2017 and bears an annual interest rate of 8.125%. Interest expense on the loan amounted to ₱0.9 million and ₱3.4 million in 2019 and 2018, respectively.

Reconciliation of Liabilities Arising from Financing Activity

The cash and noncash changes in the Group's loan payable as at and for the years ended December 31, 2019 and 2018 are as follows:

	2019	2018
Balance at beginning of year	₱50,000,000	₱50,000,000
Cash changes:		
Principal payments	(50,000,000)	–
Interest payments	(886,473)	(3,415,799)
Noncash change -		
Interest expense	886,473	3,415,799
Balance at end of year	₱–	₱50,000,000

16. Equity

Capital Stock

The details of the capital stock as at December 31, 2020, 2019 and 2018 are as follows:

	No. of Shares	Amount
Authorized – ₱0.25 par value	10,000,000,000	₱2,500,000,000
Subscribed	4,660,267,714	1,165,066,928
Less: Subscriptions receivable	(1,844,875,000)	(461,218,750)
Issued	2,815,392,714	703,848,178
Less: Treasury stock	(18,000,000)	(3,240,000)
Issued and outstanding	2,797,392,714	₱700,608,178

Increase in Authorized Capital Stock

On October 23, 2020, the Parent Company's BOD and stockholders approved the increase in authorized capital stock from ₱2.5 billion divided into 10.0 billion shares with a par value of ₱0.25 per share, to ₱5.0 billion divided into 20.0 billion shares with the same par value. As at March 25, 2021, the Parent Company is still preparing the requirements for filing the increase in authorized capital stock with the SEC.

Memorandum of Agreement with Map 2000 Development Corporation

On December 18, 2020, a MOA was executed between the Parent Company and M2DC for the subscription of the latter to 9.8 billion shares, representing 67% of the issued and outstanding capital stock of the Parent Company post-increase, for ₱0.285 per share. The shares will be issued out of the Company's increase in authorized capital stock.

The total consideration of ₱2.8 billion shall be paid in cash, 25% upon fulfillment of the certain conditions, and the remainder upon obtaining SEC approval for the increase in authorized capital stock. As at March 25, 2021, the Parent Company is in the process of fulfilling the conditions, and expects investment of M2DC to be completed by the second quarter of 2021.

Issuance of Capital Stock

In 2018, the Parent Company issued 106,892,000 shares for a total consideration of ₱33.4 million. The Parent Company and the stockholder agreed that the "Advances from stockholders" amounting to ₱6.7 million as at December 31, 2017, would be an excess consideration over the par value of the shares issued in 2018. Accordingly, this amount was recognized as "Additional paid-in capital" in the 2018 statement of changes in equity. Further, stock issuance costs amounting to ₱0.3 million, were charged against additional paid-in capital in 2018.

Non-controlling Interests

The Group's NCI pertains to the 27.42% direct equity interest in the net assets of SRI and 5.00% indirect equity interest in the net assets of PT BES as at December 31, 2020 and 2019.

In 2013, the Parent Company entered into a joint venture agreement with Petrosolve SDN BHD (Petrosolve), and established GGL in Hong Kong, which was 70% owned by the Parent Company. GGL then established PT BES with a 95% ownership interest. Both companies are intended to manage and operate oil wells.

In 2017, GGL became a wholly-owned subsidiary of the Parent Company. As a result, the Group recognized equity reserve on the acquired NCI amounting to ₱53.9 million.

The summarized financial information of PT BES, which is considered as material to the Group's consolidated financial statements as at and for the years ended December 31, 2020 and 2019 are provided below. These information are based on amounts before intercompany eliminations, which were translated from Indonesian Rupiah to Philippine Peso.

	2020	2019
Current assets	₱598,675	₱630,710
Current liabilities	167,481,182	179,320,008
Capital deficiency	₱166,882,507	₱178,689,298
Attributable to:		
Equity holders of the Parent Company	₱158,538,382	₱169,754,833
NCI	8,344,125	8,934,465
	₱166,882,507	₱178,689,298
	2020	2019
General and administrative expenses	₱992,640	₱1,217,260
Foreign exchange loss (gain)	1,541,987	(7,193,809)
Net loss (income)	₱2,534,627	(₱5,976,549)
Net loss (income) attributable to NCI	₱126,731	(₱298,827)

Treasury Stock

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

17. Related Party Transactions

The following table summarizes the related party transactions of the Group as at December 31, 2020 and 2019:

Nature of Relationship	Nature of Transaction	Amount of Transaction		Outstanding Balance	
		2020	2019	2020	2019
Accounts Receivable (See Note 6)					
Under common ownership -					
Pan Phil Aqua Culture Corporation	Sale of land	₱-	₱-	₱21,187,363	₱21,187,363
	Working capital advances	8,180	-	11,609	3,429
Associates:					
VEPC	Management fees	237,910	5,130,781	8,083,380	8,287,373
VINTER	Management fees	70,893	1,595,439	1,608,572	1,624,245
				₱30,890,924	₱31,102,410
Plan Asset (See Note 19)					
Retirement benefit plan	Plan contribution	₱13,117,316	₱-	₱33,055,283	₱19,285,533
Personnel Costs					
Key management personnel	Short-term benefits	11,270,659	11,869,043	₱-	₱-
	Retirement benefits	3,296,414	3,305,207	24,609,860	25,963,200

The Group entered in a management service agreement with VEPC and VINTER, which provides for a fee based on a certain percentage of VEPC and VINTER's revenues.

Outstanding balances of accounts receivable are unsecured, unimpaired, noninterest-bearing, and to be settled in Philippine Peso within one (1) year, except for management fees which are to be settled in Thailand Baht.

18. General and Administrative Expenses

This account consists of:

	Note	2020	2019	2018
Personnel costs:				
Salaries and wages		₱21,720,992	₱23,682,198	₱23,598,437
Retirement expense	19	4,264,900	4,059,421	4,220,882
Transportation and travel		4,034,262	4,781,560	4,515,025
Professional fees		3,878,688	8,519,030	2,162,561
Representation		3,579,052	4,003,833	3,954,140
Taxes and licenses		1,077,715	1,502,207	6,681,708
Communication		758,289	842,978	1,049,180
Depreciation and amortization	12	732,142	4,813,035	5,242,050
Rent		722,732	–	–
Utilities		634,855	970,185	963,668
Office supplies		203,288	306,538	369,489
Training fund and development assistance		–	11,729,005	1,300,000
Others		1,841,017	3,182,351	1,919,802
		₱43,447,932	₱68,392,341	₱55,976,942

19. Retirement Benefits

The Group has a funded, noncontributory defined benefit retirement benefit 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 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 benefits to be received by the employees meet the minimum mandated benefit under Republic Act No. 7641, *The Retirement Pay Law*. The latest actuarial valuation report of the Group was at and for the year ended December 31, 2020.

Movements in net retirement benefit liability recognized in the consolidated statement of financial position are as follows:

	2020	2019
Balance at beginning of year	₱14,329,068	₱7,867,346
Contributions paid	(13,117,316)	–
Retirement expense	4,264,900	4,059,421
Net remeasurement loss recognized in OCI	276,268	2,402,301
Balance at end of year	₱5,752,920	₱14,329,068

The funded status of the Group's retirement plan as at December 31, 2020 and 2019 are as follows:

	2020	2019
Present value of defined benefit obligation	₱38,808,203	₱33,614,601
Fair value of plan assets	(33,055,283)	(19,285,533)
Net retirement benefit liability	₱5,752,920	₱14,329,068

The balances and movements in the present value of defined benefit obligation as at and for the years ended December 31, 2020 and 2019 are as follows:

	2020	2019
Balance at beginning of year	₱33,614,601	₱29,942,127
Current service cost	3,709,912	3,678,301
Interest expense	1,197,187	1,607,615
Benefits paid	(498,938)	(4,850,120)
Actuarial losses (gains) recognized in OCI:		
Experience adjustments	435,161	(675,730)
Change in financial assumptions	350,280	3,912,408
Balance at end of year	₱38,808,203	₱33,614,601

The balances and movements in the fair value of plan assets as at and for the years ended December 31, 2020 and 2019 are as follows:

	2020	2019
Balance at beginning of year	₱19,285,533	₱22,074,781
Contributions paid	13,117,316	-
Interest income	642,199	1,226,495
Return on assets excluding interest income	509,173	834,377
Benefits paid	(498,938)	(4,850,120)
Balance at end of year	₱33,055,283	₱19,285,533

The components of the retirement expense included under "General and administrative expenses" account in the consolidated statement of comprehensive income are as follows:

	2020	2019	2018
Current service cost	₱3,709,912	₱3,678,301	₱4,274,982
Net interest expense (income)	554,988	381,120	(54,100)
	₱4,264,900	₱4,059,421	₱4,220,882

Remeasurement loss recognized in OCI are as follows:

	2020	2019	2018
Actuarial losses on defined benefit obligation	₱785,441	₱3,236,678	₱1,950,932
Return on assets excluding interest income	(509,173)	(834,377)	(2,538,266)
	₱276,268	₱2,402,301	(₱587,334)

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

	2020		
	Cumulative Remeasurement Gain (Loss)	Deferred Tax Liability	Net
Balances at the beginning of year	₱100,533	(₱30,160)	₱70,373
Remeasurement loss	(276,268)	30,160	(246,108)
Balances at the end of year	(₱175,735)	₱-	(₱175,735)

	2019		
	Cumulative Remeasurement Gain	Deferred Tax Liability	Net
Balances at the beginning of year	₱2,502,834	(₱750,850)	₱1,751,984
Remeasurement loss	(2,402,301)	720,690	(1,681,611)
Balances at the end of year	₱100,533	(₱30,160)	₱70,373

	2018		
	Cumulative Remeasurement Gain	Deferred Tax Liability	Net
Balances at the beginning of year	₱3,090,168	(₱927,050)	₱2,163,118
Remeasurement loss	(587,334)	176,200	(411,134)
Balances at the end of year	₱2,502,834	(₱750,850)	₱1,751,984

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

	2020	2019
Investments in unit investment trust fund	49.76%	38.05%
Investments in government securities	44.88%	51.01%
Other securities and debt instruments	3.77%	8.11%
Others	1.59%	2.83%
	100.00%	100.00%

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

	2020	2019
Discount rate	3.56%	4.79%
Salary increase rate	5.00%	6.00%

Sensitivity analysis on the net retirement benefit liability as at December 31, 2020 and 2019 are as follows:

	Change in Assumption	Effect on Net Retirement Benefit Liability	
		2020	2019
Discount rate	+1.00%	(P2,018,946)	(P1,725,972)
	-1.00%	2,302,970	1,970,585
Salary increase rate	+1.00%	P2,411,046	P2,070,974
	-1.00%	(2,159,003)	(1,852,386)

The sensitivity analysis above have 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.

As at December 31, 2020, the maturity analysis of the undiscounted net retirement benefit liability is as follows:

Within one (1) year	P18,989,512
More than one (1) year to five (5) years	6,254,389
More than five (5) years to 10 years	13,489,233
More than 10 years to 15 years	23,665,189
More than 15 years to 20 years	13,703,448
More than 20 years to 25 years	15,860,183
	P91,961,954

The average duration of the retirement benefit liability as at December 31, 2020 is approximately 10.72 years.

20. Income Taxes

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

	2020	2019	2018
Reported in Profit or Loss			
Current tax expense - MCIT	P8,674	P186,069	P216,908
Deferred tax benefit	(3,023,007)	(2,260,358)	(1,307,005)
	(P3,014,333)	(P2,074,289)	(P1,090,097)
Reported in OCI			
Deferred tax expense (benefit) on:			
Gain (loss) on translation of investments in associates	(P5,119,524)	P987,857	P4,131,667
Remeasurement losses on net retirement benefit asset	(30,160)	(720,690)	750,850
Revaluation increment in office condominium	—	12,622,809	6,749,084
	(P5,149,684)	P12,889,976	P11,631,601

The components of the Group's deferred tax liabilities as at December 31, 2019 are as follows:

Cumulative gain on translation of investments in associates	₱5,119,524
Excess of fair value of net assets acquired over cost of an associate	3,023,007
Cumulative remeasurement gain on net retirement benefit liability	30,160
	₱8,172,691

There were no deferred tax liabilities as at December 31, 2020.

As at December 31, 2020 and 2019, the Group has the following deductible temporary differences and carryforward benefits for which no deferred tax assets was recognized:

	2020	2019
NOLCO	₱397,521,813	₱399,678,125
Accumulated equity in net losses of associates	42,763,516	7,823,939
Unamortized past service cost	10,286,371	1,618,950
Net retirement benefit liability	5,752,920	14,329,068
Allowance for ECL on receivables	1,991,419	2,142,006
Unrealized foreign exchange loss	1,864,902	1,379,923
Excess of MCIT over RCIT	1,670,101	1,673,227
	₱461,851,042	₱428,645,238

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, 2020 are as follows:

Year Incurred	Amount	Applied	Expired	Balance	Year of Expiration
2020	₱39,073,349	₱-	₱-	₱39,073,349	2025
2019	321,801,238	-	-	321,801,238	2022
2018	36,647,226	-	-	36,647,226	2021
2017	41,229,661	-	41,229,661	-	2020
	₱438,751,474	₱-	₱41,229,661	₱397,521,813	

Under Revenue Regulations No. 25-2020, net operating loss incurred for the taxable year 2020 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 MCIT over RCIT as at December 31, 2020 are as follows:

Year Incurred	Amount	Applied	Expired	Balance	Year of Expiration
2020	₱8,674	₱-	₱-	₱8,674	2023
2019	1,444,519	-	-	1,444,519	2022
2018	216,908	-	-	216,908	2021
2017	11,800	-	11,800	-	2020
	₱1,681,901	₱-	₱11,800	₱1,670,101	

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

	2020	2019	2018
Income tax benefit at 30% statutory tax rate	(P19,909,124)	(P59,966,393)	(P8,058,714)
Increase (decrease) in income tax resulting from:			
Expired NOLCO	12,368,898	13,356,476	145,646
Change in unrecognized deferred tax assets	9,961,741	23,296,615	13,800,024
Nontaxable income	(3,455,862)	(4,149,132)	(6,418,584)
Difference in tax rates	3,023,007	2,588,530	761,625
Nondeductible expenses	1,075,340	4,281,006	6,189,186
Income subjected to final tax	(590,564)	(860,708)	(498,585)
Expired excess of MCIT over RCIT	11,800	7,424	910,421
Taxable other income	-	19,371,893	-
Others	(5,499,569)	-	(7,921,116)
Income tax benefit at effective tax rate	(P3,014,333)	(P2,074,289)	(P1,090,097)

Corporate Recovery and Tax Incentives for Enterprises (“CREATE”) Bill

On November 26, 2020, the CREATE Bill was approved by the Senate of the Philippines. Under the CREATE Bill, the regular corporate income tax (RCIT) of domestic corporations was revised from 30% to 25% or 20% depending on the amount of total assets or total amount of taxable income. In addition, the minimum corporate income tax (MCIT) was changed from 2% to 1% of gross income for a period of three (3) years. The changes in the income tax rates shall retrospectively become effective beginning July 1, 2020.

On February 3, 2021, the Senate and the Congress of the Philippines ratified the bill through a bicameral conference. As of March 25, 2021, the CREATE Bill is pending approval of the country’s President which will still go over the tax measures for possible changes or insertions.

Accordingly, the income tax rates used in preparing the consolidated financial statements as at and for the year ended December 31, 2020 are 30% and 2% for RCIT and MCIT, respectively.

The table below summarizes the financial impact of the change in income tax rate to the Group’s consolidated financial statements had the CREATE been substantively enacted as at December 31, 2020:

	Audited Balances (Based on Old Income Tax Rate)	Balances Using Revised Income Tax Rate	Differences
Excess tax credits	P2,587,566	P2,589,734	(P2,168)
Retained earnings	(213,791,806)	(213,789,638)	(P2,168)
Current income tax expense	8,674	6,506	2,168
Net income	63,349,415	63,347,247	2,168

21. Loss per Share

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

	2020	2019	2018
Net loss attributable to shareholders of the Parent Company	₱63,201,772	₱198,093,808	₱25,121,623
Divided by: Weighted average number of outstanding shares	2,797,392,714	2,797,392,714	2,722,079,047
Basic and diluted loss per share	₱0.023	₱0.071	₱0.009

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, 2020, 2019 and 2018.

22. Fair Value Measurement

The following tables present the carrying amounts and fair values of the Group's assets measured at fair value and the corresponding fair value hierarchy:

		2020			
		Carrying Amount	Fair Value		
Note	Quoted Prices in Active Markets (Level 1)		Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Financial assets at FVOCI:	8				
Quoted debt securities		₱22,669,474	₱22,669,474	₱-	₱-
Quoted equity securities		5,978,976	5,978,976	-	-
Investment properties	10	186,226,000	-	-	186,226,000
		₱214,874,450	₱28,648,450	₱-	₱186,226,000

		2019			
		Carrying Amount	Fair Value		
Note	Quoted Prices in Active Markets (Level 1)		Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Financial assets at FVOCI	8				
Quoted debt securities		₱40,080,076	₱40,080,076	₱-	₱-
Quoted equity securities		7,123,036	7,123,036	-	-
Investment properties	10	174,708,000	-	-	174,708,000
		₱221,911,112	₱47,203,112	₱-	₱174,708,000

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.

Investment Properties. The fair value of the investment property was 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 fair valuation is classified under Level 3 category.

There were no transfers between Level 1, Level 2, and Level 3 fair value hierarchy measurements in 2020 and 2019.

The table below presents the Group's financial assets and liabilities whose carrying amounts approximate their fair values due to their short-term nature as at December 31, 2020 and 2019:

	2020	2019
Financial assets at amortized cost:		
Cash and cash equivalents*	₱73,836,392	₱106,840,948
Accounts and other receivables**	33,166,196	35,027,292
Refundable deposit	21,368,350	22,530,549
	₱128,370,938	₱164,398,789
Financial liabilities at amortized cost -		
Accrued expenses and other payables***	₱18,715,148	₱19,557,865

*Excluding cash on hand amounting to ₱32,782 and ₱25,392 as at December 31, 2020 and 2019, respectively

**Excluding nonfinancial assets amounting to ₱70,128 and ₱106,863 as at December 31, 2020 and 2019, respectively.

***Excluding nonfinancial liabilities amounting to ₱771,829 and ₱786,009 as at December 31, 2020 and 2019, respectively.

23. Financial Risk Management Objectives and Policies

The Group's financial instruments consist of cash and cash equivalents, accounts and other receivables (excluding nonfinancial assets), refundable deposit, financial assets at FVOCI and accrued expenses and other payables (excluding nonfinancial 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 debt securities at FVOCI.

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

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 accounts and other receivables and refundable deposit are transacted with counterparties with good credit standing and a relatively low risk of default.

It is the Group's policy to measure ECL on the above instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

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

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

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

Debt Securities at FVOCI

The Group is subject to credit risk on its quoted debt securities at FVOCI. The Group limits its exposure to credit risk by acquiring quoted debt securities from companies with good credit standing and a relatively low risk of default. The Group recognizes changes in the fair value of the debt securities, whether attributable to changes in market conditions or changes in credit risk, in other comprehensive income.

The table below shows the carrying amounts of financial assets at amortized cost classified under 12-month ECL and lifetime ECL as at December 31, 2020 and 2019:

	2020				
	Financial assets at amortized cost				
	12-month ECL	Lifetime ECL - Not Credit Impaired	Lifetime ECL - Credit Impaired	Financial Assets at FVOCI	Total
Cash and cash equivalents*	₱73,836,392	₱-	₱-	₱-	₱73,836,392
Accounts and other receivables**	21,357,480	11,808,716	1,991,419	-	35,157,615
Debt securities at FVOCI	-	-	-	22,669,474	22,669,474
Refundable deposits	21,368,350	-	-	-	21,368,350
	₱116,562,222	₱11,808,716	₱1,991,419	₱22,669,474	₱153,031,831

*Excluding cash on hand amounting to ₱32,782 as at December 31, 2020

**Excluding nonfinancial assets amounting to ₱70,183 as at December 31, 2020.

	2019				
	Financial assets at amortized cost				
	12-month ECL	Lifetime ECL - not credit impaired	Lifetime ECL - credit impaired	Financial assets at FVOCI	Total
Cash and cash equivalents*	₱106,840,948	₱-	₱-	₱-	₱106,840,948
Accounts and other receivables**	21,390,109	13,453,453	2,142,006	-	36,985,568
Debt securities at FVOCI	-	-	-	40,080,076	40,080,076
Refundable deposits	22,530,549	-	-	-	22,530,549
	₱150,761,606	₱13,453,453	₱2,142,006	₱40,080,076	₱206,437,141

*Excluding cash on hand amounting to ₱25,392 as at December 31, 2019

**Excluding nonfinancial assets amounting to ₱106,863 as at December 31, 2019.

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.

Based on contractual undiscounted payments, the Group's accrued expenses and other payables (excluding nonfinancial liabilities) as at December 31, 2020 and 2019 amounting to ₱18,715,148 and ₱19,557,865, respectively are due within one (1) year.

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), Thailand Baht (THB) 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 their Philippine Peso equivalents:

	2020		2019	
	Original Currency	Philippine Peso	Original Currency	Philippine Peso
Denominated in US Dollars				
Cash and cash equivalents	\$506,277	₱24,312,962	\$526,444	₱26,656,492
Refundable deposit	444,960	21,368,350	444,960	22,530,550
	\$951,237	₱45,681,312	\$971,404	₱49,187,042
Denominated in Thailand Baht				
Accounts receivable	THB6,085,234	₱9,691,952	THB5,891,007	₱9,911,618
Denominated in Indonesian Rupiah				
Cash and cash equivalents	IDR42,014,057	₱142,848	IDR39,285,389	₱141,427
Accounts receivable	125,998,277	428,394	129,543,951	472,281
	IDR168,012,334	₱571,242	IDR168,829,340	₱613,708

For purposes of translating the foreign-currency-denominated monetary assets and liabilities as of December 31, the exchange rates applied were as follows:

	2020	2019
US\$	₱48.02 to US\$1	₱50.64 to US\$1
THB	₱1.68 to THB1	₱1.68 to THB1
IDR	₱0.0034 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. There is no other impact on the Group's equity other than those already affecting profit or loss.

	US Dollar		Thailand Baht	
	Increase (Decrease) in Exchange Rates	Effect on Income Before Tax	Increase (Decrease) in Exchange Rates	Effect on Income Before Tax
2020	1.09	₱1,037,560	0.03	₱185,229
	(1.09)	(1,037,560)	(0.03)	(185,229)
2019	0.64	₱624,247	0.02	₱133,773
	(0.64)	(624,247)	(0.02)	(133,773)

The Group assessed that its income before tax is not significantly affected by the reasonably possible change in exchange rates between PHP and IDR in 2020 and 2019.

Equity Price Risk. Equity price risk is the risk that the Group will incur economic losses due to adverse changes in a particular stock or stock index. The Group's equity price risk arises from its financial assets at FVOCI.

The Group's policy is to maintain the risk to an acceptable level. Movement in share price is monitored regularly to determine the impact on its financial position.

The table below sets forth the impact of changes in PSE index (PSEi) in the Group's unrealized gain or loss on its financial assets at FVPL and financial assets at FVOCI in 2020 and 2019:

	2020		2019	
Changes in PSEi	33.21%	(33.21%)	14.59%	(14.59%)
Financial assets at FVOCI in				
Telecommunications	₱6,462	(₱6,462)	₱2,727	(₱2,727)
Banks	6,845	(6,845)	4,140	(4,140)
	₱13,307	(₱13,307)	₱6,867	(₱6,867)

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 ₱745,869,681 as at December 31, 2020 and 2019, 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 processes during the years ended December 31, 2020 and 2019.

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

24. Segment Reporting

The Group is organized into one reportable segment which is the development of renewable energy resources. All of the subsidiaries of the Group has no commercial operations. 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.

**REPORT OF INDEPENDENT AUDITORS
TO ACCOMPANY CONSOLIDATED FINANCIAL STATEMENTS FOR FILING WITH THE
SECURITIES AND EXCHANGE COMMISSION**

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104 Carlos Palanca Jr. Street, Legaspi Village
Makati City

We have audited the accompanying consolidated financial statements of Basic Energy Corporation (the Company) and Subsidiaries as at and for the year ended December 31, 2020, on which we have rendered our report dated March 25, 2021.

In compliance with the Revised Securities Regulation Code Rule 68, we are stating that the Company has 6,138 stockholders owning 100 or more shares each.

REYES TACANDONG & Co.



JOSEPH C. BILANGBILIN

Partner

CPA Certificate No. 102884

Tax Identification No. 210-181-965-000

BOA Accreditation No. 4782; Valid until August 15, 2021

SEC Accreditation No. 1778-A

Valid until September 23, 2022

BIR Accreditation No. 08-005144-011-2020

Valid until January 1, 2023

PTR No. 8534278

Issued January 5, 2021, Makati City

March 25, 2021
Makati City, Metro Manila

**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
7th Floor, Basic Petroleum Building
104 Carlos Palanca Jr. Street, Legaspi Village
Makati City

We have audited in accordance with the Philippine Standards on Auditing, the consolidated financial statements of Basic Energy Corporation and Subsidiaries (the Group) as at and for the year ended December 31, 2020 and have issued our report dated March 25, 2021. 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 Retained Earnings Available for Dividend Declaration
- 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; Valid until August 15, 2021

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Valid until January 1, 2023

PTR No. 8534278

Issued January 5, 2021, Makati City

March 25, 2021

Makati City, Metro Manila

BASIC ENERGY CORPORATION AND SUBSIDIARIES

**SCHEDULE A
FINANCIAL ASSETS
DECEMBER 31, 2020**

Name of issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet	Income received and accrued
Cash on hand	–	₱32,782	₱–
Cash in banks			
China Banking Corporation	–	8,357,198	5,368
BDO Unibank, Inc.	–	779,181	49
Metropolitan Bank and Trust Company	–	131,789	149
Security Bank Corporation	–	129,988	746
Bank Negara Indonesia	–	117,345	313
Landbank of the Philippines	–	39,982	50
		9,555,483	6,675
Cash equivalents:			
China Banking Corporation	–	54,260,687	858,917
Security Bank Corporation	–	10,020,222	158,615
		64,280,909	1,017,532
Total		₱73,869,174	₱1,024,207
Accounts receivable:			
Pan Phil Aqua Culture Corporation	–	₱21,198,972	₱–
Vintage EPC Co., Ltd. (VEPC)	–	8,083,380	237,910
VTE International Construction Co., Ltd. (VINTER)	–	1,608,572	70,893
Others	–	2,275,272	–
		₱33,166,196	₱308,803
Refundable deposit -			
Scarlet Maple Investments Ltd.	–	₱21,368,350	₱–
Financial assets at fair value through other comprehensive income (FVOCI):			
Quoted debt securities -			
Ayala Corporation bonds	22,100,000	₱22,669,474	₱834,055
GT Capital Holding Incorporated*	18,000,000	–	110,285
		22,669,474	944,340
Quoted equity securities:			
FEC Resources Inc.	1,000,000	129,662	–
Metropolitan Bank & Trust Co.	459	22,514	–
PLDT Inc.	20	26,800	1,540
Alabang Country Club, Inc	1	5,800,000	–
		5,978,976	1,540
Total		₱28,648,450	₱945,880

*Redeemed on February 27, 2020.

BASIC ENERGY CORPORATION AND SUBSIDIARIES**SCHEDULE B****AMOUNTS RECEIVABLE FROM
DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES
AND PRINCIPAL STOCKHOLDERS****DECEMBER 31, 2020**

Name and Designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Current	Noncurrent	Balance at end of period
Pan Phil Aqua Culture Corporation	₱21,190,792	₱8,180	₱-	₱-	₱21,198,972	₱-	₱21,198,972
VEPC	8,287,373	237,910	-	441,903	8,083,380	-	8,083,380
VINTER	1,624,245	70,893	-	86,566	1,608,572	-	1,608,572
	₱31,102,410	₱316,983	₱-	₱528,469	₱30,890,924	₱-	₱30,890,924

BASIC ENERGY CORPORATION AND SUBSIDIARIES**SCHEDULE C****AMOUNTS RECEIVABLE FROM
RELATED PARTIES WHICH ARE ELIMINATED DURING
CONSOLIDATION OF FINANCIAL STATEMENTS
DECEMBER 31, 2020**

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Amounts Collected	Amounts Written Off	Current	Noncurrent	Balance at end of period
BRI	₱123,762	₱12,629	₱-	₱-	₱136,391	₱-	₱136,391
BDIHI	22,267,542	136,781	-	-	22,404,323	-	22,404,323
BBC	6,213,853	94,328	-	-	6,308,181	-	6,308,181
SRI	501,595	79,323	-	-	580,918	-	580,918
Grandway	197,595,978	196,904	-	9,215,995	188,576,887	-	188,576,887
	₱226,702,730	₱519,965	₱-	₱9,215,995	₱218,006,700	₱-	₱218,006,700

BASIC ENERGY CORPORATION AND SUBSIDIARIES

SCHEDULE E

INDEBTEDNESS TO RELATED PARTIES

DECEMBER 31, 2020

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

BASIC ENERGY CORPORATION AND SUBSIDIARIES

SCHEDULE F

GUARANTEES OF SECURITIES AND OTHER ISSUERS

DECEMBER 31, 2020

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	Not applicable	Not applicable	Not applicable	Not applicable

BASIC ENERGY CORPORATION AND SUBSIDIARIES

**SCHEDULE G
CAPITAL STOCK
DECEMBER 31, 2020**

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	Directors, officers and employees	Others
Common stock	10,000,000,000	2,797,392,714	–	18,000,000	286,211,582	–

BASIC ENERGY CORPORATION AND SUBSIDIARIES

SCHEDULE H

**SUPPLEMENTARY SCHEDULE OF RECONCILIATION OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION OF THE PARENT COMPANY
DECEMBER 31, 2020**

Deficit as at December 31, 2019	(₱129,220,836)
Adjustments:	
Cumulative fair value adjustments on investment properties	(22,697,763)
Cumulative unrealized foreign exchange gains	(3,440,749)
Deficit as at December 31, 2019, as adjusted	(155,359,348)
Net loss based on the audited separate financial statements	(271,004,419)
Fair value adjustment on investment properties	(3,514,067)
Net loss, as adjusted	(274,518,486)
Deficit as at December 31, 2020, as adjusted	(₱429,877,834)

BASIC ENERGY CORPORATION AND SUBSIDIARIES

**SUPPLEMENTARY SCHEDULE OF FINANCIAL
SOUNDNESS INDICATORS UNDER THE
REVISED SECURITIES AND REGULATIONS CODE RULE 68
DECEMBER 31, 2020 AND 2019**

	2020	2019
Current/liquidity ratio	6.75	8.23
Current assets	₱131,623,160	₱167,342,907
Current liabilities	19,486,977	20,343,874
Solvency ratio	(2.70)	(4.73)
Net loss before depreciation and amortization	(68,162,450)	(202,626,721)
Total liabilities	25,239,897	42,845,633
Debt to equity ratio	0.06	0.08
Total liabilities	₱25,239,897	₱42,845,633
Total equity	457,622,614	557,732,432
Quick ratio	5.50	6.98
Quick assets	₱107,105,498	₱142,000,495
Current liabilities	19,486,977	20,343,874
Asset-to-equity ratio	1.06	1.08
Total assets	₱482,862,511	₱600,578,065
Total equity	457,622,614	557,732,432
Interest Rate Coverage Ratio	–	(224.49)
Net loss before interest expense and taxes	(₱66,363,748)	(₱199,001,502)
Interest expense	–	886,473
Return on asset ratio	(0.12)	(0.59)
Net loss before interest expense after-tax	(₱63,349,415)	(₱196,927,213)
Average total assets	541,720,288	335,298,036
Return on equity ratio	(0.12)	(0.31)
Net loss	(₱63,349,415)	(₱197,813,686)
Average total equity	507,677,523	629,482,690

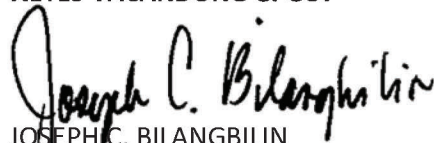
**REPORT OF INDEPENDENT AUDITORS
ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS**

The Stockholders and the Board of Directors
Basic Energy Corporation and Subsidiaries
7th Floor, Basic Petroleum Building
104 Carlos Palanca Jr. Street, Legaspi Village
Makati City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Basic Energy Corporation and Subsidiaries (the Group) as at and for the year ended December 31, 2020, and have issued our report thereon dated March 25, 2021. Our audit was made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole.

The information in the supplementary schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for purposes of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS. Except for the average total assets in 2018, the components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at and for the years ended December 31, 2020 and 2019 and no material exceptions were noted.

REYES TACANDONG & Co.



JOSEPH C. BILANGBILIN

Partner

CPA Certificate No. 102884

Tax Identification No. 210-181-965-000

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SEC Accreditation No. 1778-A

Valid until September 23, 2022

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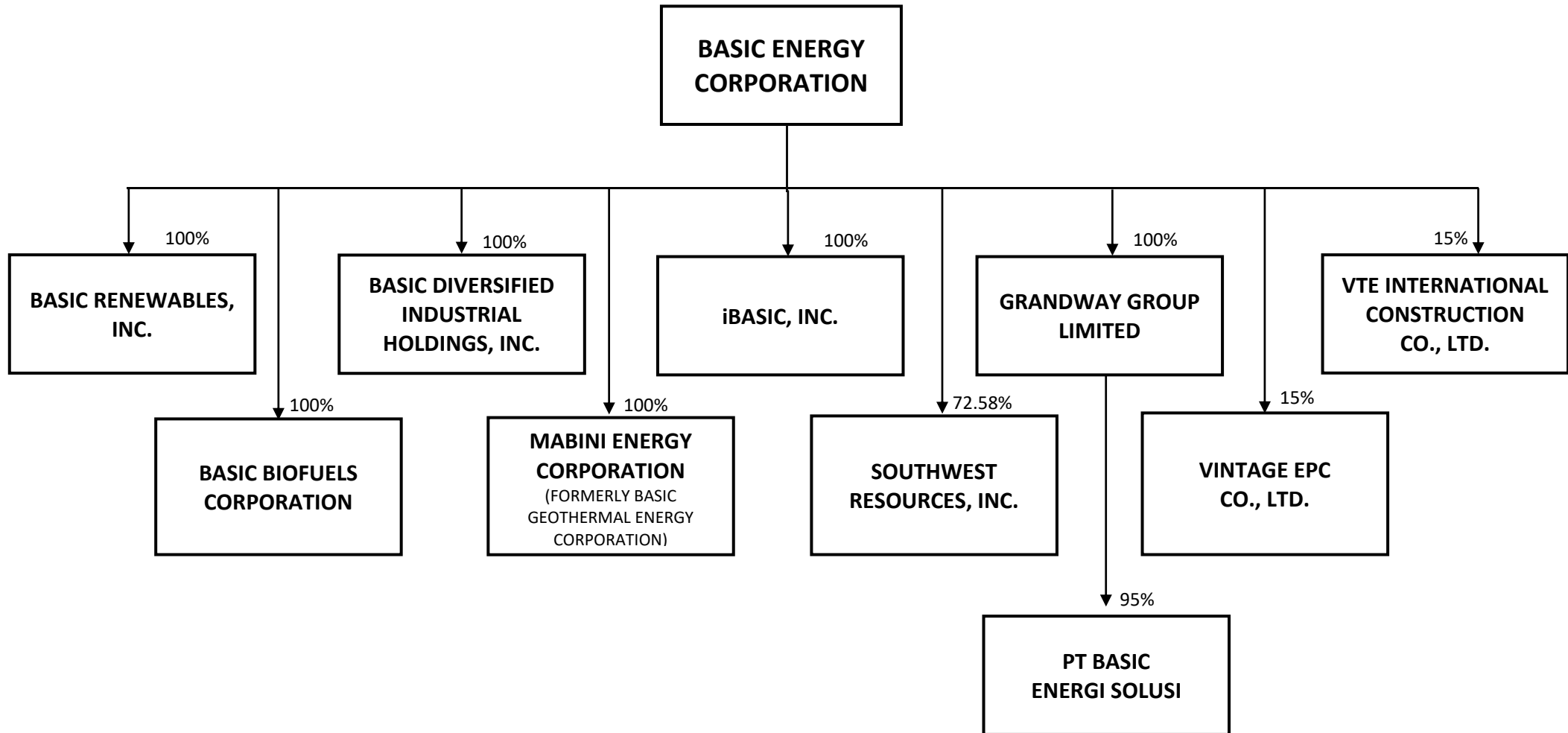
Valid until January 1, 2023

PTR No. 8534278

Issued January 5, 2021, Makati City

March 25, 2021
Makati City, Metro Manila

BASIC ENERGY CORPORATION AND SUBSIDIARIES
MAP OF THE RELATIONSHIPS OF THE COMPANIES WITHIN THE GROUP
DECEMBER 31, 2020



**REPORT OF INDEPENDENT AUDITORS
TO ACCOMPANY SEPARATE FINANCIAL STATEMENTS FOR FILING WITH THE
BUREAU OF INTERNAL REVENUE**

The Stockholders and the Board of Directors
Basic Energy Corporation and Subsidiaries
7th Floor, Basic Petroleum Building
104 Carlos Palanca Jr. Street, Legaspi Village
Makati City

We have audited the accompanying separate financial statements of Basic Energy Corporation (the Company) as at and for the year ended December 31, 2020, on which we have rendered our report dated March 25, 2021.

In compliance with Revenue Regulations V-20, we are stating that no partner of our Firm is related by consanguinity or affinity to the president, manager or principal stockholders of the Company.

REYES TACANDONG & Co.



JOSEPH C. BILANGBILIN

Partner

CPA Certificate No. 102884

Tax Identification No. 210-181-965-000

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Issued January 5, 2021, Makati City

March 25, 2021

Makati City, Metro Manila



APR 30 2021

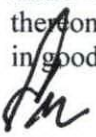


**“STATEMENT OF MANAGEMENT’S RESPONSIBILITY
FOR ANNUAL INCOME TAX RETURN”**

The Management of **Basic Energy Corporation** (the Company) is responsible for all information and representations contained in the Annual Income Tax Return as at and for the year ended December 31, 2020. The 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 and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, the Management affirms that the attached audited financial statements as at and for the year ended December 31, 2020 and the accompanying Annual Income Tax Return are in accordance with the books and records of the Company, and complete and correct in all material respects. The Management likewise affirms that:

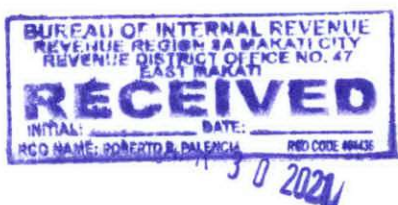
- (a) the Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;
- (b) any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to financial accounting standards (i.e. 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; and
- (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.


Oscar C. De Venecia
Chairman of the Board


Oscar L. de Venecia Jr.
President & Chief Executive Officer


Alain S. Pangan
Vice President for Finance

Signed this 25th day of March 2021.





**“STATEMENT OF MANAGEMENT RESPONSIBILITY
FOR SEPARATE FINANCIAL STATEMENTS”**

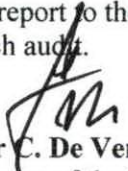
The management of **Basic Energy Corporation** (the Company) is responsible for the preparation and fair presentation of the separate financial statements including the schedules attached therein, as at and for the years ended December 31, 2020 and 2019, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of 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.


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

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

Reyes Tacandong & Co., the independent auditor appointed by the Board of Directors, has audited the separate financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the members, has expressed its opinion on the fairness of presentation upon completion of such audit.


Oscar C. De Venecia
Chairman of the Board


Oscar L. de Venecia Jr.
President & Chief Executive Officer


Alain S. Pangan
Vice President for Finance

Signed this 25th day of March 2021.



APR 30 2021



INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Basic Energy Corporation
7th Floor, Basic Petroleum Building
104 Carlos Palanca Jr. Street, Legaspi Village
Makati City

Report on the Audit of the Separate Financial Statements

Opinion

We have audited the accompanying separate financial statements of Basic Energy Corporation (the Company), which comprise the separate statement of financial position as at December 31, 2020, and the separate statement of comprehensive income, separate statement of changes in equity and separate statement of cash flows for the year ended December 31, 2020 and notes to the separate financial statements, including a summary of significant accounting policies.

In our opinion, the separate financial statements present fairly, in all material respects, the separate financial position of the Company as at December 31, 2020, and its separate financial performance and its separate cash flows for the year then ended in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

We conducted our audit 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.

Other Matter

The financial statements of the Company as at and for the year ended December 31, 2019 were audited by another auditor, whose report dated June 24, 2020 expressed an unmodified opinion on those statements. The opinion of such auditor, however, does not include the restatements discussed in Note 4 to the separate financial statements.





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

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

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

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

Auditors' Responsibilities for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they 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. 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. 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 audit.

Report on Supplementary Information Required Under Revenue Regulations No. 15-2010 of the Bureau of Internal Revenue

Our audit was conducted for the purpose of forming an opinion on the basic separate financial statements taken as a whole. The supplementary information on taxes and licenses in Note 25 to the separate financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic separate financial statements. Such information is the responsibility of the management of the Company. This information has been subjected to the auditing procedures applied in our audit of the basic separate financial statements and in our opinion, the information is fairly stated in all material respects in relation to the basic separate financial statements taken as a whole.

REYES TACANDONG & Co.


JOSEPH C. BILANGBILIN

Partner

CPA Certificate No. 102884

Tax Identification No. 210-181-965-000

BOA Accreditation No. 4782; Valid until August 15, 2021

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Valid until January 1, 2023

PTR No. 8534278

Issued January 5, 2021, Makati City



March 25, 2021

Makati City, Metro Manila

BASIC ENERGY CORPORATION
SEPARATE STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020
(With Comparative Figures for 2019)

		December 31		January 1,
			2019	2019
	Note	2020	(As Restated - Note 4)	(As Restated - Note 4)
ASSETS				
Current Assets				
Cash and cash equivalents	5	₱73,346,542	₱106,280,018	₱41,477,719
Accounts and other receivables	6	32,796,125	34,661,872	129,673,042
Advances to subsidiaries	19	-	199,679,305	195,608,953
Refundable deposit	7	21,368,350	22,530,549	16,183,711
Other current assets	8	3,090,494	2,788,744	1,703,667
Total Current Assets		130,601,511	365,940,488	384,647,092
Noncurrent Assets				
Financial assets at fair value through other comprehensive income (FVOCI)	9	28,648,450	47,203,112	44,336,517
Investments in associates	10	123,449,335	198,591,257	212,299,344
Investments in subsidiaries	11	56,975,000	57,051,561	57,051,561
Investment properties	12	32,451,072	28,937,005	26,285,058
Deferred exploration and evaluation costs	13	6,013,928	6,013,928	120,272,893
Property and equipment	14	1,046,996	1,332,455	41,032,391
Other noncurrent assets	15	5,767,743	5,323,729	15,916,428
Total Noncurrent Assets		254,352,524	344,453,047	517,194,192
		₱384,954,035	₱710,393,535	₱901,841,284
LIABILITIES AND EQUITY				
Current Liabilities				
Accrued expenses and other payables	16	₱15,904,887	₱16,443,426	₱4,933,202
Advances from subsidiaries	19	17,899,701	18,131,588	18,387,498
Loan payable	17	-	-	50,000,000
Income tax payable		-	-	216,908
Total Current Liabilities		33,804,588	34,575,014	73,537,608
Noncurrent Liabilities				
Net retirement benefit liability	21	5,752,920	14,329,068	7,867,346
Net deferred tax liabilities		-	9,204,916	17,224,870
Total Noncurrent Liabilities		5,752,920	23,533,984	25,092,216
Total Liabilities		39,557,508	58,108,998	98,629,824
Equity				
Capital stock	18	703,848,178	703,848,178	703,848,178
Additional paid-in capital		44,526,207	44,526,207	44,526,207
Retained earnings (deficit)		(400,225,255)	(129,220,836)	12,741,067
Other equity reserves		(2,752,603)	33,130,988	43,096,008
Total Equity		345,396,527	652,284,537	803,211,460
		₱384,954,035	₱710,393,535	₱901,841,284

See accompanying Notes to Separate Financial Statements.



BASIC ENERGY CORPORATION
SEPARATE STATEMENTS OF COMPREHENSIVE INCOME
DECEMBER 31, 2020
(With Comparative Figures for 2019)

		Years Ended December 31	
	Note	2020	2019 (As Restated - Note 4)
REVENUES			
Fair value changes in investment properties	12	₱3,514,067	₱2,651,947
Interest income	5	1,967,462	2,867,575
Management fees	19	308,803	6,726,220
Dividend income	9	1,540	1,440
Foreign exchange gain - net		-	2,060,890
Other income		124,916	-
		5,916,788	14,308,072
EXPENSES			
Impairment losses on:			
Advances to subsidiaries	19	190,983,275	-
Investments in subsidiaries	11	76,561	-
Other receivables	6	33,143	-
Deferred exploration and evaluation costs	13	-	114,550,426
General and administrative expenses	20	41,806,635	66,306,307
Share in net losses of associates	10	34,939,577	22,093,688
Foreign exchange loss - net		13,128,574	-
Loss on disposal of property and equipment	14	-	9,913,857
Write-off of:			
Receivables	6	-	3,932,648
Other noncurrent assets	15	-	3,253,070
Interest expense		-	886,473
		280,967,765	220,936,469
LOSS BEFORE INCOME TAX		275,050,977	206,628,397
INCOME TAX EXPENSE (BENEFIT)			
Current		8,674	186,069
Deferred		(4,055,232)	(1,538,037)
		(4,046,558)	(1,351,968)
NET LOSS		₱271,004,419	₱205,276,429

(Forward)



	Note	Years Ended December 31	
		2020	2019
NET LOSS		₱271,004,419	₱205,276,429
OTHER COMPREHENSIVE INCOME (LOSS)			
<i>Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods</i>			
Share in cumulative translation adjustments of associates (net of deferred tax)	10	(35,082,821)	5,597,859
Unrealized gain (loss) on changes in fair value of debt securities at FVOCI	9	589,398	2,455,481
		(34,493,423)	8,053,340
<i>Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods</i>			
Unrealized gain (loss) on changes in fair value of equity securities at FVOCI	9	(1,144,060)	411,114
Remeasurement losses on net retirement benefit liability (net of deferred tax)	21	(246,108)	(1,681,611)
Revaluation increment on office condominium (net of deferred tax)	14	—	29,453,220
		(1,390,168)	28,182,723
		(35,883,591)	36,236,063
TOTAL COMPREHENSIVE LOSS		₱306,888,010	₱169,040,366

See accompanying Notes to Separate Financial Statements.



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BASIC ENERGY CORPORATION
SEPARATE STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2020
(With Comparative Figures for 2019)

	Note	Capital Stock	Additional Paid-in Capital	Deficit	Other Equity Reserves				Total Equity
					Cumulative Gain (Loss) on Translation of Investments in Associates	Cumulative Unrealized Gain (Loss) on Changes in Fair Value of Financial Assets at FVOCI	Cumulative Remeasuremen t Gain (Loss) on Net Retirement Benefit Liability	Revaluation Surplus on Office Condominium	
Balances as at December 31, 2019, as previously reported		₱703,848,178	₱44,526,207	(₱138,702,716)	₱29,010,641	₱4,049,974	₱70,373	₱-	₱642,802,657
Effect of restatement	4	-	-	9,481,880	-	-	-	-	9,481,880
Balances as at December 31, 2019, as restated		703,848,178	44,526,207	(129,220,836)	29,010,641	4,049,974	70,373	-	652,284,537
Net loss		-	-	(271,004,419)	-	-	-	-	(271,004,419)
Other comprehensive loss		-	-	-	(35,082,821)	(554,662)	(246,108)	-	(35,883,591)
Balances as at December 31, 2020		₱703,848,178	₱44,526,207	(₱400,225,255)	(₱6,072,180)	₱3,495,312	(₱175,735)	₱-	₱345,396,527
Balances as at December 31, 2018, as previously reported		₱703,848,178	₱44,526,207	₱4,598,187	₱23,412,782	₱1,183,379	₱1,751,984	₱15,747,863	₱795,068,580
Effect of restatement	4	-	-	8,142,880	-	-	-	-	8,142,880
Balances as at December 31, 2018, as restated		703,848,178	44,526,207	12,741,067	23,412,782	1,183,379	1,751,984	15,747,863	803,211,460
Net loss		-	-	(205,276,429)	-	-	-	-	(205,276,429)
Other comprehensive income (loss)		-	-	-	5,597,859	2,866,595	(1,681,611)	29,453,220	36,236,063
Realization of revaluation surplus through sale	14	-	-	61,319,982	-	-	-	(43,804,902)	17,515,080
Realization of revaluation surplus through depreciation	14	-	-	1,994,544	-	-	-	(1,396,181)	598,363
Balances as at December 31, 2019		₱703,848,178	₱44,526,207	(₱129,220,836)	₱29,010,641	₱4,049,974	₱70,373	₱-	₱ 652,284,537

See accompanying Notes to Separate Financial Statements.



BASIC ENERGY CORPORATION
SEPARATE STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020
(With Comparative Figures for 2019)

		Years Ended December 31	
	Note	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before income tax		(P275,050,977)	(P206,628,397)
Adjustments for:			
Impairment losses on:			
Advances to subsidiaries	19	190,983,275	-
Investments in subsidiaries	11	76,561	-
Other receivables	6	33,143	-
Deferred exploration and evaluation costs	13	-	114,550,426
Share in the net loss of associates	10	34,939,577	22,093,688
Unrealized foreign exchange losses (gains) - net		13,128,574	(972,126)
Retirement expense	21	4,264,900	4,059,421
Fair value changes in investment properties	12	(3,514,067)	(2,651,947)
Interest income	5	(1,967,462)	(2,867,575)
Depreciation and amortization	14,15	732,142	4,813,035
Dividend income	9	(1,540)	(1,440)
Loss on disposal of property and equipment	14	-	9,913,857
Write-off of:			
Receivables	6	-	3,932,648
Other noncurrent assets	15	-	3,253,070
Interest expense		-	886,473
Operating loss before working capital changes		(36,375,874)	(49,618,867)
Decrease (increase) in:			
Accounts and other receivables		347,265	(4,293,014)
Advances to subsidiaries		(1,535,417)	(1,718,303)
Other current assets		(304,248)	1,504,989
Other noncurrent assets		(468,697)	7,314,946
Increase (decrease) in:			
Accrued expenses and other payables		(538,539)	12,210,224
Advances from subsidiaries		(231,887)	(255,910)
Net cash used in operations		(39,107,397)	(34,855,935)
Contributions to retirement plan		(13,117,316)	-
Interest received		2,000,091	2,865,091
Income taxes paid		(6,176)	(4,251,491)
Net cash used in operating activities		(P50,230,798)	(P36,242,335)

(Forward)



	Note	Years Ended December 31	
		2020	2019
CASH FLOWS FROM INVESTING ACTIVITIES			
Redemption of debt securities	9	₱18,000,000	₱-
Additions to:			
Property and equipment	14	(422,000)	(17,195)
Investments in associates	10	-	(1,799,885)
Deferred exploration costs	12	-	(291,461)
Proceeds from sale of:			
Property and equipment		1,055,807	64,247,359
Investment property		-	97,573,298
Dividends received	9	1,540	1,440
Payment of refundable deposit		-	(23,427,183)
Receipt of refundable deposit		-	16,183,711
Net cash provided by investing activities		18,635,347	152,470,084
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of loan		-	(50,000,000)
Interest paid		-	(886,473)
Net cash used in financing activities		-	(50,886,473)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(31,595,451)	65,341,276
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		(1,338,025)	(538,977)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		106,280,018	41,477,719
CASH AND CASH EQUIVALENTS AT END OF YEAR		₱73,346,542	₱106,280,018

See accompanying Notes to Separate Financial Statements.



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BASIC ENERGY CORPORATION AND SUBSIDIARIES

NOTES TO SEPARATE FINANCIAL STATEMENTS

(With Comparative Information for 2019)

1. General Information

Corporate 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. 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. The Company is listed in the Philippine Stock Exchange (PSE).

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 registered business address of the Company is 7th Floor, Basic Petroleum Building, 104 Carlos Palanca Jr. Street, Legaspi Village, Makati City.

Status of Operations

The Company has incurred recurring losses resulting to deficit amounting to ₱400,225,255 and ₱129,220,836 as at December 31, 2020 and 2019, respectively.

The Company is actively exploring business ventures on alternative and renewable energy sources. The following are the existing business ventures of the Company:

- The Company has 15% ownership interest in VEPC and VINTER, which are the primary engineering, procurement, and construction (EPC) contractors of a solar power project in Minbu, Myanmar. This project has commenced Phase 2 of its construction.
- On September 9, 2020, the Department of Energy (DOE) approved the work program for the drilling of two (2) wells up to 2022 for its Iriga Geothermal Project in which the Company has 20% interest.

Further, the Company has entered into a memorandum of agreement (MOA) with Map 2000 Development Corporation (M2DC) on December 18, 2020 for its subscription to 67% of the Company's capital stock (the Transaction) subject to the fulfilment of certain conditions. The Company expects the completion of the Transaction by the second quarter of 2021 (see Note 18). This Transaction will enable the Company to expand its current portfolio of renewable energy projects and for M2DC to integrate its business into the Company.

The separate financial statements have been prepared assuming that the Company will continue as a going concern and do not include adjustments that may result from the outcome of the uncertainty.

The separate financial statements of the Company as at and for the year ended December 31, 2020 were approved and authorized for issuance by the Board of Directors (BOD) of the Company on March 25, 2021.

2. Summary of Significant Accounting Policies

Basis of Preparation

The separate financial statements of the Company have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) issued by the Philippine Financial Reporting Standards Council and adopted by the Securities and Exchange Commission (SEC). This financial reporting framework includes PFRS, Philippine Accounting Standards (PAS) and Philippine interpretations from International Financial Reporting Interpretations Committee (IFRIC).

The Company also prepares and issues consolidated financial statements for the same period as the separate financial statements presented in accordance with PFRS. Consolidated financial statements may be obtained at the SEC or at the Company's registered office address.

Measurement Bases

The separate financial statements are presented in Philippine Peso, the Company's functional currency. All values are stated in absolute amounts, unless otherwise indicated.

The financial statements of the Company 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
Office condominium units, included as part of "Property, plant and equipment"	Revalued Amount

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 Company.

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 the separate financial statements:

- Note 9 - Financial Assets at FVOCI
- Note 12 - Investment Properties
- Note 14 - Property and Equipment
- Note 23 - Fair Value Measurement

Adoption of Amended PFRS

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following amended PFRS, which the Company adopted effective January 1, 2020:

- Amendments to References to the Conceptual Framework in PFRS – The amendments include new concepts affecting measurement, presentation and disclosure and derecognition; improved definitions and guidance-in particular the definition of an asset and a liability; and clarifications in important areas, such as the roles of stewardship, prudence, measurement uncertainty and substance over form in financial reporting.
- Amendments to PAS 1, *Presentation of Financial Statements* and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material* – The amendments clarify the definition of “material” and how it should be applied by companies in making materiality judgments. The amendments ensure that the new definition is consistent across all PFRS. Based on the new definition, an information is “material” if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

Under prevailing circumstances, the adoption of the foregoing amended PFRS did not have any material effect on the financial statements of the Company. Additional disclosures were included in the financial statements, as applicable.

Amended PFRS Issued But Not Yet Effective

Relevant amendments to PFRS, which are not yet effective as at December 31, 2020 and have not been applied in preparing the financial statements, are summarized below.

Effective January 1, 2022:

- Amendments to PAS 16, *Property, Plant and Equipment - Proceeds Before Intended Use* – The amendments prohibit deducting from the cost of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for its intended use. Instead, the proceeds and related costs from such items shall be recognized in profit or loss. The amendments must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when an entity first applies the amendment.
- Amendments to PAS 37, *Onerous Contracts - Cost of Fulfilling a Contract* – The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling a contract comprises both the incremental costs of fulfilling that contract and an allocation of costs directly related to contract activities. The amendments apply to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other components of equity. Accordingly, the comparatives are not restated. Earlier application is permitted.
- Amendments to PFRS 9, *Financial Instruments - Fees in the '10 per cent' Test for Derecognition of Financial Liabilities* – The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognize a financial liability (i.e. whether the terms of a new or modified financial liability is substantially different from the terms of the original financial liability). These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or the lender on the other's behalf. The amendments apply to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendments. Earlier application is permitted.

Effective January 1, 2023 -

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current* – The amendments clarify the requirements for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. The amendments also specify and clarify the following: (i) an entity's right to defer settlement must exist at the end of the reporting period, (ii) the classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement, (iii) how lending conditions affect classification, and (iv) requirements for classifying liabilities where an entity will or may settle by issuing its own equity instruments. The amendments must be applied retrospectively. Earlier application is permitted.

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

Financial Instruments

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

“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 Company recognizes the difference between the transaction price and fair value (a “Day 1” difference) in profit or loss. In cases where there is no observable data at inception date, the Company 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 Company determines the appropriate method of recognizing the “Day 1” difference.

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 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, 2020 and 2019, 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 date. Otherwise, these are classified as noncurrent assets.

As at December 31, 2020 and 2019, the Company’s cash and cash equivalents, accounts and other receivables (except nonfinancial assets), advances to subsidiaries, and refundable deposit, are classified under this category (see Notes 5, 6, 7 and 19).

Cash and cash equivalents include cash in banks and short-term placements. Short-term placements

are highly liquid investments with original maturities of three 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 - Debt Instruments. For debt instruments that meet the contractual cash flow characteristic and are not designated at FVPL under the fair value option, the financial assets are measured at FVOCI if both of the following conditions are met:

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; 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, interest income (calculated using the effective interest rate method) and impairment gains or losses of debt instruments measured at FVOCI are recognized directly in profit or loss. When the financial asset is derecognized, the cumulative gains or losses previously recognized in other comprehensive income (OCI) are reclassified from equity to profit or loss as a reclassification adjustment.

As at December 31, 2020 and 2019, the Company's investment in quoted debt securities is classified under this category (see Note 9).

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, 2020 and 2019, the Company has quoted investments in quoted equity securities which were irrevocably designated as financial assets at FVOCI (see Note 9).

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

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

For a financial asset reclassified out of the financial assets at FVOCI category to financial assets at amortized cost, any gain or loss previously recognized in OCI, and any difference between the new

amortized cost and maturity amount, are amortized to profit or loss over the remaining life of the investment using the effective interest method. If the financial asset is subsequently impaired, any gain or loss that has been recognized in OCI is reclassified from equity to profit or loss.

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

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

Impairment of Debt Instruments at Amortized Cost and FVOCI. The Company assesses on a forward-looking basis the expected credit losses (ECL) associated with all debt instruments not held at FVPL. ECL is based on the difference between the cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation to the asset's original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

The Company considers a financial asset in default when contractual payments are 30 days past due unless it is demonstrated that the non-payment was an administrative oversight rather than resulting from financial difficulty of the counterparty. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows in its entirety or a portion thereof. This is generally the case when the Company determines that the borrower does not have assets or source of income that could generate sufficient cash flows to repay the amount of financial asset for write-off. This assessment is carried out at the individual financial asset level.

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

- The right to receive cash flows from the asset has expired;
- The Company retains the right to receive cash flows from the financial asset, but has assumed an obligation to pay them in full without material delay to a third party under a “pass-through” arrangement; or
- The Company has transferred its right to receive cash flows from the financial asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

Financial Liabilities

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 costs, the initial measurement is net of any directly attributable transaction costs.

Classification. The Company classifies its financial liabilities at initial recognition as either financial liabilities at FVPL or financial liabilities at amortized cost.

As at December 31, 2020 and 2019, the Company does not have financial liabilities at FVPL.

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 Company having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

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

As at December 31, 2020 and 2019, the Company’s accrued expenses and other payables (excluding nonfinancial liabilities) and advances from subsidiaries are classified under this category (see Notes 16 and 19).

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 the separate statements of comprehensive income.

Classification of Financial Instrument between Liability and Equity. A financial instrument is classified as a liability if it provides for a contractual obligation to:

- Deliver cash or another financial asset to another entity;
- Exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company; or
- Satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

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

Offsetting of Financial Assets and Liabilities

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

Classification of Assets and Liabilities between Current and Noncurrent

The Company presents current and noncurrent assets, and current and noncurrent liabilities, as separate classifications in the notes to consolidated financial statements.

Current Assets. The Company classifies an asset as current when:

- It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- It holds the asset primarily for the purpose of trading;
- It expects to realize the asset within 12 months after the reporting period; or
- The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Otherwise, the Company will classify all other assets as noncurrent.

Current Liabilities. The Company classifies a liability as current when:

- It expects to settle the liability in its normal operating cycle;
- It holds the liability primarily for the purpose of trading;
- The liability is due to be settled within 12 months after the reporting period; or
- It does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Otherwise, the Company will classify all other liabilities as noncurrent.

Investments in Associates

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

The Company's investments in associates are accounted for under equity method. The investments are initially recognized at cost and adjusted to recognize the Company's share in net assets of the associates since the acquisition date. Dividends received by the Company from the associates will reduce the carrying amount of the investment when the right to receive the dividend is established. The Company recognizes its share in net income or loss of the associate in profit or loss. Any change in OCI of the associates is presented as part of the Company's OCI. In addition, where there has been a change recognized directly in equity of the associates, the Company recognizes its share in these changes, when applicable, in the separate statements of changes in equity.

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

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

Investment in Subsidiaries

The Company's investment in subsidiaries is carried in the separate statement 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.

Investment Properties

Investment properties pertains to properties 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 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 profit or loss 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 profit or loss in the year of retirement or disposal.

Deferred Exploration Costs

Deferred exploration and evaluation costs arising from the Company's exploration and evaluation activities are carried at cost less any accumulated impairment losses, if any.

Exploration and evaluation activities involve the search for oil, gas or other natural resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource. These include the following:

- Acquisitions of rights to explore;
- Gathering exploration data through geophysical studies;
- Determining and examining the volume and grade of the resource;
- Surveying transportation and infrastructure requirements; and
- Evaluating the technical feasibility and commercial viability of extracting the resource.

Exploration and evaluation expenditures are recognized as assets when the future economic benefit is more likely than not to be realized. These costs include directly attributable employee remuneration, materials and fuels used, surveying costs, drilling costs and payments made to contractors. The Company capitalizes any further costs incurred for exploration and evaluation activities up to the point when a commercial reserve is established.

Deferred exploration and evaluation costs are assessed for impairment before these are reclassified to "Property and equipment" account in the separate statements of financial position when the technical feasibility and commercial viability of extracting the resources are demonstrable. Any impairment loss is recognized in profit or loss. If the exploration area is found to contain no commercial reserves, the deferred exploration and evaluation costs are charged to profit or loss.

Property and Equipment

Office condominium is accounted for using the revaluation model.

Under the revaluation model, office condominium is initially recorded at cost and subsequently measured at fair value less impairment losses, if any. Valuations are performed with sufficient frequency to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

A revaluation surplus is recorded initially in OCI and accumulated to the other equity reserves account in equity. However, the increase is recognized in profit or loss to the extent that it reverses a revaluation deficit of the same asset previously recognized in profit or loss. A revaluation deficit is recognized in profit or loss, except to the extent that it offsets an existing surplus on the same asset recognized in the revaluation surplus.

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

- Transportation equipment
- Office equipment, furniture, and fixtures
- Building and building improvements
- Machinery and equipment

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

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

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

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

	Number of Years
Office condominium units	15
Transportation equipment	5
Office equipment, furniture, and fixtures	3
Building and building improvements	15
Machinery and equipment	10

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

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

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

Other Nonfinancial Assets

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

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.

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 noncurrent assets" account in the separate statements of financial position.

Intangible Asset. The Company's intangible asset pertains to acquired computer software and is stated at cost, which includes purchase price and other direct costs, less accumulated amortization and any impairment in value. Intangible asset with a finite useful life is amortized over its useful life on a straight-line basis and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

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.

Amortization is calculated on a straight line basis over ten (10) years. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed periodically to ensure that these are consistent with the expected pattern of economic benefits for the intangible asset. Changes in the expected useful life or the expected pattern or consumption of future economic benefits embodied in the intangible assets with finite useful life are recognized in profit or loss.

Impairment of Other Nonfinancial Assets

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

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. In such instance, the carrying amount of the asset is increased to its recoverable amount. However, that increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized for the asset in prior years. Such reversal is recognized in profit or loss. After such reversal, the depreciation and amortization charges are adjusted prospectively to allocate the asset's revised carrying amount on a systematic basis over its remaining useful life.

Equity

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

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

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

Other Equity Reserves. Other equity reserves consist of cumulative balances of items of income and expense that are not recognized in profit or loss in accordance with PFRS. Other equity reserves of the Company pertain to cumulative gain (loss) on translation of investments in associates, cumulative unrealized gain on changes in fair value of financial assets at FVOCI, cumulative remeasurement gain (loss) on net retirement benefit liability and revaluation surplus on office condominium.

Revenue Recognition

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

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

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

Management Fee. Management fee is recognized over the period the related service is provided.

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

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

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

Dividend Income. Dividend income is recognized when the Company's right to receive payment is established.

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 cost of administering the business. These are expensed when incurred.

Interest Expense. Interest expense is recognized in profit or loss using the effective interest method.

Employee Benefits

Short-term 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 "Accrued expenses and other payables" account in the separate 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 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 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.

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 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 Company recognizes retirement benefit costs, comprising current service cost and net interest cost 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, which comprise 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 Company's functional and presentation currency using the closing rate at each reporting date, while its comprehensive income is translated using weighted average exchange rates during the year.

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

Income Taxes

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

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

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

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

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

Related Party Transactions

Related party transactions are transfers of resources, services or obligations between the Company and its related parties.

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individual or corporate entities. Transactions between related parties are accounted for at arm's-length prices or on terms similar to those offered to nonrelated parties in an economically comparable market.

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 the 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 the 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 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.

At initial recognition, the Company designated its investments in equity and debt securities as financial assets at FVOCI (see Note 9).

Cash and cash equivalents, accounts and other receivables (excluding advances to officers and employees), advances to subsidiaries, and refundable deposit were classified as financial assets at amortized cost since the Company's primary business model in relation to these assets is to hold the financial assets to collect contractual cash flows solely for principal and interest (see Notes 5, 6, 7 and 19).

Determination of Significant Influence over VEPC and VINTER. The Company assessed that it has significant influence in its 15% ownership interest in both VEPC and VINTER despite it being below the 20% threshold where significant influence is presumed under PAS 28, *Investments in Associates and Joint Ventures*. Significant influence has been established by the Company over the investees because of its participation in the decision making process of the investee's significant activities, through its representation in the investees' BOD.

The Company's investments in associates amounted to ₱123.4 million and ₱198.6 million in December 31, 2020 and 2019, respectively (see Note 10).

Capitalization of Exploration and Evaluation Costs. The Company makes judgments in determining whether there are future economic benefits from either future exploration or sale of reserves to capitalize exploration and evaluation expenditures. The Company further applies estimates and assumptions about future events and circumstances to determine whether an economically viable extraction operation can be established.

Deferred exploration and evaluation costs presented in the separate statements of financial position, amounted to ₱6.0 million as at December 31, 2020 and 2019 (see Note 13).

Accounting Estimates and Assumptions

Determination of the Fair Value of Financial Instruments. The fair values of investments in equity and debt securities that are actively traded in organized financial markets are determined by reference to quoted market prices at the close of business at the reporting date.

In accordance with the amendments to PFRS 7, *Financial Instruments: Disclosures*, about the level in the fair value hierarchy are required in which the fair value measurements are categorized for assets and liabilities measured in the separate statements of financial position.

The assumptions and methods used in determining the fair values of financial instruments are presented in Note 23 to the separate financial statements.

Assessment for the ECL on Debt Instruments Classified as Financial Assets at Amortized Cost and FVOCI. 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 risk in credit risk such as when non-payment was an administrative oversight rather than resulting from financial difficulty of the counterparty.

In 2020, the Company recognized impairment on advances to subsidiaries and other receivables amounting to ₱191.0 million and ₱33,143, respectively. In 2019, the Company wrote-off receivables amounting to ₱3.9 million (see Notes 6 and 19).

For cash in banks and cash equivalents, refundable deposit and debt instruments classified as financial assets at FVOCI, 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 these financial assets was recognized in 2020 and 2019.

The carrying amounts of financial assets at amortized cost and at FVOCI are as follows:

	Note	2020	2019
Financial assets at amortized cost:			
Cash and cash equivalents*	5	₱73,339,263	₱106,280,018
Accounts and other receivables**	6	32,737,802	34,568,067
Advances to subsidiaries	19	–	199,679,305
Refundable deposit	7	21,368,350	22,530,549
Financial assets at FVOCI -			
Quoted debt securities	9	22,669,473	40,080,076

*Excluding cash on hand amounting to ₱7,279 at December 31, 2020.

**Excluding nonfinancial assets amounting to ₱58,323 and ₱93,805 as at December 31, 2020 and 2019, respectively.

Estimation of Useful Lives of Property and Equipment and Intangible Asset. The Company estimates the useful lives of its property and equipment and intangible asset based on the period over which the assets are expected to be available for use. The Company reviews the estimated useful lives of property and equipment and intangible asset at each reporting date based on factors that include asset utilization, internal technical evaluation, technological changes, environmental changes, anticipated use of the assets, and experience with similar assets.

There were no changes in the estimated useful lives of property and equipment and intangible asset in 2020 and 2019.

The carrying amounts of property and equipment and intangible asset are as follows:

	Note	2020	2019
Property and equipment	12	1,046,996	1,332,455
Computer software	13	151,864	176,547

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, 2020 and 2019. These were valued based on comparable market data adjusted as necessary to reflect the specific assets' location, condition and other characteristics.

The Company's investment properties amounted to ₱ 32.5 million and ₱ 28.9 million as at December 31, 2020 and 2019, respectively. Fair value change in investment properties amounted to ₱3.5 million and ₱2.7 million in 2020 and 2019, respectively (see Note 12).

Assessment of Recoverability of Deferred Exploration and Evaluation Costs. Deferred exploration and evaluation costs are capitalized in the period incurred until it has been determined that a property has no sufficient economically recoverable reserves, in which case the costs are written off as impairment losses. The Company reviews the carrying amounts of its deferred exploration and evaluation costs whenever events or changes in circumstances indicate that their carrying amounts may exceed their estimated net recoverable amounts. An impairment loss is recognized when the carrying amount of those assets exceeds its recoverable amount.

In 2019, the Company recognized impairment loss on deferred exploration and evaluation costs amounting to ₱114.6 million. Further, the Company wrote off deferred exploration costs amounting to ₱ 179.4 million in 2019. The Company's deferred exploration and evaluation assets, net of allowance for impairment loss, amounted to ₱6.0 million as at December 31, 2020 and 2019 (see Note 13).

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 2020, the Company recognized impairment loss on investments in subsidiaries amounting to ₱ 76,561. In 2019, the Company wrote-off other noncurrent assets amounting to ₱ 3,253,070. No impairment loss on other nonfinancial assets was recognized in 2020 and 2019.

The carrying amounts of other nonfinancial assets are as follows:

	Note	2020	2019
Investments in associates	10	₱123,449,335	₱198,591,257
Investments in subsidiaries	11	56,975,000	57,051,561
Other noncurrent assets	15	5,767,743	5,323,729
Other current assets	8	3,090,494	2,788,744
Property and equipment	14	1,046,996	1,332,455

Determination of Retirement Benefits. The determination of the net retirement benefit liability and expense is dependent on the assumptions used by the actuary in calculating such amounts. These assumptions are described in Note 21 to the 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.

Net retirement benefit liability amounted to ₱5.8 million and ₱14.3 million as at December 31, 2020 and 2019, respectively. Remeasurements on net retirement benefit liability (net of deferred tax) resulted to loss of ₱175,735 and gain of ₱70,373 as at December 31, 2020 and 2019, respectively (see Note 21).

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

The Company's deductible temporary differences, carryforward benefits of NOLCO, and excess of MCIT over RCIT, for which deferred tax assets have not been recognized amounted to ₱759.1 million and ₱714.1 million as at December 31, 2020 and 2019. The management assessed that there may be no sufficient future taxable income against which benefits of the deferred tax assets can be utilized (see Note 22).

4. Prior Period Adjustments

The financial statements as at and for the years ended December 31, 2019 and January 1, 2019 have been adjusted for the following:

- Recognition of investment property acquired prior to January 1, 2019, which was paid by a subsidiary for ₱5,250,000;
- Reversal of allowance for ECL on advances to subsidiaries amounting to ₱3,346,880; and
- Recognition of the cumulative unrealized gain on fair value changes on the investment property amounting to ₱6,135,000 and ₱4,796,000 as at December 31, 2019 and January 1, 2019, respectively.

The summary of the financial impact of the prior period adjustments in the financial statements as at and for the year ended December 31, 2019 and as at January 1, 2019 is as follows:

	December 31, 2019		
	As Previously Reported	Restatements	As Restated
Investment properties	₱17,552,005	₱11,385,000	₱28,937,005
Advances to subsidiaries	1,083,657	(1,083,657)	–
Advances from subsidiaries	17,312,125	819,463	18,131,588
Deficit	(138,702,716)	9,481,880	(129,220,836)
Net income	206,615,429	(1,339,000)	205,276,429

	January 1, 2019		
	As Previously Reported	Restatements	As Restated
Investment properties	₱16,239,058	₱10,046,000	₱26,285,058
Advances to subsidiaries	915,622	(915,622)	–
Advances from subsidiaries	17,400,000	987,498	18,387,498
Retained earnings	4,598,187	8,142,880	12,741,067

5. Cash and Cash Equivalents

This account consists of:

	2020	2019
Cash on hand and in banks	₱9,065,633	₱66,747,468
Short-term placements	64,280,909	39,532,550
	₱73,346,542	₱106,280,018

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

Short-term placements are made for varying periods of up to three months depending on the immediate cash requirements of the Company and earn annual interest at rates ranging from 0.38% to 3.00% in 2020 and 2019.

The sources of the Company's interest income for the years ended December 31, 2020 and 2019 are as follows:

	Note	2020	2019
Cash and cash equivalents		₱1,023,122	₱1,446,392
Financial assets at FVOCI	9	944,340	1,421,183
		₱1,967,462	₱2,867,575

6. Accounts and Other Receivables

This account consists of:

	Note	2020	2019
Accounts receivable:			
Related parties	19	₱30,890,924	₱31,102,410
Third parties		1,080,000	2,135,807
Interest receivable		170,117	202,746
Advances to officers and employees		58,323	93,805
Others		2,588,180	3,085,380
		34,787,544	36,620,148
Less allowance for expected credit losses		1,991,419	1,958,276
		₱32,796,125	₱34,661,872

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

Interest receivable arises from the Company's cash equivalents and investments in quoted debt securities classified as financial assets at FVOCI which are collectible within six (6) months.

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

The balances and movements in the allowance for ECL as at and for the years ended December 31, 2020 and 2019 are as follows:

	2020	2019
Balance at the beginning of year	₱1,958,276	₱1,958,276
Impairment during the year	33,143	–
Balance at the end of year	₱1,991,419	₱1,958,276

In 2019, the Company wrote-off receivables amounting to ₱3.9 million.

7. Refundable Deposit

In 2018, the Company paid a refundable deposit amounting to US\$444,960 for an equity investment opportunity in a power generation company in Taiwan. In 2019, the Company decided not to pursue with the investment after conducting its due diligence review.

The refundable deposit amounted to ₱21,368,350 and ₱22,530,549 as at December 31, 2020 and 2019, respectively. As of March 25, 2021, the Company is in the process of pursuing collection of this deposit.

8. Other Current Assets

This account consists of:

	2020	2019
Excess tax credits	P2,587,566	P2,590,064
Prepayments	502,928	198,680
	3,090,494	P2,788,744

9. Financial Assets at FVOCI

This account consists of:

	2020	2019
Quoted debt securities	P22,669,473	P40,080,076
Quoted shares of stock	5,978,977	7,123,036
	P28,648,450	P47,203,112

The movements in financial assets at FVOCI are as follows:

	2020	2019
Balance at the beginning of year	P47,203,112	P44,336,517
Redemption of bonds	(18,000,000)	-
Net unrealized gain (loss) during the year on:		
Equity securities	(1,144,060)	411,114
Debt securities	589,398	2,455,481
Balance at the end of year	P28,648,450	P47,203,112

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

	2020	2019
Balance at the beginning of year	P4,049,974	P1,183,379
Unrealized gain (loss) during the year	(554,662)	2,866,595
Balance at the end of year	P3,495,312	P4,049,974

The Company's quoted debt securities bear annual interest rates ranging from 4.50% to 4.84% in 2020 and 2019. Interest income earned on these securities amounted to P 0.9 million and P1.4 million in 2020 and 2019, respectively (see Note 5).

Dividend income earned from quoted shares of stock amounted to P1,540 and P1,440 in 2020 and 2019, respectively.

The Company's financial assets at FVOCI as at December 31, 2020 and 2019 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 23).

10. Investments in Associates

The following are the associates of the Company:

	Place of Incorporation	Nature of Business	Functional Currency	Percentage of Ownership
Vintage EPC Co. Ltd. (VEPC)	Thailand	Engineering, Procurement and Construction	Thailand Baht	15.00
VTE International Construction Co. Ltd. (VINTER)	Thailand	Engineering, Procurement and Construction	Thailand Baht	15.00

VEPC and VINTER's principal place of business is located at 128 Soi Liang Muang Nonthaburi 10, Tambon Bangkasor, Amphur Muang Nonthaburi, Nonthaburi, 11000, Thailand.

The Company's investments are measured using the equity method. The balances and movements in this account are as follows:

	2020		
	VEPC	VINTER	Total
Cost			
Balance at beginning and end of year	₱131,137,160	₱41,147,871	₱172,285,031
Accumulated equity in net losses			
Balance at the beginning of year	(4,620,406)	(3,203,533)	(7,823,939)
Share in net income (loss) for the year	(36,108,560)	1,168,983	(34,939,577)
Balance at the end of year	(40,728,966)	(2,034,550)	(42,763,516)
Cumulative translation gain (loss)			
Balance at the beginning of year	26,320,492	7,809,673	34,130,165
Translation losses during the year	(31,755,704)	(8,446,641)	(40,202,345)
Balance at the end of year	(5,435,212)	(636,968)	(6,072,180)
	₱84,972,982	₱38,476,353	₱123,449,335
	2019		
	VEPC	VINTER	Total
Cost			
Balance at the beginning of year	₱131,137,160	₱39,347,986	₱170,485,146
Addition	–	1,799,885	1,799,885
Balance at the end of year	131,137,160	41,147,871	172,285,031
Accumulated equity in net losses			
Balance at the beginning of year	15,232,279	(962,530)	14,269,749
Share in net losses for the year	(19,852,685)	(2,241,003)	(22,093,688)
Balance at the end of year	(4,620,406)	(3,203,533)	(7,823,939)
Cumulative translation gain			
Balance at the beginning of year	21,025,356	6,519,093	27,544,449
Translation gain for the year	5,295,136	1,290,580	6,585,716
Balance at the end of year	26,320,492	7,809,673	34,130,165
	₱152,837,246	₱45,754,011	₱198,591,257

In February 2019, the Company acquired additional 106,865 shares from the newly issued shares of VINTER for a total consideration of ₱1.8 million. The additional investment did not change the Company's ownership interest in VINTER.

The tables below show the summarized financial information of VEPC and VINTER as at and for the years ended December 31, 2020 and 2019 which were translated from Thailand Baht to Philippine Peso:

	2020	
	VEPC	VINTER
Current assets	₱4,794,047,267	₱1,634,993,969
Noncurrent assets	56,186	–
Current liabilities	4,182,112,788	1,412,830,958
Equity	611,990,665	222,163,011
Revenue	90,500,239	24,507,957
Net income (loss)	(240,723,734)	7,793,223

	2019	
	VEPC	VINTER
Current assets	₱4,620,203,201	₱1,180,381,626
Noncurrent assets	82,362,831	–
Current liabilities	3,843,627,305	951,696,891
Equity	858,938,727	228,684,735
Revenue	1,005,501,438	310,266,541
Net income (loss)	(132,351,236)	(14,940,018)

The balances and movements in the cumulative gain (loss) on translation of investments in associates, included under “Other equity reserves” account in the separate statements of financial position are as follows:

	2020		
	Cumulative Translation Gain (Loss)	Deferred Tax Asset (Liability)	Net
Balances at the beginning of year	₱34,130,165	(₱5,119,524)	₱29,010,641
Translation loss	(40,202,345)	5,119,524	(35,082,821)
Balances at the end of year	(₱6,072,180)	₱–	(₱6,072,180)

	2019		
	Cumulative Translation Gain	Deferred Tax Liability	Net
Balances at the beginning of year	₱27,544,449	(₱4,131,667)	₱23,412,782
Translation gain	6,585,716	(987,857)	5,597,859
Balances at the end of year	₱34,130,165	(₱5,119,524)	₱29,010,641

11. Investments in Subsidiaries

The details of the Company's subsidiaries as at December 31, 2020 and 2019 are as follows:

Company Name	Percentage of Ownership	Country of Incorporation	Nature of Business	Cost of Investment
Basic Diversified Industrial Holdings, Inc. (BDIHI)	100.00	Philippines	Investment holding	₱227,085,800
Southwest Resources (SRI)	72.58	Philippines	Oil exploration and investment holdings	75,341,250
Basic Biofuels Corporation (BBC)	100.00	Philippines	Development of biofuels	64,000,000
			Exploration, development and utilization of renewable energy sources	
Basic Renewables, Inc. (BRI)	100.00	Philippines	energy sources	56,975,000
iBasic, Inc. (iBasic)	100.00	Philippines	Information technology	53,547,840
Mabini Energy Corporation (MEC)	100.00	Philippines	Exploration and development of geothermal energy resources	20,000,000
Grandway Group Limited (Grandway)	100.00	Hong Kong	Investment holding	76,561
Total cost of investments				₱497,026,451

The carrying amounts of the investment in subsidiaries as at December 31, 2020 and 2019 are as follows:

	2020	2019
Cost		
Balance at the beginning and end of year	₱497,026,451	₱497,026,451
Accumulated Impairment Losses		
Balance at the beginning of year	439,974,890	439,974,890
Impairment loss	76,561	—
Balance at the end of year	440,051,451	439,974,890
Carrying Amounts	₱56,975,000	₱57,051,561

12. Investment Properties

The Company's investment properties pertain to parcels of land which are held for capital appreciation. The balances and movements in this account are as follows:

	2020	2019
Balance at beginning of year	₱28,937,005	₱26,285,058
Fair value changes during the year	3,514,067	2,651,947
Balance at end of year	₱32,451,072	₱28,937,005

The Company did not earn any rental income from its investment property in 2020 and 2019.

Direct operating expenses arising from these investment properties amounted to ₱81,620 and ₱97,902, in 2020 and 2019, respectively.

The fair values of the investment properties were estimated 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 fair value of investment properties is categorized under Level 3 (significant unobservable inputs) (see Note 23).

The significant inputs to fair valuation are as follows:

- *Price per sqm* - 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:

	2020	2019
Price per sqm	₱390 to ₱4,700	₱340 to ₱4,600
Value adjustments	-20% to +20%	-25% to +20%

Sensitivity Analysis. Generally, significant increases (decreases) in price per sqm and any value adjustments would result in a significantly higher (lower) fair value measurement.

13. Deferred Exploration and Evaluation Costs

The balances and movements in this account as at and for the year ended December 31, 2020 and 2019 are as follows:

	2020	2019
Cost		
Balances at the beginning of year	₱6,013,928	₱185,186,061
Additions	–	291,461
Write-off	–	(179,463,594)
Balances at the end of year	6,013,928	6,013,928
Accumulated Impairment Losses		
Balances at the beginning of year	–	64,913,168
Impairment loss	–	114,550,426
Write-off	–	(179,463,594)
Balances at the end of year	–	–
Carrying Amount	₱6,013,928	₱6,013,928

Iriga Geothermal Power Project

As at December 31, 2020 and 2019, the Company's deferred exploration and evaluation costs amounting to ₱6.0 million pertains to its 20% participation in a 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 grants an exclusive right to explore, develop and utilize the geothermal resources in Iriga, Camarines Sur 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.

The spud date for the first geothermal well was on October 12, 2019. On September 9, 2020, the Company obtained approval from the DOE for the drilling of two (2) wells until September 9, 2022.

Terminated, Inactive and Withdrawn Projects

In 2019, the Company wrote-off its deferred exploration and evaluation costs amounting to ₱179.5 million due to its withdrawal from the projects or DOE's termination of the related service contract. Details of these projects and the amounts written off in 2019 are as follows:

Project	Status	Deferred Exploration Costs
Onshore Mindoro Natural Gas Project (SC No. 53)	Withdrawn on March 10, 2020	₱80,588,761
Mabini Geothermal Power Project	Withdrawn on May 6, 2020	79,969,384
East Mankayan Geothermal Power Project	Terminated on February 5, 2018	11,280,893
Mariveles Geothermal Power Project	Terminated on December 28, 2019	4,677,932
West Bulusan Geothermal Power Project	Terminated on January 24, 2019	2,946,624
Total		₱179,463,594

14. Property and Equipment

The balances and movements in this account as at and for the years ended December 31, 2020 and 2019 are as follows:

	Note	2020		Total
		Transportation Equipment	Office Equipment, Furniture and Fixtures	
Cost				
Balances at beginning of year		₱8,016,840	₱10,044,286	₱18,061,126
Additions		–	422,000	422,000
Balances at end of year		8,016,840	10,466,286	18,483,126
Accumulated Depreciation				
Balances at beginning of year		6,777,007	9,951,664	16,728,671
Depreciation	20	595,120	112,339	707,459
Balances at end of year		7,372,127	10,064,003	17,436,130
Carrying Amounts		₱644,713	₱402,283	₱1,046,996

	2019						Total
	At Revalued Amount		At Cost				
	Office Condominium Units	Transportation Equipment	Office Equipment, Furniture and Fixtures	Building and Building Improvements	Machinery and Equipment		
Cost/Revalued Amounts							
Balances at beginning of year	₱28,649,000	₱8,016,840	₱10,118,113	₱5,345,436	₱18,825,539	₱70,954,928	
Additions	-	-	17,195	-	-	17,195	
Revaluation	42,076,029	-	-	-	-	42,076,029	
Disposals	(70,725,029)	-	(91,022)	(5,345,436)	(18,825,539)	(94,987,026)	
Balances at end of year	-	8,016,840	10,044,286	-	-	18,061,126	
Accumulated Depreciation							
Balances at beginning of year	5,346,673	6,181,887	9,871,958	4,443,153	4,078,866	29,922,537	
Depreciation	2,100,267	595,120	162,944	204,347	1,725,674	4,788,352	
Disposals	(7,446,940)	-	(83,238)	(4,647,500)	(5,804,540)	(17,982,218)	
Balances at end of year	-	6,777,007	9,951,664	-	-	16,728,671	
Carrying Amounts	₱-	₱1,239,833	₱92,622	₱-	₱-	₱1,332,455	

In 2019, the Company sold the following property and equipment to third parties:

	Office Condominium Units and Improvements	Machinery	Total
Selling price	₱65,297,452	₱1,785,714	₱67,083,166
Carrying amount	(63,976,025)	(13,020,999)	(76,997,024)
Gain (loss) on disposal	₱1,321,427	(₱11,235,285)	(₱9,913,857)

The Company's receivable arising from the sale of property and equipment amounted to ₱1.0 million and ₱2.1 million as at December 31, 2020 and 2019.

As at December 31, 2019, the balances and movements in the revaluation surplus on office condominium, included under "Other equity reserves" account in the separate statements of financial position are as follows:

	Revaluation Surplus	Deferred Tax Liability	Net
Balance at beginning of year	₱22,496,947	₱6,749,084	15,747,863
Revaluation	42,076,029	12,622,809	29,453,220
Realization through depreciation	(1,994,544)	(598,363)	(1,396,181)
Realization through sale	(62,578,432)	(18,773,530)	(43,804,902)
Balance at end of year	₱-	₱-	₱-

Depreciation and amortization included under "General and administrative expenses" account in the statements of comprehensive income consist of:

	Note	2020	2019
Property and equipment		₱707,459	₱4,788,352
Computer software	15	24,683	24,683
		₱732,142	₱4,813,035

15. Other Noncurrent Assets

This account consists of:

	2020	2019
Input VAT	P5,415,879	P4,947,182
Computer software	151,864	176,547
Others	200,000	200,000
	P5,767,743	P5,323,729

In 2019, the Company wrote-off its other noncurrent assets amounting to P3,253,070.

The balances and movements of computer software as at and for the years ended December 31, 2020 and 2019, are as follows:

	Note	2020	2019
Cost			
Balance at the beginning and end of year		P244,000	P244,000
Accumulated Amortization			
Balance at the beginning of year		67,453	42,770
Amortization	14	24,683	24,683
Balance at the end of year		92,136	67,453
Carrying Amounts		P151,864	P176,547

16. Accrued Expenses and Other Payables

This account consists of:

	2020	2019
Accrued expenses	P14,244,344	P14,768,703
Statutory payables	771,829	786,009
Others	888,714	888,714
	P15,904,887	P16,443,426

Accrued expenses mainly pertain to professional fees and communication.

17. Loan Payable

In 2019, the Company paid its unsecured loan amounting to ₱50.0 million, which was availed in 2017 and bears an annual interest rate of 8.125%. Interest expense on the loan amounted to ₱0.9 million and ₱3.4 million in 2019 and 2018, respectively.

Reconciliation of a Liability Arising from Financing Activities

The cash and noncash changes in the Company's loan payable as at and for the year ended December 31, 2019 are as follows:

Balances at beginning of year	₱50,000,000
Cash changes:	
Principal payments	(50,000,000)
Interest payments	(886,473)
Noncash change -	
Interest expense	886,473
<u>Balances at end of year</u>	<u>₱-</u>

18. Equity

Capital Stock

The details of the capital stock as of December 31, 2020 and 2019 are as follows:

	Number of Shares	Amount
<u>Authorized - ₱0.25 par value</u>	<u>10,000,000,000</u>	<u>₱2,500,000,000</u>
Subscribed	4,660,267,714	1,165,066,928
Less: Subscriptions receivable	(1,844,875,000)	(461,218,750)
<u>Issued and outstanding</u>	<u>2,815,392,714</u>	<u>₱703,848,178</u>

Increase in Authorized Capital Stock

On October 23, 2020, the Company's BOD and stockholders approved the increase in authorized capital stock from ₱2.5 billion divided into 10.0 billion shares with a par value of ₱0.25 per share, to ₱5.0 billion divided into 20.0 billion shares with the same par value. As at March 25, 2021, the Company is still preparing the requirements for filing the increase in authorized capital stock with the SEC.

Memorandum of Agreement with Map 2000 Development Corporation

On December 18, 2020, a MOA was executed between the Company and M2DC for the subscription of the latter to 9.8 billion shares, representing 67% of the issued and outstanding capital stock of the Company post-increase, for ₱0.285 per share. The shares will be issued out of the Company's increase in authorized capital stock.

The total consideration of ₱2.8 billion shall be paid in cash, 25% upon fulfillment of the conditions precedent, and the remainder upon obtaining SEC approval for the increase in authorized capital stock. As at March 25, 2021, the Company is in the process of fulfilling the conditions precedent, and expects investment of M2DC to be completed by the second quarter of 2021.

19. Related Party Transactions

The following table summarizes the related party transactions of the Company as at and for the years ended December 31, 2020 and 2019:

Nature of Relationship	Nature of Transaction	Amount of Transaction		Outstanding Balance	
		2020	2019	2020	2019
Accounts Receivable (See Note 6)					
Under common ownership:					
Pan Phil Aqua Culture Corporation	Sale of land	P-	P-	P21,187,363	P21,187,363
	Working capital advances	8,180	-	P11,609	P3,429
Associates:					
VEPC	Management fees	237,910	5,130,781	8,083,380	8,287,373
VINTER	Management fees	70,893	1,595,439	1,608,572	1,624,245
				P30,890,924	P31,102,410
Advances to Subsidiaries					
Grandway	Working capital advances	P-	P-	P188,576,887	P197,595,978
BDIHI	Working capital advances	136,781	152,222	22,404,323	22,267,542
BBC	Working capital advances	94,328	86,215	6,308,181	6,213,853
SRI	Working capital advances	79,323	73,658	580,918	501,595
BRI	Working capital advances	12,629	69,044	136,391	123,762
				P218,006,700	P226,702,730
Less: Allowance for ECL				(218,006,700)	(27,023,425)
				P-	P199,679,305
Advances from Subsidiaries					
iBasic	Working capital advances	P113,396	P168,035	P706,067	P819,463
MEC	Working capital advances	118,491	87,875	17,193,634	17,312,125
				P17,899,701	P18,131,588
Plan Asset					
Retirement benefit plan	Plan contribution	P13,117,316	P-	P33,055,283	P19,285,533
Personnel Costs					
Key management personnel	Short-term benefits	P11,270,659	P11,869,043	P-	P-
	Retirement benefits	3,296,414	3,305,207	24,609,860	25,963,200

Advances to Subsidiaries

Advances to subsidiaries pertain to working capital advances provided by the Company to its subsidiaries. The outstanding balances as at December 31, 2020 and 2019 are unsecured, noninterest-bearing, due on demand and to be settled in Philippine Peso, except for the advances to Grandway which is to be settled in United States (US) Dollar.

The balances and movements in the allowance for ECL on advances to subsidiaries as at and for the years ended December 31, 2020 and 2019 are as follows:

	2020	2019
Balance at the beginning of year	P27,023,425	P27,023,425
Provision for ECL	190,983,275	-
Balance at the end of year	P218,006,700	P27,023,425

Management Fees

The Company entered in a management service agreement with VEPC and VINTER, which provides for a fee based on a certain percentage of VEPC and VINTER's revenues.

Outstanding balances of accounts receivable are unsecured, unimpaired, noninterest-bearing, and to be settled in Philippine Peso within one (1) year, except for management fees which are to be settled in Thailand Baht.

Advances from Subsidiaries

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

20. General and Administrative Expenses

This account consists of:

	Note	2020	2019
Personnel costs:			
Salaries and wages		₱20,790,590	₱22,757,975
Retirement expense	21	4,264,900	4,059,421
Transportation and travel		4,020,107	4,729,114
Representation		3,579,052	4,003,833
Professional fees		3,489,395	7,859,741
Taxes and licenses		886,015	1,179,932
Communication		758,289	842,978
Depreciation and amortization	14	732,142	4,811,738
Rent		691,500	–
Utilities		634,855	934,580
Office supplies		203,288	304,494
Training and development		–	11,729,005
Others		1,756,502	3,093,496
		₱41,806,635	₱66,306,307

21. Retirement Benefits

The Company has a funded, noncontributory defined retirement benefit 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, 2020.

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

	2020	2019
Balance at the beginning of year	₱14,329,068	₱7,867,346
Contributions paid	(13,117,316)	-
Retirement expense	4,264,900	4,059,421
Net remeasurement loss recognized in OCI	276,268	2,402,301
Balance at the end of year	₱5,752,920	₱14,329,068

The funded status of the Company's retirement plan as at December 31, 2020 and 2019 are as follows:

	2020	2019
Present value of defined benefit obligation	₱38,808,203	₱33,614,601
Fair value of plan assets	(33,055,283)	(19,285,533)
Balance at the end of year	₱5,752,920	₱14,329,068

The balances and movements in the present value of defined benefit obligation as at and for the years ended December 31, 2020 and 2019 are as follows:

	2020	2019
Balance at the beginning of year	₱33,614,601	₱29,942,127
Current service cost	3,709,912	3,678,301
Interest expense	1,197,187	1,607,615
Benefits paid	(498,938)	(4,850,120)
Actuarial losses (gains) recognized in OCI:		
Change in financial assumptions	350,280	3,912,408
Experience adjustments	435,161	(675,730)
Balance at the end of year	₱38,808,203	₱33,614,601

The balances and movements in the fair value of plan assets as at and for the years ended December 31, 2020 and 2019 are as follows:

	2020	2019
Balance at the beginning of year	₱19,285,533	₱22,074,781
Contributions paid	13,117,316	-
Interest income	642,199	1,226,495
Return on assets, excluding interest income	509,173	834,377
Benefits paid	(498,938)	(4,850,120)
Balance at the end of year	₱33,055,283	₱19,285,533

The components of the retirement expense included under "General and administrative" account in the separate statements of comprehensive income are as follows:

	2020	2019
Current service cost	₱3,709,912	₱3,678,301
Net interest expense	554,988	381,120
	₱4,264,900	₱4,059,421

Remeasurement loss recognized in other comprehensive income are as follows:

	2020	2019
Actuarial losses on defined benefit obligation	₱785,441	₱3,236,678
Return on assets, excluding interest income	(509,173)	(834,377)
	₱276,268	₱2,402,301

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

	2020		
	Cumulative Remeasurement Gain (Loss)	Deferred Tax Asset (Liability)	Net
Balances at the beginning of year	₱100,533	₱30,160	₱70,373
Remeasurement loss	(276,268)	(30,160)	(246,108)
Balances at the end of year	(₱175,735)	₱-	(₱175,735)

	2019		
	Cumulative Remeasurement Gain	Deferred Tax Liability	Net
Balances at the beginning of year	₱2,502,834	₱750,850	₱1,751,984
Remeasurement loss	(2,402,301)	(720,690)	(1,681,611)
Balances at the end of year	₱100,533	₱30,160	₱70,373

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

	2020	2019
Investment in unit investment trust fund	49.76%	38.05%
Investment in government securities	44.88	51.01
Other securities and debt instruments	3.77	8.11
Others	1.59	2.83
	100.00%	100.00%

The principal assumptions used in determining the present value of the defined benefit obligation as at December 31, 2020 and 2019 are as follows:

	2020	2019
Discount rate	3.56%	4.79%
Salary increase rate	5.00%	6.00%

Sensitivity analysis on the net retirement benefit liability as at December 31, 2020 and 2019 are as follows:

	Change in Assumption	Effect on Net Retirement Benefit Liability	
		2020	2019
Discount rate	+1.00%	(P2,018,946)	(P1,725,972)
	-1.00%	2,302,970	1,970,585
Salary increase rate	+1.00%	P2,411,046	P2,070,974
	-1.00%	(2,159,003)	(1,852,386)

The sensitivity analysis above have 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 end of the reporting period.

As at December 31, 2020, the maturity analysis of the undiscounted net retirement benefit liability is as follows:

Within one year	P18,989,512
More than one year to five years	6,254,389
More than five years to 10 years	13,489,233
More than 10 years to 15 years	23,665,189
More than 15 years to 20 years	13,703,448
More than 20 years to 25 years	15,860,183
	P91,961,954

The average duration of the retirement benefit liability as at December 31, 2020 is approximately 10.72 years.

22. Income Taxes

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

	2020	2019
Reported in Profit or Loss		
Current tax expense - MCIT	P8,674	P186,069
Deferred tax benefit	(4,055,232)	(1,538,037)
	(P4,046,558)	(P1,351,968)
Reported in OCI		
Deferred tax expense (benefit) on:		
Gain (loss) on translation of investments in associates	(P5,119,524)	P987,857
Remeasurement losses on net retirement benefit liability	(30,160)	(720,690)
Revaluation surplus in office condominium	-	12,622,809
	(P5,149,684)	P12,889,976

The components of the Company's deferred tax liabilities as at December 31, 2019 are as follows:

Excess of fair value of net assets acquired over cost of an associate	₱3,023,007
Unrealized foreign exchange gains	1,032,225
Cumulative gain on translation of investments in associates	5,119,524
Cumulative remeasurement gain on net retirement benefit liability	30,160
	<u>₱9,204,916</u>

There were no deferred tax liabilities as at December 31, 2020.

As at December 31, 2020 and 2019, the Company has the following deductible temporary differences and carryforward benefits of NOLCO and excess of MCIT over RCIT for which no deferred tax assets was recognized:

	2020	2019
Allowance for impairment on investments in subsidiaries	₱440,051,451	₱439,974,890
NOLCO	246,017,930	245,335,817
Accumulated equity in net losses of associates	42,763,516	7,823,939
Unrealized foreign exchange loss	10,584,459	1,435,611
Unamortized past service cost	10,286,371	1,618,950
Net retirement benefit liability	5,752,920	14,329,068
Allowance for ECL on receivables	1,991,419	1,958,276
Excess of MCIT over RCIT	1,670,101	1,673,227
	<u>₱759,118,167</u>	<u>₱714,149,778</u>

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 Company's NOLCO as at December 31, 2020 are as follows:

Year Incurred	Amount	Applied	Expired	Balance	Year of Expiration
2020	₱38,520,924	₱-	₱-	₱38,520,924	2025
2019	172,562,164	-	-	172,562,164	2022
2018	34,934,842	-	-	34,934,842	2021
2017	37,838,811	-	37,838,811	-	2020
	₱283,856,741	₱-	₱37,838,811	₱246,017,930	

Under Revenue Regulations No. 25-2020, net operating loss incurred for the taxable year 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, 2020 are as follows:

Year Incurred	Amount	Applied	Expired	Balance	Year of Expiration
2020	₱8,674	₱-	₱-	₱8,674	2023
2019	1,444,519	-	-	1,444,519	2022
2018	216,908	-	-	216,908	2021
2017	11,800	-	11,800	-	2020
	₱1,681,901	₱-	₱11,800	₱1,670,101	

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

	2020	2019
Income tax benefit at 30% statutory tax rate	(₱82,515,293)	(₱61,988,519)
Increase (decrease) in income tax resulting from:		
Nondeductible expenses	58,367,772	4,046,752
Change in unrecognized deferred tax assets	14,437,673	23,126,507
Expired NOLCO	11,351,643	13,151,734
Difference in tax rates	3,023,007	2,588,530
Nontaxable income	(1,054,682)	(795,584)
Income subjected to final tax	(590,239)	(860,705)
Expired excess of MCIT over RCIT	11,800	7,424
Taxable other income	-	19,371,893
Others	(7,078,239)	-
Income tax benefit at effective tax rate	(₱4,046,558)	(₱1,351,968)

Corporate Recovery and Tax Incentives for Enterprises ("CREATE") Bill

On November 26, 2020, the CREATE Bill was approved by the Senate of the Philippines. Under the CREATE Bill, the regular corporate income tax (RCIT) of domestic corporations was revised from 30% to 25% or 20% depending on the amount of total assets or total amount of taxable income. In addition, the minimum corporate income tax (MCIT) was changed from 2% to 1% of gross income for a period of three (3) years. The changes in the income tax rates shall retrospectively become effective beginning July 1, 2020.

On February 3, 2021, the Senate and the Congress of the Philippines ratified the bill through a bicameral conference. As of March 25, 2021, the CREATE Bill is pending approval of the country's President which will still go over the tax measures for possible changes or insertions.

Accordingly, the income tax rates used in preparing the consolidated financial statements as at and for the year ended December 31, 2020 are 30% and 2% for RCIT and MCIT, respectively.

The table below summarizes the financial impact of the change in income tax rate to the Company's financial statements had the CREATE been substantively enacted as at December 31, 2020:

	Audited Balances (Based on Old Income Tax Rate)	Balances Using Revised Income Tax Rate	Differences
Excess tax credits	₱2,587,566	₱2,589,734	₱2,168
Deficit	(400,225,255)	(400,309,107)	83,852
Current income tax expense	8,674	6,506	(2,168)
Net loss	271,004,419	271,088,271	(83,852)

23. 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:

		2020			
		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:	9				
Quoted debt securities		₱22,669,473	₱22,669,473	₱-	₱-
Quoted shares of stock		5,978,977	5,978,977	-	-
Investment properties	12	32,451,072	-	-	32,451,072
		₱61,099,522	₱28,648,450	₱-	₱32,451,072

		2019			
		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:	9				
Quoted debt securities		₱40,080,076	₱40,080,076	₱-	₱-
Quoted shares of stock		7,123,036	7,123,036	-	-
Investment properties	12	28,937,005	-	-	28,937,005
		₱76,140,117	₱47,203,112	₱-	₱28,937,005

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.

Investment Properties. The fair value of the investment property was 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 fair valuation is classified under Level 3 category.

There were no transfers between Level 1, Level 2, and Level 3 fair value measurements in 2020 and 2019.

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, 2020 and 2019:

	2020	2019
Financial assets at amortized cost:		
Cash and cash equivalents	₱73,346,542	₱106,280,018
Accounts and other receivables*	32,737,802	34,568,067
Advances to subsidiaries	–	199,679,305
Refundable deposit	21,368,350	22,530,549
	₱127,452,694	₱363,057,939
Financial liabilities at amortized cost:		
Accrued expenses and other payables**	₱15,133,058	₱15,657,417
Advances from subsidiaries	17,899,701	18,131,588
	₱33,032,759	₱33,789,005

*Excluding nonfinancial assets amounting to ₱58,323 and ₱93,805 as at December 31, 2020 and 2019, respectively.

**Excluding nonfinancial liabilities amounting to ₱771,829 and ₱786,009 as at December 31, 2020 and 2019, respectively.

24. Financial Risk Management Objectives and Policies

The Company's financial instruments consist of cash and cash equivalents, accounts and other receivables (excluding nonfinancial assets), advances to subsidiaries, refundable deposit, financial assets at FVOCI, accrued expenses and other payables (excluding nonfinancial liabilities) and advances from subsidiaries.

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

Credit Risk

The Company's exposure to credit risk arises from the failure of its counterparty in fulfilling its financial commitments to the Company under the prevailing contractual terms. Financial instruments that potentially subject the Company to credit risk consist primarily of financial assets at amortized cost and debt securities at FVOCI.

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

Financial Assets at Amortized Cost

The Company limits its exposure to credit risk by depositing its cash and cash equivalents only with banks that have good credit standing and reputation in the local and international banking industry. In addition, the accounts and other receivables and refundable deposit are transacted into with counterparties with good credit standing and a relatively low risk of default.

The Company also monitors its exposure to credit risk on its advances to subsidiaries based on its existing and forecasted changes in business and financial condition. In 2020, the Company recognized provision for ECL on its advances to subsidiaries ₱191.0 million (see Note 19).

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 credit risk such as when non-payment arising from administrative oversight rather than resulting from financial difficulty of the counterparty.

Debt Instruments at FVOCI

The Company is subject to credit risk on its quoted debt securities at FVOCI. The Company limits its exposure to credit risk by acquiring quoted debt securities from companies with good credit standing and a relatively low risk of default. The Company recognizes changes in the fair value of the debt securities, whether attributable to changes in market conditions or changes in credit risk, in other comprehensive income.

The table below shows the carrying amounts of financial assets at amortized cost classified under 12-month ECL as at December 31, 2020 and 2019:

	2020				Total
	Financial Assets at Amortized Cost			Financial Assets at FVOCI	
	12-month ECL	Lifetime ECL - Not Credit impaired	Lifetime ECL - Credit Impaired		
Cash and cash equivalents*	₱73,339,263	₱-	₱-	₱-	₱73,339,263
Accounts and other receivables**	-	32,737,802	1,991,419	-	34,729,221
Advances to subsidiaries	-	-	218,006,700	-	218,006,700
Refundable deposit	21,368,350	-	-	-	21,368,350
Debt securities at FVOCI	-	-	-	22,669,473	22,669,473
	₱94,707,613	₱32,737,802	₱219,998,119	₱22,669,473	₱370,113,007

*Excluding cash on hand amounting to ₱7,279 as at December 31, 2020.

**Excluding nonfinancial assets amounting to ₱58,323 as at December 31, 2020.

	2019					
	Financial assets at amortized cost				Financial Assets at FVOCI	Total
	12-month ECL	Lifetime ECL - Not Credit impaired	Lifetime ECL - Credit Impaired	P--		
Cash and cash equivalents	₱106,280,018	₱--	₱--	₱--	₱106,280,018	
Accounts and other receivables*	–	34,568,067	1,958,276	–	36,526,343	
Advances to subsidiaries	–	199,679,305	27,023,425	–	226,702,730	
Refundable deposit	22,530,549	–	–	–	22,530,549	
Debt securities	–	–	–	40,080,076	40,080,076	
	₱128,810,567	₱234,247,372	₱28,981,701	₱40,080,076	₱432,119,716	

*Excluding nonfinancial assets amounting to ₱93,805 as at December 31, 2019.

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 tables below present the maturity profile of the financial liabilities of the Company based on remaining contractual undiscounted obligations or on the estimated timing of net cash flows as at December 31, 2020 and 2019:

	2020	2019
Financial liabilities at amortized cost:		
Accrued expenses and other payables*	₱15,133,058	₱15,657,417
Advances from subsidiaries	17,899,701	18,131,588
	₱33,032,759	₱33,789,005

*Excluding nonfinancial liabilities amounting to ₱771,829 and ₱786,009 as at December 31, 2020 and 2019, respectively.

Market Risks

The Company 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 Company's transactional currency exposures arise from its transactions denominated in United States Dollar (USD) and Thailand Baht (THB). 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:

	2020		2019	
	Original Currency	Philippine Peso	Original Currency	Philippine Peso
Denominated in US Dollars:				
Cash and cash equivalents	\$503,714	₱24,189,879	\$526,444	₱26,656,492
Advances to subsidiaries	3,926,804	188,576,887	3,902,360	197,595,978
Refundable deposit	444,960	21,368,350	444,960	22,530,550
	\$4,875,478	₱234,135,116	\$4,873,764	₱246,783,020
Denominated in Thailand Baht -				
Accounts receivable	THB6,085,234	₱9,691,952	THB5,891,007	₱9,911,618

For purposes of translating the Company's foreign currency-denominated monetary assets as at December 31, 2020 and 2019 to Philippine Peso, the exchange rates applied are as follows:

	2020	2019
US\$	₱48.02 to US\$1	₱50.64 to US\$1
THB	₱1.59 to THB1	₱1.68 to THB1

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 Company's income before tax in 2020 and 2019. There is no other impact on the Company's equity other than those already affecting profit or loss.

	US Dollar		Thailand Baht	
	Increase (Decrease) in Exchange Rates	Effect on Income Before Tax	Increase (Decrease) in Exchange Rates	Effect on Income Before Tax
2020	1.09	₱5,317,417	0.03	₱185,229
	(1.09)	(5,317,417)	(0.03)	(185,229)
2019	0.64	₱3,131,995	0.02	₱133,773
	(0.64)	(3,131,995)	(0.02)	(133,773)

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 unrealized gain or loss on its financial assets at FVOCI in 2020 and 2019:

	2020		2019	
Changes in PSEi	33.21%	(33.21%)	14.59%	(14.59%)
Financial assets at FVOCI in				
Telecommunications	₱6,462	(₱6,462)	₱2,727	(₱2,727)
Banks	6,845	(6,845)	4,140	(4,140)
	₱13,307	(₱13,307)	₱6,867	(₱6,867)

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 ₱748,374,385 as at December 31, 2020 and 2019, 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, 2020 and 2019.

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

25. Supplementary Information Required under Revenue Regulations No. 15-2010 of the Bureau of Internal Revenue (BIR)

The information for 2020 required by the above regulations is presented below.

Output VAT

Under Section 108(B)(2) of the National Internal Revenue Code, as amended, the Company's gross receipts for the year ended December 31, 2020 amounting to ₱308,803 is subject to zero-percent (0%) rate.

The gross receipts shown above are based on gross receipts of the Company for VAT purposes while sales in the statement of comprehensive income are measured in accordance with PFRS.

Input VAT

The movements in input VAT claimed by the Company for the year ended December 31, 2020 are as follows:

Beginning balance		₱4,947,182
Add: Current year's purchases of:		
Services	₱447,662	
Goods other than capital goods	21,035	468,697
		<u>₱5,415,879</u>

All Other Local and National Taxes

All other local and national taxes paid by the Company for the year ended December 31, 2020 consist of:

Fringe benefit tax	₱339,473
Business permits	141,506
Real property tax	81,620
Documentary stamp tax	38,436
Others	284,980
	<u>₱886,015</u>

The above local and national taxes are presented under "General and administrative expenses" account in the statement of comprehensive income.

Withholding Taxes

The amount of withholding taxes paid for the year ended December 31, 2020 are as follows:

Withholding tax on compensation	₱2,877,270
Expanded withholding tax	405,247
Final withholding tax	854,552
	<u>₱4,137,069</u>

Tax Assessments

The Company has no pending deficiency tax assessment from the BIR as at December 31, 2020.

Tax Cases

The Company has no pending deficiency tax case in courts or other regulatory bodies outside of the BIR as at December 31, 2020.

(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.

Php686,955,821.73 (as of March 31, 2021)

**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

2020 Audited Financial Statements (Consolidated)

PART I – BUSINESS AND GENERAL INFORMATION

Item 1. Business

(A) Description of Business

(1) Business Development

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

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

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

The Company surrendered to the DOE and withdrew from GSC No. 8 on May 06, 2020, while the service contracts for the East Mankayan, Mariveles and West Bulusan projects were terminated by DOE effective April 15, 2019, December 28, 2019, and January 24, 2019, respectively. In the Iriga project, where the Company has a twenty percent (20%) participating interest, Desco, Inc. is the operator, which is currently undertaking permitting and various works preparatory to the drilling of exploratory wells.

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

In 2017, the Company looked for business opportunities abroad for the development of renewable energy resources, such as solar power and biomass energy. After the due diligence work on these projects, the Company decided not to pursue with these projects.

In the same year, the Company decided to invest in Vintage EPC Co. Ltd. (VEPC) and Vintage International Construction Co. Ltd. (VINTER), which are limited companies registered in Thailand. VEPC and VINTER are the first counter-parties of GEP (Myanmar) Co. Limited, the owner-developer of the 220 MW solar power plant located in the Minbu District, Magway region, Myanmar, for the supply and construction service requirements of the Engineering, Procurement and Construction (EPC) subcontractor engaged for the said project. After the

required due diligence work on said companies and its contracts, in 2018, the Company acquired 15% of the equities of the said companies.

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

The Company also signed a Memorandum of Agreement (“MOA”) with MAP 2000 Development Corporation (“M2DC”) in December 2020 for the acquisition of at least 67% of the outstanding capital stock of the Company.

(2) Business of the Company and its Subsidiaries

Oil and Gas Operations

The Company is involved in oil exploration and development activities. The Company was a party together with other oil exploration companies (the consortium), in Service Contract 53 for the exploration, development and exploitation of certain areas in onshore Mindoro. This service contract was awarded by the Department of Energy, which prescribes the periods and programs for exploration, development and commercial production, pursuant to Presidential Decree No. 87.

Service Contract 53 (Onshore Mindoro)

SC 53 was awarded by the Department of Energy on July 8, 2005, for a ten years exploration period. It covers 6,600 sq. km. of the onshore areas of Mindoro Island which is within the North Palawan Micro-Continental Block. Past exploration efforts in SC 53 included the drilling of 4 exploration wells, where three (3) of these wells encountered oil and gas but were considered non-commercial at the time of drilling.

The consortium entered into a Farm-In Agreement with Pitkin Petroleum Ltd. (Pitkin) which was approved by the Department of Energy on June 11, 2008. Under the Farm-In Agreement, Pitkin completed a magneto-telluric survey in onshore Mindoro and acquired in May, 2010, over 200 kilometers of 2D seismic studies designed to delineate and assess the hydrocarbon potential of the Progreso-1X in San Jose, Mindoro Occidental and the Sablayan, Mindoro Occidental.

On July 11, 2011, Resource Management Associates Pty Limited of Australia signed a Farm-in Agreement with Pitkin Petroleum to acquire 35% from its 70% participating interest. On November 11, 2011, Pitkin Petroleum reported that Sub-Phase 1, which was to end March 6, 2012, was fulfilled with the completion of the 200 kilometers of seismic data. Sub-Phase 2 which carried a minimum work obligation of two (2) wells and a financial commitment of US\$2.0 million, have been extended up to the resolution of the complaint filed by Famatodi, Inc., an organization of indigenous peoples in Mindoro and the issuance of the Certificate of Precondition by the National Commission of Indigenous Peoples. The project was suspended in May, 2012, pending resolution of the aforementioned case filed by Famatodi, Inc. and clearance by the NCIP.

In 2016, the DOE approved the agreement between Pitkin Petroleum and Mindoro Palawan Oil and Gas, Inc. (MPOGI) for the transfer of Pitkin Petroleum's participating interest and operatorship to MPOGI. In 2018, the Famatodi case was dismissed. In a letter of the DOE dated June 14, 2019 addressed to the consortium, the DOE terminated the service contract due to non-submission by the operator of the reportorial requirements prescribed by DOE under the service contract. The Company has a 3% participation in this service contract.

Indonesia Oil Project

This project involved the management and operation of oil wells by PT Basic Energi Solusi ("PT BES"), the company registered in Indonesia, as the operating arm of Grandway Group Ltd., the joint venture between the Company and Petrosolve Bhd Sdn.

In 2013, PT BES entered into a cooperation agreement with PT Ekamaro for the management and operation of ten (10) oil wells located in Dadangilo and Wonocolo areas in East Java, Indonesia. These wells are part of the wells covered by the cooperation agreements between PT Ekamaro and KUD Sumber Pangan and KUD Usaha Jaya Bersama, both of which had production agreements with EP Pertamina, the entity vested by the Indonesian Government with the authority to manage old oil wells in Indonesia.

PT BES drilled five (5) of the aforementioned ten (10) wells. However, production was low compared to projections at the start of the project, while the buying price of EP Pertamina steadily dropped from IDR4,160/liter (or USD73.50/barrel) at the start of the project to IDR2,718/liter (or USD34.57/barrel) by the 1st quarter of 2015. During this time, the local miners moved upward adjustments in their revenue sharing from oil produced and sold to EP Pertamina, which entailed negotiations with PT Ekamaro, the KUDs, and the local miners concerned. Before negotiations could be finalized, EP Pertamina instituted changes in the organizational framework for the operation of old oil wells and eventually suspended operations of the KUDs.

By the middle of 2015, the project was placed on hold until EP Pertamina is able to finalized the organizational structure of local cooperatives or local miners in said areas. These miners are slated to handle the management and operation of oil wells in said areas and with whom PT BES and/or PT Ekamaro shall enter into new co-operation agreements.

In view thereof, the deferred exploration costs pertaining to this project amounting the Php147.93 million as at December 31, 2016, was fully provided an allowance for impairment.

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 Presidential Decree No. 1442, for the Mabini Geothermal Service Contract and pursuant to R.A. 9513 (Renewable Energy Act of 2008) for the subsequent geothermal service contracts.

Mabini, Batangas Geothermal Service Contract

The Mabini, Batangas Geothermal Service Contract was awarded to the Company on July 10, 2008. The contract area is approximately 32.5 square kilometers and covers the Calumpán Peninsula. The contract period for exploration is 5 years, and was extended up to 2019.

The Company has secured the commitments of the local government units which indicated support to the project. The Certificate of Non-Coverage was issued by the Environmental Management Bureau on March 25, 2009 and the Certificate of Non-Overlap from the National Commission on Indigenous People was issued on April 15, 2009.

The Company completed on March 8, 2010, the due diligence studies and preliminary technical data collection, collation and re-evaluation as part of its commitment in the work program committed with the DOE.

In 2015, Trans-Asia Oil and Energy Development Corporation (now Phinma Energy Corporation) has agreed to a 25% participating interest in this project, which was confirmed upon completion of the gravity survey which it conducted in 2014. The DOE approved the farm-in agreement of the Company with Phinma Energy on September 15, 2015.

For this service contract, the work program committed to the DOE involved the drilling of one (1) exploratory well by July, 2017. The drilling of the well was undertaken by Diamond Drilling Corporation of the Philippines and on February 6, 2017, target depth was reached at 1,679 meters. After various tests were conducted to determine the geothermal resource in the area, the consortium decided to drill a follow-up well in Barangay Solo, within the service contract area as part of its Contract Year 10 work program, with an estimated cost of Php 50.710 Million.

Phinma Energy withdrew from the consortium on July 3, 2018. On May 6, 2020, the Company has withdrawn from this service contract as it was unable to establish a viable geothermal resource.

Frontier Geothermal Service Contracts

The Company was also awarded the service contracts from the Department of Energy, covering four (4) geothermal projects, namely: Iriga Geothermal Power Project, Mariveles Geothermal Power Project, the East Mankayan Geothermal Power Project and the West Bulusan Geothermal Power Project, all carrying a maximum exploration period of 5 years.

The East Mankayan Geothermal Power Project lies immediately east of the Cervantes, Ilocos Sur geothermal block of Pan Pacific Power Philippines Inc. and south of the Bontoc-Sadanga block which is operated by Magma Energy Resources. Immediately south is the Daklan block operated by Clean Rock Energy. The area actually covers the 3 provinces of Benguet, Mountain Province and Ifugao. The proposed area is surrounded by lots of known thermal manifestations, e.g. hot springs and thermally altered grounds.

The Mariveles Geothermal Power Project, in Bataan is situated along the West Luzon Volcanic Arc which starts from Mt. Pinatubo in the north and extends farther south across the Manila Bay towards Batangas and northeastern Mindoro.

In 2017, Desco Inc. entered into a Farm-in Agreement with the Company covering the acquisition of a twenty-five (25%) percent participating interest in the Mariveles Geothermal Project.

The Company has requested the DOE for a suspension of obligations in the East Mankayan and Mariveles projects, due to difficulties encountered in securing the required LGU permit and other clearances. For the East Mankayan project, the DOE terminated the service contract effective April 15, 2019, which the Company has acceded, while the DOE terminated the Mariveles project effective December 28, 2019.

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 areal landscape is dominated by Iriga or Asog Volcano, a relatively in stratovolcano immediately southwest of Lake Buhi in southern Luzon.

In 2016, Desco Inc. entered into a Farm-in Agreement with the Company acquiring an 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.

The West Bulusan Geothermal Power Project is situated in the municipalities of Juban, Magallanes, Irosin, Bulan, Matnog, Santa Magdalena, and Bulusan, in the province of Sorsogon. It is bounded on the northeast by the geothermal contract area of SKI Construction Group, Inc. and is in close vicinity to Mount Bulusan, an active volcano and a declared Natural Park by virtue of Proclamation No. 421 on 27 November 2000. The Department of Energy (DOE) estimates the project site to have a potential installed capacity of 50 MW. The area has previously been explored by the PNOC Energy Development Corporation (PNOC EDC) in the 1980's. Data gathered from this study is the take-off point for the feasibility study undertaken by the Company.

In 2016, the Company requested the DOE for a moratorium on the West Bulusan Geothermal Project, in view of the concerns raised by the indigenous people in the area and the local government units therein against the project, which prevented the Company to conduct the necessary permitting works. The DOE terminated this service contract effective October 19, 2018, to which the Company has submitted a request for reconsideration, which was subsequently denied. On January 24, 2019, the DOE finally terminated this service contract.

Risk Management

In the Oil and Gas and Geothermal and Hydro-Power business, the Company is faced with the following risks, in order of importance:

- (a) Probability of Exploration and Development Success. Oil and gas exploration and geothermal and hydropower projects are inherently high-risk undertakings. There can be no assurance that the Company's activities will be successful in discovering commercially viable oil and gas reservoirs and/or a viable geothermal resource. Even if an apparently feasible resource is determined, there is no guarantee that it can be economically exploited. Despite the Company's reliance on advanced technology such as 3-D seismic data to improve the probability of success of discovery, oil and gas exploration and geothermal and hydropower operations are speculative businesses. Advanced technology, even with the correct interpretation, only assist geologists in identifying subsurface structures and does not ensure the certainty of the presence of resources if drilled. Moreover, 3-D seismic data and other advanced technology require higher investments that may result in higher losses, should the drilling prove unsuccessful.

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

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

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

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

- (b) Operating Hazards of Exploratory Drilling Activities and Environmental Risks. Drilling operations may be delayed, curtailed or subjected to operating and technical difficulties. Unexpected drilling conditions, adverse weather conditions, unanticipated pressure or formations, equipment breakdowns, industrial and environmental accidents and other such events may occur which may have adverse effects on the Company's operations and correspondingly on its financial performance and condition. Oil and gas and geothermal and hydropower exploration, development and drilling activities will be subject to

Philippine environmental laws and regulations. Normal exploration and drilling operations involve certain operating hazards such as explosions, craterings, well blowouts, uncontrollable flows of oil, natural gas or well fluids, releases of toxic gas, accidental leakages, formations with abnormal pressures, fires, pollution and other environmental perils and risks, any of which may subject the Company to extensive liability or loss of assets.

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

- (c) Volatility of Oil and Gas Prices and Exchange Rate Risks. Revenues derived from successful exploration and drilling activities depend on the world price of oil. The price of oil is sensitive to minor changes in the global supply and demand conditions, quality of oil, forward selling activities, domestic and foreign government regulations, environmental trends, overall global economic condition and other macroeconomic and political factors that are beyond the Company's control. Furthermore, revenues from drilling activities are pegged to the US dollar, hence, the Company is exposed to exchange rate risks given the volatility of the rate of exchange between the US dollar and Philippine peso.
- (d) Government Regulations and Approvals. Government action such as changes in regulations may affect the Company's business and eventual operating and financial performance. Government may limit access to prospective development areas, implement stricter environmental laws to protect human health and the environment, impose higher taxes and royalties, all of which may adversely affect the Company's financial performance.

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

(3) Employees

The Company has sixteen (16) officers and employees, of which five (5) are executive officers, eight (8) are assigned as technical, project, accounting, administrative, IT and operations support staff and four (3) are assigned for utility and service staff. The Company expects to hire additional personnel or engage the services of consultants as may be needed. When the

Company will pursue additional renewable energy projects, project managers, and engineering, technical and other support personnel may be required for its projects.

Item 2. Properties

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

The Company used to own a major interest in a real estate property (land) located at Barangay Bolasi, San Fabian, Pangasinan with an aggregate gross area of 186,665 square meters, beside the San Fabian PTA Beach Resort managed by the Philippine Tourism Authority. This property has been sold in 2018 and the Company has received its proportionate share in the net proceeds of the sale of said property. Likewise, the Company used to own its office units at the 7th Floor of the Basic Petroleum Building located at C. Palanca St., Legaspi Village, Makati City. These office units have been sold as of end of December, 2019.

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 its 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 Board of Directors, in its meeting held on May 7, 2019, approved the increase in the Corporation's authorized capital stock from Php2.5 billion consisting of 10 billion shares to Php5 billion consisting of 20 billion shares.

On October 23, 2020 at the annual stockholders meeting the stockholders approved the following amendments to the Amended Articles and Amended Bylaws of the Corporation, as follows:

- a) Article Seventh of the Amended Articles of Incorporation increasing the authorized capital stock of the Corporation from Php2.5 Billion consisting of 10 Billion shares to Php5.0 Billion consisting of 20 Billion shares;
- b) Article II of the Amended By-Laws adding a new section as Section 10 creating the position of Chairman Emeritus; and

- c) Article VI of the Amended By-Laws deleting the profit sharing provisions for directors and officers of the Corporation.

The appointment of Reyes Tacandong & Co. as the external auditor for the 2020 financial statements of the Corporation was approved at the stockholders' meeting of October 23, 2020.

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 2020 and 2019:

	High		Low	
	2020	2019	2020	2018
1 st Quarter	Php0.255	Php0.275	Php0.122	Php0.231
2 nd Quarter	0.189	0.315	0.140	0.233
3 rd Quarter	0.188	0.285	0.151	0.232
4 th Quarter	0.560	0.270	0.151	0.265

Further, the last trading price for the shares of the Corporation, as of December 31, 2020 was at Php0.47 per share.

(2) Holders

Top 20 Stockholders as of December 31, 2020:

Name	Outstanding shares	Percentage
PCD Nominee Corporation (Filipino)	2,117,423,318	75.53%
PCD Nominee Corporation (Foreign)	258,858,570	5.55%
Meta Corporation Public Company Limited	106,892,000	2.29%
Christodel Philippines Inc.	25,736,744	0.91%
Isidoro O. Tan	24,822,276	0.88%
Phases Realty Corporation	20,989,439	0.74%
Northwest Traders Corporation	20,745,757	0.73%
Jose C. De Venecia Jr.	10,013,225	0.35%
Samuel Uy	10,000,000	0.35%
Northwest Investors Inc.	8,708,890	0.30%
Mark Anthony L. De Venecia	8,363,333	0.29%
JLV Holdings Inc.	7,200,000	0.25%
MDV Holdings Inc.	5,070,000	0.18%

Horacio Rodriguez	4,408,523	0.16%
Northwest Securities Inc.	3,998,109	0.14%
Christine Chua	3,149,221	0.11%
East West Commodities Inc.	3,019,498	0.10%
Jennette Lista	2,500,000	0.08%
Archival Po	2,500,000	0.08%
Renato Castaneda	2,500,000	0.08%

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

The Company's level of public float as of December 31, 2020 is 66% of total outstanding shares.

(3) Dividends

- (a) No cash/stock dividends have been declared in 2020 and 2019
- (b) There are no restrictions that limit the payment of dividend on common shares

(4) Recent Sale of Unregistered or Exempt Securities

a. SOP shares

Recent sales of shares of the Company consist of the subscription and issuance of shares under the Company's Stock Option Plan ("SOP"), which are covered by a Certificate of Exemption from the registration requirements of the Securities Regulation Code ("SRC") issued by the Securities and Exchange Commission on September 8, 2011. The exemption was pursuant to Section 10.2 of the SRC, in view of the fact that the issuance of said SOP shares is limited in character in that the right/option to purchase the shares of stock are limited to the 33 optionees who are the directors, members of the Advisory Board, officers and employees of the Company.

As at the expiry of the SOP option on July 11, 2013, a total of 500,000,000 common shares of the Company were subscribed for cash and at the price of Php0.25 per share, which is the par value of the said shares. There were no underwriting discounts or commissions given or paid by the Company.

A total of seventeen (17) optionees exercised their option rights under the Company's SOP, who are directors, members of the Advisory Board and officers and employees of the Company, to wit:

Subscribers	Shares Subscribed	Date of Subscription
Directors		
Oscar C. De Venecia	30,000,000	4.27.12
	22,000,000	7.03.13
Francis C. Chua	30,000,000	4.27.12
	22,000,000	7.03.13

Ramon L. Mapa	30,000,000	4.27.12
Oscar L. De Venecia, Jr.	28,500,000	4.27.12
	22,000,000	7.03.13
Jaime J. Martinez	30,000,000	4.26.12
	30,100,000	7.03.13
Ma. Florina M. Chan	30,000,000	4.26.12
	22,000,000	7.03.13
Eduardo V. Manalac	30,000,000	4.27.12
Gabriel R. Singson, Jr.	30,000,000	4.27.12
Isidoro O. Tan	30,000,000	4.26.12
	22,000,000	7.03.13
Oscar S. Reyes	30,000,000	9.26.12
	22,000,000	7.03.13
Dennis D. Decena	4,000,000	4.26.12
Advisory Board		
Jose C. De Venecia, Jr.	5,000,000	4.26.12
	12,000,000	7.03.13
Leonardo R. Arguelles, Jr.	8,100,000	7.03.13
Officers		
Emelinda I. Dizon	10,000,000	7.03.13
Corazon M. Bejasa	100,000	9.26.12
Alberto P. Morillo	100,000	9.26.12
Marietta V. Villafuerte	100,000	9.26.12
Total	500,000,000	-

b. 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, subscribed to 43,565,870 shares on February 24, 2017. The issuance of said shares was confirmed by the Securities and Exchange Commission (“SEC”) on March 21, 2017 as an exempt transaction under Section 10.1 (k) of the Securities Regulation Code (“SRC”), where the total number of subscribers is not more than nineteen (19). Additional shares of 104,816,332 shares were issued as of December 31, 2017 and 106,892,000 shares were issued as of December 31, 2018, which shares issuances were confirmed as exempt transactions by the SEC under said Section 10.1 (k) of the SRC.

Item 6. Management Discussion and Analysis or Plan of Operations

Key Performance Indicators

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

Key Performance Indicators			
	2020	2019	2018
Return on Investment	-3.12%	-7.86%	-3.75%
Net Profit Margin	-455.04%	-844.43%	-51.58%
Investment in Projects, Non-Petroleum	38.57%	29.09%	20.5%
Investment in Wells & Other Facilities	1.25%	1.00%	15.32%
Current Ratio	6.75:1	8.23:1	3.23:1
Asset Turnover	2.57%	3.38%	6.5% %
Solvency Ratios			
Debt to Equity Ratio	5.50%	7.68%	11.93%
Asset to Equity Ratio	105.24%	107.68%	111.93%
Interest Coverage Ratio	na	na	-745.91%

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 -3.18% in 2020, and -7.86% in 2019. Both years showed negative rates because the Company booked net losses for those years.

Profit Margin was -464.08% in 2020, and -784.44% in 2019. Like in the previous paragraph both years showed negative rates because the Company booked net losses for those years.

Investment in Non-Petroleum Projects as a % of Total Assets increased from 29.09% in 2019 to 38.57% in 2020. The increase in rate was due to the increase in the value of the assets in relation to total assets.

Investment in Wells and Other Facilities as a % of Total Assets increased from 1.00% in 2019 to 1.25% in 2020. The increase in rate was due to the decrease in total assets.

Current ratio decreased from 8.23:1 in 2019 to 6.75:1 in 2020. The decrease in ratio was due to decrease in current assets.

Asset Turnover decreased from 3.54% in 2019 to 2.57% in 2020. The decrease in ratio was due to the decreases in both revenue and total assets.

Debt to Equity Ratio decreased from 7.68% in 2019 to 5.52% in 2020. The decrease in ratio was due to the decrease in both liabilities and equity.

Asset to Equity Ratio decreased from 107.68% in 2019 to 105.52% in 2020. The decrease in ratio was due to the decrease in both asset and equity.

Management's Discussion and Analysis of Financial Condition and Results of Operations for 2020

2020

For 2020, the Company's total assets stood at Php482.9 million, a decrease of Php117.7 million from its previous year balance of Php600.6 million. Current assets with a 2020 balance of Php131.6 million decreased by Php35.7 million from the balance of Php167.3 million in 2019. The decrease in current assets is primarily attributable to the decrease in cash and cash equivalents of Php33 million which was used primarily for general and administrative expenses. Non-current assets decreased by Php82 million from Php433.2 million in 2019 to Php351.2 million in 2020 primarily due to the decreased in investment in associates of Php75.1 million and decreased in financial assets at FVOCI of Php18.6 million. The decreases in noncurrent assets was partially offset by the increase in value of investment properties by Php11.5 million.

Total liabilities in 2020 closed at Php25.2 million, a decrease of Php17.6 million from the balance of Php42.8 million in 2019. Current liabilities amounting to Php19.5 million decreased by Php0.9 million from the balance of Php20.3 million in 2018. Non-current liabilities amounting to Php5.8 million decreased by Php16.7 million from the balance of Php22.5 million in 2019. This was due the decrease in net deferred tax liabilities of Php8.2 million and decrease in net retirement benefit liability of Php8.6 million.

Total equity recorded in 2020 was Php457.6 million, a decrease of Php100.1 million from the balance of Php557.7 million in 2019. This was primarily due to the increase in deficit of Php63.2 million due to the losses incurred during the year and further decrease in other equity reserves of Php35.6 million.

For 2020, revenue generated amounted to Php13.9 million. Revenue for the year mostly came from the fair value adjustment on investment properties of Php11.5 million, interest income of Php2 million, and management fee of Php0.3 million. Compared to 2019, revenue in 2020 decreased by Php9.5 million mainly because of the decrease in fair value adjustment on investment properties of Php2.3 million, and decrease in interest income of Php0.9 million.

Cost and expenses for 2020 amounted to Php80.3 million, Php43.4 million of which is general and administrative expenses, Php34.9 million is share in net loss of associates, and Php1.9 million is foreign exchange losses. Compared to 2019, cost and expenses in 2020 decreased by Php143 million primarily because of the decrease in general and administrative expenses of Php24.9 million, recognition of impairments of deferred exploration costs of Php114.6 million in 2019, recognition of loss on sale of properties and equipment of Php9.9 million in 2019, decrease in losses on write-off of receivables of Php3.9 million, and recognition of impairment of other assets of Php3.3 million in 2019.

For the year 2020, the Company recorded a consolidated operating loss of Php63.3 million, Php63.2 million of which is attributable to equity holders of the parent company and Php0.1 million to non-controlling interest. Including net comprehensive loss of Php36.8 million, the total comprehensive loss for the year amounted to Php100.1 million.

The aforementioned losses in 2020 were attributable to the absence of a steady flow of revenues from projects and investments of the Company.

In 2020, despite the current global economic situation due to the COVID-19 pandemic, the Company continued to explore opportunities for investments in various energy projects which are shovel-ready or about to commence operations or otherwise have shorter gestation period as well as explore possible partnership that could bring value to the company.

The Company also signed a Memorandum of Agreement (“MOA”) with MAP 2000 Development Corporation (“M2DC”) in December 2020 for the acquisition of at least 67% of the outstanding capital stock of the Company. The investment of M2DC for at least 67% interest in the Company is subject to the compliance by the Company with the conditions precedent and other representations, warranties and undertakings of the Company as stipulated in the aforementioned MOA.

2019

For 2019, the Company’s total assets stood at Php600.6 million, a decrease of Php184.3 million from its previous year balance of Php784.9 million. Current assets with a 2019 balance of Php167.3 million decreased by Php22.8 million from the balance of Php190.1 million in 2018. The decrease in current assets is primarily attributable to the decrease in receivables of Php95 million which was offset by the increases in cash and cash equivalents of Php64.8 million, refundable deposits of Php6.3 million and other current assets of Php1.1 million. Non-current assets decreased by Php161.5 million from Php594.8 million in 2018 to Php433.2 million in 2019 primarily due to the impairment of deferred exploration cost of Php114.3 million, disposal of property and equipment costing Php 39.7 million, decreased in investment in associates of Php13.7 million and decreased in other noncurrent assets of Php10.6 million. The decreases in noncurrent assets was partially offset by the increase in value of investment properties by Php13.8 million and financial assets at FVOCI of Php2.9 million.

Total liabilities in 2019 closed at Php42.8 million, a decrease of Php40.8 million from the balance of Php83.7 million in 2018. Current liabilities amounting to Php20.3 million decreased by Php38.6 million from the balance of Php58.9 million in 2018. This was primarily due to the settlement of the Php50 million short-term loan which was partially offset by the increase in accrued expenses and other payables. Non-current liabilities amounting to Php22.5 million decreased by Php2.3 million from the balance of Php24.8 million in 2018. This was due the decrease in deferred income tax liabilities of Php8.7 million which was partially offset by the increase in accrued retirement benefits payable of Php6.5 million.

Total equity recorded in 2019 was Php557.7 million, a decrease of Php143.5 million from the balance of Php701.2 million in 2018. This was primarily due to the decrease in other equity reserves of Php9 million and the decrease in retained earnings of Php134.8 million due to the losses incurred during the year.

For 2019, revenue generated amounted to Php23.4 million. Revenue for the year came from the fair value adjustment on investment properties of Php13.8 million, management fees of Php6.7 million, and interest income of Php2.9 million. Compared to 2018, revenue in 2019 decreased by Php 26.5 million mainly because of the share in net income of Php14.3 million recognized in 2018, decrease in fair value adjustment on investment properties of Php7.6 million and decrease in foreign exchange gains of Php9.1 million which were partially offset by the increases in interest income of Php1.2 million and management fee of Php3.8 million.

Cost and expenses for 2019 amounted to Php223.3 million, Php114.6 million of which is impairment on deferred exploration costs, Php9.9 million is loss on sale of property and equipment, Php3.9 million is loss on write-off of receivables, Php3.3 million is impairment on other assets, Php68.4 million is general and administrative expenses, Php22.1 million is share in net loss of associates, and Php 886 thousand is interest expense. Compared to 2018, cost and expenses in 2019 increased by Php146.5 million primarily because of the impairment of deferred exploration costs, loss on sale of property and equipment, write-off of receivables, impairment of other assets, share in net loss of associates and increase in general and administrative expenses of Php12.4 million.

For the year 2019, the Company recorded a consolidated operating loss of Php197.8 million, Php198.1 million of which is attributable to equity holders of the parent company and Php0.3 million to non-controlling interest. Deducting net comprehensive income of Php36.2 million, the total comprehensive loss for the year amounted to Php161.6 million.

The aforementioned losses in 2019 were attributable to the absence of a steady flow of revenues from projects and investments of the Company and the impairment of deferred exploration costs in relation to the withdrawal from or acceptance of termination of the Company's various energy service contracts.

In 2019, the Company continues to explore opportunities for investments in various energy projects which are shovel-ready or about to commence operations or otherwise have shorter gestation period, within the country and abroad.

2018

For 2018, the Company's total assets stood at Php784.9 million, an increase of Php32.7 million from its previous year balance of Php752.3 million. Current assets with a 2018 balance of Php190.1 million decreased by Php70.9 million from the balance of Php261 million in 2017. The decrease in current assets is primarily attributable to the reclassification of refundable earnest money deposit amounting to Php133.3 million to investment in associates and which was offset with the recognition of a receivable amounting to Php124.7 million in relation to the sale of an investment property. The decrease in cash and cash equivalents of Php32.9 million is primarily attributable to the general and administrative expenses for the year amounting to Php56 million which was partially offset by the return of the refundable deposit made for the Saga (Japan) Solar Power Project amounting to Php22.8 million. Non-current assets, however, increased by Php103.5 million from Php491.2 million in 2017 to Php594.8 million in 2018 primarily due to the recognition of the investment made in the Thailand-based EPC companies for Php217.1 million and the sale of an investment property amounting to Php114.7 million.

Total liabilities in 2018 closed at Php83.7 million, an increase of Php4 million from the balance of Php79.7 million in 2017. Current liabilities amounting to Php58.9 million decreased by Php5.7 million from the balance of Php64.6 million in 2017. This was primarily due to the reclassification of advances from stockholders amounting to Php6.7 million to additional paid-in capital and increase in accounts payable and accrued expenses amounting to Php814 thousand. Non-current liabilities amounting to Php24.8 million increased by Php9.6 million from the balance of Php15.2 million in 2017. This was due the increases in deferred income tax liabilities of Php4.8 million and in accrued retirement benefits of Php4.8 million.

Total equity recorded in 2018 was Php701.2 million, an increase of Php32.7 million from the balance of Php672.5 million in 2017. This was primarily due to the increases in capital stock of Php26.7 million for additional subscriptions, additional paid-in capital of Php6.4 million and share in cumulative translation adjustment of associates amounting to Php23.4 million. The aforementioned increases were offset by the decrease in retained earnings of Php23.6 million due to the losses incurred for the year.

For 2018, revenue generated amounted to Php50.4 million. Revenue for the year came from the excess in net assets acquired over cost of associate of Php14.3 million, fair value adjustment on investment properties of Php21.4 million, realized foreign exchange gains of Php9.1 million, management fees of Php3 million, and interest income of Php2.1 million. Compared to 2017, revenue in 2018 increased by Php 41.6 million mainly because of the excess in net assets acquired over cost of associate, fair value adjustment on investment properties, and management fees recognized during the year.

Cost and expenses for 2018 amounted to Php76.8 million, Php56 million of which are general and administrative expenses, Php10.7 million are loss on sale of investment properties, and Php3.4 million are interest expenses. Compared to 2017, cost and expenses in 2018 increased by Php19.4 million primarily because of the loss on the sale of investment properties, share in net loss of associates, impairment loss of goodwill amounting to Php3.8 million, provisions for impairment of deferred costs of Php3 million, and interest expense.

For the year 2018, the Company recorded a consolidated operating loss of Php25.8 million, Php25.1 million of which is attributable to equity holders of the parent company and Php0.7 million non-controlling interest. Deducting net comprehensive income of Php21.3 million, the total comprehensive loss for the year amounted to Php4.4 million.

The aforementioned losses in 2018 were attributable to the absence of a steady flow of revenues from projects and investments of the Company. For 2018, the revenues recognized during the year were not enough to cover the expenses incurred for the year. The geothermal power projects of the Company have long gestation periods and as of the end of 2018, these projects are still in various stages of exploration, where revenues are not expected in the near term and until these projects progress to commercial operations.

In June 2018, the Company invested for a 15% stake in two Thailand-based EPC companies which have secured the EPC contracts for the 220MWp Solar Power Project in Minbu, Myanmar. The investment in the aforementioned EPC companies is expected to contribute positively to the Company's P&L in 2019. The Company also has participation in the project management of the EPC contracts which entitles the Company for management fees.

In 2018, the Company continued to explore opportunities for investments in various energy projects which are shovel-ready or about to commence operations or otherwise have shorter gestation period, within the country and abroad.

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

There were no disagreements with the Company's external auditors on any accounting and financial disclosures in the 2020 Audited Financial Statements of the Company.

The accounting policies adopted are consistent with those of the previous financial reporting year, except that the Group has adopted the following new accounting pronouncements as of January 1, 2020, namely:

1. Amendments to References to the Conceptual Framework in PFRS – The amendments include new concepts affecting measurement, presentation and disclosure and derecognition; improved definitions and guidance-in particular the definition of an asset and a liability; and clarifications in important areas, such as the roles of stewardship, prudence, measurement uncertainty and substance over form in financial reporting.
2. Amendments to PFRS 3 - *Definition of a Business* – This amendment provides an improved definition of a “business” which emphasizes that the output of a business is to provide goods and services to customers, whereas the previous definition focused on returns in the form of dividends, lower costs or other economic benefits to investors and others. To be considered a business, ‘an integrated set of activities and assets’ must include, at a minimum, ‘an input and a substantive process that together significantly contribute to the ability to create an output’. The clarification is important because an acquirer may recognize goodwill (or a bargain purchase) when acquiring a business but not a group of assets. An optional simplified assessment (the concentration test) has been introduced to help companies determine whether an acquisition is of a business or a group of assets.
3. Amendments to PAS 1, *Presentation of Financial Statements* and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors* - Definition of Material – The amendments clarify the definition of “material” and how it should be applied by companies in making materiality judgments. The amendments ensure that the new definition is consistent across all PFRS. Based on the new definition, an information is “material” if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

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

PART III – CONTROL AND COMPENSATION INFORMATION

(A) Management’s Discussion and Analysis (MD&A and Plan of Action)

Plan of Operations 2021

Geothermal Energy Operations

For 2021, 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 invested in Vintage EPC Company Limited - Thailand (“VEPC”) and VTE International Construction Company Limited - Thailand (“VINTER”) for a fifteen (15%) percent of the outstanding capital of said companies in 2018.

VEPC and VINTER are the EPC Contractors for the 220MW Solar Power Project located in Minbu District, Magway Region, Myanmar, who were engaged by Green Earth Power (Myanmar) as the owner-developer of the project and the holder of the Power Purchase Agreement with the Myanmar Government’s energy and power ministry. The design and construction of the project commenced in 2016, and was planned to be completed in four (4) phases of 50 MW for Phases 1, 2 and 3 and 70 MW for Phase 4. Phase 1 is currently on commercial operations since September 2019. The subsequent phases shall be pursued after completion of the previous phases, to achieve full completion of the four (4) phases on or before 2022.

The 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 and abroad, that will provide the Company with a continuing stream of revenues in the short and mid-terms.

The Company signed a Memorandum of Agreement (“MOA”) with MAP 2000 Development Corporation (“M2DC”) in December 2020 for the acquisition of at least 67% of the outstanding capital stock of the Company. The investment of M2DC into the Company will bring in fresh capital that may be used to invest in various projects in renewable energy, oil and gas, and other forms of energy.

Independent Auditors

Change in External Auditor

Upon the recommendation of the Audit Committee and the Board of Directors to change the Company’s external auditor, Reyes Tacandong & Co. (“RT&Co.”) was appointed at the annual stockholders’ meeting on September 23, 2020 as the Company’s external auditor for the year 2020.

The financial statements for the years 2019 and 2018 were audited by SyCip, Gorres, Velayo & Co. (“SGV”).

Disagreements with External Auditors on Accounting and Financial Disclosure

There was 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.

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 2020	Annual audit for regular reportorial requirement	630.0
31 December 2019	Annual audit for regular reportorial requirement	672.5
31 December 2018	Annual audit for regular reportorial requirement	640.5

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 therefor, and ensures that such work will not conflict with the duties of the external auditors or threaten their independence.

Item 9. Directors and Executive Officers of the Issuer

Board of Directors

The following were the members of the Board of Directors of the Company as of December 31, 2020:

Oscar C. De Venecia	Chairman
Ramon L. Mapa	Vice Chairman
Oscar L. de Venecia, Jr.	
Beatrice Jane L. Ang	
Ma. Florina M. Chan	
Jaime J. Martinez	
Supasit Pokinjaruras	
Isidoro O. Tan	
Harvey Lawrence N. Dychiao	Independent Director
Andres B. Reyes, Jr.	Independent Director
Eduardo V. Manalac	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

Oscar C. De Venecia, 87 years old, Filipino, is the Chairman of the Board. Prior thereto, he held several positions in the Corporation: as the Executive Vice President of the Corporation and director in 1972; became President and CEO in 1980; and was elected as Chairman of the Board & CEO from 1988 to July 12, 2007. He served as Chairman of the Advisory Board from July 12, 2007 to February 11, 2009 before assuming the position of Chairman of the Board on February 12, 2009. He is also the Chairman of the subsidiaries of the Corporation, namely: Basic Biofuels Corporation, Basic Diversified Holdings, Inc., Basic Geothermal Energy Corporation, Basic Renewables, Inc., iBasic, Inc., and Southwest Resources, Inc.

He is the Vice-Chairman for International and Trade Affairs of the Philippine Chamber of Commerce and Industry; and a member of the Advisory Board of the Philippines Trade Foundation, Inc. He was a director of the Manila Economic & Cultural Office (MECO), an Independent Director of the Export & Industry Bank and he was a director of the Pangasinan Economic Development Foundation, Inc. He is Past Chairman and President, now Senior Adviser, of the Petroleum Association of the Philippines.

He is the Honorary Consul General of Ukraine in the Philippines and Past Dean of the Consular Corps of the Philippines. He is a Rear Admiral of the Philippine Coast Guard Auxiliary and a former Trustee of the Free Rural Eye Clinic Foundation, Inc. in San Fabian, Pangasinan. He is a Past President of the National Association of Mapua Alumni and a life member of the Management Association of the Philippines.

He was one of the Ten Most Outstanding Alumni in 1980 in the field of Civil Engineering and in the field of Civic Involvement in 1991, conferred by the Mapua Institute of Technology and National Association of Mapua Alumni; one of the Ten Most Outstanding Civil Engineers of the Philippines in 1980 conferred by the Philippine Institute of Civil Engineers; one of the 1981 Ten Most Outstanding Citizens of Dagupan City in the category of Business and Industry; one of the recipients of a Presidential Commendation on the discovery of commercial oil in the West Linapacan Field, from President Corazon C. Aquino on January 19, 1992; awarded a Plaque of Appreciation in recognition of his achievements as Chairman of the National PolioPlus Committee in the Philippines, Department of Health from President Fidel V. Ramos and an awardee of the “Chevalier Dans L’Ordre National Du Merite” from the French Government on February 10, 2004.

He is a Past President of the Rotary Club of Makati West and Past District Governor of Rotary International, District 3830; Past Chairman of the Rotary Golfing Fellowship Foundation of the Philippines, Inc.; and Past Chairman, Philippine College of Rotary Governors, Inc. (1997-1998). He has received numerous awards and recognitions: Awarded Plaque of Appreciation by the Rotary Foundation as Chairman of the National PolioPlus Immunization Committee (1992-2001) when the Philippines was certified Polio Free by the WHO on October 29, 2000; Multiple Paul Harris Fellow; Major Gift Donor; Volunteer and Benefactor of R.I.; Awardee, “Special Rotary International Presidential World Understanding and Peace Award” given by R.I. President Stan McCaffrey as President of the Rotary Club of Makati West during the 1982 R.I. Convention in Dallas, Texas, U.S.A.;

Awardee, “Citation for Meritorious Service” and “Distinguished Service Award” from The Rotary International Foundation; Awardee, “President’s Golden Century Citation” from R.I. President Herbert G. Brown; Awardee, “Regional Service Award for a Polio-Free World” from The Rotary International Foundation; Awardee, “Service Above Self Award”, Rotary International. He was the Representative of District 3830 to the 2004 Rotary International Council on Legislation, Chicago, Illinois. He represented the President of Rotary International in various Rotary district conferences in the Philippines, Australia, India, Korea and Japan.

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

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

Oscar L. De Venecia Jr., 52 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.

Beatrice Jane L. Ang, Filipino, 39 years old. Dr. Ang is presently a Director and Corporate Secretary of Quindecim Holdings, Inc., a venture providing for healthcare and related services, a position she held since 2017, and the Managing Director and Treasurer of BA Securities, Inc., from 2003 up to the present. She is also the Managing Director of CLMC Group of Companies, which is into manufacturing, import and export of telecommunication facilities, software development, information technology and real estate, among others, from 2003 up to the present. Her international diplomatic experience consists of her being presently the Honorary Consul Designate of the Honorary Consulate of Ukraine and the Special Assistant to the Consul of the Honorary Consulate of Tanzania. She was the Special Assistant to the Consul General of the Honorary Consulate of Peru from 2007 to 2010. Her socio-civic work experience includes being the Administrator of the Buddhist Tzu Chi Medical Foundation Philippines,

Inc., since 2019 to the present and the Commissioner of the Tzu Chi Buddhist Compassion Relief Foundation from 1995 to the present. She is an active volunteer in Sagip Bayan Foundation, Inc. since 2006 to the present and has more than 20 years of social leadership experience in various institutions such as the Red Cross, UNICEF, Habitat for Humanity and other NGOs.

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

Ma. Florina M. Chan, 64 years old, Filipino, is a Director of the Corporation since April 3, 2008 and director of the various subsidiaries of the Corporation since 2008. She was the President & COO of Philippine Commercial Capital, Inc., with which she was employed from July 16, 1982 to March 31, 2011. She was also a director of PCCI Securities Brokers Corporation, International Capital Corporation and PCCI Equities, Inc., since 2005.

She obtained her degree in Bachelor of Science in Business Economics at the University of the Philippines in 1977 and Master in Business Administration at the Fordham University in 1980.

Harvey Lawrence N. Dychiao, 41 years old, Filipino, is an Independent Director of the Corporation (a director since July, 2015). He is the Managing Director of Bonifacio Capital Group, Inc. He is a New York and Philippine-qualified lawyer with extensive transactional experience in mergers and acquisitions, and financings, working along private equity funds and strategic investors. His experience also includes advising in relation to project development, capital raising, privatizations/ restructurings of state-owned enterprises, structured finance transactions and insolvency workouts. His sector focus has included mining project development, logistics, real estate, financial institutions, public utilities and consumer goods, among others. He has also served in the public sector with the privatization and special projects team of the Department of Finance of the Philippines.

He attended Harvard Law School and is the executive director of the 800-member Harvard Club of the Philippines.

Eduardo V. Manalac, 73 years old, Filipino, and is an Independent Director of the Corporation (a director since October, 2009). He is the President of TransEnergy International Limited. From 2003 to late 2004, Mr. Mañalac was Undersecretary of the Department of Energy (DOE) of the Philippines, where, among other achievements, he promoted the standardization and use of coconut biodiesel, which highlighted the DOE's participation in developing the "Biofuels Law." He instituted a transparent new system for the awarding of oil service contracts, that led to the First Philippine Contracting Round in 2003. He was appointed President and CEO of the Philippine National Oil Company (PNOC) on August, 30, 2004, President and CEO of the PNOC Exploration Corporation (PNOC-EC) in September, 2004, and subsequently Chairman of the PNOC Energy Development Corporation (PNOC-EDC) within the same period. Mr. Mañalac also initiated international cooperative meetings that led to the historic signing of the Tripartite Agreement for a Joint Marine Seismic Undertaking in the South China Sea between the Philippines (PNOC), China (China National Offshore Oil Corporation), and Vietnam (Petrovietnam).

Prior to 2003, he was an executive for the Oklahoma-based Phillips Petroleum Company, now Conoco Phillips based in Houston Texas. He served as Exploration Manager for Latin America/Asia/Former

Soviet Union from 1981-85 and was then assigned to head Phillips Petroleum Company Indonesia as its Managing Director from 1985-87. He was also President and General Manager of Phillips Pakistan from 1987-89 and Exploration Manager for Latin America from 1989-95. His last posting with Phillips was China, where, as Vice-President and Exploration Manager for Phillips China, he discovered the giant Peng Lai oil field in northern China's Bohai Bay in 1999. For this reason, and for other outstanding achievements, the government of the People's Republic of China honored him with its Friendship Award in 2001, and its first-ever Foreign Model Worker Award in 2002.

Mr. Mañalac attended the University of the Philippines in Diliman, Q.C. Philippines, which conferred on him an Outstanding Alumni Award in 2005. He graduated from UP with a Bachelor of Science degree in Geology in 1967, and completed post-Graduate studies in petroleum geology through 1969.

Jaime J. Martinez, 65 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.

Supasit Pokinjaruras, 37 years old and a national of Thailand. He was appointed as member of the Advisory Board of the Corporation in February, 2017 and became a director of the Corporation in 2017 until 2018, when he was appointed as member of the Advisory Board until the term 2019-2020. He started his career at HSBC (Thailand) in 2007 developing relationships and managing investment portfolios for high net worth individuals. He is the Chief Executive Officer of Meta Corporation Public Company Limited since year 2018 (formerly Vintage Engineering Public Company Limited), a publicly listed company registered in Thailand, since 2015. He is also the Executive Director of Green Earth Power (Thailand) Co. Limited since 2012. He is co-founder and President of AVA Asia Ltd since 2014 and co-founder and Managing Director of Good Deal Entertainment Co., Limited, since 2013. His first foray into the Renewable Energy Industry brought him to develop one of the most innovative and advance Solar Power Plant project in Japan. Soon after, he became the head of Green Earth Power (Thailand) Co., Ltd., where he co-developed a 220MW Solar Power Plant in Minbu, Myanmar. Mr. Supasit is well versed on the financial aspects of operations and on current and new solar power technologies.

He obtained a Bachelor of Business Administration (International Program) degree from Thammasat University, Thailand, and a Master of Science in Financial Analysis degree from the University of San Francisco, USA.

Andres B. Reyes, Jr., 71 years old, Filipino, is a former Associate Justice of the Supreme Court of the Philippines from July 13, 2017 to May 11, 2020. He was Presiding Justice of the Court of Appeals since

2010 before his appointment as Associate Justice of the Supreme Court. He is the Chairman of La Salle Greenhills Lawyers League Association since 2014. He is a member of the Integrated Bar of the Philippines since 1979. He is graduate Ateneo Law School and graduate of a Master of Public Administration from the Philippine Women's University in March 20

Isidoro O Tan, 72 years old, Filipino, is a director of the Corporation and its subsidiaries. since 1993. He is also the President & Director of Filspin, Inc. for the last thirty (30) years. He obtained his degree in Bachelor of Science in Industrial Engineering at the Adamson University in 1969.

Officers

Alberto P. Morillo, 65 years old, Filipino, is the Vice-President for Petroleum Operations since 2007. He first joined the Corporation in July 1987 as Geologist and became Vice President in 1989 until 1997. He continued serving the Corporation as a Consultant from 1997 and was rehired as Vice President for Petroleum Operations in 2007. Prior to re-joining the Corporation, he was Vice President for Exploration of Forum Exploration, Inc. from 1997 to 1999. His earlier work included stints as Geologist in various exploration and mining companies including PNOC – Exploration Corporation, Semirara Coal Corporation and Jasra Kutei Basin Ltd. in Indonesia, among others. He is also concurrently a Director of First Exploration and Development Services, a technical consultancy firm. He obtained his Bachelor of Science degree in Geology from the University of the Philippines in 1978, and has earned MBA units from the Ateneo de Manila University. He has taken the Management Development Program from the Asian Institute of Management in 1994, and an MS in Computer Science (pending thesis) from the AMA Computer College in 2001.

Alain S. Pangan, 42 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.

Angel P. Gahol, 67 years old, Filipino, is the Assistant Vice President- Legal Department of the Corporation since August 15, 2006. He is the Assistant Corporate Secretary and Compliance Officer of the Corporation. He has been the Legal and Human Resources Manager of the PHINMA's industrial estate, Bacnotan Industrial Park Corporation and Bacnotan Steel Industries, Inc. from 1997 to 2002 and of the mini-steel mill plant project located in Calaca, Batangas as HRD Manager on a concurrent basis. He has been with Bacnotan Consolidated Industries, Inc. for eight years as Legal Assistant and with PHINMA's Legal Department for more than seven years as Assistant Legal Counsel. He obtained his degree in Bachelor of Arts, major in Economics, from the University of Santo Tomas in 1973 and his degree in Bachelor of Laws from the same university in 1979.

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

Services Corporation. He graduated from the Mapua Institute of Technology with a Bachelor of Science degree in Electrical Engineering, in 1994.

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

Except for Mr. Oscar C. de Venecia, who is the father of Mr. Oscar L. de Venecia, Jr., there are no other family relationships, whether by consanguinity or affinity, among the other directors and executive officers.

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:

Harvey Lawrence N. Dychiao, Independent Director	-	Chairman
Eduardo V. Manalac, Independent Director	-	Vice Chairman
Supasit Pokinjaruras	-	Member
Jaime J. Martirez	-	Member
Beatrice Jane L. Ange	-	Member
Andres B. Reyes, Jr. Independent Director	-	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:

Oscar C. De Venecia	-	Chairman
Oscar L. De Venecia, Jr.	-	Member
Ramon L. Mapa	-	Member
Isidoro O. Tan	-	Member
Harvey Lawrence N. Dychiao, 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:

Jaime J. Martirez	-	Chairman
Ramon L. Mapa	-	Vice Chairman
Ma. Florina M. Chan	-	Member
Eduardo V. Manalac, Independent Director	-	Member
Harvey Lawrence N. Dychiao	-	Member
Supasit Pokinjaruras	-	Member

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

Eduardo V. Manalac, Independent Director	-	Chairman
Ma. Florina M. Chan	-	Member
Jaime J. Martirez	-	Member
Beatrice Jane L. Ang	-	Member
Isidoro O. Tan	-	Member
Andres B. Reyes, Jr. Independent Director	-	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 Php17,325.00 and Php 8,663.00 per attendance, respectively. Certain directors exercised their options to purchase shares of stock of the Company under the Company's stock option plan which was approved by the stockholders on July 11, 2007. There is no existing compensatory plan or arrangement for directors of the Company.

Executive Officers' Compensation

Name / Position	Fiscal Year	Salaries	Bonuses	Other Compensation
Oscar L. De Venecia President & CEO				
Alain S. Pangan VP, Finance				
Alberto P. Morillo VP, Operations				
Angel P. Gahol Corporate Secretary & AVP, Legal and Admin				
Total	2021	Php10,099,990 (estimated)	Php841,666 (estimated)	0
	2020	9,667,486	1,603,173	0
	2019	10,675,578	1,193,465	0
All other officers as a group	2021	Php677,927 (estimated)	Php56,494 (estimated)	0
	2020	663,761	107,608	0
	2019	1,703,087	221,817	0

Except for the stock option plan as abovementioned 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, 2020, the entity known to the Company to be directly or indirectly the record and beneficial owner of more than five (5%) percent of the Company's common shares, is as follows:

Class	Name, Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Shares Held	Percentage
Common Shares	PCD Nominee Corporation / 37F Tower I, Enterprise Center, Ayala Avenue, Makati City / No relationship with the Company	Various participants of PCD	Filipino	2,117,423,318	45.45%
	PCD Nominee Corporation / 37F Tower I, Enterprise Center, Ayala Avenue, Makati City / No relationship with the Company	Various participants of PCD	Non-Filipino	258,858,570	5.55%
	Meta Corporation Public Company Limited / 128 Liang Muang, Nonthaburi10 Alley, Bang Kraso Sub-district, Mueang Nonthaburi District, Nonthaburi Province 11000 Thailand / No relationship with the Company		Thai	106,892,000	2.29%

(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, 2020:

(a) Directors

Class	Name of Beneficial Owner	Amount of Beneficial Ownership	Citizenship	Percentage
Common	Oscar C. De Venecia	39,110,000	Filipino	0.84%
Common	Ramon L. Mapa	27,268,635	Filipino	0.59%
Common	Oscar L. de Venecia, Jr.	41,991,334	Filipino	0.90%
Common	Beatrice Jane L. Ang	1	Filipino	0.00%
Common	Eduardo V. Manalac	22,010,000	Filipino	0.47%
Common	Ma. Florina M. Chan	39,100,000	Filipino	0.84%
Common	Jaime J. Martinez	45,085,000	Filipino	0.96%
Common	Isidoro O. Tan	63,822,276	Filipino	1.34%
Common	Andres B. Reyes	1	Filipino	0.00%
Common	Harvey Lawrence N. Dychiao	10,000	Filipino	0.00%
Common	Supasit Pokinjaruras	10,000	Thai	0.00%
Total		278,406,923		5.94%

(b) Executive Officers

Class	Name of Beneficial Owner	Amount of Beneficial Ownership	Citizenship	Percentage
Common	Alberto P. Morillo	303,185	Filipino	0.006%
Common	Angel P. Gahol	1,476	Filipino	0.000%
Total		304,661		0.006%

(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 C. De Venecia	42,652,831	Filipino	0.91%
Common	Ramon L. Mapa	3,000,000	Filipino	0.06%
Common	Oscar L. de Venecia, Jr.	15,800,000	Filipino	0.34%
Common	Beatrice Jane L. Ang	0	Filipino	0.00%
Common	Eduardo V. Manalac	8,000,000	Filipino	0.17%

Common	Ma. Florina M. Chan	12,180,000	Filipino	0.26%
Common	Jaime J. Martinez	15,025,000	Filipino	0.32%
Common	Isidoro O. Tan	465,025,000	Filipino	9.97%
Common	Andres B. Reyes, Jr.	0	Filipino	0.00%
Common	Harvey Lawrence N. Dychiao	0	Filipino	0.00%
Common	Supasit Pokinjaruras	0	Thai	0.0%
Common	Alberto P. Morillo	1,350,000	Filipino	0.03%
Common	Angel P. Gahol	0	Filipino	0.00%
Total		559,657,831		12.06%

(1) Voting Trust Holders of 5% or 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

Management is not aware of any existing arrangement which may result in a change in control of the Corporation by stockholders.

(3) Shares owned by Foreigners

Citizenship	No. of Shares	% Holdings
Thai	106,912,000	2.29%
American	1,516,972	0.03%
Chinese	1,502,196	0.03%
British	366,051	0.00%
Swiss	119,204	0.00%
Singaporean	63,481	0.00%
Australian	50,016	0.00%
Indian	39,567	0.00%
French	22,000	0.00%
Spanish	10,617	0.00%
Canadian	1,130	0.00%
Others	259,549,277	5.57%
Total	370,152,511	7.92%

Item 12. Certain Relationships and Related Transactions

The Company has transactions with Meta Corporation Public Company Limited (formerly Vintage Engineering Public Company Limited), a public company registered in Thailand, a stockholder of the Company, relating to equity investments in Vintage EPC Company Limited (Thailand) and VTE

International Construction Company Limited (Thailand) up to fifteen per cent (15%) of the outstanding capital of said companies, which were implemented after satisfactory due diligence on the said companies and its projects.

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-interests 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 – EXHIBITS AND SCHEDULES

Item 13. 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, 2019.

(b) Exhibit 2 - Current Reports under Sec. 17 of the Securities Regulation Code in SEC Form 17-C submitted during the period from January 01, 2020 to December 31, 2020.

Date of Report	Particulars
Jan 14	Public Ownership Report as of December 31, 2019
Jan 14	List of Top 100 Stockholders as of December 31, 2019
Jan 20	Certification on the Attendance of the Board of Directors from January 2020 to December 2020
Feb 21	Notice of Withdrawal of Mabini Geothermal Service Contract No. 8 to the Department of Energy
Mar 16	Disclosure on Impact of COVID-19 Reduce Work days and Hours
Apr 11	Request for Extension to submit Annual Report for December 31, 2019
Apr 13	List of Top 100 Stockholders as of March 31, 2020
Apr 13	Public Ownership Report as of March 31, 2020
Apr 13	Request for Extension to submit SEC Form 17-Q
June 1	Request for Extension to submit SEC Form 17-Q
June 30	Submission of Annual Report for 2019
July 7	List of Top 100 Stockholders as of June 30, 2020
July 7	Public Ownership Report as of June 30, 2020
July 20	Amended POR as of December 31, 2018
July 20	Amended POR as of May 31, 2019
Jun 11	Certification from Department of Energy on Service Contract 53 (Onshore Mindoro)
July 30	Results of Board Meeting held on July 29, 2020 Holding of ASM to October 23, 2020 thru remote communication and record date as of October 1, 2020
Jul 30	Notice of Annual Stockholders Meeting and Record date
Aug 14	Public Ownership Report as of June 30, 2020
Jul 08	List of Top 100 Stockholders as of June 30 2020

Aug 28	Results of Board Meeting-Nomination of Justice Adolf Azcuna as Independent Director, Supasit Pokinjaruras as Director representing Meta Public Company, Ltd and Beatrice Jane L. Ang as Director
Sept 1	Preliminary Information Statement
Sept 9	Submission of Integrated Annual Corporate Governance Report for December 2019
Sept 14	Definitive Information Statement
Sept 25	Results of Board meeting- Appointment Reyes Tacandong & Co, Inc as external auditor for 2020 financial statements
Sept 25	Change of Stock Transfer Agent
Sept 25	Change of External Auditor
Sept 25	Amending Section 2, Articles VI of By-Laws deleting the provision on profit-sharing of Directors, Officers and Staff
Oct 2	Amended disclosures on Change of Stock Transfer Agent
Oct 13	List of Top 100 Stockholders as of September 30, 2020 Public Ownership Report as of September 30, 2020
Oct 26	Results of Annual Stockholders Meeting of October 23, 2020 Results of Organizational Meeting of October 23, 2020 Promotion of Acting Corporate Secretary Amendment of Article VII of the Article of Incorporation Creation of Chairman Emeritus Amended Results of Stockholders Meeting
Nov 23	Quarterly Report as of September 30, 2020 Draft of Minutes of Annual Stockholders Meeting of October 23, 2020
Nov 24	Reply to Inquiry on Unusual Price movement from CMIC
Nov 11	Appointment of Justice Andres B. Reyes, Jr. as Independent Director
Dec 21	Signing of Memorandum of Agreement with MAP 2000 Development Corporation


(c) Schedules as required by paragraph 4.e of SRC Rule 68 “Annex M”

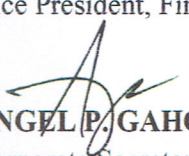
SIGNATURE PAGE

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 Makati City on May 11, 2021.

By:


OSCAR L. DE VENECIA JR.
 President & CEO


ALAIN S. PANGAN
 Vice President, Finance


ANGEL P. GAHOL
 Corporate Secretary

SUBSCRIBED AND SWORN to before me this ___th day of May, 2021 affiant(s) exhibiting to me their Passports, as follows:

Names	ID Number	Date of Issue	Place of Issue
Oscar L. De Venecia Jr.	P8082820A	25 July 2018	Manila
Alain S. Pangan	P5631428A	16 January 2018	Manila
Angel P. Gahol	P3827296A	27 July 2017	NCR North

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Book No. : XXVIII

Series of 2021


ATTY. PELAGIO LAWRENCE N. GUISON

Notary Public City of Makati

Until June 30, 2021

Appt. No. M-93 (2019-2020)

Roll of Attorney's No. 54477

IBP No. 015561 LIFETIME MEMBER 01-04-17; Makati Chapter

PTR No. 8533832 01-04-21; Makati City

104 C. Palanca St. Legaspi Village, Makati City, Philippines

Telephone No. +632 85117318

**“STATEMENT OF MANAGEMENT RESPONSIBILITY
FOR CONSOLIDATED FINANCIAL STATEMENTS”**

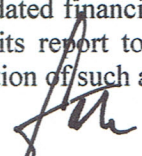
The management of **Basic Energy Corporation and Subsidiaries** (the Group) is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, as at and for the years ended December 31, 2020 and 2019, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of 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.


The Board of Directors is responsible for overseeing the Group’s financial reporting process.

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

Reyes Tacandong & Co., the independent auditor appointed by the Board of Directors, has audited the consolidated financial statements of the Group in accordance with Philippine Standards on Auditing, and in its report to the members, has expressed its opinion on the fairness of presentation upon completion of such audit.


Oscar C. De Venecia
Chairman of the Board


Oscar L. de Venecia Jr.
President & Chief Executive Officer


Alain S. Pangan
Vice President for Finance

Signed this 25th day of March 2021

14 MAY 2021

SUBSCRIBED AND SWORN to before me this ___ day of _____ 2021 affiants having exhibited to me their TIN as follows:

Name	TIN
Oscar C. de Venecia	130-704-840-000
Oscar L. de Venecia Jr.	149-709-049-000
Alain S. Pangan	215-611-246-000

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Page No. **8**
Book No. **XXVIII**
Series of 2021.

ATTY. PELAGIO LAWRENCE N. GUISON
Notary Public City of Makati
Until June 30, 2021

Apt. No. M-93 (2019-2020)
Roll of Attorney's No. 54477
IBP No. 015561 LIFETIME MEMBER 01-04-17, Makati Chapter
PTR No. 8533832 01-04-21; Makati City
104 C. Palanca St. Legaspi Village, Makati City, Philippines
Telephone No. +632 85117318

Annex A:

Contextual information

Company details	
Name of Organization	Basic Energy Corporation
Location of Headquarters	UB, 111 Paseo de Roxas, Legaspi Village, Makati City 1229
Location of Operations	UB, 111 Paseo de Roxas, Legaspi Village, Makati City 1229
Report Boundary: Legal entities (e.g. subsidiaries) included in this report*	Basic Energy Corporation
Business Model, including Primary Activities, Brands, Products, and Services	<p>Basic Energy Corporation is engaged in the development and exploration, acquisition, operation & maintenance of various sources of energy including ancillary services.</p> <p>As of the end of 2020, the Company has no operating asset and all of its existing energy service contracts are still in the exploratory and/or pre-development stage.</p>
Reporting Period	January 01, 2020 to December 31, 2020
Highest Ranking Person responsible for this report	Angel P. Gahol Corporate Secretary and AVP, Legal & Compliance

Materiality process

Material topics
<p>In determining the topics that are material to our stakeholders, management took into consideration the current operating status of the Company. For the year 2020, the Company has no operating asset and all of its existing energy service contracts are still in the exploratory and/or pre-development stage.</p> <p>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.</p> <ol style="list-style-type: none">1. Directors2. Employees3. Regulators4. Shareholders5. Creditors <p>Our materiality assessment identified material topics for our 2020 Sustainability Report resulted in the corresponding items:</p> <ul style="list-style-type: none">▪ Economic<ul style="list-style-type: none">— 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)	0	Php
Direct economic value distributed:		Php
a. Operating costs	9,082,604	Php
b. Employee wages and benefits	30,067,786	Php
c. Payments to suppliers, other operating costs	0	Php
d. Dividends given to stockholders and interest payments to loan providers	0	Php
e. Taxes given to government	1,094 ,923	Php
f. Investments to community (e.g. donations, CSR)	0	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
<ol style="list-style-type: none"> Majority of the economic value distributed by the company is for employee wages and benefits of around Php30.7 million. With the spread of the COVID-19 virus and the year long lockdown in the Philippines, the company was still able to provide jobs that were able support an estimate of more than 20 families and in which most of our employees are the main provider or breadwinner of their respective family. Operating cost of around Php9.08 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. The Company paid taxes amounting to 	<ol style="list-style-type: none"> Employees Shareholders and Regulators Creditors and Regulators 	<ol style="list-style-type: none"> The company policy adheres to existing labor regulations and ensures professional and personal growth of its employees through trainings and seminars. The company is compliant on its responsibility to different regulators. The company enforces timely payments of its taxes.

Php1.1 million. Payment of tax is a 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
<ul style="list-style-type: none"> Risk of overspending that may result in further depletion of the company's operating funds. 	<ul style="list-style-type: none"> Employees, Directors and Shareholders 	<ul style="list-style-type: none"> The Company monitors and manages the company's cost which are reviewed thoroughly and diligently to assess its relevance on the company's operations.
What are the opportunities identified?	Which stakeholders are affected?	Management approach
<ul style="list-style-type: none"> Focusing on renewable energy projects that have faster turn-around time compared to geothermal service contracts. 	<ul style="list-style-type: none"> Regulators, Shareholders, Directors and Employees 	<ul style="list-style-type: none"> 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 opportunities¹⁵

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	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

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
<ul style="list-style-type: none"> ▪ 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. 	<ul style="list-style-type: none"> ▪ Employees ▪ Directors ▪ Regulators 	<ul style="list-style-type: none"> ▪ 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
<ul style="list-style-type: none"> ▪ Pressure from local and national government units to speed up processing of paperwork for service contracts. 	<ul style="list-style-type: none"> ▪ Employees ▪ Regulators 	<ul style="list-style-type: none"> ▪ 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
<ul style="list-style-type: none"> ▪ As for the year 2020, the company was unable to provide training and seminars due to the spread of COVID-19. With the danger of face to face meetups, Providing online trainings and seminars are a better alternative that will result to proactive employees and directors that are knowledgeable and compliant on anti-corruption practices. 	<ul style="list-style-type: none"> ▪ Employees ▪ Regulators 	<ul style="list-style-type: none"> ▪ In line with the recent events, the company is actively planning on providing online training and seminars to all its employee and directors on anti-corruption policies. ▪ The company is also planning to provide employees with trainings on new laws and regulation in order to avoid potential violations.

Incidents of corruption

Disclosure	Quantity	Unit
Number of incidents in which directors were removed or disciplined for corruption	0	#
Number of incidents in which employees were dismissed or disciplined for corruption	0	#
Number of incidents when contracts with business partners were terminated due to incidents of corruption	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management approach
Not material topic	Not material topic	Not material topic
What are the risks identified?	Which stakeholders are affected?	Management approach
Not material topic	Not material topic	Not material topic
What are the opportunities identified?	Which stakeholders are affected?	Management approach
Not material topic	Not material topic	Not material topic

ENVIRONMENT

Resource management

Energy consumption within the organization

Disclosure	Quantity	Unit
Energy consumption (renewable sources)	0	GJ
Energy consumption (gasoline)	0	GJ
Energy consumption (LPG)	0	GJ
Energy consumption (diesel)	0	GJ
Energy consumption (electricity)	0	kWh

Reduction of energy consumption

Disclosure	Quantity	Unit
Energy reduction (gasoline)	0	GJ
Energy reduction (LPG)	0	GJ
Energy reduction (diesel)	0	GJ
Energy reduction (electricity)	0	kWh
Energy reduction (gasoline)	0	GJ

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management approach
Not material topic	Not material topic	Not material topic
What are the risks identified?	Which stakeholders are affected?	Management approach
Not material topic	Not material topic	Not material topic
What are the opportunities identified?	Which stakeholders are affected?	Management approach
Not material topic	Not material topic	Not material topic

Water consumption within the organization

Disclosure	Quantity	Unit
Water withdrawal	0	m ³
Water consumption	0	m ³
Water recycled and reused	0	m ³

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management approach
Not material topic	Not material topic	Not material topic
What are the risks identified?	Which stakeholders are affected?	Management approach
Not material topic	Not material topic	Not material topic
What are the opportunities identified?	Which stakeholders are affected?	Management approach
Not material topic	Not material topic	Not material topic

Materials used by the organization

Disclosure	Quantity	Unit
Materials used by weight or volume		
<ul style="list-style-type: none"> ▪ Renewable 	0	kg/liters
<ul style="list-style-type: none"> ▪ Non-renewable 	0	kg/liters
Percentage of recycled input materials used to manufacture the organization's primary products and services	0	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management approach
Not material topic	Not material topic	Not material topic
What are the risks identified?	Which stakeholders are affected?	Management approach
Not material topic	Not material topic	Not material topic
What are the opportunities identified?	Which stakeholders are affected?	Management approach
Not material topic	Not material topic	Not material topic

Ecosystems and biodiversity (whether in upland/watershed or coastal/marine)

Disclosure	Quantity	Unit
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	0	#
Habitats protected or restored	0	ha
IUCN ¹⁷ Red List species and national conservation list species with habitats in areas affected by operations	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management approach
Not material topic	Not material topic	Not material topic
What are the risks identified?	Which stakeholders are affected?	Management approach
Not material topic	Not material topic	Not material topic
What are the opportunities identified?	Which stakeholders are affected?	Management approach
Not material topic	Not material topic	Not material topic

Environmental impact management

Air emissions

GHG

Disclosure	Quantity	Unit
Direct (Scope 1) GHG Emissions	0	Tonnes CO2e
Energy indirect (Scope 2) GHG Emissions	0	Tonnes CO2e
Emissions of ozone-depleting substances (ODS)	0	Tonnes CO2e

¹⁷ International Union for Conservation of Nature

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management approach
Not material topic	Not material topic	Not material topic
What are the risks identified?	Which stakeholders are affected?	Management approach
Not material topic	Not material topic	Not material topic
What are the opportunities identified?	Which stakeholders are affected?	Management approach
Not material topic	Not material topic	Not material topic

Air pollutants

Disclosure	Quantity	Unit
NO _x	0	kg
SO _x	0	kg
Persistent organic pollutants (POPs)	0	kg
Volatile organic compounds (VOCs)	0	kg
Hazardous air pollutants (HAPs)	0	kg
Particulate matter (PM)	0	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management approach
Not material topic	Not material topic	Not material topic
What are the risks identified?	Which stakeholders are affected?	Management approach
Not material topic	Not material topic	Not material topic
What are the opportunities identified?	Which stakeholders are affected?	Management approach
Not material topic	Not material topic	Not material topic

Solid and hazardous wastes

Solid waste

Disclosure	Quantity	Unit
Total solid waste generated	0	kg
▪ Reusable	0	kg
▪ Recyclable	0	kg
▪ Composted	0	kg
▪ Incinerated	0	kg
▪ Residuals/Landfilled	0	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management approach
Not material topic	Not material topic	Not material topic
What are the risks identified?	Which stakeholders are affected?	Management approach
Not material topic	Not material topic	Not material topic
What are the opportunities identified?	Which stakeholders are affected?	Management approach
Not material topic	Not material topic	Not material topic

Hazardous waste

Disclosure	Quantity	Unit
Total weight of hazardous waste generated	0	kg
Total weight of hazardous waste transported	0	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management approach
Not material topic	Not material topic	Not material topic
What are the risks identified?	Which stakeholders are affected?	Management approach
Not material topic	Not material topic	Not material topic
What are the opportunities identified?	Which stakeholders are affected?	Management approach
Not material topic	Not material topic	Not material topic

Effluents

Disclosure	Quantity	Unit
Total volume of water discharges	0	m ³
Percent of wastewater recycled	0	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management approach
Not material topic	Not material topic	Not material topic
What are the risks identified?	Which stakeholders are affected?	Management approach
Not material topic	Not material topic	Not material topic
What are the opportunities identified?	Which stakeholders are affected?	Management approach
Not material topic	Not material topic	Not material topic

Environmental compliance

Non-compliance with environmental laws and regulations

Disclosure	Quantity	Unit
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	0	Php
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	0	#
No. of cases resolved through dispute resolution mechanism	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management approach
Not material topic	Not material topic	Not material topic
What are the risks identified?	Which stakeholders are affected?	Management approach
Not material topic	Not material topic	Not material topic
What are the opportunities identified?	Which stakeholders are affected?	Management approach
Not material topic	Not material topic	Not material topic

SOCIAL

Employee management

Employee hiring and benefits

Employee data

Disclosure	Quantity	Unit
Total number of employees ¹⁸		
a. Number of female employees	8	#
b. Number of male employees	12	#
Attrition rate ¹⁹	0	rate
Ratio of lowest paid employee against minimum wage	1.58	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	12.5%	8.3%
PhilHealth	Y	0%	0%
Pag-ibig	Y	12.5%	8.3%
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%	0%
Further education support	Y	12.5%	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
<ul style="list-style-type: none"> 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. With the spread of COVID-19 and the subsequent year long lockdown in the Philippines, The company had implemented a work from home scheme to ensure the safety of its employees. 	<ul style="list-style-type: none"> The company policy is compliant to existing labor rules and regulations.
What are the risks identified?	Management approach
<ul style="list-style-type: none"> The company did not identify any risk as most employees have been working for more than 20 years for the company. 	<ul style="list-style-type: none"> The company policy is compliant to existing labor rules and regulations.
What are the opportunities identified?	Management approach
<ul style="list-style-type: none"> Creation of other benefits that will motivate employee morale and productivity on the workplace. 	<ul style="list-style-type: none"> 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	32.0	hours
b. Male employees	24.0	hours
Average training hours provided to employees		
a. Female employees	4.0	hours/employee
b. Male employees	2.0	hours/employee

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management approach
<ul style="list-style-type: none"> ▪ Most of the trainings provided are online and are related on learnings on proper compliance on different governmental agencies. Trainings are essential as it provide an assurance to our employees that we are committed to their growth and they are important in building value to our company. However due to the COVID-19, Training hours provided this year was lower due to the closure on the operation of different training providers, 	<ul style="list-style-type: none"> ▪ 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
<ul style="list-style-type: none"> ▪ Risk that trainings are not in lined with company's operations or values. 	<ul style="list-style-type: none"> ▪ The company has an evaluation process on determining applicability of training and seminars requested by our employees.
What are the opportunities identified?	Management approach
<ul style="list-style-type: none"> ▪ Creation of a detailed training and seminar schedule that will lead to innovative and productive Employees that will lead to further growth for the company. 	<ul style="list-style-type: none"> ▪ The company is actively planning on creating an immersive training and seminar schedules that will be relevant to the respective field of our employees and will be beneficial on their further intellectual growth. It is also considering the efficient transition of proving online trainings and seminars to consider for the effect of the COVID-19 and the year long lockdown in the country.

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	40	%
% of male workers in the workforce	60	%
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
<ul style="list-style-type: none"> The company encourages equality and diversity among its rank. This in turn creates a sense a protection among our employees. 	<ul style="list-style-type: none"> The company policy is compliant to existing labor rules and regulations.
What are the risks identified?	Management approach
<ul style="list-style-type: none"> Risk of Gender Discrimination due to outdated views. 	<ul style="list-style-type: none"> The company's code of conduct addresses issue on discrimination.
What are the opportunities identified?	Management approach
<ul style="list-style-type: none"> Additional training for gender sensitivity. 	<ul style="list-style-type: none"> 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
<ul style="list-style-type: none"> ▪ 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. 	<ul style="list-style-type: none"> ▪ 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
<ul style="list-style-type: none"> ▪ Potential Data leak and Data privacy violation as backup computer for storing the company's electronic files are easily accessible by all employees. 	<ul style="list-style-type: none"> ▪ 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
<ul style="list-style-type: none"> ▪ 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. 	<ul style="list-style-type: none"> ▪ The management is currently planning the proper integration and management of the company's data through the use of 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